



FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2003

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 (collectively the “Group”) for the year ended 31 December 2003 together with the comparative figures.

AUDITED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	<i>Notes</i>	2003 <i>HK\$'000</i>	2002 <i>HK\$'000</i> (Restated)
TURNOVER			
Continuing operations		506,835	70,825
Discontinued operations	4	118,137	241,108
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Cost of sales	2	624,972 (568,308)	311,933 (258,454)
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Gross profit		56,664	53,479
Other revenue and gains		6,503	9,646
Selling and distribution costs		(36,577)	(36,300)
Administrative expenses		(39,435)	(56,104)
Other operating expenses, net		(112)	(6,488)
Impairment of fixed assets		–	(1,226)
Impairment of goodwill		–	(36,500)
Loss on disposal of discontinued operations	4	(13,260)	(15,079)
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LOSS FROM OPERATING ACTIVITIES	3	(26,217)	(88,572)
Finance costs	5	(832)	(4,147)
Share of profits of associates		6,224	8,448
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LOSS BEFORE TAX			
Continuing operations		(2,371)	(68,588)
Discontinued operations	4	(18,454)	(15,683)
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Tax	6	(20,825) (2,002)	(84,271) (2,028)
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LOSS BEFORE MINORITY INTERESTS		(22,827)	(86,299)
Minority interests		–	335
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NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		(22,827)	(85,964)
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LOSS PER SHARE – BASIC	7	(2.4 cents)	(10.5 cents)
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NOTES:**1. IMPACT OF NEW AND REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE (“SSAPs”)**

The following new and revised SSAPs are effective for the first time for the current year’s financial statements:

SSAP 12 (Revised):	“Income taxes”
SSAP 35:	“Accounting for government grants and disclosure of government assistance”

A summary of their major effects is as follows:

SSAP 12 (Revised) principally prescribes the accounting treatment and disclosures for deferred tax. In prior years, deferred tax is provided using the income statement liability method on all significant timing differences to the extent it is probable that the liability will crystallise in the foreseeable future. A deferred tax asset is not recognised until its realisation is assured beyond reasonable doubt. SSAP 12 (Revised) requires the adoption of the balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively. The principal impacts of the revision of this SSAP are that the opening consolidated accumulated losses at 1 January 2003 and 2002 have been reduced by approximately HK\$2,002,000 and HK\$2,536,000, respectively and the tax charge for the years ended 31 December 2003 and 2002 have been increased by approximately HK\$772,000 and HK\$534,000, respectively.

The comparatives presented have been restated to conform to the change in accounting policy as a result of the adoption of SSAP 12 (Revised).

SSAP 35 prescribes the accounting for government grants and other forms of government assistance. This SSAP has had no significant impact for the financial statements on the amounts recorded for government grants, but additional disclosures are now required and made in the financial statements.

2. TURNOVER AND SEGMENT INFORMATION

Turnover represents the net invoiced value of goods sold, after allowances for returns and trade discounts; an appropriate proportion of contract revenue of systems integration contracts; and the value of services rendered during the year.

(a) Business segments

The following table presents revenue and profit/(loss) for the Group’s business segments.

	Distribution of information products		Provision of software solutions and services		Electronic products (Discontinued)		Electronic components (Discontinued)		Corporate		Consolidated	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:												
Sales to external customers	<u>444,633</u>	-	<u>62,202</u>	70,825	<u>118,137</u>	192,825	-	48,283	-	-	<u>624,972</u>	311,933
Segment results	<u>5,447</u>	-	<u>(6,837)</u>	(30,196)	<u>(18,257)</u>	4,631	-	(17,020)	<u>(7,267)</u>	(10,467)	<u>(26,914)</u>	(53,052)
Interest income											697	980
Impairment of goodwill											-	(36,500)
Loss from operating activities											<u>(26,217)</u>	(88,572)
Finance costs											<u>(832)</u>	(4,147)
Share of profits of associates											<u>6,224</u>	8,448
Loss before tax											<u>(20,825)</u>	(84,271)
Tax											<u>(2,002)</u>	(2,028)
Loss before minority interests											<u>(22,827)</u>	(86,299)
Minority interests											-	335
Net loss from ordinary activities attributable to shareholders											<u>(22,827)</u>	(85,964)

(b) **Geographical segments**

The following table presents revenue for the Group's geographical segments.

	Mainland China		Hong Kong		United States of America		United Kingdom		Others		Eliminations		Consolidated	
	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002	2003	2002
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:														
Sales to external customers	448,612	77,496	63,143	23,829	83,933	149,510	26,514	38,397	2,770	22,701	-	-	624,972	311,933
Intersegment sales	-	-	74,258	-	-	-	-	-	-	-	(74,258)	-	-	-
Total	<u>448,612</u>	<u>77,496</u>	<u>137,401</u>	<u>23,829</u>	<u>83,933</u>	<u>149,510</u>	<u>26,514</u>	<u>38,397</u>	<u>2,770</u>	<u>22,701</u>	<u>(74,258)</u>	<u>-</u>	<u>624,972</u>	<u>311,933</u>

3. **LOSS FROM OPERATING ACTIVITIES**

The Group's loss from operating activities is arrived at after charging/(crediting):

	2003 HK\$'000	2002 HK\$'000
Depreciation of fixed assets	7,624	11,422
Amortisation of goodwill	321	-
Amortisation of deferred development costs	-	379
Provision and write-off for doubtful debt	1,012	5,954
Provision and write-off for obsolete inventories	2,551	6,433
Loss/(gain) on disposal of fixed assets	<u>(123)</u>	<u>36</u>

4. **DISCONTINUED OPERATIONS**

(a) **Disposal of MIT Holdings Limited ("MIT") – Electronic products business**

On 1 August 2003, the Company entered into a conditional disposal agreement ("DA") with Honour Glory Limited, a company which is 90% owned by Mr. Yung Richard, Jr., a director of the Company. Pursuant to the DA, the Company disposed of its entire issued share capital of MIT at a total cash consideration of HK\$45,500,000. The disposal was completed on 26 September 2003.

The principal activities of MIT and its subsidiaries were the design, manufacture and distribution of electronic products.

(b) **Disposal of Yung Wen Investment & Finance Limited ("YW") – Electronic components business**

On 4 April 2002, the Company entered into a conditional disposal agreement with Ricwinco Investment Limited ("Ricwinco") to dispose of its entire interests in YW and to assign the indebtedness due to the Group by YW and its subsidiaries (collectively the "YW Group") to Ricwinco at a total cash consideration of HK\$15,000,000. The disposal was completed on 28 June 2002.

The principal activities of the YW Group were the design, manufacture and distribution of electronic components.

5. **FINANCE COSTS**

	2003 HK\$'000	2002 HK\$'000
Interest on bank loans and overdrafts	775	1,634
Interest on other loans wholly repayable within five years	-	2,353
Interest on finance leases	57	160
	<u>832</u>	<u>4,147</u>

6. **TAX**

	2003 HK\$'000	2002 HK\$'000 (Restated)
Group:		
Deferred tax	772	534
Share of tax attributable to associates	<u>1,230</u>	<u>1,494</u>
Total tax charge for the year	<u>2,002</u>	<u>2,028</u>

Hong Kong profits tax has been provided at the rate of 17.5% (2002: 16%) on the estimated assessable profits arising in Hong Kong during the year.

EC-Founder Co., Ltd., a wholly-owned subsidiary of the Group in the People's Republic of China (the "PRC"), is exempted from PRC profits tax for the three fiscal years which commenced in 2001 and ended on 31 December 2003 and, thereafter, is taxed at 50% of its standard tax rate in the fourth to sixth years, inclusive. Beijing Founder Century Information System Co., Ltd. ("PRC Century"), a wholly-owned PRC subsidiary of the Group, is exempted from PRC profits tax for the three fiscal years which commenced in 2002 and ending on 31 December 2004 and, thereafter, will be taxed at 50% of its standard tax rate in the fourth to sixth years, inclusive. At present, the standard tax rate applicable to EC-Founder Co., Ltd. and PRC Century is 15%.

No provision for PRC profits tax has been made for the year as the PRC subsidiaries were either under their tax exemption period or had sufficient tax losses brought forward to offset against the assessable profits arising during the year.

7. LOSS PER SHARE

The calculation of basic loss per share for the year ended 31 December 2003 is based on the net loss from ordinary activities attributable to shareholders for the year of approximately HK\$22,827,000 (2002 (restated): HK\$85,964,000), and the weighted average of 960,945,601 (2002: 820,562,040) ordinary shares in issue during the year.

Diluted loss per share for the years ended 31 December 2003 and 2002 have not been disclosed as the impact of the outstanding share options was anti-dilutive.

8. DIVIDEND

The Directors do not recommend the payment of any dividend for the year ended 31 December 2003 (2002: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL PERFORMANCE

Following to the restructure of the Group's business in 2003, the Group's results were significantly improved. The turnover for the year ended 31 December 2003 increased by 100% to HK\$625.0 million compared to last year turnover of HK\$311.9 million and the gross profit for the year ended 31 December 2003 increased by 6% to HK\$56.7 million compared to last year gross profit of HK\$53.5 million. The Group's audited consolidated loss after tax and minority interests for the year was narrowed by 73% to HK\$22.8 million (2002: loss of HK\$86.0 million).

The result improvement was mainly due to acquisition of the distribution business ("Distribution business") of information technology ("IT") products which was completed in July 2003 and recorded a turnover of HK\$444.6 million and segmental profit of HK\$5.4 million in the second half year of 2003. On the other hand, the segmental loss of software solutions and services business ("Software business") reduced by 77% to HK\$6.8 million (2002: loss of HK\$30.2 million). Also, there is no impairment of goodwill in 2003 (2002: HK\$36.5 million). As a result, the loss before tax for continuing operations for the year ended 31 December 2003 reduced by 97% to HK\$2.4 million as compared to loss of HK\$68.6 million in 2002.

OPERATING REVIEW AND PROSPECTS

CONTINUING OPERATIONS

(A) Distribution of information products ("Distribution business")

In July 2003, the Group completed the acquisition of the Distribution business by acquiring the entire interests of PRC Century and Founder Century (Hong Kong) Limited from its controlling shareholder – Founder Holdings Limited ("FHL"). The Group recorded the results of the Distribution business for the first time in the second half of year 2003 and this sector contributed turnover of HK\$444.6 million and segmental profit of HK\$5.4 million to the Group.

The Distribution business is mainly focused on the distribution of IT products include servers, workstations, data storage devices and networking products of various international brand names such as HP, IBM, 華為 3 COM, SUN, Netgear and Apple. Significant efforts were made by management to reduce the inventory level and tighten up the credit control systems. Also, the management has strengthened the logistic process to enhance the efficiency and reduction of overhead costs. As a result, the 2003 annual result of the Distribution business was significantly improved by an increase of 47% in turnover to HK\$756.8 million (2002: HK\$514.6 million) and turnaround to record segmental profit of HK\$6.9 million (2002: loss of HK\$20.7 million).

The Distribution business has gained its ranking from the 11th place in 2002 to the 7th place in 2003 among the top 100 enterprises in the distribution business in PRC. Besides the headquarter in Beijing, it has established branch offices in Shanghai, Guangzhou and Chengdu.

The internal demand for IT products in the PRC will remain strong as the PRC's gross domestic products is expected to continue to increase at an annual growth rate of approximately 7% to 8% for the next ten years. Also, after PRC's accession into the World Trade Organisation and the running up of the Olympic Games of 2008 to be held in Beijing, it is expected the investments in the IT sector will grow with a double digit compound annual rate over the next five years. Hence, it is expected the Distribution business will continue to grow with the IT market in the future.

(B) Software solutions and services business (“Software business”)

The turnover of Software business for the year decreased by 12% to HK\$62.2 million (2002: HK\$70.8 million) and segmental loss reduced by 77% to HK\$6.8 million (2002: loss of HK\$30.2 million).

The Software business was still facing fierce competition in the PRC market and the turnover in 2003 decreased by 12% than last year. The Group has cautiously reduced the operating expenses by: streamlined the departmental structure by closing down those loss making departments and reduced the headcount by 16%. As a result, the segment loss in 2003 was reduced by 77% compared to 2002.

The Software business mainly focused on the provision of system integration services – especially for the financial institutes, selling and distribution of self-developed information security products – Founder FireGate (方正方御防火牆) and selling and distribution of other software products such as Geographic Information System. The system integration services is based on the application software systems to develop consolidated solutions for e-government, e-finance and enterprises. The applications are mainly used in the area of government, resources companies and digitalise cities. At the same time, it also provides comprehensive financial products, customer services products and solutions for institutes and companies such as banks, brokerage and securities, fund management and insurance industries. The self-developed information security products is a leading network security solution in the PRC. The product can be applied as a professional system in different industries and at the same time it can be applied as total solution for small and medium enterprises. Our software business clients include China Construction Bank (中國建設銀行), The People’s Bank of China (中國人民銀行), oil & petroleum companies such as PetroChina (中國石油天然氣公司), telecommunication companies and Government bureaus – such as Military Police bureau (武警), tax bureau and education bureau.

The merger of Distribution business and Software business is complementary to each other. The Software business can now leverage on the strong selling and distribution channels of the Distribution business. On the other hand, the Distribution business has solid technical support and services from the Software business to provide more comprehensive and total solutions to the clients.

DISCONTINUED OPERATIONS

(A) Electronic products business

The Group decided to concentrate the resources on the IT business and therefore disposed of the Electronic products business which was completed in September 2003.

The turnover of Electronic products business for the year decreased by 39% to HK\$118.1 million (2002: HK\$192.8 million) and segmental loss of HK\$18.3 million (2002: profit of HK\$4.6 million). The loss was mainly due to increase in the material costs, overhead costs and the disposal loss of business.

(B) Electronic components business

The Electronic components business was disposed of in June 2002 and therefore the turnover of Electronic components business was not recorded in the year 2003 (2002: HK\$48.3 million) and no record of segmental results (2002: segmental loss of HK\$17.0 million).

FINANCIAL REVIEW

Liquidity, financial resources and capital commitments

As at 31 December 2003, the Group recorded total assets of HK\$457.9 million (2002: HK\$223.9 million) which were financed by liabilities of HK\$281.8 million (2002: HK\$85.3 million) and equity of HK\$176.1 million (2002: HK\$138.6 million). The Group’s net asset value as at 31 December 2003 increased by 27% to HK\$176.1 million as compared to approximately HK\$138.6 million as at 31 December 2002.

The Group had total cash and bank balances of HK\$159.5 million as at 31 December 2003 (2002: HK\$62.9 million). The Group had no bank loan and overdraft as at 31 December 2003 (2002: HK\$12.2 million), hence the Group recorded a net cash balance of HK\$159.5 million as at 31 December 2003 as compared to HK\$50.7 million as at 31 December 2002. As at 31 December 2003, the Group’s current ratio was 1.50 (2002: 1.79) and the Group had no long term debt as at 31 December 2003 as compared to a long term debt to equity ratio of 0.4% in 2002 with equity being defined as the total of capital and reserves.

As at 31 December 2003, the Group did not have any material capital expenditure commitments.

Treasury policies

The Group adopts conservative treasury policies and controls tightly over its cash and risk management. The Group’s cash and cash equivalents are held mainly in Hong Kong dollars, Renminbi and United States dollars. Surplus cash is generally placed in short term deposits denominated in Hong Kong dollars and United States dollars.

Contracts

As at 31 December 2003, the major contracts in hand for the Software business amounted to HK\$13 million, which are all expected to be completed within eighteen months.

Material acquisitions and disposals of subsidiaries and associates

In July 2003, the Group completed the acquisition of Distribution business from the controlling shareholder of the Company, FHL. The total fair consideration of acquisition in the amount of HK\$74,720,000 was satisfied by issuing 280,000,000 ordinary shares of the Company and cash consideration of HK\$10,320,000. The results of the Distribution business contributed a segmental profit of HK\$5.4 million to the Group for the year 2003 and the Group recorded goodwill on acquisition of HK\$3.2 million.

In September 2003, the Group completed the disposal of Electronic products business to a director of the Company for a total cash consideration of HK\$45.5 million. The results of the Electronic products business recorded a segmental loss of HK\$18.3 million to the Group for the year 2003.

Employees

As at 31 December 2003, the Group had 238 and 187 employees for the Distribution business and Software business, respectively. These employees of which almost all work in the Mainland China. The Company has also established share option schemes and the share options are granted at Directors' discretion to motivate and reward the employees with outstanding performance.

Charges on Assets

As at 31 December 2003, bank deposits of approximately HK\$17.4 million were pledged to banks to secure general banking facilities granted.

Exposure to fluctuations in exchange rates and related hedges

Most of the Group's borrowings are denominated in Hong Kong dollars, Renminbi and United States dollars while the turnover of the Group are mainly denominated in Hong Kong dollars, Renminbi and United States dollars. As the exchange rates of United States dollars and Renminbi against Hong Kong dollars were relatively stable during the year under review, the Group's exposure to fluctuations in exchange rates is considered minimal and no financial instruments have been used for hedging purposes.

Contingent liabilities

As at 31 December 2003, the Company had contingent liabilities in relation to guarantees given to suppliers in connection with credit facilities granted to certain subsidiaries amounting to HK\$19.4 million.

PROPOSED AMENDMENTS TO THE BYE-LAWS OF THE COMPANY

The Stock Exchange of Hong Kong Limited (the "Stock Exchange") has published amendments to The Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") on 30 January 2004. Subject to specific transitional arrangements in respect of some of the new provisions, the revised Listing Rules became effective on 31 March 2004. The revised Listing Rules have imposed certain new requirements which have to be reflected in the articles of association/bye-laws of all issuers.

To align the bye-laws of the Company with the revised Listing Rules, the Board proposes that certain provisions in the bye-laws of the Company be amended to comply with the revised Listing Rules, details of which will be set out in a circular to be despatched to shareholders in due course.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

In the opinion of the Directors, the Company complied with the Code of Best Practice (the "Code") as set out in Appendix 14 of the Listing Rules throughout the year covered by the annual report, except that the independent non-executive directors of the Company are not appointed for specific terms as required by paragraph 7 of the Code, but are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Company's Bye-laws.

The Company has established an audit committee in accordance with the requirements of the Code throughout the accounting year covered by the annual report.

DETAILED RESULTS ANNOUNCEMENT

A detailed results announcement containing all the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be subsequently published on the Stock Exchange's web site in the due course.

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

Hong Kong, 2 April 2004

The directors of the Company as at the date hereof are Mr Zhang Zhao Dong, Mr Cheung Shuen Lung, Professor Wei Xin, Professor Zou Wei, Mr Yung Richard, Jr., Mr Yung Chih Shin, Richard, Mr Yang Lin, Richard and Mr Lee Ying Biu, Andrew.

* For identification purpose only

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of EC-Founder (Holdings) Company Limited (the "Company") will be held at Unit 1408, 14th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong on 24 May 2004 at 10:30 a.m., for the following purposes:

1. To receive and consider the audited financial statements and the directors' and auditors' reports of the Company for the year ended 31 December 2003.
2. To re-elect the retiring directors and to fix the remuneration of directors.
3. To re-appoint auditors and to authorise the board of directors to fix their remuneration.

ORDINARY RESOLUTIONS

As special business, to consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions of the Company:

4. "THAT:—

- (A) subject to paragraph (B) of this Resolution no. 4 below, the exercise by the directors of the Company during the Relevant Period (as defined in paragraph (C) of this Resolution no. 4 below) of all the powers of the Company to purchase Shares (as defined in paragraph (C) of this Resolution no. 4 below) on The Stock Exchange of Hong Kong Limited ("Stock Exchange") or on any other stock exchange on which the Shares may be listed and which is recognised for this purpose by the Securities and Futures Commission of Hong Kong and the Stock Exchange, subject to and in accordance with all applicable laws, including the Hong Kong Code on Share Repurchases and the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange (as amended from time to time), be and is hereby generally and unconditionally approved;
- (B) the aggregate nominal amount of Shares which may be purchased or agreed conditionally or unconditionally to be purchased pursuant to the approval in paragraph (A) of this Resolution no. 4 above shall not exceed 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this Resolution no. 4, and the said approval be limited accordingly; and
- (C) for the purposes of this Resolution no. 4:—
 - (i) "Relevant Period" means the period from (and including) the passing of this Resolution no. 4 until whichever is the earliest of:—
 - (a) the conclusion of the next annual general meeting of the Company;
 - (b) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable law to be held; or
 - (c) the revocation or variation of this Resolution no. 4 by an ordinary resolution of the shareholders of the Company in general meeting; and
 - (ii) "Shares" means shares of all classes in the capital of the Company and warrants and other securities which carry a right to subscribe or purchase shares in the Company."

5. “**THAT:**–

- (A) subject to paragraph (B) of this Resolution no. 5 below, the exercise by the directors of the Company during the Relevant Period (as defined in paragraph (C) of this Resolution no. 5 below) of all the powers of the Company to allot, issue, grant, distribute and otherwise deal with additional Shares (as defined in paragraph (C) of this Resolution no. 5 below) and to make, issue or grant offers, agreements, options, warrants and other securities which might require Shares to be allotted, issued, granted, or distributed or otherwise dealt with during or after the end of the Relevant Period, be and is hereby generally and unconditionally approved;
- (B) the aggregate nominal amount of share capital allotted, issued, granted, distributed or otherwise dealt with or agreed conditionally or unconditionally to be allotted, issued, granted, distributed or otherwise dealt with (whether pursuant to an option, conversion or otherwise) by the directors of the Company pursuant to the approval in paragraph (A) of this Resolution no. 5 above, otherwise than pursuant to:–
- (i) a Rights Issue (as defined in paragraph (C) of this Resolution no. 5 below);
 - (ii) the grant of options under the share option scheme of the Company or the exercise of any of the subscription rights attaching to any options that have been or may be granted thereunder;
 - (iii) the exercise of rights of subscription or conversion under the terms of any warrant issued by the Company or any securities which are convertible into Shares; or
 - (iv) any scrip dividend scheme or similar arrangement providing for allotment of Shares in lieu of the whole or part of any dividend on Shares in accordance with the bye-laws of the Company

shall not exceed the aggregate of:

- (a) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution no. 5; and
- (b) (if the directors of the Company are so authorised by a separate resolution of the shareholders of the Company) the aggregate nominal amount of the share capital of the Company purchased by the Company subsequent to the passing of this Resolution no. 5 (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing this Resolution no. 5),

and the said approval shall be limited accordingly; and

(C) for the purposes of this Resolution no. 5:–

- (i) “Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:–
 - (a) the conclusion of the next annual general meeting of the Company;
 - (b) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable law to be held; and
 - (c) the revocation or variation of this Resolution no. 5 by an ordinary resolution of the shareholders of the Company in general meeting;
- (ii) “Shares” means shares of all classes in the capital of the Company and warrants and other securities which carry a right to subscribe or purchase shares in the Company; and
- (iii) “Rights Issue” means an offer of Shares open for a period fixed by the directors of the Company to holders of Shares on the register of members (and, if appropriate, to the holders of warrants and other securities which carry a right to subscribe or purchase shares in the Company on the relevant register) on a fixed record date in proportion to their then holdings of such Shares (and, if appropriate, such warrants and other securities), (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any legal or practical restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any jurisdiction or territory applicable to the Company).”

6. “**THAT** subject to the passing of Resolutions nos. 4 and 5 set out in this Notice, the exercise by the directors of the Company of the powers referred to in paragraph (A) of Resolution no. 5 in respect of the share capital of the Company referred to in sub-paragraph (b) of paragraph (B) of Resolution no. 5, be and is hereby approved and authorised.”

By Order of the Board
EC-Founder (Holdings) Company Limited
Tang Yuk Bo, Yvonne
Company Secretary

Hong Kong, 2 April 2004

Notes:

1. Any shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint another person as his proxy to attend and vote instead of him. 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.
2. Where there are joint holders of any share, any one of such joint holders may vote at the Annual General Meeting, either in person or by proxy, in respect of such share as if he were solely entitled thereto but if more than one of such joint holders is present at the Annual General Meeting, then one of the said persons so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.
3. To be valid, the instrument appointing a proxy, together with a power of attorney or other authority, if any, under which it is signed (or a notarially certified copy of such power or authority) must be deposited at the Company’s principal place of business 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 appointed for holding the meeting or adjourned meeting (as the case may be). Delivery of an instrument appointing a proxy shall not preclude a shareholder from attending and voting in person at the meeting or at any adjourned meeting.
4. Concerning the Ordinary Resolution No. 2 above, Professor Wei Xin and Professor Zou Wei will retire by rotation and, being eligible, offer themselves for re-election at the Annual General Meeting. Details of the above directors will be set out in the circular to be enclosed with the Annual Report 2003.