

[For Immediate Release]

**FOUNDER ACHIEVES 2001 INTERIM TURNOVER OF HK\$910 MILLION**

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***CONTRACTS ON HAND AMOUNT TO HK\$740 MILLION***

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***STRENGTHENS LEADERSHIP POSITION IN SOFTWARE DEVELOPMENT INDUSTRY***

(Hong Kong, 18 September 2001) – Leading software developer and systems integration provider, Founder Holdings Limited (“Founder” or the “Group”) (stock code: 418), today announced its unaudited interim results for the period ended 30 June 2001.

For the six months under review, the Group achieved a turnover of approximately HK\$910 million, compared with HK\$883 million in the corresponding period last year. Gross profit was approximately HK\$116 million. Loss attributable to shareholders amounted to approximately HK\$120 million while loss per share was HK 10.7 cents. The Board of Directors does not recommend the payment of an interim dividend.

At the end of June 2001, the Group had contracts on hand amounting to HK\$740 million. Long term debt to equity ratio was low at 0.6%.

Mr. Alan Cheung, President of Founder, said, “We have seen substantial growth in our business in the media sector. However, our overall results were affected by the unsatisfactory performance in our non-media business. Currently, we are implementing measures to resolve the problem. A management restructure is in place to improve efficiency, and operations have been streamlined by reducing headcount by over 20%.”

For the period under review, Founder was confronted with an unexpected slow down in sales orders from the non-media sector. Additionally, the delay in the completion of certain sales contracts in this sector postponed profits, pushing them outside the period scheduled. At the same time, operating expenses for the non-media business increased as a result of the expansion of its operational team.

Nevertheless, business generated from software development and systems integration for the media sector grew about 22% to approximately HK\$319 million for the first half of the year. Gross profit margin also improved slightly from about 27% to 29%. This business sector contributed around 80% of the Group's total gross profit for the period.

The introduction of a number of new software products accounted for Founder's business growth in the media sector. These products included the *Founder Fei-hong Yellow-page Typesetting System*, *Founder Victory Editorial System for Magazine*, *Founder Tian-jiao Internet Audio & Video Integrated Solution*, *Founder Tian-yi News Management System for Radio and Television Stations* and *Founder Apabi eBook Solutions*.

Additionally, the Group became the first organization in the PRC to receive state-level recognition granted by the State News and Publishing Bureau, State Language Committee and China National Printing Font Committee in February 2001, in recognition of the high standard of its self-developed *Founder GB18030 Font Library* and *Founder Font Super Library*.

With regard to business from the distribution of information products, turnover increased about 28% to approximately HK\$439 million. Sales of the "Founder" scanner, which was launched in the market last summer, were highly encouraging. The product is ranked as one of the top three best selling scanners in the PRC. The Group has also implemented an ERP system to effectively monitor inventories and trade debtors, improving the efficiency and profitability of the distribution business.

Mr. Cheung concluded, "With our strong and innovative R&D capability and well-established customer base, Founder will continue to keep up our leading role in software development and systems integration in the media sector. With regard to the non-media sector, Beijing Founder Order has established its brand name and laid down solid business foundations. Leveraging these strengths, the Group will monitor the progress of non-media business development in line with market conditions. We are committed to our very best efforts to improve our business performance in the future."

**About Founder Holdings Limited**

Founder is engaged in the provision of software products and systems integration for the media sector such as newspapers, publishing, commercial printing, television and broadcasting, and for the non-media sector such as finance, banking and insurance. The Group also distributes information products for well-known international brands and the Founder brand in the PRC.

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