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If you are in doubt as to any aspect of this circular, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **EC-Founder (Holdings) Company Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or other transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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(Incorporated in Bermuda with limited liability)

(Stock Code: 00618)

**CONTINUING CONNECTED TRANSACTIONS:
MASTER HP AGREEMENT**

**Independent Financial Adviser to the Independent Director and
the Independent Shareholders**



A letter from the board of directors of EC-Founder (Holdings) Company Limited is set out on pages 4 to 8 of this circular. A letter from the Independent Director (as defined herein) of the Company is set out on page 9 of this circular. A letter from Cinda International Capital Limited containing its advice to the Independent Director and the Independent Shareholders is set out on pages 10 to 17 of this circular.

A notice convening the special general meeting to be held at 10:45 a.m. on Tuesday, 11 October 2011 at Unit 1408, 14th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong is set out on pages 23 to 24 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 29 August 2011;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Business Day(s)”	means day(s) when banks are open for business in Hong Kong which includes Saturdays;
“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 (Stock Code: 00618);
“Completion”	completion of the Disposal;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Disposal”	means (i) the disposal by Founder and the purchase by Founder Information of Founder’s entire shareholding interests in the Company of 363,265,000 shares, representing approximately 32.84% of the issued share capital of the Company; and (ii) the disposal by Founder HK and the purchase by Founder Information of the Loan pursuant to the Disposal Agreement;
“Disposal Agreement”	the conditional sale and purchase agreement entered into between Founder and Founder Information dated 29 August 2011 in relation to the Disposal;
“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 (Stock Code: 00418);
“Founder HK”	Founder (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Founder;

DEFINITIONS

“Founder Group”	Founder and its subsidiaries;
“Founder Information”	Founder Information (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and a subsidiary of Peking Founder;
“Group”	the Company and its subsidiaries;
“HK\$”	means Hong Kong dollars;
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC;
“HP”	Hewlett-Packard AP (Hong Kong) Limited;
“HP Product”	the products which HP has authorized Founder Group to distribute (including but not limited to hardware, software, upgrade service, renewal program, supporting program, maintenance program and custom made products) and the service provided by HP (such as hardware maintenance and warranty, software upgrade and warranty, installation and training);
“IFA” or “Cinda”	Cinda International Capital Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Director and the Independent Shareholders in relation to the Master HP Agreement and its annual caps;
“Independent Director”	Ms Cao Qian, an independent non-executive Director, who was appointed for the purpose of considering the terms of the Master HP Agreement and its annual caps and advising and making recommendations to the Independent Shareholders as to how to vote at the SGM;
“Independent Shareholders”	the shareholders of the Company other than Founder and its associates;
“Latest Practicable Date”	15 September 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;

DEFINITIONS

“Loan”	the amount of loan of HK\$5.4 million due and owing by the Company to Founder HK as at the date of the Disposal Agreement which is unpaid, unsecured, interest-free and repayable on demand;
“Master HP Agreement”	means the agreement entered into between the Company and Founder on 29 August 2011 in relation to the purchase of HP Products by the Group from Founder Group;
“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 and the controlling shareholder of Founder, which holds approximately 32.49% of the issued share capital of Founder;
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region and Taiwan for the purpose of this circular;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong);
“SGM”	the special general meeting of the Company to be convened and held for the Independent Shareholders to consider and approve (among other things), if thought fit, the Master HP Agreement and its annual caps;
“Shareholder(s)”	holder(s) of ordinary share(s) of HK\$0.1 each in the issued share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	has the meaning ascribed to it under the Listing Rules;
“USD”	United States dollars, the lawful currency of the United States of America; and
“%”	per cent.

For illustrative purpose only, HK\$ is converted into USD at an exchange rate of USD1 = HK\$7.7859 in this circular.

** For identification purpose only*

LETTER FROM THE BOARD



(Incorporated in Bermuda with limited liability)

(Stock Code: 00618)

Executive Directors:

Mr Zhang Zhao Dong (*Chairman*)

Mr Chen Geng (*President*)

Mr Xia Yang Jun

Mr Xie Ke Hai

Mr Zheng Fu Shuang

Registered Office:

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

Independent non-executive Directors:

Mr Li Fat Chung

Ms Wong Lam Kit Yee

Ms Cao Qian

Principal place of business in

Hong Kong:

Unit 1408, 14th Floor

Cable TV Tower

9 Hoi Shing Road

Tsuen Wan

New Territories

Hong Kong

20 September 2011

To the Shareholders

Dear Sir or Madam

CONTINUING CONNECTED TRANSACTIONS: MASTER HP AGREEMENT

1. INTRODUCTION

Reference is made to the Announcement in relation to, among other things, the transactions contemplated under the Master HP Agreement.

The Directors noted that the Group has been purchasing HP Products from Founder Group in the ordinary and usual course of business and on normal commercial terms on an ongoing basis.

Pursuant to the Disposal Agreement between Founder and Founder Information, Founder conditionally agrees to sell, and Founder Information conditionally agrees to purchase, Founder's entire shareholding interests in the Company of 363,265,000 shares, representing approximately 32.84% of the issued share capital of the Company.

* *For identification purpose only*

LETTER FROM THE BOARD

After Completion, the Company will be owned as to approximately 32.84% by Founder Information which in turn is owned as to approximately 96.92% by Peking Founder. Peking Founder will become a connected person of the Company for the purposes of the Listing Rules. Founder is an associate of Peking Founder and therefore, a connected person of the Company under the Listing Rules. Therefore, the ongoing sales and purchases of the HP Products between the Group and Founder Group will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

In light of the above, the Master HP Agreement has been entered into between the Company and Founder on 29 August 2011 in order to govern and specify the terms adopted and the annual caps for the total amount of the aforesaid ongoing transactions for the three years ending 31 December 2013.

2. THE MASTER HP AGREEMENT

Terms:

Pursuant to the Master HP Agreement, the Group shall purchase HP Products from Founder Group at the price based on the rack rate payable paid by Founder Group to HP, exclusive of any freight charges and tax payable, plus a commission at 0.3% which is determined with reference to the level of the historical administrative expenses and financial costs that were actually incurred. Further, the Group should bear all the freight charges, taxes and other relevant expenses in relation to the HP Products which Founder Group purchased from HP. The Master HP Agreement is effective upon the occurrence of any one of the following events:

- (i) Completion; and (ii) the approval of the Master HP Agreement and its annual caps by the Independent Shareholders at the SGM and the approval of the Master HP Agreement and its annual caps by Founder's independent shareholders at the special general meeting of Founder; or
- if Completion does not take place on or before 31 December 2011 (or such later date as agreed in writing between the parties to the Disposal Agreement) the approval of the Master HP Agreement and its annual caps by the Independent Shareholders at the SGM.

Historical values and annual caps:

The proposed annual caps for the Master HP Agreement is determined based on the Company's estimation of the purchase for the three years ending 31 December 2013 with reference to the historical purchase pattern for the two financial years ended 31 December 2010 and the purchase for the six months ended 30 June 2011.

LETTER FROM THE BOARD

Historical values and annual caps:

	Year ended 31 December 2009 <i>USD</i> <i>million</i>	Year ended 31 December 2010 <i>USD</i> <i>million</i>	Six months ended 30 June 2011 <i>USD</i> <i>million</i>	Year ending 31 December 2011 <i>USD</i> <i>million</i>	Year ending 31 December 2012 <i>USD</i> <i>million</i>	Year ending 31 December 2013 <i>USD</i> <i>million</i>
Actual sales	23	53	17	N/A	N/A	N/A
Historical annual cap	80	90	N/A	105	N/A	N/A
Proposed annual cap	N/A	N/A	N/A	44	48	53

The Group has been purchasing HP Products from Founder Group for use in its operation and business. Upon the Master HP Agreement taking effect, it will supersede the original agreement which is of identical nature and was approved by the Independent Shareholders on 15 December 2008. The proposed annual caps as contemplated under the Master HP Agreement are determined with reference to the historical values of the transactions. The Directors, therefore, consider that the new proposed annual caps are sufficient for the volume of business between the Group and Founder Group for the three years ending 31 December 2013.

Reasons for and benefits of Master HP Agreement:

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

Founder Group is principally engaged in software development and the provision of systems integration services relating to the media and non-media industries including financial institutions, enterprises and government departments.

As a result of negotiations among HP, the Company and Founder, Founder entered into an agreement with HP in January 2009 pursuant to which Founder is appointed as an authorized, non-exclusive reseller for HP Products in the PRC. The Group will continue to purchase the HP Products from Founder Group under the Master HP Agreement.

The Directors believe that having a long-term supplier such as Founder Group can effectively enhance the Group's financial performance. The Directors also consider that the entering into the Master HP Agreement is (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; (iii) fair and reasonable so far as the Independent Shareholders are concerned; and (iv) in the interests of the Company and its shareholders as a whole.

LETTER FROM THE BOARD

Listing Rules Implications

As the applicable percentage ratios pursuant to Rule 14.07 of the Listing Rules for the Master HP Agreement are 5% or more and the annual caps exceed HK\$10,000,000, the entering into the Master HP Agreement and the transactions contemplated thereunder by the Company constitute non-exempt continuing connected transactions for the Company under Rules 14A.16(5) and 14A.17 of the Listing Rules and are subject to the reporting, annual review and announcement requirements under Rules 14A.37 to 14A.41 and 14A.45 to 14A.47 of the Listing Rules. In addition, the Master HP Agreement and its annual caps are subject to the approval by the Independent Shareholders by way of poll at the SGM pursuant to Rules 14A.17 and 14A.52 of the Listing Rules.

3. SGM

A notice convening the SGM to be held at 10:45 a.m. on Tuesday, 11 October 2011 at Unit 1408, 14th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong is set out on pages 23 to 24 of this circular for the purpose of considering and, if thought fit, passing the ordinary resolution in relation to the Master HP Agreement and its annual caps.

The ordinary resolution to be proposed at the SGM will be determined by way of poll by the Independent Shareholders. Any shareholder with a material interest in the Master HP Agreement and his/her/its associates will abstain from voting on the relevant resolution. Accordingly, Founder, together with its associates, which held 363,265,000 shares as at the Latest Practicable Date, are required to abstain from voting with respect to the resolution for approving the Master HP Agreement and its annual caps.

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.

4. RECOMMENDATION

The Independent Director has been appointed to advise the Independent Shareholders in connection with the terms of the transactions contemplated under the Master HP Agreement (including the proposed annual caps for the three years ending 31 December 2013).

Cinda has been appointed to advise the Independent Director and the Independent Shareholders on the Master HP Agreement (including the proposed annual caps for the three years ending 31 December 2013).

LETTER FROM THE BOARD

Except for (i) Mr Zhang Zhao Dong, Mr Chen Geng, Mr Xie Ke Hai, Mr Li Fat Chung and Ms Wong Lam Kit Yee are directors of Founder; (ii) Mr Zhang Zhao Dong is the director of Peking Founder; and (iii) being Directors and their respective interest in shares and share option in the Company and its associated corporation as disclosed in Appendix of this circular, the Directors do not have material interest in the Master HP Agreement.

As Mr Zhang Zhao Dong, Mr Chen Geng and Mr Xie Ke Hai are executive directors of Founder and Mr Li Fat Chung and Ms Wong Lam Kit Yee are independent non-executive directors of Founder, they have abstained from voting on the board resolution approving the Master HP Agreement.

The Independent Director, having taken into account the advice of Cinda, is of the view that the transactions contemplated under the Master HP Agreement are on normal commercial terms, the terms of the transactions contemplated under the Master HP Agreement and the proposed annual caps for the three years ending 31 December 2013 are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

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

GENERAL

Your attention is also drawn to the letter from the Independent Director, the letter from Cinda International Capital Limited and the additional information set out in 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 DIRECTOR



(Incorporated in Bermuda with limited liability)

(Stock Code: 00618)

20 September 2011

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS: MASTER HP AGREEMENT

I refer to the circular dated 20 September 2011 issued by the Company (the “Circular”) of which this letter forms part. Terms used in this letter shall bear the same meanings as given to them in the Circular unless the context otherwise requires.

I have been appointed as the Independent Director to consider the Master HP Agreement (including the proposed annual caps for the three years ending 31 December 2013) which require approval by the Independent Shareholders and to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the transactions contemplated under the Master HP Agreement and to recommend how the Independent Shareholders should vote at the SGM. Cinda has been appointed to advise me, the Independent Director, in relation to the Master HP Agreement (including the proposed annual caps for the three years ending 31 December 2013).

I wish to draw your attention to the letter from the Board, as set out on pages 4 to 8 of the Circular, and the letter from Cinda to the Independent Director containing its advice in respect of the Master HP Agreement (including the proposed annual caps for the three years ending 31 December 2013), as set out on pages 10 to 17 of the Circular.

Having taken into account of the principal factors and reasons considered by Cinda and its conclusion and advice, I consider that transactions contemplated under the Master HP Agreement are on normal commercial terms, the terms of the transactions contemplated under the Master HP Agreement and the proposed annual caps for the three years ending 31 December 2013 are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, I recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the transactions contemplated under the Master HP Agreement and the proposed annual caps of such transactions for the three years ending 31 December 2013.

Yours faithfully,
Independent Director
Cao Qian

Independent non-executive Director

* For identification purpose only

LETTER FROM CINDA INTERNATIONAL CAPITAL LIMITED

The following is the text of a letter from Cinda International Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders for inclusion in this circular.



45th Floor, COSCO Tower
183 Queen's Road Central
Hong Kong

20 September 2011

*To: the Independent Director and the Independent Shareholders
of EC-Founder (Holdings) Company Limited*

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Director and the Independent Shareholders in respect of the terms of the Master HP Agreement (including the proposed annual caps for each of the three years ending 31 December 2013), particulars of which are set out in the “Letter from the Board” (the “Letter”) contained in the circular dated 20 September 2011 issued by the Company to the Shareholders (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 requires otherwise.

As stated in the Letter, the Company entered into the Master HP Agreement with Founder Group, pursuant to which the Group will purchase the HP Products from the Founder Group for a term of three years ending 31 December 2013. After Completion of the Disposal, the Company will be owned as to approximately 32.84% by Founder Information which in turn is owned as to approximately 96.92% by Peking Founder. Peking Founder will then become a connected person (as defined in the Listing Rules) of the Company. Founder is an associate (as defined under the Listing Rules) of Peking Founder and will therefore become a connected person (as defined under the Listing Rules) of the Company after Completion. Accordingly, the transactions contemplated under the Master HP Agreement (the “Transactions”) will constitute continuing connected transactions for the Company pursuant to Chapter 14A of the Listing Rules. As one of the applicable percentage ratios in respect of (i) the proposed annual caps for each of the three years ending 31 December 2013 (the “Proposed Caps”) under the Master HP Agreement exceeds 5%; and (ii) the annual caps exceed HK\$10,000,000, the Transactions shall be subject to the reporting, announcement and Independent Shareholders’ approval requirements pursuant to Chapter 14A of the Listing Rules. Founder, together with its associates, and all parties involved in or interested in the Master HP Agreement, shall abstain from voting on the resolution approving the Transactions and the Proposed Caps at the SGM.

LETTER FROM CINDA INTERNATIONAL CAPITAL LIMITED

Mr Li Fat Chung and Ms Wong Lam Kit Yee, both being independent non-executive Directors, are also independent non-executive directors of Founder. It was decided that they should not be appointed as members of a independent board committee to avoid any perceived conflict of interest. Accordingly, only Ms Cao Qian, being the Independent Director, has been appointed to make recommendation to the Independent Shareholders as to whether the terms of the Transactions and the Proposed Caps are fair and reasonable so far as the Independent Shareholders are concerned, and whether they are in the interests of the Company and the Shareholders as a whole. We, Cinda, have been appointed to advise the Independent Director and the Independent Shareholders in this regard.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and the management of the Group and assumed that they are true, accurate and complete in all material aspects. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to believe that any material information has been withheld from us, nor to doubt the truth, accuracy or completeness of the information provided. We have relied on such information and consider that the information we have received is sufficient for us to reach our advice and recommendations as set out in this letter and to justify our reliance on such information. We have not, however, conducted any independent investigation into the business and affairs of the Group or its associates, nor have we carried out any independent verification of the information supplied.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the Circular misleading.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In considering whether the terms of the Transactions and the Proposed Caps are fair and reasonable so far as the Independent Shareholders are concerned, we have taken into account the principal factors and reasons set out below:

1. Background to and reasons for the Transactions and the Proposed Caps

Introduction

The Group is principally engaged in the distribution of information hardware products in Hong Kong and in the PRC. The information hardware products distributed by the Group comprise servers, printers, switches, networking products, storage devices, workstations and optical screen products of a number of internationally well known and branded information product manufacturers including, among others, HP. The Group has been purchasing HP Products from the Founder Group for use in its operation and business. Upon the Master HP Agreement taking effect, it will supersede the original agreement (the "Original Master HP Agreement") which is of identical

LETTER FROM CINDA INTERNATIONAL CAPITAL LIMITED

nature and was approved by the Independent Shareholders on 15 December 2008. The transactions contemplated under the Original Master HP Agreement and the annual caps for the three years ending 31 December 2011 were approved by the Independent Shareholders on 15 December 2008.

As the Group intends to purchase the HP Products from the Founder Group for use in its operation and business and because of the Disposal, the Group entered into the Master HP Agreement with Founder. The Directors believe that having a long-term customer and supplier such as Founder Group can effectively enhance the Group's financial performance. Upon the Master HP Agreement taking effect, it will supersede the Original Master HP Agreement which will expire on 31 December 2011. The Directors further consider that, as the Proposed Caps are determined with reference to the historical values of the transactions contemplated under the Original Master HP Agreement, the Transactions are in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Having considered that (i) the Transactions contemplated under the Master HP Agreement are in line with the principal business of the Group; (ii) the Group has been purchasing the HP Products from the Founder Group for use in its operation and business since June 2009; and (iii) the HP Products are considered by the Directors to be one of the major product lines of information hardware products to be supplied to its customers and thus it is in the interests of the Group to continue to sell the HP Products, we are of the view that the Transactions are in the interests of the Company and the Shareholders as a whole.

2. Principal terms of the Transactions

Pursuant to the Master HP Agreement, the Founder Group will provide the HP Products to the Group at the price based on the rack rate payable by the Founder Group to HP, exclusive of any freight charges and tax payable, plus a commission at 0.3% of the total purchases which is determined by reference to the level of the historical administrative expenses and financial costs that were actually incurred by the Founder Group. The Group would bear all the freight charges, taxes and other relevant expenses in relation to the HP Products which the Founder Group purchased from HP on the Group's behalf. The Directors confirmed that such commission rate was determined between the parties at arm's length negotiation.

We have discussed with the management of the Group and given to understand that the payment terms offered by the Founder Group to the Group are the same as those offered by HP to the Founder Group. In general, the credit period offered by the Founder Group to the Group was about 30 days. We were advised by the management of the Group that the Founder Group, as with other HP distributors, receives cash rebates from HP should the Founder Group choose to settle early with HP, that is, within 14 days from the invoice date. The Founder Group received rebate representing 1.8%, 1.4% and 1.6% of the total sales of HP Products to the Group for the two years ended 31 December 2009, 2010 and the six months ended 30 June 2011 for early settlement of the Founder Group with HP. As advised

LETTER FROM CINDA INTERNATIONAL CAPITAL LIMITED

by the management of the Group, the timing and amount of the early settlement depend on the Founder Group's cash position. In view of the above, we consider that the Founder Group's practice of early settling with HP at its own cost to keep the early settlement rebate is acceptable.

To assess the reasonableness of the commission rate, we have been provided with and reviewed the internal sales and expense records of the Founder Group relating to its sales of the HP Products to the Group. We noted that the total relevant administrative expenses and financial costs incurred by the Founder Group were minimal in 2009 and 2010 but amounted to approximately 0.2% of its total sales for the first half of 2011. The management of the Group expressed that the increased expenses incurred by the Founder Group was mainly attributable to interest expenses arising from utilising letters of credit for settlement. In view of the increase in the usage of letters of credit for settlement, the management of the Founder Group expects that more interest expenses would be incurred. Based on the above, we concur with the Directors' view that the commission rate of 0.3% payable by the Group to the Founder Group in connection with the purchase of the HP Products is justifiable.

We also note from the Master HP Agreement that it is a non-exclusive supply and purchase agreement such that if the quality of the HP Products supplied by the Founder Group does not satisfy the requirements of the Group or if for certain reasons the Group considers that it is no longer appropriate for the Founder Group to supply the HP Products to the Group, the Group has the right to choose other supplier to supply the HP Products. On the other hand, the Founder Group can also choose to supply the HP Products to other parties. According to the Directors, the HP Products (with the same technical specifications and under the same brand) are not readily made available for purchase by other distributors or suppliers (save and except the Founder Group) in Hong Kong. The price payable by the Company for the HP Products under the Master HP Agreement represents mainly the cost of the HP products namely the selling price of the HP products to be charged by HP and a commission of 0.3% to be charged by the Founder Group for the service to be provided and in this connection, the administrative expenses and financial costs to be incurred by the Founder Group. As explained above, the price payable by the Company for the HP Products including the commission to be charged by the Founder Group under the Master HP Agreement is in our view justifiable. Further, the other terms under the Master HP Agreement are, in general, similar to the terms for purchase of similar HP hardware from other hardware suppliers in Hong Kong.

In view of the above, we concur with the Directors' view that the terms of the Master HP Agreement are, in general, no less favourable to the Company than terms available from third party hardware suppliers or distributors. We are of the opinion that the terms of the Master HP Agreement are on normal commercial terms and are fair and reasonable so far as the Shareholders are concerned.

3. The Proposed Caps for the Transactions

In assessing the reasonableness of the Proposed Caps, we have discussed with the management of the Group regarding the actual and Group's projected purchases of the HP Products from the Founder Group and the basis of the calculations.

LETTER FROM CINDA INTERNATIONAL CAPITAL LIMITED

Set out below are the historic purchases of the HP Products from the Founder Group for the two years ended 31 December 2010 and the six months ended 30 June 2011, the projected purchases for the six months ending 31 December 2011 and the two years ending 31 December 2013 and the Proposed Caps for the three years ending 31 December 2013, together with the key factors contributing to the determination of the Proposed Caps as provided by the management of the Group:

(in USD' 000)

	For the year ended 31 December 2009 <i>Actual</i>	For the year ended 31 December 2010 <i>Actual</i>	For the year ending 31 December 2011 <i>Actual Projected</i>		For the year ending 31 December 2012 <i>Projected</i>	For the year ending 31 December 2013 <i>Projected</i>
Jan to Jun	1,307	23,535	16,862	N/A		
Jul to Dec	21,587	29,329	N/A	26,396		
Jan to Dec	22,894	52,864	N/A	43,258	47,584	52,342
Proposed Cap	-	-		44,000	48,000	53,000

(i) Review of historical figures

The actual purchase of HP Products from the Founder Group was approximately USD22.9 million (approximately HK\$178.3 million), approximately USD52.9 million (approximately HK\$411.9 million) and approximately USD16.9 million (approximately HK\$131.6 million) for the two years ended 31 December 2010 and the six months ended 30 June 2011 respectively. The Group commenced purchase of the HP Products from the Founder Group in June 2009; as such, substantial amount of purchases in 2009 was made in the second half of the year.

It was noted that the Group's purchase of HP Products in the first half of 2011 was approximately 28% less than that in the last corresponding period. We were advised by the management of the Group that there was certain media reports published in the PRC in March 2010 complaining that the HP notebooks had problems of overheating of its battery which led to the malfunction of the HP notebooks. This incident affected the sales of HP Products in Beijing from the second half of 2010 to the first half of 2011, which in turn affect the sales of HP Products in Hong Kong. Accordingly, the Group purchased less HP Products from Founder Group in the first half of 2011.

(ii) Assessment of the Proposed Caps

The Proposed Cap for the purchase of HP Products for the year ending 31 December 2011 is USD44.0 million (approximately HK\$342.6 million). As shown in the table above, the Company's purchase of the HP Products in the second half 2010 was higher than that in the first half of 2010. This distribution of sales was adopted by the Company as a reference to project the purchase of the HP Products in the second half of a year.

LETTER FROM CINDA INTERNATIONAL CAPITAL LIMITED

Although the Group's purchase of HP Products in the first half of 2011 was approximately 28% less than that in the last corresponding period due to the incident mentioned in (i) above, the management of the Company expects that, as the HP notebook problem was subsequently resolved, the sales of HP Products in Beijing has recovered and the management of the Company expects that more HP Products will be purchased by the Group from the Founder Group in the second half of 2011. Moreover, the management of the Company addressed that they have restructured the sales team of HP Products in Beijing to focus on the need of major customers so as to increase the sales of HP Products in Beijing. Therefore, the management of the Company forecasts that the purchase of HP Products in the second half of 2011 will increase as compared to the first half of 2011 and discounted 10% on the purchase in the second half of 2010 to derive the forecast purchase in the second half of 2011.

We note that the incident of the HP notebook problem was a single incident that affected the sales of HP Products in the first half of 2011. As the HP problems was subsequently resolved and the market confidence would be gradually recovered, we concur with the Company's management view that the sales of HP Products will gradually pick up in the second half of 2011 and we consider that the projection on the purchase of HP Products to a level which is 90% of the purchase level in the second half of 2010 is justifiable.

The Proposed Caps for the purchase of HP Products for the two years ending 31 December 2012 and 2013 are USD48.0 million (approximately HK\$373.7 million) and USD53.0 million (approximately HK\$412.7 million) respectively, which were determined by the Directors with reference to the projected annual growth rate of approximately 10% for each of the two years ending 31 December 2013.

According to a report issued in May 2011 by International Data Corporation (IDC), a market research firm, the sales amount of computer storage market in the PRC experienced a year-on-year growth of 24% in the first quarter of 2011. IDC forecasts that the annual growth rate of the sales of the computer storage market in the PRC will be 14.1% for the next five years. Moreover, as the PRC government boosts its investment in information technology to accommodate the expanding economic environment, investment in information technology in the PRC experienced a year-on-year growth of 23% in the first quarter of 2011. IDC expects that the growth of investment in information technology in the PRC will continue in the years to come.

Based on (i) the Company's historical purchase of HP Products; and (ii) the positive outlook of computer storage market and information technology market in the PRC as mentioned above, we are of the view that the Proposed Caps for each of the two years ending 31 December 2013 for the purchase of the HP Products under the Master HP Agreement represented by a 10% growth is justifiable.

Shareholders should note that the Proposed Caps should not be considered as an assurance or forecast made by the Group of its future revenues.

LETTER FROM CINDA INTERNATIONAL CAPITAL LIMITED

4. Annual review of the Transactions

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

- (a) Each year the independent non-executive Directors must review the Transactions and confirm in the annual report and accounts that the Transactions 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 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 Master HP Agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.
- (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 Transactions:
 - i have received the approval of the Board;
 - ii are in accordance with the pricing policies of the Group if the Transactions involve provision of goods and services by the Company;
 - iii have been entered into in accordance with the Master HP Agreement governing the Transactions; and
 - iv have not exceeded the Proposed Caps.
- (c) The Company shall allow, and shall procure that the counterparty to the Transactions allow, the Company's auditors sufficient access to their records for the purpose of reporting on the Transactions as set out in paragraph (b) above; and
- (d) The Company shall promptly notify the Stock Exchange and publish an announcement in accordance with rule 2.07C if it knows or has reason to believe that the Independent Director and/or the auditors will not be able to confirm the matters set out in paragraphs (a) and/or (b) above respectively.

The independent non-executive Directors and the auditors of the Company have reviewed the then continuing connected transactions conducted during the two years ended 31 December 2010 contemplated under the Original Master HP Agreement and have provided the above confirmations as required under the Listing Rules, details of which are contained in the Company's annual reports for the years ended 31 December 2009 and 2010.

LETTER FROM CINDA INTERNATIONAL CAPITAL LIMITED

The required confirmations in respect of the Transactions conducted during the year ending 31 December 2011 would be included in the Company's annual report for the year ending 31 December 2011.

In light of the reporting requirements attached to the Transactions, in particular, (a) the restriction of the values of the Transactions by way of the Proposed Caps; and (b) the requirement under the Listing Rules for ongoing review by the independent non-executive Directors and the auditors of the Company of the terms of the Transactions and the Proposed Caps, we are of the view that appropriate measures is in place to govern the conduct of the Transactions and assist in safeguarding the interests of the Independent Shareholders.

RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the Transactions would be conducted on normal commercial terms, in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole. We also consider the terms of the Transactions and the Proposed Caps fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Director to advise the Independent Shareholders, and we advise the Independent Shareholders, to vote in favour of the relevant resolution at the SGM to approve the Transactions and the Proposed Caps.

Yours faithfully,
For and on behalf of
Cinda International Capital Limited
Adrian Tsang
Managing 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 circular 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 circular 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: 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) Directors' rights to acquire shares in the Company and any of its associated corporations*Directors' interests in share options of the Company*

Name of Director	Number of share options held	Date of grant of share options	Exercise period of share options	Exercise price of share options <i>HK\$</i>
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 2010, 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	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%
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.
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 CONTRACT

No contract (not being contract in the ordinary course of business of the Group) has been entered into by members of the Group which is or may be material within the two years immediately preceding the date of this circular.

6. MATERIAL ADVERSE CHANGE

The Directors confirm that there was no material adverse change in the financial or trading position of the Group since 31 December 2010, being the date to which the latest published audited consolidated accounts of the Company were made up.

7. EXPERT AND CONSENT

Cinda is a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO.

As at the Latest Practicable Date, Cinda 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, Cinda 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 2010, being the date to which the latest published audited consolidated accounts of the Company were made up.

Cinda 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.

8. 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.

9. GENERAL

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

10. 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 11 October 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 2010;
- (iii) the Master HP Agreement;
- (iv) the letter from the Independent Director dated 20 September 2011, the text of which is set out on page 9 of this circular;
- (v) the letter from Cinda International Capital Limited dated 20 September 2011, the text of which is set out on pages 10 to 17 of this circular; and
- (vi) the letter of consent from Cinda referred to in the paragraph headed “Expert and Consent” 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 10:45 a.m. on Tuesday, 11 October 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 Master HP Agreement (as defined in the Circular) be and are hereby approved;
- (b) the proposed annual caps in relation to the transactions contemplated under the Master HP Agreement for the three years ending 31 December 2013 be and are hereby approved; and
- (c) any one Director be and is hereby authorized 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 Master HP Agreement and the transactions contemplated thereunder.”

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

Hong Kong, 20 September 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 his/her. A shareholder who is the holder of two or more shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a shareholder of the Company but must be present in person at the meeting to represent the shareholder. Completion and return of the form of proxy will not preclude a shareholder from attending the meeting and voting in person. In such event, his/her form of proxy will be deemed to have been revoked.
2. Where there are joint holders of any share, any one of such joint holders may vote at the meeting, either personally or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders be present at the meeting, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.

* *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 and its associates (as defined in the Listing Rules) 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.