



## FOUNDER HOLDINGS LIMITED

方正控股有限公司

### PRESS RELEASE

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#### SALES INCREASED, LOSS FURTHER NARROWED DOWN

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**(Hong Kong – 10 September 2004)** Founder Holdings Limited (the “Company” or the “Group”) (stock code: 0418), a leading software developer and systems integration provider, today announced its interim results for the six months ended 30 June 2004. The unaudited financial figures revealed that the turnover of the Group for the first half of the year increased by 41% to HK\$874.9 million, if compared to the corresponding period in 2003. Net loss of the Group decreased by 82% to HK\$923,000 if compared to the corresponding period in 2003.

According to the individual financial figures, the Group’s turnover and total gross profit increased, but administration expenses and other operating expenses decreased if compared to the corresponding period in 2003. Due to the enlarged operation size of the Group, the selling and distribution costs increased. The Group’s gross profit margin decreased as a result of the increase in turnover of information product distribution business if compared to last year’s corresponding period.

In term of the Group’s business segments, the turnover of media, non-media and information product businesses of the Group increased by 21%, 61% and 23% respectively if compared to the corresponding period in 2003. Other than the non-media business is still loss-making, media and information product distribution businesses resumed to profit-making. In term of the Group’s geographical segments, the sales of the Group in both China and overseas markets increased, therein the sales in Japan increased by more than 50%.

As at 30 June 2004, total assets of the Group amounted to HK\$957.1 million and increased by 20.8% while total liabilities of the Group amounted to HK\$529.3 million and increased by 14.3% if compared to the corresponding period in 2003. Total cash of the Group amounted to HK\$242.6 million, increased by 36.8% if compared to the

corresponding period in 2003. Total bank borrowing of the Group amounted to HK\$4.9 million. Total outstanding contracts in hands of the Group amounted to HK\$179 million, increased by 10.5% if compared to the corresponding period in 2003.

The management of the Company concluded that, other than the non-media business is still in a difficult period because of the strong market competition and long contract completion period, other businesses of the Group have either recorded a profit or narrowed down its loss. Due to the impact of the Macro-Economic Tightening Measure of the PRC Government, capital supply in the market was tight, thus increased the market competition and therefore the Group could not maintain its gross profit margin as compared to last year. However, the management of the Company has implemented policies to compress its administrative expenses and endeavor to improve the loss-making businesses and departments. It is expected that these policies will have effect by the end of this year and further improve the results of the Group for the whole year.

Further, the Company's subsidiary, EC-Founder (Holdings) Company Limited ("EC-Founder") (stock code: 0618), today also announced its interim results for the six months ended 30 June 2004. Due to the impairment of the goodwill on the purchase of EC-Founder Co., Ltd. in 2000 amounting to HK\$43.5 million, EC-Founder has recorded a loss of HK\$43.3 million for the first half of the year.

For the first half of the year, the turnover of EC-Founder amounted to HK\$531.7 million and its gross profit amounted to HK\$33.2 million. If excluding the effect of the impairment of goodwill, EC-Founder would in fact record a profit of HK\$210,000 for the period.

*This press release and other corporate information can also be found at  
[www.founder.com.hk](http://www.founder.com.hk) or [www.irasia.com/listco/hk/founder/index.htm](http://www.irasia.com/listco/hk/founder/index.htm).*

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FOUNDER HOLDINGS LIMITED  
CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE SIX MONTHS ENDED 30 JUNE 2004

	Unaudited For the six months ended 30 June	
	2004 HK\$'000	2003 HK\$'000
TURNOVER	874,912	620,918
Cost of sales	<u>(751,224)</u>	<u>(502,156)</u>
Gross profit	123,688	118,762
Other revenue and gains	27,443	18,929
Selling and distribution costs	(81,222)	(63,868)
Administrative expenses	(60,823)	(62,628)
Other operating expenses, net	<u>(13,094)</u>	<u>(22,188)</u>
LOSS FROM OPERATING ACTIVITIES	(4,008)	(10,993)
Finance costs	(165)	(437)
Share of profits and losses of:		
Jointly-controlled entity	(17)	(271)
Associates	<u>4,207</u>	<u>220</u>
PROFIT/(LOSS) BEFORE TAX	17	(11,481)
Tax	<u>(1,707)</u>	<u>(555)</u>
LOSS BEFORE MINORITY INTERESTS	(1,690)	(12,036)
Minority interests	<u>767</u>	<u>6,794</u>
NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	<u>(923)</u>	<u>(5,242)</u>
LOSS PER SHARE - BASIC	<u>(0.1) cents</u>	<u>(0.5)cents</u>