

**[For Immediate Release]**

**EC-Founder Announces 2001 Results  
Turnover Increases 28% To HK\$332 Million**

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**Aims to Become China's Top Software Solutions and Services Provider**

(Hong Kong, April 23, 2002) – China's leading Internet software technology, solutions and services provider, EC-Founder (Holdings) Company Limited ("EC-Founder") (stock code: 618) today announced its audited results for the year ended December 31, 2001.

During the year, EC-Founder recorded a turnover of about HK\$332 million, increasing about 28% over 2000. Gross profit was approximately HK\$56.6 million, with growth of over 100% compared to 2000. Loss attributable to shareholders was about HK\$69 million, with loss per share at about HK8.4 cents. The Board of Directors does not recommend the payment of a final dividend.

Mr. Ricky Lei, President of EC-Founder said, "2001 is the first year that EC-Founder has formally taken off in the software solutions and services business. We are excited that this core business has seen significant growth with satisfactory results. In the fourth quarter of 2000, income from this newly developed business was only HK\$10 million. It had increased substantially by 6 times to about HK\$73.7 million in 2001. The profit margin for the software solutions and services business is very high. Taking into account the profit margin of software and value-added services for hardware, the profit margin is at approximately 55%, bringing the Company a highly favorable profit base."

"With the wide commercial applications of Internet software technology and solutions, EC-Founder's strong software R&D capability is a major advantage in gaining the leading position in the market, enhancing the Company's performance and bringing favorable returns to shareholders," Mr. Lei continued.

EC-Founder's loss performance is due to the fact that the software solutions and services business is still under its initial development stage, thus it still requires substantial investment for product research and development, as well as for product promotions and marketing expenses. The loss was also due to provisions made for impairment of fixed assets for the former electronic components business, and the continued and growing loss from the semi-conductor business under the electronic components category.

EC-Founder therefore entered into a conditional agreement in April 2002 to dispose of the semi-conductor business to one of EC-Founder's substantial shareholders, Ricwinco, at a consideration of HK\$15 million.

EC-Founder is now focusing on developing its core business to provide software services and solutions in four major areas – Network Security Products and Solutions, Location-Based Intelligence, e-Finance Solutions and Enterprise/Government Information Solutions.

In the area of Network Security Products and Solutions, there are 4 distributors, over 80 agents and 15 special repair agents in the Company's distribution network, with client portfolios in every industry. EC-Founder successfully developed and patented "*FireGate*" in March 2001, the first product to obtain certification from the PRC Ministry of Public Security, the Ministry of Information Industry Product Certification Centre, the PLA and the State Secrecy Bureau. This is also the second company in China to obtain the complete set of certification and recommendation from the respective government departments. "*FireGate*" was used for the official website for the Beijing 2008 Olympic Games Bid Committee, successfully safeguarding the site from over 15,000 overseas hacker attacks during its peak usage period. In addition, EC-Founder also launched "*iTornado*", the first complex network simulation testing environment, in May 2001.

In May 2001, the Company signed an OEM agreement with RAE Company (USA) for EC-Founder's self-developed "*Founder Mirage*", a location-based intelligence product. This move marked an important step for the successful export of the Company's products to overseas markets. Currently, many industries in China have high demand for location-based intelligence services. During the year, the Company contracted projects for aviation photography, forestry and logistics. EC-Founder also has the distribution rights for "*MapInfo*", a Geographic Information System product, in the Greater China region, which is marketed through a network of over 100 distributors.

EC-Founder developed an "Important Customer Service System" for China Construction Bank during the year. Testings commenced in September 2001 in different branches of China Construction Bank. The system is expected to be in full operation in 2002, facilitating the Bank's business development in areas such as Business to Business (B2B) transfer and the opening of Cash Deposit accounts.

In its Enterprise/Government Information Solutions business, as the Chinese government is strongly initiating electronic government administration, the Company contracted projects such as the China Social Development Network, Beijing Administration for Industry and Commerce (BAIC) Online Working Platform and the transformation and establishment of a website for the Administration Office of the State Council during the year, successfully gaining a foothold in the electronic government administration arena. During the year, the Company successfully integrated and upgraded products from Viador Company (USA) with EC-Founder's products, and launched an Enterprise Application Portal (EAP) product with strong competitive advantages, promoting these products to the international market.

Looking to the future, Beijing's hosting of the 2008 Olympics will facilitate various infrastructure developments by the Beijing Government, as it moves to create a "Digital City". This Digital City will generate heavy demand for a variety of Internet software products and solutions, ranging from Network Security to Located-Based Intelligence, and Enterprise Application Portals, among many others.

The Company believes that the Chinese Government is fully committed to establishing electronic government administration to promote government reforms and enhance decision efficiencies. In the Tenth Five Year Plan, industrialization of Geographic Information Systems is listed as a core development. These favorable market conditions create tremendous business opportunities for EC-Founder.

Mr. Lei concluded, " With China's entry to WTO, there will be more economic and trading activities with overseas markets. To face this intense market competition, corporations will require more timely information transfer, escalating demand for Internet based software products and services. EC-Founder has a leading position in the industry, strong R&D capabilities, advanced technology meeting the highest international standards, and a forward looking management team. As such, we are highly confident in the Company's future. We are committed to become China's and the world's top software solutions and services provider in the Internet era."

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### **About EC-Founder (Holdings) Company Limited**

EC-Founder is an Internet software technology, solutions and services provider in the PRC. The Company's business covers four major areas - network securities products and solutions, geographic intelligence systems, e-finance and enterprise application platforms. The Company is committed to providing high quality, customer-oriented and technology-led services and solutions.

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**EC-FOUNDER (HOLDINGS) COMPANY LIMITED**  
*(Incorporated in Bermuda with limited liability)*

**FINAL RESULTS ANNOUNCEMENT  
 FOR THE YEAR ENDED 31 DECEMBER 2001**

**AUDITED RESULTS**

The Board of Directors (the "Directors") of EC-Founder (Holdings) Company Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2001, together with the comparative figures for the corresponding period of last year as follows:

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

	<b>For the year ended 31 December</b>	
	<b>2001</b>	<b>2000</b>
	HK\$'000	HK\$'000 (Restated)
<b>TURNOVER</b>		
Continuing operations	243,443	129,438
Discontinuing operations	88,012	129,226
	<u>331,455</u>	<u>258,664</u>
Cost of sales	(274,810)	(231,194)
Gross profit	<u>56,645</u>	<u>27,470</u>
Other revenue and gains	45,507	6,735
Selling and distribution costs	(44,162)	(17,678)
Administrative expenses	(70,394)	(48,342)
Other operating expenses	(13,972)	(13,708)
Impairment of fixed assets	(38,180)	-
Impairment of goodwill	-	(452,259)
<b>LOSS FROM OPERATING ACTIVITIES</b>		
Continuing operations	(42,478)	(488,728)
Discontinuing operations	(22,078)	(9,054)
	<u>(64,556)</u>	<u>(497,782)</u>
Finance costs	(9,069)	(7,411)
Share of profits and losses of:		
Jointly-controlled entities	-	14,014
Associates	4,346	2,159
<b>LOSS BEFORE TAX</b>	<u>(69,279)</u>	<u>(489,020)</u>
Tax	(1,432)	(3,075)
<b>LOSS BEFORE MINORITY INTERESTS</b>	<u>(70,711)</u>	<u>(492,095)</u>
Minority interests	1,670	(5)
<b>NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS</b>	<u><u>(69,041)</u></u>	<u><u>(492,100)</u></u>
<b>LOSS PER SHARE</b>		
Basic	8.4 cents	143.0 cents
Diluted	N/A	N/A