



FOUNDER HOLDINGS LIMITED
方正控股有限公司*

(incorporated in Bermuda with limited liability)



EC-FOUNDER (HOLDINGS) COMPANY LIMITED
方正數碼(控股)有限公司*

(incorporated in Bermuda with limited liability)

**JOINT ANNOUNCEMENT
ACQUISITION OF HK CENTURY AND PRC CENTURY
BY EC-FOUNDER (HOLDINGS) COMPANY LIMITED FROM FOUNDER HOLDINGS LIMITED
DISCLOSEABLE TRANSACTION FOR FOUNDER HOLDINGS LIMITED
DISCLOSEABLE AND CONNECTED TRANSACTION FOR
EC-FOUNDER (HOLDINGS) COMPANY LIMITED
APPLICATION FOR WHITEWASH WAIVER
ON-GOING CONNECTED TRANSACTION WAIVER**

On 19th March, 2003, Founder Hong Kong and EC-Founder entered into the Agreement. Pursuant to the Agreement, Founder Hong Kong has conditionally agreed to sell and EC-Founder has conditionally agreed to purchase from Founder Hong Kong the entire issued share capital of HK Century and the entire equity interest of PRC Century for the Consideration in the sum of HK\$71,500,000, subject to adjustment.

HK Century and PRC Century are principally engaged in the distribution of information products in Hong Kong and the PRC.

The Consideration in the sum of HK\$71,500,000 (subject to adjustment as described below) shall be satisfied as to (i) HK\$5,160,000, upon Completion payable in cash by EC-Founder to Founder Hong Kong; (ii) HK\$61,180,000, upon Completion by the issue and allotment by EC-Founder of 280,000,000 Consideration Shares at an issue price of HK\$0.2185 to Founder Hong Kong or its nominee; and (iii) the Final Payment (subject to adjustment), to be satisfied in cash or Additional Shares, or by a mixture of both at the option of Founder Hong Kong upon the date falling 6 months after the date of Completion.

If the Reviewed NAV is less than the Consideration in the sum of HK\$71,500,000, the Consideration will be adjusted downward on a dollar for dollar basis to the amount of the Reviewed NAV and any Shortfall will be off-set against the Final Payment. If the Shortfall exceeds the Final Payment, EC-Founder will then be fully discharged of the liability to make the Final Payment or any adjusted amount thereof and Founder Hong Kong will have to pay the difference between the Shortfall and the Final Payment to EC-Founder in cash on the date falling 6 months after the date of Completion. The auditors of HK Century and PRC Century, Ernst & Young, will conduct a review of the completion accounts of HK Century and PRC Century for the purpose of determining if any material adjustment needs to be made to such completion accounts within 4 months after Completion.

Based on the issue price of HK\$0.2185 per Additional Share and the Consideration in the sum of HK\$71,500,000, 23,615,560 Additional Shares may be issued to Founder Hong Kong so requests. The issue price per Consideration Share and Additional Share represents (i) a premium of approximately 9.3% over the closing price of HK\$0.20 per EC-Founder Share as quoted on the Stock Exchange on the date when the Agreement was entered into; (ii) a discount of approximately 2.5% to the average closing price as quoted on the Stock Exchange for the 10 trading days up to and including the date of the Agreement, being HK\$0.224 per EC-Founder Share; and (iii) a discount of approximately 4.4% to the average closing price as quoted on the Stock Exchange for the 30 trading days up to and including the date of the Agreement, being HK\$0.2285 per EC-Founder Share.

The Consideration Shares and the 23,615,560 Additional Shares together represent approximately 37% of the existing issued share capital of EC-Founder and approximately 27% of the issued share capital of EC-Founder as enlarged by the issue of such Consideration Shares and Additional Shares (assuming the Final Payment is to be satisfied by the issue of Additional Shares in full).

There are 22,800,000 share options for EC-Founder Shares outstanding as at the date of this announcement. Save as disclosed above, there are no other outstanding options, warrants or securities which are convertible into EC-Founder Shares as at the date of this announcement.

The Founder Group currently holds approximately 39.45% of the issued share capital of EC-Founder and is thus a connected person (within the meaning of the Listing Rules) of EC-Founder. The Acquisition constitutes a discloseable and connected transaction for EC-Founder and a discloseable transaction for Founder. F2 Consultant and Other Founder Concert Parties are presumed to be parties acting in concert with Founder and hold approximately 7.73% and approximately 7.32% of the issued share capital of EC-Founder respectively. As at the date of this announcement, Founder together with its concert parties hold in aggregate approximately 54.50% of the issued share capital of EC-Founder.

Upon Completion, the percentage of voting rights held by the Founder Group in EC-Founder will increase from approximately 39.45% to (i) approximately 54.85% assuming no Additional Share or other new EC-Founder Shares are issued; and (ii) approximately 55.80% assuming only 23,615,560 Additional Shares are issued. Founder will apply to the Executive for the Whitewash Waiver in respect of the obligation which would otherwise arise under Rule 26.1 of the Takeovers Code for Founder to make a mandatory general offer for all the issued EC-Founder Shares not already owned by Founder or parties acting in concert with Founder. The Whitewash Waiver will, if granted, be subject to approval by the shareholders of EC-Founder who are not involved in, or interested in, the Agreement by an independent vote cast on a poll at a general meeting of EC-Founder in accordance with Note 1 of the Notes on dispensation from Rule 26 of the Takeovers Code or as may otherwise be required by the Executive. Completion of the Agreement is conditional on a number of conditions precedent, including the Whitewash Waiver being granted by the Executive and approved by the independent shareholders of EC-Founder.

HK Century and PRC Century have been suppliers of the systems integration business to the other members of the Founder Group. After Completion, the Transactions will constitute on-going connected transactions for EC-Founder under Rule 14.23 of the Listing Rules. EC-Founder will apply to the Stock Exchange for a waiver from strict compliance with the relevant disclosure and shareholders' approval requirements under the Listing Rules.

A circular containing, among other things, particulars relating to the Acquisition will be despatched to the shareholders of Founder on or before 9th April, 2003.

A circular containing, among other things, particulars relating to the Acquisition, the Transactions and the Whitewash Waiver, the recommendation from the independent board committee of EC-Founder to the independent shareholders of EC-Founder in respect of the Acquisition, the Transactions and the Whitewash Waiver, the recommendation from the independent financial adviser, Tai Fook Capital Limited, to the independent board committee of EC-Founder and a notice convening the special general meeting of EC-Founder will be despatched to the shareholders of EC-Founder on or before 9th April, 2003.

Shareholders of Founder and EC-Founder should note that completion of the Acquisition is conditional on the satisfaction of a number of conditions precedent. There is no assurance that all the necessary consents and approvals required to satisfy the conditions precedent will be obtained. The release of this announcement does not in any way imply that the Acquisition will be completed. Shareholders of Founder and EC-Founder should exercise caution when dealing in the shares of Founder and the EC-Founder Shares.

THE ACQUISITION

Date of the Agreement

The Agreement was entered into by Founder Hong Kong and EC-Founder on 19th March, 2003.

Parties

Vendor: Founder Hong Kong
Purchaser: EC-Founder

Issuer of the Consideration Shares

and the Additional Shares: EC-Founder

Founder Hong Kong is a wholly-owned subsidiary of Founder, which is the controlling shareholder of EC-Founder holding approximately 39.45% of the issued share capital of EC-Founder.

Assets to be acquired by EC-Founder

Founder Hong Kong has conditionally agreed to sell, and EC-Founder has conditionally agreed to purchase, the entire issued share capital of HK Century and the entire equity interest of PRC Century pursuant to the terms and conditions of the Agreement.

Consideration

The Consideration for the Acquisition is in the sum of HK\$71,500,000 (subject to adjustment as described below) which shall be satisfied in the following manner:

- (i) as to HK\$5,160,000, to be paid in cash upon Completion by EC-Founder to Founder Hong Kong or as it may direct;
- (ii) as to HK\$61,180,000, to be satisfied upon Completion by the issue and allotment by EC-Founder of the Consideration Shares to Founder Hong Kong or its nominee at an issue price of HK\$0.2185 per Consideration Share; and
- (iii) as to the Final Payment (being HK\$5,160,000 subject to adjustment), to be satisfied on a date falling 6 months after Completion at the option of Founder Hong Kong in any of the following ways: (a) EC-Founder to pay Founder Hong Kong or as it may direct in cash; (b) EC-Founder to allot and issue to Founder Hong Kong or its nominee Additional Shares; or (c) a mixture of both.

Based on the issue price of HK\$0.2185 per Additional Share and the Consideration in the sum of HK\$71,500,000, 23,615,560 Additional Shares may be issued to Founder Hong Kong if Founder Hong Kong so requests. Founder Hong Kong currently has not yet decided how the Final Payment, whether by cash or Additional Shares is to be satisfied and in what portion.

EC-Founder is not required to pay any initial deposit for the Acquisition under the Agreement.

The auditors of HK Century and PRC Century, Ernst & Young, will conduct a review of the completion accounts of HK Century and PRC Century for the purpose of determining if any adjustment needs to be made to such completion accounts within 4 months after Completion. If the Reviewed NAV is less than the Consideration of HK\$71,500,000, the Consideration will be adjusted downward on a dollar for dollar basis to the amount of the Reviewed NAV and any Shortfall will be off-set against the Final Payment. If the Shortfall exceeds the Final Payment, EC-Founder will then be fully discharged of the liability to make the Final Payment and Founder Hong Kong will have to pay the difference between the Shortfall and the Final Payment to EC-Founder in cash on the date falling 6 months after the date of Completion. EC-Founder will set out in its next annual report after Completion details of any adjustment if they are to be made to the Consideration in accordance with the terms of the Agreement as described above. Any such adjustment will not affect the number of Consideration Shares to be issued to Founder Hong Kong under the Agreement.

The Consideration was determined after arm's length negotiation between Founder Hong Kong and EC-Founder, in particular with reference to the unaudited assets and liabilities of HK Century and PRC Century as at 31st December, 2002, the Business' prospects and the established business relationships with the suppliers and distribution network of HK Century and PRC Century. Based on the unaudited management accounts of HK Century and PRC Century, the aggregate net asset value of HK Century and PRC Century was approximately HK\$71,500,000 as at 31st December, 2002. The directors of Founder and EC-Founder believe that the Acquisition is in the respective interests of Founder and EC-Founder and the terms of the Acquisition are fair and reasonable so far as the respective interests of the shareholders of Founder and EC-Founder as a whole are concerned.

Conditions

Completion is conditional upon the following conditions being satisfied within 90 days of the date of the Agreement, i.e. 17th June, 2003 or such other date as the parties to the Agreement may otherwise agree:

1. EC-Founder having conducted a due diligence on each of HK Century and PRC Century and being satisfied the results thereof;
2. the obtaining of all necessary approvals from the relevant authorities in the PRC in respect of the sale and purchase of the entire equity interest in PRC Century pursuant to the Agreement;
3. the Executive granting the Whitewash Waiver;

4. the passing of a resolution by the independent shareholders of EC-Founder who are not involved in, or interested in, the Agreement by an independent vote cast on a poll in a general meeting of EC-Founder for approving the Acquisition and the Whitewash Waiver in accordance with the requirements under the Listing Rules and Note 1 of the Notes on dispensation from Rule 26 of the Takeovers Code or as may be required by the Executive; and

5. the Stock Exchange granting the listing of, and permission to deal in, the Consideration Shares and the Additional Shares.

Under the Agreement, there is no provision allowing Founder Hong Kong or EC-Founder to waive any of the above conditions.

If the conditions are not fulfilled on or before the expiry of the 90-day period referred to above, or at such later date as may be agreed between Founder Hong Kong and EC-Founder, the Agreement shall save with respect to liabilities for any antecedent breaches thereof lapse and become null and void and the parties to the Agreement will be released from all obligations under the Agreement.

CONSIDERATION SHARES AND ADDITIONAL SHARES

The Consideration Shares and the Additional Shares shall rank pari passu in all respects with the EC-Founder Shares in issue at the relevant date of issue, including rights as to dividends and voting.

The issue price per Consideration Share and Additional Share of HK\$0.2185 was determined after arm's length negotiations between Founder Hong Kong and EC-Founder with reference to the recent market price and trading liquidity of EC-Founder Shares. Such pricing represents (i) a premium of approximately 9.3% over the closing price of HK\$0.20 per EC-Founder Share as quoted on the Stock Exchange on the date when the Agreement was entered into; (ii) a discount of approximately 2.5% to the average closing price as quoted on the Stock Exchange for the 10 trading days up to and including the date of the Agreement, being HK\$0.224 per EC-Founder Share; and (iii) a discount of approximately 4.4% to the average closing price as quoted on the Stock Exchange for the 30 trading days up to and including the date of the Agreement, being HK\$0.2285 per EC-Founder Share. As at 30th June, 2002, the unaudited consolidated net tangible asset value of EC-Founder was approximately HK\$152.1 million, and the net tangible asset value attributable to each EC-Founder Share (based upon the number of shares in issue at the date of this announcement) was approximately HK\$0.1854. The price of HK\$0.2185 represents a premium of approximately 18% over the net tangible asset value per EC-Founder Share as at 30th June, 2002.

The Consideration Shares and the 23,615,560 Additional Shares represent approximately 37% of the existing issued share capital of EC-Founder and approximately 27% of the issued share capital of EC-Founder as enlarged by the issue of such Consideration Shares and Additional Shares.

LISTING APPLICATION

Application will be made by EC-Founder to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares and the Additional Shares.

INFORMATION ON HK CENTURY AND PRC CENTURY

HK Century and PRC Century are presently the only two operating vehicles of the Founder Group which are principally engaged in the Business, i.e. the distribution of information products in Hong Kong and the PRC. The Founder Group has been engaged in the Business since 1993. During late 2001, the Founder Group commenced a business restructuring with a view to improving operational efficiency of the Business. As part of the restructuring, the Business was transferred to HK Century and PRC Century during the first half of 2002. The present management of the Business has extensive experience in the information product distribution business. The management of HK Century and PRC Century has steered the Business towards achieving and maintaining a strong market position, for example:

- HK Century and PRC Century have established good business relationships with various internationally well-known information product manufacturers. The products distributed by HK Century and PRC Century include, among other things, servers, workstations and networking products of various international brand names; and
- HK Century and PRC Century have established a distribution network in the PRC with over hundreds of sub-distributors.

HK Century is a company incorporated in Hong Kong on 6th May, 2002 with limited liability. PRC Century is a wholly-foreign owned enterprise incorporated in the PRC on 20th March, 2002 with limited liability.

The unaudited profit before and after taxation of HK Century were approximately HK\$125,600 and approximately HK\$64,000 respectively for the period from 6th May, 2002 (date of incorporation) to 31st December, 2002. As at 31st December, 2002, the unaudited net asset value of HK Century was approximately HK\$64,000.

The unaudited loss before and after taxation of PRC Century were approximately HK\$4,060,600 and approximately HK\$4,060,600 respectively for the period from 20th March, 2002 (date of incorporation) to 31st December, 2002. As at 31st December, 2002, the unaudited net asset value of PRC Century was approximately HK\$71,445,000 which comprised non-current assets of approximately HK\$1,310,000, current assets of approximately HK\$194,497,000 and current liabilities of approximately HK\$124,362,000.

Based on the published audited financial statements of the Founder Group for the year ended 31st December, 2000, year ended 31st December, 2001 and the published unaudited financial statements of the Founder Group for the 6 months ended 30th June, 2002, the following table shows certain financial information on the Business and the Founder Group for each of the two financial years ended 31st December, 2001 and the 6 months ended 30th June, 2002.

	For the year ended 31st December, 2000		For the year ended 31st December, 2001		For the 6 months ended 30th June, 2002	
	The Business HK\$'000	The Founder Group HK\$'000	The Business HK\$'000	The Founder Group HK\$'000	The Business HK\$'000	The Founder Group HK\$'000
Turnover	855,461	2,087,853	895,776	1,669,883	245,695	658,990
Segment profit/(loss)	(16,363)	186,920	(77,324)	(356,215)	(20,128)	(40,736)
Profit/(loss) before taxation and minority interests	N/A	179,620	N/A	(391,751)	N/A	(55,698)
Net profit/(loss) attributable to the shareholders of Founder	N/A	181,006	N/A	(383,966)	N/A	(54,527)

Note: The total segment result of the Founder Group represents the consolidated profit/loss from operating activities of the Founder Group before interest income.

During the 1st half of 2002, substantial restructuring and reengineering was carried out by the existing management which temporarily adversely affected the performance of the Business. This included establishing new relationships with various internationally well-known information product manufacturers, enhancement of the distribution network and the introduction of new finance and accounting systems, all of which are expected to yield long-term benefits to the Business.

The auditors of HK Century and PRC Century are currently carrying out the audit work on the financial statements of HK Century and PRC Century for the period from their respective dates of incorporation to 31st December, 2002. Founder has undertaken to procure the audited profit/loss before and after taxation of HK Century and PRC Century for the period from their respective dates of incorporation to 31st December, 2002 which will be set out in the document regarding the Acquisition and the Whitewash Waiver to be despatched by EC-Founder to its shareholders. If there is any material difference between the unaudited figures stated in this announcement and the audited figures in the document to be despatched to the shareholders of EC-Founder or in the event that the audited financial information on HK Century and PRC Century is not available at the time of despatch of the document, any such material difference or the unaudited profit/loss before and after taxation of HK Century and PRC Century stated in this announcement and the document must be reported on in accordance with the requirements under Rule 10 of the Takeovers Code. Shareholders of EC-Founder should note that the unaudited figures of HK Century and PRC Century are not to be taken as a forecast of the profit/loss of HK Century and PRC Century.

REASONS FOR THE ACQUISITION

The EC-Founder Group

After the restructuring of the Business and the introduction of the existing management in late 2001, the general performance of the Business has improved. Given the established distribution network and the relationships with the suppliers and major customers, and the experience, expertise and commitment of the existing management of HK Century and PRC Century, and the financial resources (including banking facilities) available to HK Century and PRC Century, the directors of EC-Founder believe that the Business is well positioned in the market and its earning potential will continue to improve.

The EC-Founder Group is principally engaged in the provision of software solutions and services and the manufacture and sale of electronic weighing scales. It is one of the strategies of the EC-Founder Group to focus on the development of the information technology business. The directors of EC-Founder consider that the Business is complementary to the present software solutions and services business of the EC-Founder Group, for example, EC-Founder may leverage on its existing clientele to further develop the Business and vice versa through cross selling activities and, following the Acquisition, the EC-Founder Group would be able to provide additional value-added services to the clients of its software solutions business, such as the provision of necessary hardware equipment to further satisfy their information technology requirements.

The directors of EC-Founder believe that the Acquisition is in the interests of EC-Founder and the terms of the Acquisition are fair and reasonable so far as the interests of the shareholders of EC-Founder as a whole are concerned.

The Founder Group

The Founder Group is principally engaged in a diversified portfolio of software and hardware businesses including software development, systems integration and distribution of information products (i.e. the Business currently carried out by HK Century and PRC Century). The Founder Group currently owns approximately 39.45% interest in EC-Founder. After completion of the Acquisition, the Business will be carried out by the EC-Founder Group through its interest in HK Century and PRC Century and the Founder Group (excluding members of the EC-Founder Group) will continue to be principally engaged in software development and systems integration for media business and non-media business, where the strength of the Founder Group's business lies and will cease to be engaged in the business of distribution of information products. The directors of Founder and EC-Founder confirm that there will not be any competition between the two groups upon Completion as a result of the Acquisition.

Although the Business will be sold to the EC-Founder Group under the Acquisition and the effective interest of Founder in HK Century and PRC Century will reduce from 100% to approximately 54.85% (assuming no issue of Additional Shares), EC-Founder will become a subsidiary of Founder after Completion and, accordingly, the results of the EC-Founder Group, including that of the Business, will be consolidated into the accounts of the Founder Group after Completion. After Completion, EC-Founder Group will be principally engaged in the provision of software solutions and services, the Business and the manufacture and sale of electronic weighing scales.

Although the EC-Founder Group is still loss making, the directors of Founder and the directors of EC-Founder believe that the business performance of the EC-Founder Group is improving. The consolidated turnover of the continuing businesses of the EC-Founder Group for the year ended 31st December, 2001 increased to approximately HK\$243.4 million from approximately HK\$129.4 million for the year ended 31st December, 2000, representing an increase of approximately 88%. Based on the unaudited interim financial statements of EC-Founder for the 6 months ended 30th June, 2002, the consolidated turnover and gross profit of the EC-Founder Group have further improved and, increased by approximately 37% and approximately 41% respectively from the comparative figures for the 6 months ended 30th June, 2001. Excluding the results of a discontinued business segment of the EC-Founder Group, the results of the other existing business segments of the EC-Founder Group, including the provisions of software solutions and services and electronic products business for the 6 months ended 30th June, 2002 have also improved.

Following Completion, shareholders of Founder, through the majority shareholding of Founder in EC-Founder, will continue to enjoy any future potential growth in the business performance of the EC-Founder Group, including that of the Business.

Based on the Consideration of HK\$71,500,000 and the aggregate unaudited net asset value of HK Century and PRC Century as at 31st December, 2002, Founder currently does not anticipate any material accounting gain or loss to the Founder Group as a result of the Acquisition.

The Founder Group intends to use the net proceeds from the Acquisition as general working capital of the Founder Group and currently there is no specific use planned for the net proceeds.

The directors of Founder believe that the Acquisition is in the interests of Founder and the terms of the Acquisition are fair and reasonable so far as the interests of the shareholders of Founder as a whole are concerned.

SHAREHOLDING STRUCTURE OF EC-FOUNDER

The table below shows the shareholding structure of EC-Founder:

	As at the date of this announcement		Immediately after issue of the Consideration Shares		Immediately after issue of the Consideration Shares and 23,615,560 Additional Shares	
	Number of EC-Founder Shares	%	Number of EC-Founder Shares	%	Number of EC-Founder Shares	%
Founder Group (<i>Note 1</i>)	323,690,000	39.45	603,690,000	54.85	627,305,560	55.80
Parties acting in concert with Founder:						
F2 Consultant	*63,459,100	7.73	*63,459,100	5.77	*63,459,100	5.64
Other Founder Concert Parties (<i>Note 2</i>):						
Mr. Cheung Shuen Lung	36,890,100	4.50	36,890,100	3.35	36,890,100	3.28
Mr. Zhang Zhao Dong	3,956,000	0.48	3,956,000	0.36	3,956,000	0.35
Professor Wei Xin	3,956,000	0.48	3,956,000	0.36	3,956,000	0.35
Professor Xiao Jian Guo	*8,703,300	1.06	*8,703,300	0.79	*8,703,300	0.78
Mr. Jiang Bi Jin	*6,593,400	0.80	*6,593,400	0.60	*6,593,400	0.59
Sub-total	447,247,900	54.50	727,247,900	66.08	750,863,460	66.79
Yahoo! Inc.	93,240,000	11.36	*93,240,000	8.47	*93,240,000	8.29
Ricwinco Investment Limited (<i>Note 3</i>)	87,680,000	10.68	87,680,000	7.97	87,680,000	7.80
Other shareholders	*192,394,140	23.46	*192,394,140	17.48	*192,394,140	17.12
Total	<u>820,562,040</u>	<u>100.00</u>	<u>1,100,562,040</u>	<u>100.00</u>	<u>1,124,177,600</u>	<u>100.00</u>
* Public shareholding	<u>271,149,940</u>	<u>33.05</u>	<u>364,389,940</u>	<u>33.11</u>	<u>364,389,940</u>	<u>32.42</u>

Notes:

- The only controlling shareholder of Founder is Peking University Founder Group Corporation which holds 367,179,600 shares of Founder, representing approximately 32.67% of the issued share capital of Founder.
- Mr. Cheung Shuen Lung, Mr. Zhang Zhao Dong and Professor Wei Xin are directors of Founder and EC-Founder. Professor Xiao Jian Guo is a director of Founder. Mr. Jiang Bi Jin is a director of a wholly-owned subsidiary of Founder.
- Ricwinco Investment Limited is wholly and beneficially owned by Mr. Yung Chih Shin, Richard, the Honorary Chairman and a non-executive director of EC-Founder. Mr. Yung Chih Shin, Richard and Ricwinco Investment Limited are connected persons of EC-Founder for the purposes of the Listing Rules.

As at the date of this announcement, Founder together with its concert parties together hold approximately 54.50% of the issued share capital of EC-Founder.

There are 22,800,000 share options for EC-Founder Shares outstanding as at the date of this announcement. Out of such outstanding share options, 2,000,000 share options are held by Mr. Cheung Shuen Lung and 2,000,000 share options are held by Professor Wei Xin who are directors of Founder and EC-Founder. Save as disclosed above, none of Founder or any of the parties acting in concert with it holds any share option of EC-Founder. 2,000,000 share options are held by Professor Zou Wei and 2,700,000 share options are held by Mr. Richard Yung Jr. who are directors of EC-Founder. None of Mr. Cheung Shuen Lung, Professor Wei Xin, Professor Zou Wei and Mr. Richard Yung Jr. has any intention to exercise the share options held by each of them. The remaining 14,100,000 share options are held by employees of the EC-Founder Group. Save as disclosed above, there are no outstanding options, warrants or other securities which are convertible into EC-Founder Shares as at the date of this announcement.

Founder, its associates and its concert parties, including, among others, the subsidiaries of Founder, F2 Consultant and the Other Founder Concert Parties, have not acquired any EC-Founder Shares in the 6 months prior to this announcement.

WHITEWASH WAIVER

The Founder Group currently holds approximately 39.45% of the issued share capital of EC-Founder. F2 Consultant and Other Founder Concert Parties are presumed to be parties acting in concert with Founder and hold approximately 7.73% and approximately 7.32% of the issued share capital of EC-Founder respectively. As at the date of this announcement, Founder together with its concert parties hold in aggregate approximately 54.50% of the issued share capital of EC-Founder.

Upon Completion, the percentage voting rights held by the Founder Group in EC-Founder will increase from approximately 39.45% to (i) approximately 54.85% assuming no Additional Shares or other new EC-Founder Shares are issued; and (ii) approximately 55.80% assuming 23,615,560 Additional Shares are issued. Founder will apply to the Executive for the Whitewash Waiver in respect of the obligation which would otherwise arise under Rule 26.1 of the Takeovers Code for Founder to make a mandatory general offer for all the issued EC-Founder Shares not already owned by Founder or parties acting in concert with Founder. The Whitewash Waiver will, if granted, be subject to approval by the shareholders of EC-Founder who are not involved in, or interested in, the Agreement by an independent vote cast on a poll at a general meeting of EC-Founder in accordance with Note 1 of the Notes on dispensation from Rule 26 of the Takeovers Code or as may otherwise be required by the Executive. Members of the Founder Group, F2 Consultant and Other Founder Concert Parties will have to abstain from voting in respect of the resolution for approving the Whitewash Waiver.

ON-GOING CONNECTED TRANSACTION WAIVER

The Transactions

Systems integration is one of the principal businesses of the Founder Group. Under this business, the Founder Group has been acquiring information hardware products for its customers in order to establish computer systems, and provide software and hardware solutions to its clients. HK Century and PRC Century have been two of the suppliers to other members of the Founder Group. As Founder is the controlling shareholder of EC-Founder, and given that HK Century and PRC Century will become wholly-owned subsidiaries of EC-Founder after Completion, the Transactions between the Founder Group and HK Century and/or PRC Century after Completion will constitute on-going connected transactions for EC-Founder under the Listing Rules. The unaudited annual aggregate amount of Transactions amounted to approximately HK\$23.9 million for the year ended 31st December, 2002. The terms of Transactions have been and will continue to be determined at arm's length between the Founder Group and HK Century and/or PRC Century and are comparable to the terms offered by HK Century and PRC Century to other customers who are not connected persons of EC-Founder for the purposes of the Listing Rules. The Transactions have been and will continue to be conducted in the ordinary and usual course of business of HK Century and PRC Century. The directors (including independent non-executive directors) of EC-Founder believe that the Transactions are in the interests of EC-Founder, and the terms of the Transactions are fair and reasonable so far as the interests of the shareholders of EC-Founder as a whole are concerned.

On-going connected transaction waiver application

As the aggregate annual amount of the Transactions is expected to exceed the higher of HK\$10 million and 3% of the latest published net tangible asset value of the EC-Founder Group, the Transactions are subject to the disclosure and shareholders' approval requirements under Rule 14 of the Listing Rules. Given the on-going and recurring nature of the Transactions, the directors of EC-Founder consider it impracticable and unduly burdensome for EC-Founder to comply strictly with such disclosure and shareholders' approval requirements on each occasion the Transactions arise. Accordingly, EC-Founder will apply to the Stock Exchange for a waiver from strict compliance with the disclosure and shareholders' approval requirements under the Listing Rules for the three financial years ending 31st December, 2005 in respect of the Transactions subject to the following conditions:

- the Transactions shall be:
 - entered into by the EC-Founder Group in the ordinary and usual course of its business;
 - entered into either (i) on normal commercial terms; or (ii) (where there is no available comparison) on terms that are fair and reasonable so far as the interests of the shareholders of EC-Founder as a whole are concerned; and
 - conducted in accordance with the terms of the relevant agreements (if applicable);
- the annual aggregate amount of the Transactions for each of the three years ending 31st December, 2003, 2004 and 2005 shall not exceed HK\$26 million, HK\$28 million and HK\$30 million respectively (the "Respective Cap");
- the independent non-executive directors of EC-Founder shall review annually the Transactions and confirm in the next annual report of EC-Founder that the Transactions have been conducted in the manner as stated in paragraphs 1 and 2 above;
- the auditors of EC-Founder shall review annually the Transactions and confirm in a letter (the "Letter") to the board of directors of EC-Founder (a copy of which shall be provided to the Stock Exchange) stating whether:
 - the Transactions have been approved by the board of directors of EC-Founder;
 - the Transactions have been conducted in accordance with the terms of the relevant agreements (if applicable); and
 - the Respective Cap has been exceeded or not;

where, for whatever reason, the auditors of EC-Founder decline to accept the engagement or are unable to provide the board of directors of EC-Founder with the Letter, EC-Founder shall inform the Stock Exchange immediately; and

- details of the Transactions shall be disclosed in the annual report of EC-Founder for each of the three financial years ending 31st December, 2003, 2004 and 2005 in accordance with the disclosure requirements under Rule 14.25(1) (A) to (D) of the Listing Rules together with a statement of opinion of the independent non-executive directors of EC-Founder and the auditors of EC-Founder referred to in paragraphs 3 and 4 above.

As the Transactions are sales of information products to the systems integration business of other members of the Founder Group, the cap amounts of the Transactions for each of the three financial years ending 31st December, 2003, 2004 and 2005 were determined with reference to the anticipated growth of the systems integration business market in the PRC and to allow for the potential growth of the Business. The directors of EC-Founder believe that the cap amounts are fair and reasonable and in the interests of the shareholders of EC-Founder.

GENERAL

Ernst & Young Corporate Finance Limited has been appointed as the financial adviser to EC-Founder in respect of the Acquisition.

The Acquisition constitutes a discloseable transaction for Founder under the Listing Rules. A circular containing, among other things, particulars relating to the Acquisition will be despatched to the shareholders of Founder on or before 9th April, 2003.

The Founder Group currently holds approximately 39.45% of the issued share capital of EC-Founder and is a connected person (within the meaning of the Listing Rules) of EC-Founder. The Acquisition constitutes a discloseable and connected transaction for EC-Founder and the Acquisition is subject to approval by the independent shareholders of EC-Founder under the Listing Rules. After Completion, the Transactions will constitute on-going connected transactions for EC-Founder under the Listing Rules. A general meeting will be convened by EC-Founder with a view to obtaining approval from (i) the independent shareholders of EC-Founder who are not involved in, or interested in, the Agreement by an independent vote for the Acquisition and the Whitewash Waiver in accordance with the requirements under the Listing Rules and Note 1 of the Notes on dispensation from Rule 26 of the Takeovers Code or as may otherwise be required by the Executive; and (ii) its independent shareholders for the Transactions in accordance with the requirements under the Listing Rules.

Founder, its associates and its concert parties, including, among others, the subsidiaries of Founder, F2 Consultant and Other Founder Concert Parties will have to abstain from voting at the general meeting of EC-Founder in respect of the resolutions proposed for considering, and if thought fit, approving the Acquisition, the Transactions and the Whitewash Waiver.

A circular containing, among other things, particulars relating to the Acquisition, the Transactions and the Whitewash Waiver, the recommendation from the independent board committee of EC-Founder to the independent shareholders of EC-Founder in respect of the Acquisition, the Transactions and the Whitewash Waiver, the recommendation from the independent financial adviser, Tai Fook Capital Limited, to the independent board committee of EC-Founder and a notice convening the special general meeting of EC-Founder will be despatched to the shareholders of EC-Founder on or before 9th April, 2003.

Shareholders of Founder and EC-Founder should note that completion of the Acquisition is conditional on the satisfaction of a number of conditions precedent. There is no assurance that all the necessary consents and approvals required to satisfy the conditions precedent will be obtained. The release of this announcement does not in any way imply that the Acquisition will be completed. Shareholders of Founder and EC-Founder should exercise caution when dealing in the shares of Founder and the EC-Founder Shares.

Definitions

“Acquisition”	the acquisition of the entire issued share capital of HK Century and the entire equity interest of PRC Century from Founder Hong Kong by EC-Founder pursuant to the Agreement
“Additional Share(s)”	such new EC-Founder Share(s) as may fall to be issued, if requested by Founder Hong Kong, by EC-Founder to Founder Hong Kong or as it may direct to satisfy all or part of the Final Payment at an issue price of HK\$0.2185 per EC-Founder Share (subject to adjustment in event of any alteration in the capital structure of EC-Founder, such as rights issue, capitalization of profits or reserves, reduction of share capital, share consolidation and share sub-division, prior to the date of issue of such Additional Shares)
“Agreement”	the conditional agreement entered into between Founder Hong Kong and EC-Founder dated 19th March, 2003 regarding the Acquisition
“associate(s)”	has the meaning as ascribed to it in the Listing Rules
“Business”	the distribution of information products of the Founder Group in Hong Kong and the PRC
“Completion”	completion of the sale and purchase of the entire issued share capital of HK Century and the entire equity interest of PRC Century pursuant to the Agreement
“Consideration”	the consideration payable by EC-Founder to Founder Hong Kong or as it may direct for the Acquisition
“Consideration Share(s)”	280,000,000 EC-Founder Shares to be allotted and issued by EC-Founder to Founder Hong Kong or its nominee at an issue price of HK\$0.2185 per Consideration Share in satisfaction of part of the Consideration i.e., HK\$61,180,000
“EC-Founder”	EC-Founder (Holdings) Company Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“EC-Founder Group”	EC-Founder and its subsidiaries
“EC-Founder Share(s)”	ordinary shares of HK\$0.10 each in the capital of EC-Founder
“Executive”	the Executive Director of the Corporate Finance Division of the SFC and any delegate of the Executive Director
“F2 Consultant”	F2 Consultant Limited, a company incorporated in the British Virgin Islands holding 63,459,100 EC-Founder Shares, representing approximately 7.73% of the issued share capital of EC-Founder as nominee on behalf of the directors of Founder Data Corporation International Limited (which currently include Mr. Cheung Shuen Lung, Mr. Zhang Zhao Dong and Professor Wei Xin who are directors of Founder and EC-Founder, and Professor Zou Wei who is a director of EC-Founder), a wholly-owned subsidiary of EC-Founder, acting in their capacity as the trustees of a discretionary trust for the employees of Founder Data Corporation International Limited and its subsidiaries
“Final Payment”	HK\$5,160,000
“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 Hong Kong”	Founder (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Founder
“HK Century”	Founder Century (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Founder Hong Kong
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Other Founder Concert Parties”	Mr. Cheung Shuen Lung (a director of Founder and EC-Founder), Mr. Zhang Zhao Dong (a director of Founder and EC-Founder), Professor Wei Xin (a director of Founder and EC-Founder), Professor Xiao Jian Guo (a director of Founder) and Mr. Jiang Bi Jin (a director of a wholly-owned subsidiary of Founder) who hold 36,890,100 EC-Founder Shares, 3,956,000 EC-Founder Shares, 3,956,000 EC-Founder Shares, 8,703,300 EC-Founder Shares, and 6,593,400 EC-Founder Shares respectively, which in turn represent approximately 4.50%, approximately 0.48%, approximately 0.48%, approximately 1.06% and approximately 0.80% of the issued share capital of EC-Founder
“PRC”	the People’s Republic of China excluding Hong Kong for the purpose of this announcement
“PRC Century”	Beijing Founder Century Information System Co., Ltd., a wholly foreign-owned enterprise established in the PRC and a wholly-owned subsidiary of Founder Hong Kong
“Reviewed NAV”	the aggregate unaudited net asset value of HK Century and PRC Century at the date of Completion as reviewed by the auditors of HK Century and PRC Century
“SFC”	the Securities and Futures Commission
“Shortfall”	the amount by which the Consideration in the sum of HK\$71,500,000 exceeds the Reviewed NAV
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Transactions”	the on-going sales of information products by HK Century and/or PRC Century to the Founder Group
“Whitewash Waiver”	a waiver to be applied for by Founder pursuant to Note 1 of the Notes on dispensation from Rule 26 of the Takeovers Code from the general offer obligation which would otherwise arise as a result of the Acquisition under Rule 26 of the Takeovers Code

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

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

Hong Kong, 19th March, 2003

The directors of Founder jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the EC-Founder Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

The directors of EC-Founder jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Founder Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

* for identification purposes only

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