
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, registered institution 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 transferee or to the bank, licensed securities dealer, registered institution in securities, or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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(Incorporated in Bermuda with limited liability)
(Stock Code: 00618)

**DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS:
FINANCIAL SERVICES AGREEMENT**

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



China Everbright Capital Limited

A letter from the board of directors of EC-Founder (Holdings) Company Limited is set out in pages 5 to 18 of this circular. A letter from the Independent Board Committee (as defined herein) of the Company is set out in page 19 of this circular. A letter from China Everbright Capital Limited containing its advice to the Independent Board Committee and the Independent Shareholders is set out in pages 20 to 35 of this circular.

A notice convening the special general meeting to be held at 10:00 a.m. on Wednesday, 16 February 2011 at Unit 1408, 14th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong is set out in pages 41 to 42 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.

* 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 January 2011;
“associates”	has the same meaning as ascribed thereto in the Listing Rules;
“Board”	the board of Directors of the Company;
“CBRC”	China Banking Regulatory Commission (中國銀行業監督管理委員會);
“Company”	EC-Founder (Holdings) Company Limited (方正數碼(控股)有限公司*), 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;
“connected person(s)”	has the same meaning as ascribed thereto in the Listing Rules;
“controlling shareholder”	has the same meaning as ascribed thereto in the Listing Rules;
“Deposit Services”	the deposit and related services to be provided by Founder Finance to the Group under the Financial Services Agreement;
“Directors”	the directors of the Company;
“Financial Services Agreement”	the financial services agreement in relation to the Deposit Services, the Loan Services and the Miscellaneous Financial Services entered into between the Company, Founder Finance and Peking Founder on 13 January 2011;
“Founder”	Founder Holdings Limited (方正控股有限公司*), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange, and the controlling shareholder of the Company holding approximately 32.84% of the issued share capital of the Company;

DEFINITIONS

“Founder Finance”	北大方正集團財務有限公司 (PKU Founder Group Finance Co., Ltd.), a company established in the PRC with limited liability and a non wholly-owned subsidiary of Peking Founder;
“Group”	the Company and its subsidiaries;
“Guarantee”	the guarantee provided by Peking Founder in favour of the Company in the Financial Services Agreement;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	the independent committee of the Board comprising Mr Li Fat Chung, Ms Wong Lam Kit Yee and Ms Cao Qian, being all the independent non-executive Directors, established for the purpose of advising the Independent Shareholders on the terms of the Deposit Services and the Proposed Deposit Cap;
“Independent Financial Adviser” or “China Everbright”	China Everbright Capital Limited, 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 the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Deposit Services and the Proposed Deposit Cap;
“Independent Shareholders”	Shareholders other than Founder, its associates and Mr Zhang Zhao Dong, an executive Director and a director of Peking Founder;
“Latest Practicable Date”	24 January 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time);
“Loan Services”	the RMB loan and related services to be provided by Founder Finance to the Group under the Financial Services Agreement;

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“Miscellaneous Financial Services”	apart from the Deposit Services and the Loan Services, financial services including settlement services, discounted note services, and other related consultancy and agency services, in accordance with the permitted scope prescribed under the PRC financial policies and the Management Methods for Group Finance Companies (企業集團財務公司管理辦法), pursuant to the Financial Services Agreement;
“PBC”	People’s Bank of China (中國人民銀行);
“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 holding 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 circular;
“Proposed Caps”	the Proposed Deposit Cap and the Proposed Handling Fee Caps;
“Proposed Deposit Cap”	the proposed maximum daily outstanding balance of deposits (including accrued interest) placed by the Group with Founder Finance during the Term pursuant to the Financial Services Agreement;
“Proposed Handling Fee Caps”	the proposed caps for the aggregate annual handling fees in connection with the Miscellaneous Financial Services;
“Right of Set Off”	Under the Financial Services Agreement, in the event of any default by Founder Finance in respect of amounts deposited with it by the Group and causing it not being able to recover such deposits, the Group will be able to offset the amounts owing from the Group to Founder Finance against the amounts due to the Group from Founder Finance; likewise, in the event of any default in repayment by the Group in respect of loans procured from Founder Finance, Founder Finance will be able to offset the amounts deposited with it by the Group against the amounts owing from the Group to Founder Finance;

DEFINITIONS

“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“SGM”	the special general meeting of the Company to be held at 10:00 a.m. on Wednesday, 16 February 2011 at Unit 1408, 14th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong to consider and approve, among other things, the Deposit Services and the Proposed Deposit Cap;
“Shareholders”	registered holder(s) of the shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	has the same meaning as ascribed thereto in the Listing Rules;
“Term”	the term of the Financial Services Agreement, which shall commence upon satisfaction of all condition precedents, and continue until 31 December 2013;
“%”	per cent.

* *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

26 January 2011

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS: FINANCIAL SERVICES AGREEMENT

INTRODUCTION

Reference is made to the Announcement in relation to the transactions contemplated under the Financial Services Agreement.

On 13 January 2011, the Company, Founder Finance and Peking Founder entered into the Financial Services Agreement, pursuant to which Founder Finance has agreed to provide the Group with (i) Deposit Services; (ii) Loan Services; and (iii) Miscellaneous Financial Services subject to the terms and conditions provided therein.

The Company is owned as to approximately 32.84% by Founder which is in turn owned as to approximately 32.49% by Peking Founder. Since Peking Founder can exercise control over the composition of a majority of the board of directors of Founder and that Founder is a controlling shareholder of the Company, Peking Founder is considered as an associate of a connected person of the Company. As Founder Finance is a non wholly-owned subsidiary of Peking Founder, it is an associate of a connected person of the Company for

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LETTER FROM THE BOARD

the purposes of the Listing Rules. Accordingly, the Financial Services Agreement and the transactions contemplated thereunder will constitute continuing connected transactions of the Company under the Listing Rules.

Since the Loan Services are on normal commercial terms (or better to the Group) where no security over the assets of the Group will be granted in respect of the financial assistance given by Founder Finance, the Loan Services are exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.65(4) of the Listing Rules.

As each of the applicable percentage ratios in respect of the handling fees in connection with the Miscellaneous Financial Services is on an annual basis less than 5%, the Miscellaneous Financial Services are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Deposit Services are more than 5%, and the total value of the Deposit Services is over HK\$10,000,000, the Deposit Services and the Proposed Deposit Cap are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Deposit Services are more than 5% but less than 25%, the Deposit Services also constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules and are therefore subject to the notification and announcement requirements under Rule 14.34 of the Listing Rules.

The purpose of this circular is to provide you with (i) details of the Financial Services Agreement, the transactions contemplated thereunder and the Proposed Caps; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) other information as required under the Listing Rules; and (v) the notice of SGM, at which an ordinary resolution will be proposed to approve the Deposit Services and the Proposed Deposit Cap pursuant to the Financial Services Agreement.

THE FINANCIAL SERVICES AGREEMENT

1. Date

13 January 2011

2. Effective Date and the Term

The Financial Services Agreement shall commence upon satisfaction of all condition precedents, and continue until 31 December 2013.

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3. Parties

- (a) the Company (as services user);
- (b) Founder Finance (as services provider); and
- (c) Peking Founder (as guarantor).

4. Major Terms

- (a) Deposit Services:

Founder Finance will provide RMB deposit services to the Group pursuant to the Financial Services Agreement. The Group will open and maintain RMB deposit accounts with Founder Finance.

The interest rates on the Deposit Services offered by Founder Finance to the Group will not be lower than those offered by other PRC financial institutions, subject to the standard RMB deposit rates promulgated by the PBC from time to time.

The Proposed Deposit Cap for the three years ending 31 December 2013 shall not exceed RMB80 million on a daily basis.

In the event that the Group suffers any financial loss by reason of the default of Founder Finance, Founder Finance shall compensate the Group for such loss suffered by the Group in accordance with the rules and regulations of the PBC.

- (b) Loan Services

Founder Finance will provide RMB loan services to the Group pursuant to the Financial Services Agreement.

The interest rates to be charged by Founder Finance for the provision of Loan Services to the Group will be determined by the Company and Founder Finance with reference to the interest rates of the PBC from time to time and the prevailing market conditions. The interest rates on the Loan Services offered by Founder Finance to the Group will not be higher than those offered by other PRC financial institutions. Founder Finance can offer the Group up to a 10% discount to the benchmark interest rate. No security over the assets of the Group will be granted in respect of the Loan Services offered by Founder Finance.

- (c) Miscellaneous Financial Services

Founder Finance will provide, apart from the Deposit Services and the Loan Services, financial services to the Group including settlement services, discounted note services, and other related consultancy and agency services, in accordance

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with the permitted scope prescribed under the PRC financial policies and the Management Methods for Group Finance Companies (企業集團財務公司管理辦法) pursuant to the Financial Services Agreement.

Handling fees will be charged by Founder Finance for the Miscellaneous Financial Services provided to the Group pursuant to the Financial Services Agreement, to be determined with reference to the market rates of similar services as promulgated by the PBC and will not be higher than those offered by other PRC financial institutions to the Group.

The handling fees payable by the Group to Founder Finance in connection with the Miscellaneous Financial Services in aggregate for the three years ending 31 December 2013 shall not exceed RMB5.5 million, RMB6.6 million and RMB7.8 million, respectively.

- (d) The parties may amend the Financial Services Agreement by mutual consent. Any such amendments shall be in writing.
- (e) The Group may obtain financial services from other financial institutions in addition to those provided by Founder Finance pursuant to the Financial Services Agreement.
- (f) Under the Financial Services Agreement, the Group will have the Right of Set Off such that, in the event of any default by Founder Finance in respect of amounts deposited with it by the Group and causing it not being able to recover such deposits, the Group will be able to offset the amounts owing from the Group to Founder Finance against the amounts due to the Group from Founder Finance. Likewise, in the event of any default in repayment by the Group in respect of loans procured from Founder Finance, Founder Finance will be able to offset the amounts deposited with it by the Group against the amounts owing from the Group to Founder Finance.

5. Condition Precedents

The Financial Services Agreement is conditional upon:

- (a) approval by the Independent Shareholders at the SGM;
- (b) approval by the Board, and the board of directors of Founder Finance and Peking Founder;
- (c) a PRC legal opinion on the legality of the Financial Services Agreement, issued by a reputable PRC law firm to the satisfaction of the Company; and
- (d) any other relevant approvals as may be required for the Financial Services Agreement to take effect.

LETTER FROM THE BOARD

In the event where approval by the Independent Shareholders is not obtained, the parties may amend the Financial Services Agreement to the effect that clauses related to the Deposit Services, the Proposed Deposit Cap and the condition precedent in paragraph 5(a) above are removed, to give effect to the other clauses of the Financial Services Agreement.

As at the Latest Practicable Date, save as condition precedent (a), all condition precedents have been satisfied.

6. Termination

The Financial Services Agreement shall not be terminated by any of the parties unilaterally.

In addition to the default events provided by the Contract Laws of the PRC, the Financial Services Agreement will be terminated with immediate effect if Founder Finance failed to satisfy any operation condition (as currently required by the CBRC) as follows:

- (a) the capital adequacy ratio is not less than 10%;
- (b) the non-performing assets ratio is not more than 4%;
- (c) the bad loan ratio is not more than 5%;
- (d) the asset loss reserve adequacy ratio is not less than 100%;
- (e) the loan loss reserve adequacy ratio is not less than 100%;
- (f) the liquidity ratio is not less than 25%;
- (g) the self-owned fixed assets to total capital ratio is not more than 20%;
- (h) the short term securities investment to total capital ratio is not more than 40%;
- (i) the long term investment to total capital ratio is not more than 30%;
- (j) the borrowed capital to total capital ratio is not more than 100%; or
- (k) the guarantee risk exposure to total capital ratio is not more than 100%.

Upon termination of the Financial Services Agreement, the Group may withdraw its deposits with Founder Finance at any time. Should there be any outstanding loans owing from the Group pursuant to the Loan Services, the Group may negotiate with Founder Finance with regard to the loan repayment schedule.

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7. Proposed Caps

The Board proposed the following caps in respect of (i) the maximum daily outstanding balance of deposits (including accrued interest) placed by the Group with Founder Finance; and (ii) the maximum annual handling fees in connection with the Miscellaneous Financial Services during the Term:

Subject matter	Proposed Caps	Basis of determination of the Proposed Caps
(a) Deposit Services	RMB80 million on a daily basis for the three years ending 31 December 2013	There has been no similar transaction between the Group and Founder Finance prior to the date of the Financial Services Agreement. The Proposed Deposit Cap has been determined with reference to a number of factors including (i) the increasing asset scale and anticipated amounts of the Group available for deposit, as determined by the total amount of deposits currently deposited at other financial institutions; (ii) the expected amount of interest income from Founder Finance compared with interest income that could otherwise be obtained by placing deposits with other commercial banks; and (iii) the treasury management strategies of the Company, in particular the setting up of a common treasury platform for the Group as a viable alternative to raising loans from other financial institutions, taking into account the business development plans and financial needs of the Group in the coming years.
(b) Aggregate handling fees in connection with the Miscellaneous Financial Services	RMB5.5 million, RMB6.6 million and RMB7.8 million for the three years ending 31 December 2013, respectively	There has been no similar transaction between the Group and Founder Finance prior to the date of the Financial Services Agreement. The proposed caps for the aggregate handling fees in connection with the Miscellaneous Financial Services on an annual basis has been determined with reference to (i) the historical aggregate amounts of handling fees paid (in particular the amount paid for discounted note services) to independent commercial banks in the PRC; (ii) the market rates of similar services as promulgated by the PBC; and (iii) the operation and financial needs of the Group in the coming years.

LETTER FROM THE BOARD

8. The Guarantee by Peking Founder

Peking Founder has provided the Guarantee to the Company in the Financial Services Agreement, pursuant to which Peking Founder has undertaken to the Company that:

- (a) it will maintain its controlling interest in Founder Finance and ensure that Founder Finance will operate under its prescribed scope of business;
- (b) it shall use its best endeavours and all probable and reasonable means to ensure that Founder Finance will fulfil its obligations under the Financial Services Agreement;
- (c) in the event that Founder Finance has difficulties in repaying any money to the Group, Peking Founder will increase the working capital of Founder Finance in order to enable it to fulfil its obligations under the Financial Services Agreement; and
- (d) Peking Founder undertakes and warrants to compensate the Group jointly and severally with Founder Finance for all (if any) financial losses (including but not limited to the Group's deposits, interests and related expenses incurred) caused by Founder Finance's breaches or potential breaches of PRC laws and regulations, or by it having or potentially having any major operational problems or difficulties with liquidity, or by its non-performance of any terms or default under the Financial Services Agreement.

Summarised below is the key financial information of the Peking Founder Group as extracted from the audited financial statements for the year ended/as at 31 December 2009 and the management accounts for the six months ended/as at 30 June 2010 prepared in accordance with the current PRC Generally Accepted Accounting Principles:

	For the year ended/ as at 31 December		For the six months ended/ as at 30 June
	2008	2009	2010
	<i>approx.</i>	<i>approx.</i>	<i>approx.</i>
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
	(audited)	(audited)	(unaudited)
Net profit	1,016	1,067	467
Net assets	7,775	8,670	9,124

Based on the above, the Directors (including the independent non-executive Directors whose views are based on the opinion of the Independent Financial Adviser) consider that the Peking Founder Group has had a very strong asset base and healthy income performance. As such, Peking Founder is considered to be eligible to fulfil the Guarantee obligations contemplated under the Financial Services Agreement.

LETTER FROM THE BOARD

INFORMATION ON THE GROUP

The Group is principally engaged in distribution of information products in Hong Kong and the PRC.

INFORMATION ON FOUNDER FINANCE

Founder Finance is a non-banking financial institution and a non wholly-owned subsidiary of Peking Founder established in the PRC since September 2010 with the approval of the PBC. It is subject to the supervision of the CBRC. According to its business licence, it is authorised to provide the Group with all the services set out in the Financial Services Agreement.

As at the date of the Financial Services Agreement, the registered capital of Founder Finance was RMB300 million. As at 30 November 2010, Founder Finance also had a total asset value of approximately RMB300.4 million which included liquid assets (such as bank deposits, central bank reserves and other receivables) of approximately RMB294.2 million.

Founder Finance is subject to stringent regulations and is regulated by the PBC and the CBRC. CBRC's supervision includes regular examination of the audited financial statements and other relevant materials required to be filed by group finance companies as well as on-site inspections and interviews with the senior management of group finance companies. To ensure compliance with the applicable laws and regulations, the CBRC has powers to issue corrective and/or disciplinary orders and to impose penalties and/or fines on group finance companies.

REASONS FOR AND BENEFITS OF THE FINANCIAL SERVICES AGREEMENT

The main reasons for the Company to enter into the Financial Services Agreement with Founder Finance are as follows:

- (a) PRC laws do not permit companies, including subsidiaries and associates, other than regulated financial institutions, to extend intra-group loans directly. Any such loan must be directed through a regulated financial institution. Founder Finance is a non-banking financial institution approved and regulated by the PBC and the CBRC, and is authorised to provide various kinds of financial services, including deposit-taking and loan services;
- (b) pursuant to the relevant regulations of the PBC and the CBRC, the customers of Founder Finance are limited to members of the Peking Founder Group and its associates, who mainly engage in IT, medical and security businesses, industries that are relatively diversified yielding relatively stable incomes, with very little impact from seasonal factors and macro-economical environment. Hence Founder Finance will not be exposed to a level of potential risk higher than that of other commercial banks in the PRC (which deal with customers of various credit ratings and may thus be exposed to the associated risks), and such potential risk is in any event effectively mitigated by the Guarantee and the Right of Set Off;

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- (c) as all members of the Peking Founder Group and the Group are entitled to utilise the Deposit Services, the Loan Services and the Miscellaneous Financial Services, the Financial Services Agreement would open another avenue for the Group to raise loans and provide the Group with an alternative to raising loans from other financial institutions, which would in turn promote liquidity among the Group, enhance the overall ability of the Group to repay debts, and where the services offered by Founder Finance are utilised, assist in monitoring and controlling financial risks to the extent that such services are utilised;
- (d) the use of Founder Finance as a vehicle to manage the funds of the Group would facilitate a more efficient deployment of funds between members of the Group;
- (e) the interest rates on the Deposit Services and the Loan Services offered, and the handling fees in connection with the Miscellaneous Financial Services charged by Founder Finance to the Group will be equal to or more favourable than, on a case by case basis, those offered to the Group by any third party;
- (f) Founder Finance is regulated by the PBC and the CBRC, and it provides its services in accordance with and in satisfaction of the rules and operational requirements of these regulatory authorities;
- (g) the Group is expected to benefit from Founder Finance's better understanding of the Group's operations which should render more expedient and efficient services than other commercial banks in the PRC;
- (h) the arrangements under the Financial Services Agreement would save financial costs, and accordingly increase the profitability of the Group;
- (i) given that different banks have different business strategies, it is difficult for the Group to coordinate different banks and their relevant branches to serve the Group with an integrated implementation plan and it is also impossible for the various banks to set up a common treasury platform for the Group. The existing fund management system might not be at its most efficient in deploying and in monitoring the deploying of funds within the Group; conversely, the arrangements under the Financial Services Agreement would allow for a certain degree of concentration of the Group's deposited funds (limited by the Proposed Deposit Cap), which would expedite the monitoring of the use and application of funds within the Group, and would provide the Group with a higher bargaining power (than when the deposited sum was split into smaller portions on their own between financial institutions) with regard to terms and interest rates of the Deposit Services;
- (j) Founder Finance is merely one of a number of licensed financial institutions which may provide financial services to the Group, and as such the utilisation of the services of Founder Finance are on a voluntary and non-exclusive basis, giving the Directors maximum flexibility to decide in a particular situation as to what is in the Company's interest; and

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- (k) the Guarantee and the Right of Set Off under the Financial Services Agreement shall provide security and comfort to the Group by reducing the risks which the Group may be exposed to in the event of default by Founder Finance.

The Directors (including the independent non-executive Directors) consider that the terms of the Miscellaneous Financial Services have been negotiated on an arm's length basis and on normal commercial terms, and the transactions contemplated thereunder and the Proposed Handling Fee Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Directors (including the independent non-executive Directors whose views are stated under the paragraph headed "Recommendation" below) consider that the terms of the Deposit Services have been negotiated on an arm's length basis and on normal commercial terms, and the transactions contemplated thereunder and the Proposed Deposit Cap are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Directors (including the independent non-executive Directors whose views are based on the opinion of the Independent Financial Adviser) also believe that the risk profile of Founder Finance, as a financial services provider to the Group, is no greater than that of independent commercial banks in the PRC. As far as the Directors are aware, Founder Finance has established stringent internal control measures to ensure effective risk management and compliance with all relevant laws and regulations.

In assessing the financial risks involved in placing deposits with Founder Finance, the Directors (including the independent non-executive Directors whose views are based on the opinion of the Independent Financial Adviser) have taken into account the following factors:

- (a) the operations of Founder Finance are subject to the supervision of the PBC and the CBRC and are regulated by the relevant PRC financial services rules and regulations. The CBRC's supervision includes regular examination of the audited financial statements and other relevant materials required to be filed by group finance companies as well as on-site inspections and interviews with the senior management of group finance companies concerning matters like Founder Finance's business activities and risk management. To ensure compliance with the applicable laws and regulations, the CBRC has powers to issue corrective and/or disciplinary orders and to impose penalties on group finance companies;
- (b) Founder Finance has established internal control and risk management systems in accordance with the relevant PRC financial services rules and regulations. To ensure the safe and stable operation of fund management, different committees and departments, including but not limited to, risk control committee, audit committee, credit department, risk management department and internal audit department, have been set up by Founder Finance for maintaining the risk management function and internal control environment. Policies and operation manuals for important functions, including but not limited to, credit analysis, loan businesses and risk classification of assets, have been in place for maintaining proper internal control functions. Further, the CBRC requires the directors and the senior management of the group finance companies, including Founder Finance, to

LETTER FROM THE BOARD

have experience in a group finance company's centralised fund management. The appointments of all directors and senior management of the group finance companies are approved by the CBRC based on their background and experience. The CBRC also requires all group finance companies to have not less than one-third of employees who possess over five years of relevant experience in the financial industry, ensuring that the operations of Founder Finance are supported by suitable management team and experienced personnel;

- (c) Founder Finance shall ensure the prudent management of its business, the strict compliance with the risk control indicators for financial institutions issued by the CBRC, and that its monitoring indicators such as the gearing ratio and the liquidity ratio have also complied with the requirements of the CBRC;
- (d) the Company shall review the ratio of the Group's deposit and loans with Founder Finance quarterly, so as to evaluate the risk of placing deposits with Founder Finance;
- (e) in addition to the default events provided by the Contract Laws of the PRC, the Financial Services Agreement will be terminated with immediate effect if Founder Finance failed to satisfy any operation condition (as currently required by the CBRC) as follows:
 - (i) the capital adequacy ratio is not less than 10%;
 - (ii) the non-performing assets ratio is not more than 4%;
 - (iii) the bad loan ratio is not more than 5%;
 - (iv) the asset loss reserve adequacy ratio is not less than 100%;
 - (v) the loan loss reserve adequacy ratio is not less than 100%;
 - (vi) the liquidity ratio is not less than 25%;
 - (vii) the self-owned fixed assets to total capital ratio is not more than 20%;
 - (viii) the short term securities investment to total capital ratio is not more than 40%;
 - (ix) the long term investment to total capital ratio is not more than 30%;
 - (x) the borrowed capital to total capital ratio is not more than 100%; or
 - (xi) the guarantee risk exposure to total capital ratio is not more than 100%; and
- (f) the Guarantee and the Right of Set Off under the Financial Services Agreement shall provide security and comfort to the Group by reducing the risks which the Group may be exposed to in the event of default of Founder Finance.

LETTER FROM THE BOARD

Since Mr Zhang Zhao Dong is also a director of Peking Founder, he abstained from voting on the Board resolutions in respect of the Financial Services Agreement and the Proposed Caps. Save as the Director mentioned above, none of the Directors has other material interests in the Financial Services Agreement.

LISTING RULES IMPLICATIONS

Continuing Connected Transactions and Discloseable Transactions

The Company is owned as to approximately 32.84% by Founder which is in turn owned as to approximately 32.49% by Peking Founder. Since Peking Founder can exercise control over the composition of a majority of the board of directors of Founder and that Founder is a controlling shareholder of the Company, Peking Founder is considered as an associate of a connected person of the Company. As Founder Finance is a non wholly-owned subsidiary of Peking Founder, it is an associate of a connected person of the Company for the purposes of the Listing Rules. Accordingly, the Financial Services Agreement and the transactions contemplated thereunder will constitute continuing connected transactions of the Company under the Listing Rules.

Since the Loan Services are on normal commercial terms (or better to the Group) where no security over the assets of the Group will be granted in respect of the financial assistance given by Founder Finance, the Loan Services are exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.65(4) of the Listing Rules.

As each of the applicable percentage ratios in respect of the handling fees in connection with the Miscellaneous Financial Services is on an annual basis less than 5%, the Miscellaneous Financial Services are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Deposit Services are more than 5% and the total value of the Deposit Services is over HK\$10,000,000, the Deposit Services and the Proposed Deposit Cap are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Deposit Services are more than 5% but less than 25%, the Deposit Services also constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules and are therefore subject to the notification and announcement requirements under Rule 14.34 of the Listing Rules.

The Deposit Services and the Proposed Deposit Cap will be subject to the approval by the Independent Shareholders by way of poll at the SGM. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, save and except for Founder (a controlling shareholder holding approximately 32.84% of the issued share capital of the Company and has control or is entitled to exercise control over the voting rights of its Shares), its associates and Mr Zhang Zhao Dong, an executive Director

LETTER FROM THE BOARD

and a director of Peking Founder, who shall abstain from voting at the SGM, no other Shareholder is required to abstain from voting on the resolution in relation to the Deposit Services and the Proposed Deposit Cap to be approved by way of poll at the SGM.

SGM

A notice convening the SGM to be held at 10:00 a.m., on Wednesday, 16 February 2011 at Unit 1408, 14th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong is set out in pages 41 to 42 of this circular for the purpose of considering and, if thought fit, passing the ordinary resolution in relation to the Deposit Services and the Proposed Deposit Cap pursuant to the Financial Services Agreement. Founder, being the controlling shareholder of the Company, together with its associates and all parties involved in or interested in the Deposit Services pursuant to the Financial Services Agreement are required to abstain from voting with respect to the resolution for approving the Deposit Services and the Proposed Deposit Cap pursuant to the Financial Services Agreement.

The ordinary resolution 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, are required to abstain from voting at the SGM in respect of the ordinary resolution.

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 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.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, which comprises 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 in connection with the terms of the Deposit Services and the Proposed Deposit Cap pursuant to the Financial Services Agreement.

China Everbright has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders respectively on the Deposit Services and the Proposed Deposit Cap pursuant to the Financial Services Agreement.

LETTER FROM THE BOARD

Your attention is drawn to the letter from the Independent Board Committee and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders as set out in page 19 and pages 20 to 35 of this circular, respectively.

RECOMMENDATION

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, is of the view that the transactions contemplated under the terms of the Deposit Services and the Proposed Deposit Cap pursuant to the Financial Services Agreement are on normal commercial terms, 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 (including the independent non-executive Directors whose views are based on the opinion of the Independent Financial Adviser) recommend the Independent Shareholders to vote in favour of the ordinary resolution set out in the notice of SGM enclosed to this circular.

ADDITIONAL INFORMATION

Your attention is drawn to the Letter from the Independent Board Committee, the Letter from China Everbright, 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)

26 January 2011

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS:
FINANCIAL SERVICES AGREEMENT**

We refer to the circular to the Shareholders dated 26 January 2011 (the “Circular”) of which this letter forms part. Terms defined in the Circular have the same meaning when used herein unless the context otherwise requires.

We have been authorised by the Board to form the Independent Board Committee to advise the Independent Shareholders on whether the terms of the Deposit Services and the Proposed Deposit Cap pursuant to the Financial Services Agreement are on normal commercial terms, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

We wish to draw to your attention the letter from the Board set out on pages 5 to 18 of the Circular and the letter from China Everbright, the Independent Financial Adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Deposit Services and the Proposed Deposit Cap, as set out on pages 20 to 35 of the Circular.

Having considered the factors and reasons considered by and the opinion of China Everbright as stated in its letter of advice contained in the Circular, we are of the view that the terms of the Deposit Services and the Proposed Deposit Cap pursuant to the Financial Services Agreement are on normal commercial terms, are fair and reasonable and 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 Deposit Services and the Proposed Deposit Cap.

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 CHINA EVERBRIGHT

The following is the full text of a letter of advice from China Everbright to the independent Board Committee and the Independent Shareholders in relation to the Deposit Services and the Proposed Deposit Cap prepared for the purpose of inclusion in this circular.



26 January 2011

*To the Independent Board Committee and the Independent Shareholders of
EC-Founder (Holdings) Company Limited*

Dear Sirs,

DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS DEPOSIT SERVICES UNDER THE FINANCIAL SERVICES AGREEMENT

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to make recommendations to the Independent Board Committee and the Independent Shareholders in relation to the Deposit Services and the Proposed Deposit Cap.

The details of the Deposit Services are set out in the Letter from the Board (the “Letter from the Board”) in the circular to the Shareholders dated 26 January 2011 (the “Circular”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

As at the Latest Practicable Date, the Company was owned as to approximately 32.84% by Founder which was in turn owned as to approximately 32.49% by Peking Founder. Since Peking Founder can exercise control over the composition of a majority of the board of directors of Founder and that Founder is a controlling shareholder of the Company, Peking Founder is considered as an associate of a connected person of the Company. As Founder Finance is a non wholly-owned subsidiary of Peking Founder, it is also an associate of a connected person of the Company for the purposes of the Listing Rules. Accordingly, the Financial Services Agreement and the transactions contemplated thereunder will constitute continuing connected transactions of the Company under the Listing Rules.

As the applicable percentage ratios in respect of the Deposit Services are more than 5%, and the total value of the Deposit Services is over HK\$10,000,000, the Deposit Services and the Proposed Deposit Cap are subject to the reporting, annual review, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr Li Fat Chung, Ms Wong Lam Kit Yee and Ms Cao Qian, has been established to consider the terms of the Deposit Services and the Proposed Deposit Cap, and

LETTER FROM CHINA EVERBRIGHT

to make recommendations to the Independent Shareholders in respect thereof. We, China Everbright Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Our role as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is to give our opinion as to whether (i) the Deposit Services are in the ordinary and usual course of business of the Group; and (ii) the terms of the Deposit Services, including the Proposed Deposit Cap, are on normal commercial terms, 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.

Apart from normal professional fees for our services to the Company in connection with the engagement described above, no arrangement exists whereby China Everbright will receive any fees and benefits from the Group, the Peking Founder Group or any of their respective associates. China Everbright is independent from and not connected with the Group and the Peking Founder Group or any of their respective substantial shareholders, directors or chief executive, or any of their respective associates pursuant to Rule 13.84 of the Listing Rules, and is accordingly qualified to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the Deposit Services.

BASIS OF OUR OPINION

In formulating our advice and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Company and have assumed that such information, facts and opinions are true and accurate. We have also sought and received confirmation from the Directors that no material factors have been omitted from the information supplied and opinions expressed to us. However, we have not conducted any independent investigation into the business, operations or financial condition of the Group and the Peking Founder Group. We have assumed that all statements and presentations made or referred to in the Circular were accurate at the time when they were made and are true at the date of the Circular.

We consider we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation.

LETTER FROM CHINA EVERBRIGHT

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our recommendation, we have taken into consideration the principal factors and reasons as set out below.

1. Background of Founder Finance

(a) Business scope

Founder Finance is a non-banking financial institution and a non wholly-owned subsidiary of Peking Founder established in the PRC since September 2010 with the approval of PBC. It is subject to the supervision of CBRC. According to its business license, Founder Finance is authorised to provide the Group with all the services set out in the Financial Service Agreement.

(b) Stringent regulatory and internal control environment

As stated in the Letter from the Board, Founder Finance is subject to stringent regulations and is regulated by PBC and CBRC. CBRC's supervision includes regular examination of the audited financial statements and other relevant materials required to be filed by group finance companies as well as on-site inspections and interviews with the senior management of group finance companies concerning matters like Founder Finance's business activities and risk management. To ensure compliance with the applicable laws and regulations, CBRC has powers to issue corrective and/or disciplinary orders and to impose penalties on group finance companies.

As far as the Directors are aware, Founder Finance has established internal control and risk management systems in accordance with the relevant PRC financial services rules and regulations. As advised by the Company, different committees and departments, including but not limited to, risk control committee, audit committee, credit department, risk management department and internal audit department, have been set up by Founder Finance for maintaining the risk management function and internal control environment. Policies and operation manuals for important functions, including but not limited to, credit analysis, loan businesses and risk classification of assets, have been in place for maintaining proper internal control functions.

LETTER FROM CHINA EVERBRIGHT

It is noted that Founder Finance was incorporated since 17 September 2010. Other than the provision of deposit service to other member companies in December 2010, it has not conducted any substantial business activities since its incorporation. However, CBRC requires the directors and the senior management of the group finance companies, including Founder Finance, to have experience in a group finance company's centralised fund management. The appointments of all directors and senior management of the group finance companies are approved by CBRC based on their background and experience. CBRC also requires the group finance companies to have not less than one-third of employees who possess over five years of relevant experience in financial industry. These regulations of CBRC would ensure that the operations of Founder Finance are supported by suitable management team and experienced personnel. Therefore, we concur with the Director's view that the operations of Founder Finance are supported by suitable management team and experienced personnel, and considered to have relevant experience in providing the Deposit Services.

As mentioned in the Letter from the Board, Founder Finance shall ensure the prudent management of its business, the strict compliance with the risk control indicators for financial institutions issued by the CBRC, and that its monitoring indicators such as the gearing ratio and the liquidity ratio have also complied with the requirements of the CBRC. Based on the above, we concur with the Directors' view that Founder Finance is eligible to provide the Deposit Services to the Group and has exercised and established stringent internal control measures to ensure effective risk management and compliance with all relevant laws and regulations.

In addition, as effective measures for monitoring potential risks involved in the Deposit Services, the Company shall review the ratio of the Group's deposit and loans with Founder Finance quarterly, so as to evaluate the risk of placing deposits with Founder Finance. The external auditors of the Company will review the transactions contemplated under the Financial Services Agreement and report the factual findings to the Board on an annual basis pursuant to the relevant requirements of the Listing Rules.

Given the above policies and measures are in place, we concur with the Director's view that Founder Finance operates in a sound regulatory and internal control environment.

LETTER FROM CHINA EVERBRIGHT

(c) *Financial condition*

Other than the provision of deposit service to other member companies in December 2010, Founder Finance has not conducted any substantial business activities since its incorporation. Summarised below is the key financial information of Founder Finance as extracted from the management accounts provided by the management for the period since 17 September 2010 (the date of its incorporation) and ended/as at 30 November 2010 prepared in accordance with the PRC Generally Accepted Accounting Principles:

	For the period since 17 September 2010 (the date of its incorporation) and ended/as at 30 November 2010 approx. RMB'000 (unaudited)
Turnover (<i>note</i>)	732
Profits before tax	373
Net income	373
Bank deposits and central bank reserves	294,208
Total assets	300,375
Net assets	300,373

Note: turnover represents interest income during the period

It is noted from the above financial information, in particular, (i) net assets amounted to over RMB300 million as at 30 November 2010; and (ii) bank deposits and central bank reserves represented (1) approximately 98% of total assets and (2) approximately 98% of net assets as at 30 November 2010, it is considered that Founder Finance recorded a solid balance sheet. Based on the latest financial condition, we considered Founder Finance has sufficient fund to fulfill its obligations contemplated under the Deposit Services.

LETTER FROM CHINA EVERBRIGHT

We further noted from the major key performance metrics of Founder Finance as provided by the Company and as set out below, we considered that the operational condition of Founder Finance is satisfactory comparing to the thresholds which trigger the termination of the Financial Services Agreement as further discussed in the section headed “Terms of the Deposit Services contemplated under the Financial Services Agreement” below.

As at 30 November 2010

The capital adequacy ratio	N/A (Registered capital of RMB300 million with no risk bearing asset/business)
The non-performing assets ratio	N/A (No non-performing assets)
The bad loan ratio	N/A (No bad loans)
The asset loss reserve adequacy ratio	N/A (No risk bearing assets and relevant provisions)
The loan loss reserve adequacy ratio	N/A (No outstanding loans and relevant provisions)
The liquidity ratio	N/A (No current liabilities)
The self-owned fixed assets to total capital ratio	2.0%
The short-term securities investment to total capital ratio	0%
The long-term investment to total capital ratio	0%
The borrowed capital to total capital ratio	0%
The guarantee risk exposure to total capital ratio	0%

Taking into account of (i) the above ratios did not exceed the thresholds which would trigger the termination of the Financial Services Agreement; (ii) as advised by the Company, Founder Finance did not have any non-compliance of any of the above operation conditions since the date of its incorporation; and (iii) the relevant financial indicators of Founder Finance complied with the requirements of the CBRC, we concur with the Directors’ view that Founder Finance is in a good financial condition to provide the Deposit Services to the Group.

2. Reasons for procuring Deposit Services contemplated under the Financial Services Agreement

The Group is principally engaged in distribution of information products in Hong Kong and the PRC. As mentioned in the annual report of the Company for the year ended 31 December 2009 (the “2009 Annual Report”), the distribution of information products 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 addition, the Group further expanded the sales team and increased marketing and selling effort, so as to broaden customer base and strengthen position in the PRC’s information products distribution business. The Group is dedicated for a medium to long

LETTER FROM CHINA EVERBRIGHT

term development plan of maintaining a satisfactory growth, and will focus on the distribution of information products with higher margin and exploring the more profitable value-added service business. Moreover, the management will also place stronger emphasis on operating cash flow, stringent control on working capital such as trade receivable and payables and inventory and cost management. The Group will continue to look for alliance with other international information products suppliers and investment opportunities. As advised by the Directors, the abovementioned strategies are expected to bring forth high sales volume and thus strong cashflow, which will create the need for fund management within the Group in an efficient and effective manner.

As stated in the Letter from the Board, the PRC laws do not permit companies, including subsidiaries and associates, other than regulated financial institutions, to extend intra-group loans directly. Any such loan must be directed through a regulated financial institution. Accordingly, the Group requires the assistance and cooperation of a regulated financial institution such as licensed banks in the PRC or group finance companies for establishment of the treasury platform. We concur with the Directors' view that the use of Founder Finance as a vehicle to manage the funds of the Group would facilitate a more efficient deployment of funds among members of the Group, which would facilitate improving treasury management of the Group.

The subsidiaries of the Group place bank deposits and maintain business relationships with different PRC licensed banks. The Directors considered that maintaining such a strong relationship with and gaining a continuous support from those banks is critical to the present and future operations of the Group. However, given that different banks have different business strategies, it is difficult for the Group to coordinate different banks and their relevant branches to serve the Group with an integrated implementation plan and it is also impossible for the various banks to set up a common treasury platform for the Group, and thus other financial institutions may not serve the purpose of common treasury platform for the Group. As advised by the Directors, the existing fund management system faces unnecessary logistical difficulties and might not be efficient in deploying funds within the Group. Moreover, as (i) the operations of Founder Finance are supported by suitable management team and experienced personnel, as discussed in the section headed "Background of Founder Finance" above; (ii) Founder Finance, being a member of the Peking Founder Group, shares the same strategies, background and culture with other members of the Peking Founder Group; and (iii) Founder Finance has a strong focus on the businesses of the Peking Founder Group, including IT business, medical businesses and security business, we concur with the Directors' view that Founder Finance would have a better understanding of the Group's operations which should render more expedient and efficient services than other commercial banks in the PRC.

As advised by the management of the Company, funds deposited with Founder Finance can be freely withdrawn at any time on demand of the Company. In addition, the Company utilises the Deposit Services on a voluntary and non-exclusive basis and is not obliged to engage Founder Finance for any particular services, or at all under the Financial Services Agreement, giving the Directors maximum flexibility to decide in a particular situation as to what is in the Company's interest. Founder Finance is merely one of a number of licensed financial institutions which may provide financial services to the Group. On this basis, we

LETTER FROM CHINA EVERBRIGHT

concur with the Directors' view that the appointment of Founder Finance will provide an additional important platform for the Group to implement efficient treasury management and will therefore be in the interests of the Company and Shareholders as a whole.

Pursuant to the relevant regulations of PBC and CBRC, the customers of Founder Finance are limited to members of the Peking Founder Group and its associates, which effectively reduce the risks that Founder Finance may otherwise be exposed to if its customers include other entities unrelated to Peking Founder. However, Founder Finance faces the problem of concentration of business risk. We have discussed with the Company regarding the financial weakness of Founder Finance and the risks to the Company in relation thereto. The Company is of the view that it is an inherent risk faced by Founder Finance, but the risks are not very high as (i) most of the customers of Founder Finance (including the Group) are engaged in various principal business operations, i.e., IT business, medical businesses and security business, which are relatively diversified; and (ii) income received from IT business, medical businesses and security business is relatively stable with very little impact from seasonal factors and macro-economical environment. Moreover, given the risks to the Group can be effectively mitigated by (i) the Right of Set Off enjoyed by the Group; and (ii) the Guarantee (which will be discussed in detail below respectively), we concur with the Directors' view that the Deposit Services would not lead the deposits of the Group to excessive risk.

As set out in the Letter from the Board, given that different banks have different business strategies, it is difficult for the Group to coordinate different banks and their relevant branches to serve the Group with an integrated implementation plan and it is also impossible for the various banks to set up a common treasury platform for the Group. The existing fund management system might not be at its most efficient in deploying and in monitoring the deploying of funds within the Group; conversely, the arrangements under the Financial Services Agreement would allow a certain degree of concentration of the Group's deposited funds (limited by the Proposed Deposit Cap). However, the procuring the Deposit Services would (1) expedite the monitoring of the use and application of funds within the Group; (2) be subject to the Proposed Deposit Cap (i.e. maximum daily outstanding balance of deposits, which only represented approximately 13% of the total cash of the Group (i.e. cash and cash equivalents plus pledged deposits) as at 31 December 2009); (3) provide the Group with a higher bargaining power (than when the deposited sum was split into smaller portions on their own between financial institutions) with regard to terms and interest rates of the Deposit Services. Given the benefits for procuring the Deposit Services mentioned above, we concur with the Directors' view that the benefits for procuring the Deposit Services would compensate the relating risk of concentration of the Group's deposited funds, and the procuring the Deposit Services is in the interests of the Company and the Shareholders as a whole.

Having considered the above, in particular, (i) effective treasury management is essential for the development of the Group; (ii) Founder Finance is a licensed finance company subject to stringent regulations promulgated by PBC and CBRC; (iii) the Company utilises the Deposit Services on a voluntary and non-exclusive basis, giving the Directors maximum flexibility to decide in a particular situation as to what is in the Company's interest; and (iv) the appointment of Founder Finance will, in the opinion of the management of the Company, provide higher efficiency in fund deployment within the

LETTER FROM CHINA EVERBRIGHT

Group as compared to other independent financial institutions, we concur with the Directors' view that the benefits for procuring the Deposit Services outweighs its potential inherent risk, and the Deposit Services contemplated under the Financial Services Agreement are entered into in the ordinary and usual course of business, and are in the interests of the Company and the Shareholders as a whole.

3. Terms of the Deposit Services contemplated under the Financial Services Agreement

On 13 January 2011, the Company, Founder Finance and Peking Founder (as guarantor) entered into the Financial Services Agreement, pursuant to which Founder Finance has agreed, subject to the terms and conditions therein, to provide the Deposit Services to the Group on a non-exclusive basis.

The Financial Services Agreement

1. *Date*

13 January 2011

2. *Effective Date and the Term*

The Financial Services Agreement shall commence upon satisfaction of all condition precedents, and continue until 31 December 2013.

3. *Parties*

- (a) the Company (as services user);
- (b) Founder Finance (as services provider); and
- (c) Peking Founder (as guarantor).

4. *Major Terms of the Deposit Services*

Pursuant to the Financial Services Agreement, Founder Finance will, among other things, provide RMB deposit services to the Group. The Group will open and maintain RMB deposit accounts with Founder Finance. The interest rates on the Deposit Services offered by Founder Finance to the Group will not be lower than those offered by other PRC financial institutions, subject to the standard RMB deposit rates promulgated by PBC from time to time.

The parties may amend the Financial Services Agreement by mutual consent. Any such amendments shall be in writing. The Group may obtain financial services from other financial institutions in addition to those provided by Founder Finance pursuant to the Financial Services Agreement.

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In the event that the Group suffers any financial loss by reason of the default of Founder Finance, Founder Finance shall compensate the Group for such loss suffered by the Group in accordance with the rules and regulations of PBC.

Under the Financial Services Agreement, the Group will have the Right of Set Off such that, in the event of any default by Founder Finance in respect of amounts deposited with it by the Group and causing it not being able to recover such deposits, the Group will be able to offset the amounts owing from the Group to Founder Finance against the amounts due to the Group from Founder Finance. Likewise, in the event of any default in repayment by the Group in respect of loans procured from Founder Finance, Founder Finance will be able to offset the amounts deposited with it by the Group against the amounts owing from the Group to Founder Finance.

5. *Conditions Precedent*

The conditions precedent of the Financial Services Agreement have been set out in the Letter from the Board.

6. *Termination*

The Financial Services Agreement shall not be terminated by any of the parties unilaterally.

In addition to the default events provided by the Contract Laws of the PRC, the Financial Services Agreement will be terminated with immediate effect if Founder Finance failed to satisfy any operation condition (as currently required by the CBRC) as follows:

- (a) the capital adequacy ratio is not less than 10%;
- (b) the non-performing assets ratio is not more than 4%;
- (c) the bad loan ratio is not more than 5%;
- (d) the asset loss reserve adequacy ratio is not less than 100%;
- (e) the loan loss reserve adequacy ratio is not less than 100%;
- (f) the liquidity ratio is not less than 25%;
- (g) the self-owned fixed assets to total capital ratio is not more than 20%;
- (h) the short term securities investment to total capital ratio is not more than 40%;
- (i) the long term investment to total capital ratio is not more than 30%;

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- (j) the borrowed capital to total capital ratio is not more than 100%; or
- (k) the guarantee risk exposure to total capital ratio is not more than 100%.

Upon termination of the Financial Services Agreement, the Group may withdraw its deposits with Founder Finance at any time. Should there be any outstanding loans owing from the Group pursuant to the Loan Services, the Group may negotiate with Founder Finance with regard to the loan repayment schedule. As this termination arrangement would serve protections on the fund to be deposited by the Group under the Deposit Services, we concur with the Directors' view that such arrangement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

7. *Guarantee*

Peking Founder has provided the Guarantee to the Company in the Financial Services Agreement, pursuant to which Peking Founder has undertaken to the Company that:

- (a) it will maintain its controlling interest in Founder Finance and ensure that Founder Finance will operate under its prescribed scope of business;
- (b) it shall use its best endeavours and all probable and reasonable means to ensure that Founder Finance will fulfil its obligations under the Financial Services Agreement;
- (c) in the event that Founder Finance has difficulties in repaying any money to the Group, Peking Founder will increase the working capital of Founder Finance in order to enable it to fulfil its obligations under the Financial Services Agreement; and
- (d) Peking Founder undertakes and warrants to compensate the Group jointly and severally with Founder Finance for all (if any) financial losses (including but not limited to the Group's deposits, interests and related expenses incurred) caused by Founder Finance's breaches or potential breaches of PRC laws and regulations, or by it having or potentially having any major operational problems or difficulties with liquidity, or by its non-performance of any terms or default under the Financial Services Agreement.

LETTER FROM CHINA EVERBRIGHT

As advised by the Company, summarised below is the key financial information of the Peking Founder Group as extracted from the audited financial statements for the year ended/as at 31 December 2009 and the management accounts for the six months ended/as at 30 June 2010 prepared in accordance with the current PRC Generally Accepted Accounting Principles:

	For the year ended/ as at 31 December		For the six months ended/as at 30 June
	2008	2009	2010
	<i>approx.</i>	<i>approx.</i>	<i>approx.</i>
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
	(audited)	(audited)	(unaudited)
Net profit	1,016	1,067	467
Net assets	7,775	8,670	9,124

It is noted from the above financial information that the Peking Founder Group achieved healthy financial performance and condition during the past few years. Based on its satisfactory financial condition, we considered that Peking Founder is eligible to fulfill its Guarantee obligations contemplated under the Financial Services Agreement.

Given that (i) the deposit interest rates to be offered to the Company or its respective subsidiaries of the Company by Founder Finance will be determined in accordance with the standard RMB deposit rates promulgated by the PBC from time to time; (ii) the interest rates on the Deposit Services offered by Founder Finance to the Group will not be lower than those offered by other PRC financial institutions; (iii) the Company can terminate the Financial Services Agreement and withdraw all deposits placed with Founder Finance if Founder fails to maintain healthy operational metrics; (iv) the Right of Set Off enjoyed by the Group; and (v) sufficient guarantee is placed by Peking Founder to protect the Company against potential risks for procuring the Deposit Services, we concur with the Directors' view that the respective terms in relation to Deposit Services contemplated under the Financial Services Agreement are on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM CHINA EVERBRIGHT

4. Proposed Deposit Cap

The Board proposed the Proposed Deposit Cap in respect of the maximum daily outstanding balance of deposits (including accrued interest) placed by the Group with Founder Finance:

Subject matter	Proposed Deposit Cap	Basis of determination of the Proposed Deposit Cap
Deposit Services	RMB80 million on a daily basis for the three years ending 31 December 2013	There has been no similar transaction between the Group and Founder Finance prior to the date of the Financial Services Agreement. The Proposed Deposit Cap has been determined with reference to a number of factors including (i) the increasing asset scale and anticipated amounts of the Group available for deposit, as determined by the total amount of deposits currently deposited at other financial institutions; (ii) the expected amount of interest income from Founder Finance compared with interest income that could otherwise be obtained by placing deposits with other commercial banks; and (iii) the treasury management strategies of the Company, in particular the setting up of a common treasury platform for the Group as a viable alternative to raising loans from other financial institutions, taking into account the business development plans and financial needs of the Group in the coming years.

To assess the fairness and the reasonableness, we have discussed with the Company the basis and assumptions for purpose of determining the Proposed Deposit Cap and further discussed the estimated cash flow.

According to the 2009 Annual Report and the interim report of the Company for the six months ended 30 June 2010, the total cash of the Group (i.e. cash and cash equivalents plus pledged deposits) amounted to approximately HK\$412.2 million, HK\$597.1 million and HK\$509.3 million as at 31 December 2008, 31 December 2009 and 30 June 2010 respectively. The strong cash balance of the Group reflects its business nature which involves handling of large amounts of cash during its day-to-day operations, anticipated amounts of the Group available for deposit, and thus the Group has a strong demand for the Deposit Services. Given interest rates on the Deposit Services offered by Founder Finance to the Group will not be lower than those offered by other PRC financial institutions, the expected amount of interest income from Founder Finance would not be lower as compared with interest income that could otherwise be obtained by placing deposits with other commercial banks.

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As mentioned in the 2009 Annual Report, the distribution of information products 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 addition, the Group further expanded the sales team and increased marketing and selling effort, so as to broaden customer base and strengthen position in the PRC's information products distribution business. The Group is dedicated for a medium to long term development plan of maintaining a satisfactory growth, and will focus on the distribution of information products with higher margin and exploring the more profitable value-added service business. Moreover, the management will also place stronger emphasis on operating cash flow, stringent control on working capital such as trade receivable and payables and inventory and cost management. The Group will continue to look for alliance with other international information products suppliers and investment opportunities. The Directors considered the abovementioned strategy will bring in expansion of operational scale and improvement in operational performance of the Group in coming years.

Having assessed the Company's the basis of determination of the Proposed Deposit Cap, coupled with the business strategy of the Company, we considered that the Proposed Deposit Cap stipulated under the Financial Services Agreement is fair and reasonable so far as the Company and the Independent Shareholders are concerned.

5. Requirements of the Listing Rules on the Deposit Services

Pursuant to Rules 14A.37 to 14A.40 of the Listing Rules, the Deposit Services are subject to the following annual review requirements:

- a. each year the independent non-executive Directors must review the Deposit Services and confirm in the annual report and accounts that the Deposit Services have been entered into:
 - (i) in the ordinary and usual course of business of the Group;
 - (ii) either on normal commercial terms or, if there are not sufficient comparable continuing connected transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and
 - (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;

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- b. each year the auditors of the Company must provide a letter to the Board (with a copy provided to the Stock Exchange at least 10 business days prior to the bulk printing of the Company's annual report) confirming that the Deposit Services:
 - (iv) have received the approval of the Board;
 - (v) are in accordance with the pricing policies of the Group;
 - (vi) have been entered into in accordance with the terms of the relevant agreements governing the Deposit Services; and
 - (vii) have not exceeded the Proposed Deposit Cap;
- c. the Company shall allow, and shall procure the relevant counter-parties to the Deposit Services to allow, the Company's auditors sufficient access to their records for the purpose of reporting on the Deposit Services as set out in paragraph (b); and
- d. the Company shall promptly notify the Stock Exchange and publish an announcement in accordance with the Listing Rules if it knows or has reason to believe that the independent non-executive Directors and/or auditors of the Company will not be able to confirm the matters set out in paragraphs (a) and (b) respectively.

In light of the reporting requirements attached to the Deposit Services, in particular, (i) the restriction of the daily outstanding balance of the Deposit Services by way of the Proposed Deposit Cap; and (ii) the ongoing review by the independent non-executive Directors and auditors of the Company of the terms of the Deposit Services and the Proposed Deposit Cap not being exceeded, we are of the view that appropriate measures will be in place to govern the conduct of the Deposit Services and safeguard the interests of the Independent Shareholders.

The ongoing review by auditors of the Company of the terms of the Deposit Services and the Proposed Deposit Cap not being exceeded would incur additional costs for the Company. However, having considered the above, in particular, effective treasury management is essential for the development of the Group, we concur with the Directors' view that the benefits for procuring the Deposit Services outweighs its additional costs for the Company, and the Deposit Services contemplated under the Financial Services Agreement are in the interests of the Company and the Shareholders as a whole.

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RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the terms of transactions in relation to the Deposit Services, including the Proposed Deposit Cap, are on normal commercial terms, are in the ordinary and usual course of business of the Company, are fair and reasonable and are in the interests of the Company and the Shareholders as a whole, and the Proposed Deposit Cap are fair and reasonable so far as the Independent Shareholders are concerned.

Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution to approve the Deposits Services and the Proposed Deposit Cap at the SGM.

Yours faithfully,
For and on behalf of
China Everbright Capital Limited
Alvin Kam
Director

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document 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 SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required, pursuant to Section 352 of the SFO to be entered in the register referred to therein, or which were 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	–	200,019,000	18.08%
		(Note)	

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	–	109,601,000	9.91%
		(Note)	

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

Directors' interests in share options of the Company

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 but the options granted under the 2001 Scheme remain in full force and effect.

The following Director held share options 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 HK\$
Mr Zhang Zhao Dong	8,000,000	6.2.2004	7.2.2004 to 5.2.2014	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 were 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 were required, pursuant to Section 352 of the SFO to be entered in the register referred to therein, or which were 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 2009, 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.

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	200,019,000	18.08%	109,601,000	9.91%
富思特制漆(北京)有限公司 (First Paint (Beijing) Company Limited*)	3	Beneficiary of a charge	109,601,000	9.91%	-	-
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%	-	-
Ms Li Yong Hui	4	As trustee	60,671,600	5.49%	-	-
Ms Ying Yu Ling	4	As trustee	60,671,600	5.49%	-	-
F2 Consultant Limited	4	Owned as nominee	60,671,600	5.49%	-	-

* 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 109,601,000 shares of the Company held by Shining Wisdom are charged to 富思特制漆(北京)有限公司 (First Paint (Beijing) Company Limited*) which are classified as a short position of Shining Wisdom under the SFO.

4. 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.

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 member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation, other than statutory compensation).

5. 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 2009, being the date to which the latest published audited consolidated accounts of the Company were made up.

6. EXPERT AND CONSENT

China Everbright 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 the SFO.

As at the Latest Practicable Date, China Everbright 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, China Everbright 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 2009, being the date to which the latest published audited consolidated accounts of the Company were made up.

China Everbright 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.

7. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective associates had any personal interests in companies engaged in businesses, which compete or may compete with the Group.

Save as being as Directors and having their respective interest in Shares and share options in the Company and except that Mr Zhang Zhao Dong, the Chairman and an executive Director, is also a director of Peking Founder, none of the Directors has any material interest in the Financial Services Agreement.

8. GENERAL

The English text of this circular shall prevail over the Chinese text in case of inconsistency.

9. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection 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 during normal business hours on any weekday (public holidays excluded) from the date of this circular up to and including 16 February 2011, the date of the SGM:

- (i) the bye-laws of the Company;
- (ii) the annual reports of the Company for the two years ended 31 December 2009;
- (iii) the Financial Services Agreement;
- (iv) the letter from the Independent Board Committee dated 26 January 2011, the text of which is set out on page 19 of this circular;
- (v) the letter from China Everbright dated 26 January 2011, the text of which is set out on pages 20 to 35 of this circular; and
- (vi) the letter of consent from China Everbright referred to in the paragraph headed "Expert" above.

NOTICE OF SGM



(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 Wednesday, 16 February 2011 at Unit 1408, 14th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong for the purpose of considering and, if thought fit, passing the following resolution:

ORDINARY RESOLUTION

“THAT:

- (a) the terms of the Deposit Services and the Proposed Deposit Cap for the three years ending 31 December 2013 be and are hereby approved; and
- (b) any one Director be and is hereby authorised 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 terms of the Deposit Services, the Proposed Deposit Cap for the three years ending 31 December 2013, and the transactions contemplated thereunder.”

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

Hong Kong, 26 January 2011

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 him/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.

* *For identification purpose only*

NOTICE OF SGM

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, its associates (as defined in the Listing Rules) and Mr Zhang Zhao Dong are required to abstain from voting on the above ordinary resolution.
5. The ordinary resolution as set out above will be determined by way of a poll.