



EC-FOUNDER (HOLDINGS) COMPANY LIMITED

**方正數碼(控股)有限公司\***

*(Incorporated in Bermuda with limited liability)*

*Web sites: [www.ecfounder.com](http://www.ecfounder.com) [www.irasia.com/listco/hk/ecfounder](http://www.irasia.com/listco/hk/ecfounder)*

**[For immediate release]**

**EC-Founder Announces 2003 Interim Results  
Loss Narrowed by 99% to HK\$ 0.2 million**

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(Hong Kong, 19 September 2003) EC-Founder (Holdings) Company Limited (“EC-Founder”, or the “Group”) (stock code: 0618), a leading PRC software solutions and services provider, today announced its interim results for the six months ended 30 June 2003.

For the period under review, the net loss attributable to shareholders of EC-Founder was substantially narrowed by 99% as compared to last period to approximately HK\$0.2 million (2002: HK\$33.4 million) and the loss per share was approximately HK 0.03 cents (2002 : HK 4.07 cents). The Board of Directors does not recommend the payment of an interim dividend.

The substantial decrease in the net loss attributable to shareholders was mainly due to the decrease in loss of software solutions and services business of approximately HK\$11 million and the disposal of loss making electronic components business in 2002 which recorded loss of approximately HK\$19 million in last period.

The Group recorded turnover of approximately HK\$111.5 million for the period ended 30 June 2003, represented a decrease of 39% as compared to last period of approximately HK\$182.9 million. The decrease in turnover was mainly due to the exclusion of turnover in the electronic components business of approximately HK\$48.3 million as the business was disposed in 2002 and the decrease in software solutions and services business. The Group’s gross profit decreased by 39% to approximately HK\$19.5 million (2002 : HK\$ 32.1 million). The decrease in gross profit was mainly due to the decrease in electronic products business by approximately HK\$10.4 million.

The software solutions and services business was still facing fierce competition in the PRC market. This sector recorded turnover of approximately HK\$26.9 million which represented a decrease of 33% as compared to last period of approximately HK\$40.2 million. Despite the decrease in turnover in current period, the gross profit margin in this sector improved by approximately 6 margin points to approximately 37%. The increase in gross profit in current period was mainly due to tight cost control. On the other hand, the expenditure was substantially reduced by approximately HK\$13 million which included cutting headcounts; less spending in marketing expenses and streamline the organization structure. Through our efforts in the past few years, we have established strong reputation in the banking and government sectors for our e-finance systems, information security systems , geographic information systems and government information systems.

The electronic products business recorded turnover of approximately HK\$84.6 million and segment profit of approximately HK\$1.5 million, which represented decrease of 10% and 33%, respectively as compared to last period. It was mainly due to slowing down in the demand of electronic products. In order to fully utilize the Group's resources and to focus on the development of information technology industry, EC-Founder entered a conditional agreement to dispose the electronic products business on 1 August 2003 for a total cash consideration of HK\$45.5 million.

Another major corporate development of EC-Founder was the completion of an acquisition of distribution of information products business on 1 July 2003 from the Group's controlling shareholder - Founder Holdings Limited. The principal activities of this business are distribution of information products in Hong Kong and in the PRC and the products distributed include, among other things, servers, workstations and networking products of various international brand names. The vast distribution network and channels of distribution of information products business can enhance the opportunities of software solutions and services business to market its software products and solicit potential customers. On the other hand, capitalizing the expertise of the software solutions and services business, the Group will be able to further expand the business of distribution of information products business by offering its self-developed software applications to the clients in order to provide a total solution package.

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CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the six months ended 30 June

	2003 (Unaudited) HK\$'000	2002 (Unaudited) HK\$'000
<b>TURNOVER</b>		
Continuing operations	26,923	40,249
Discontinuing/discontinued operations	84,579	142,697
	<u>111,502</u>	<u>182,946</u>
Cost of sales	(91,998)	(150,842)
<b>Gross profit</b>	19,504	32,104
Other revenue and gains	5,598	3,272
Selling and distribution costs	(12,595)	(19,919)
Administrative expenses	(15,587)	(30,574)
Other operating income / (expenses), net	1,308	(590)
Impairment of fixed assets	-	(1,226)
Loss on disposal of discontinued operation	-	(15,079)
	<u>(1,772)</u>	<u>(32,012)</u>
<b>LOSS FROM OPERATING ACTIVITIES</b>	(1,772)	(32,012)
Finance costs	(347)	(3,716)
Share of profits of associates	2,555	2,424
	<u>436</u>	<u>(33,304)</u>
<b>PROFIT/(LOSS) BEFORE TAX</b>	(1,572)	(15,823)
Continuing operations	(1,572)	(15,823)
Discontinuing/discontinued operations	2,008	(17,481)
	<u>(642)</u>	<u>(274)</u>
Tax	(642)	(274)
	<u>(206)</u>	<u>(33,578)</u>
<b>LOSS BEFORE MINORITY INTERESTS</b>	(206)	(33,578)
Minority interests	-	170
	<u>-</u>	<u>170</u>
<b>NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS</b>	<u>(206)</u>	<u>(33,408)</u>
<b>LOSS PER SHARE – BASIC</b>	<u>(0.03 cents)</u>	<u>(4.07 cents)</u>