EC-FOUNDER (HOLDINGS) COMPANY LIMITED
方正數碼(控股)有限公司*

(Incorporated in Bermuda with limited liability)
(Stock code: 00618)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

The Board of Directors (the "Board") of EC-Founder (Holdings) Company Limited (the "Company") is pleased to announce the consolidated results and financial position of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2012 together with the comparative figures.

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2012

	Notes	**2012** **HK$'000**	2011 HK$'000
REVENUE	4	**2,724,229**	5,400,140
Cost of sales		**(2,565,464)**	(5,136,292)
Gross profit		**158,765**	263,848
Other income and gains	4	**10,857**	28,092
Selling and distribution expenses		**(123,941)**	(155,702)
Administrative expenses		**(42,996)**	(57,223)
Other operating income/(expenses), net		**8,687**	(2,357)
Finance costs	5	**(35,210)**	(77,740)
Share of profits and losses of associates		**821**	(4,528)
LOSS BEFORE TAX	6	**(23,017)**	(5,610)
Income tax expense	7	**(1,736)**	(2,801)
LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT		**(24,753)**	(8,411)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic		**HK(2.24) cents**	HK(0.76) cents
Diluted		**HK(2.24) cents**	HK(0.76) cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2012

	Notes	2012 HK$'000	2011 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**7,849**	9,351
Goodwill		**2,892**	2,892
Investments in associates		**34,990**	34,169
Total non-current assets		**45,731**	46,412
CURRENT ASSETS			
Inventories		**186,578**	293,528
Trade and bills receivables	*9*	**633,704**	705,426
Prepayments, deposits and other receivables		**80,390**	345,660
Tax recoverable		**–**	288
Pledged deposits		**106,320**	81,178
Cash and cash equivalents		**291,994**	449,188
Total current assets		**1,298,986**	1,875,268
CURRENT LIABILITIES			
Trade and bills payables	*10*	**583,636**	828,146
Other payables and accruals		**170,011**	180,907
Interest-bearing bank borrowings		**262,695**	566,856
Tax payable		**–**	1,160
Total current liabilities		**1,016,342**	1,577,069
NET CURRENT ASSETS		**282,644**	298,199
TOTAL ASSETS LESS CURRENT LIABILITIES		**328,375**	344,611
NON-CURRENT LIABILITY			
Long term payable		**8,400**	5,400
Net assets		**319,975**	339,211
EQUITY			
Issued capital		**110,606**	110,606
Reserves		**209,369**	228,605
Total equity		**319,975**	339,211

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

The adoption of the above revised HKFRSs has had no significant financial effect on these financial statements.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group has only one operating segment which is the distribution of information products. Since this is the only operating segment of the Group, no further operating segment analysis thereof is presented.

Revenue from external customers based on the location of these customers is analysed as follows:

	2012	2011
	HK$'000	*HK$'000*
Hong Kong	**3,853**	71,370
Mainland China	**2,720,376**	5,328,770
	2,724,229	5,400,140

The geographical locations of the Group's non-current assets are analysed as follows:

	2012	2011
	HK$'000	*HK$'000*
Hong Kong	**37,882**	37,061
Mainland China	**7,849**	9,351
	45,731	46,412

The non-current asset information above is based on the locations of assets.

Information about a major customer

During the year, there was no external customer accounted for 10% or more of the Group's total revenue (2011: Nil).

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold after allowances for returns and trade discounts during the year.

An analysis of the Group's other income and gains is as follows:

	2012	2011
	HK$'000	*HK$'000*
Other income		
Bank interest income	**5,463**	8,337
Other interest income	**5,201**	14,713
Others	**–**	348
	10,664	23,398
Gains		
Foreign exchange differences, net	**193**	4,117
Others	**–**	577
	193	4,694
	10,857	28,092

5. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	2012	2011
	HK$'000	*HK$'000*
Interest on bank loans	**16,186**	33,896
Interest on discounted bills	**16,643**	43,844
Interest on loans from PKU Founder Group Finance Co., Ltd.	**2,381**	–
	35,210	77,740

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2012	2011
	HK$'000	*HK$'000*
Cost of inventories sold	**2,570,253**	5,109,247
Depreciation	**3,812**	2,800
Loss/(gain) on disposal of items of property, plant and equipment	**6**	(11)

7. INCOME TAX

	2012	2011
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong	**–**	–
Current – The People's Republic of China (the "PRC")		
Charge for the year	**178**	2,801
Underprovision in prior years	**1,558**	–
Total tax charge for the year	**1,736**	2,801

No Hong Kong profits tax has been provided as there were no assessable profits arising in Hong Kong during the year or the Group has available tax losses brought forward from prior years to offset the assessable profit generated during the year (2011: Nil).

Under the PRC income tax laws, enterprises are subject to corporate income tax at a rate of 25% during the years ended 31 December 2012 and 2011.

The share of tax attributable to associates amounting to approximately HK$891,000 (2011: HK$1,282,000) is included in "Share of profits and losses of associates" in the consolidated income statement.

8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,106,062,040 (2011: 1,106,062,040) in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2012 and 2011 in respect of a dilution as the impact of the options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

9. TRADE AND BILLS RECEIVABLES

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. Trade and bills receivables are settled in accordance with the terms of the respective contracts. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade and bills receivables balances. Trade and bills receivables are non-interest-bearing.

An aged analysis of the Group's trade and bills receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	2012	2011
	HK$'000	*HK$'000*
Within 6 months	**585,269**	612,476
7 to 12 months	**22,552**	64,349
13 to 24 months	**25,883**	28,601
	633,704	705,426

10. TRADE AND BILLS PAYABLES

	2012	2011
	HK$'000	*HK$'000*
Trade payables	**253,711**	484,449
Bills payable	**329,925**	343,697
	583,636	828,146

An aged analysis of the Group's trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2012	2011
	HK$'000	*HK$'000*
Within 6 months	**557,478**	641,016
Over 6 months	**26,158**	187,130
	583,636	828,146

The trade payables are non-interest-bearing and are normally settled on terms of 45 to 90 days.

DIVIDEND

No interim dividend was paid during the year and previous year. The Board does not recommend the payment of any final dividend for the year (2011: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL PERFORMANCE

During the year under review, the Group reported a loss attributable to equity holders of the parent for the year ended 31 December 2012 of HK$24.8 million (year ended 31 December 2011: HK$8.4 million). The Group's revenue for the current financial year has decreased by 49.6% to HK$2,724.2 million compared to HK$5,400.1 million for the year ended 31 December 2011. Gross profit for the current financial year has decreased by 39.8% to HK$158.8 million compared with last financial year's HK$263.8 million and the gross profit margin has increased slightly from last financial year's 4.9% to 5.8% for the current financial year. Total selling and distribution expenses, and administrative expenses for the current year has decreased by 21.6% compared to the year ended 31 December 2011.

The decline in the Group's operating results for the year attributable to the equity holders of the parent was mainly the net results of:

a. a decrease in the revenue of the distribution of information products business by 49.6% to HK$2,724.2 million (year ended 31 December 2011: HK$5,400.1 million);

b. a decrease in total selling and distribution expenses, and administrative expenses by 21.6% to HK$166.9 million (year ended 31 December 2011: HK$212.9 million) as a result of better control on operating expenses;

c. a decrease in finance costs by 54.7% to HK$35.2 million (year ended 31 December 2011: HK$77.7 million) as a result of decrease in bank borrowings and interest rate;

d. improvement in the share of profits of associates to approximately HK$0.8 million (year ended 31 December 2011: share of losses of HK$4.5 million) as a result of increase in variety of mobile phones and data products distributed in Hong Kong; and

e. a decrease in income tax expense for the distribution of information products business by 38.0% to HK$1.7 million (year ended 31 December 2011: HK$2.8 million) as a result of decline in profit of a subsidiary in the PRC.

Basic and diluted loss per share attributable to equity holders of the parent for the year were HK2.24 cents (year ended 31 December 2011: HK0.76 cents) and HK2.24 cents (year ended 31 December 2011: diluted earnings per share of HK0.76 cents), respectively.

OPERATING REVIEW AND PROSPECTS

Distribution of information products ("Distribution Business")

The Group's principal operating activity during the year is the distribution of information products business. The Distribution Business recorded a turnover of HK$2,724.2 million representing a decrease of 49.6% comparing to the last financial year. Gross profit for the Distribution Business also recorded a decrease of 39.8% to HK$158.8 million for the year ended 31 December 2012 (year ended 31 December 2011: HK$263.8 million). Gross profit margin has increased slightly from last financial year's 4.9% to 5.8% for the current financial year.

The Distribution Business is mainly focused on the distribution of information products such as servers, printers, switches, networking products, storage devices, workstations and optical screen products of a number of internationally famed and branded information products manufacturers such as HP, H3C, CommScope, Barco, Brocade, Microsoft, Epson, Samsung, Corning, LifeSize and Iomega. The decrease in turnover during the current year is mainly attributable to the streamline of various product lines to concentrate the effort on product lines with better profit margin in view of intense competition in the distribution market.

The Distribution Business has been awarded by various upstream vendors during the current year for its excellent partnership in terms of distribution channel, coverage, growth and overall performance in the PRC. The Group's principal subsidiary, Beijing Founder Century Information Systems Co., Ltd. ("PRC Century"), obtained the special honor of 2011 Most Successful IT Distribution Channel Vendor award (2011年最成功IT渠道供應商) in 2011 Service platform selection organised by China Market Intelligence Center (賽迪網), and award of Financial year 2011 Best distribution of SWD product (FY11最佳SWD產品分銷獎) from HP in February 2012. PRC Century also obtained the award of Best workstations solutions distributor (最佳存儲解决方案分銷商) from HP in December 2012.

As the business environment in the PRC is becoming more competitive and the unfavorable factors arising from the macro-control policies, the management strictly control operating costs and expenses leading to a decrease in total selling and distribution expenses and administrative expenses by 21.6% to HK$166.9 million during the current year (year ended 31 December 2011: HK$212.9 million). The Distribution Business will continuously refine its product structure to avoid product overlapping and minimise market risk. The Group will focus on the distribution of information products with better trading terms and exploring the more profitable value-added service business.

In addition, the Group focus on the current assets management. The Group's trade and bills receivables and inventory turnover periods have increased from 2011's 46.4 days and 29.8 days to the current year's 89.7 days and 34.2 days. The increase in trade and bills receivables turnover period is due to increase in the proportion of sales to systems integration service providers with longer credit terms provided. The lengthening of aging of debtors led to an increase in impairment of trade receivables in accordance with the provision policy. The increase in inventory turnover period is mainly attributable to increase in inventory level of workstations for anticipated sales to systems integration service providers. The working capital ratio for the Group as at 31 December 2012 was maintained at 1.28 (31 December 2011: 1.19).

PROSPECTS

The Group is dedicated for a medium to long term development plan of maintaining a satisfactory growth in results and fulfilling its objective to enhance shareholders' value.

Distribution Business

The Distribution Business will continuously refine its product structure to avoid product overlapping and minimise market risk. The Group will focus on the distribution of information products with higher profit margin and exploring the more profitable value-added service business. Moreover, the management will also place stronger emphasis on operating cash flow, stringent control on working capital such as trade receivables and payables and inventory and cost management. The Group will continue to look for alliance with other international information products suppliers and investment opportunities.

Real Estate Business

The management team has been exploring business opportunities to expand the Group's operation and enhance its earnings. The management team is actively looking for suitable investments opportunities from time to time to diversify its existing business portfolio and to broaden its source of income. In view of the long term growth prospects in property market in the PRC, the Group enters into the new PRC real estate business after the completion of acquisition of subsidiaries on 2 January 2013. The management believes that by expanding and diversifying the Group's scope of business, the Group's future business outlook may be more promising.

The newly acquired PKU Resource – Li Cheng (北大資源－理城) in Kunsan (昆山) is erected on two various parcels of land located on the western side of Zhangjiagang River and the southern side of Yingbin Road, Bacheng Town, Kunshan city, Jiangsu province. The planned total site area of the project is 655,567 sq. m. Phase 1 has a planned site area of approximately 451,567 sq. m and comprises an arts exhibition center, a creative arts workshop, apartment buildings and auxiliary facilities, the construction work is in progress and some of the units have started to presell in 2012. Phase 2 will have a planned site area of approximately 204,000 sq. m and comprise residential buildings, an electronic arts complex and auxiliary business facilities. At present, the parcel of land for Phase 1 planned development with a total site area of 451,567 sq. m have been acquired, while that with a total site area of 204,000 sq. m needed for Phase 2 planned development are yet to be obtained. The management of Kunshan Hi-Tech Electronic Arts Creative Industry Development Co., Ltd. ("Kunshan Hi-Tech"), a subsidiary of the Group acquired on 2 January 2013, will closely monitor the property market of Kunshan city and prepare for bidding of the land. Considering Kunshan Hi-Tech's present success in Phase I development, the management is optimistic of Kunshan Hi-Tech's ability to acquire the land for Phase II development. Kunshan city is located in the southeastern part of Jiangsu province, adjacent to the border with the Shanghai Municipality, and is currently regarded as one of the most economically successful county-level administrations in the PRC. There is expected huge growth potential for Kunsan property industry as it is located in the most vigorous region in the PRC.

The newly acquired International Building of Wuhan (武漢國際大廈) is located at Dandong Road, Jianghan District, Wuhan city. The property has a total gross floor area of 35,000 sq. m. and comprises various office units on certain levels of an office complex, in which the Group owns 26,963.32 sq.m, representing 77% of the total gross floor area. The International Building of Wuhan is located at a geographically prestigious spot in Wuguang business district. However, its tenants mainly comprise small to medium-sized companies and the current rental is lower than the average rental level of Wuguang business district. There is potential for an upward adjustment of rental. The management of Hubei Tianranju Business Management Limited, a subsidiary of the Group, will evaluate whether there is a need to make relevant alteration of the establishment to upgrade the overall image of and maximise the value generated from the building through attracting tenants with higher quality and higher rental income.

The newly acquired residential site in Hubei is located at Honglianhu Tourism New Town (紅蓮湖旅遊新城) in Ezhou city (鄂州市), Hubei province of the PRC, adjacent to the emerging growth area of the Donghu High & New Technology Development Zone (known as "China Optics Valley") in Hubei. The project has a total site area of approximately 675,000 sq. m and is planned to be developed into low-rise apartment buildings, high-rise residential buildings and other auxiliary facilities. The project is in the progress of demolition. Upon assisting the local government to complete the removal work, Tianhe Property Development Limited, a subsidiary of the Group, will promptly apply for the construction planning permits and construction permits, and commence the construction under the conditions set by the construction planning authority. As the interaction and integration between Wuhan Donghu High & New Technology Development Zone and Honglianhu New Town is steadily underway, the Honglianhu area becomes more prestigious geographically. Therefore, we expected that the investment value of the Group's newly acquired residential land thereon will continue to increase.

Founder International Building (方正國際大廈) leased under the new Master Lease Agreement is an office building located at a geographically superb spot in the western part of Zhongguancun, Haidian District, Beijing. The total site area and the gross floor area of the property are 5,121 sq. m and 51,159.23 sq. m respectively. In Beijing, the property prices showed another round of booming after the Chinese New Year of 2013 and this drove the rental level to rise simultaneously, suggesting a strong rigid demand for properties in Beijing. As a well-known commercial property in Zhongguancun, the Group will also be benefited from such rental increment and the increase in rental income will provide steady cash flow for the Group.

The overall PRC's real estate will embrace ample opportunities in 2013. As stated in the Report to the Eighteenth National Congress of the Communist Party of the PRC, the 2010 GDP and per capita income of both urban and rural residents are targeted to double by 2020. Doubling per capita income will provide a purchasing power of RMB64 trillion, while the Chinese traditional ideology of Home Ownership will make the real estate industry continue to be the major consumption market for residents. Also, the sustainable growth of per capita income will keep the property price to remain high.

Furthermore, on 1 March 2013, the State Council (國務院) announced detailed rules of "Five Regulations" (國五條), which provided that the down payment ratio and interest on second homes should be raised in cities where housing prices have grown too fast and that the added value on sales of second-hand houses should be levied individual income tax at a rate of 20% in accordance with the relevant regulations. The significant increase in transaction tax levied on second-hand houses objectively stimulated transactions of newly developed properties and drove the rental price growth in the housing rental market.

Currently, the PRC's property industry is still under various challenges. During the Central Economic Work Conference of the PRC held in December 2012, the Central Government of the PRC announced that it would continue to firmly pursue its property-tightening policies to promote the return of home prices to reasonable levels and promote the healthy development of the property market. In the view of the management, the overall property market in the PRC shows a growing trend, and despite that property-tightening policies would restrain the over-surging home prices in the near-term, they will be beneficial to the long-term development of the property market.

In order to create more value for our shareholders, the management will consistently and closely monitor the price fluctuation of properties in the major cities over the PRC and actively exploit opportunities to invest in the Chinese market, so as to continuously enhance the profitability and operating performance of its real estate segment.

EMPLOYEES

The Group has developed its human resources policies and procedures based on performance and merits. The Group ensures that the pay level of its employees are competitive and employees are rewarded on a performance related basis within the general framework of the Group's salary and bonus systems. The Group provides on-the-job training to its employees in addition to retirement benefit schemes and medical insurance. The Group operates share option schemes for the purpose of providing incentives and rewards to eligible directors and employees of the Group who contribute to the success of the Group's operations. The Group did not grant any share option to its eligible directors and employees during the current financial year.

The Group has approximately 523 employees as at 31 December 2012 (31 December 2011: 718).

FINANCIAL REVIEW

Liquidity, financial resources and capital commitments

During the current financial year, the Group generally financed its operations with internally generated resources and banking facilities provided by its principal bankers in Hong Kong and the PRC. As at 31 December 2012, the Group had approximately HK$262.7 million interest-bearing bank borrowings (31 December 2011: HK$566.9 million) which were floating interest bearing. Bank borrowings were denominated in Renminbi ("RMB") and repayable within one year. The Group's banking facilities were guaranteed by the Company and Peking University Founder Group Company Limited.

At 31 December 2012, the Group recorded total assets of approximately HK$1,344.7 million (31 December 2011: HK$1,921.7 million) which were financed by liabilities of approximately HK$1,024.7 million (31 December 2011: HK$1,582.5 million) and equity of approximately HK$320.0 million (31 December 2011: HK$339.2 million). The Group's net asset value per share as at 31 December 2012 was maintained at HK$0.29 (31 December 2011: HK$0.31). The Group had total cash and bank balances of approximately HK$398.3 million as at 31 December 2012 (31 December 2011: HK$530.4 million). After deducting the Group's bank borrowings, the Group recorded net cash and bank balances of approximately HK$135.6 million as at 31 December 2012 (31 December 2011: net borrowings of HK$36.5 million). The Group's borrowings, which are subject to little seasonality, consist of mainly short term bank loans and trust receipt loans. The decrease in bank borrowings was attributable to the better utilisation of fund to reduce the cost of financing and maintain a better capital structure. As at 31 December 2012, the Group's gearing ratio, measured on the basis of total borrowings as a percentage of total shareholders' equity, was 0.82 (31 December 2011: 1.67) while the Group's current ratio was maintained at 1.28 (31 December 2011: 1.19).

At 31 December 2012, 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 ("HKD"), RMB and United States Dollars ("U.S. dollars"). Surplus cash is generally placed in short term deposits denominated in HKD, RMB and U.S. dollars.

Exposure to fluctuations in exchange rates and related hedges

The Group operates mainly in Hong Kong and Mainland China. For the operations in Hong Kong, most of the transactions are denominated in HKD and U.S. dollars. The exchange rate of U.S. dollars against HKD is relatively stable and the related currency exchange risk is considered minimal. For the operations in Mainland China, most of the transactions are denominated in RMB. Given the appreciation of RMB against HKD during the year under review, no financial instrument was used for hedging purposes. It is expected that the appreciation of RMB would have a favourable impact on the Group.

Material acquisitions and disposals of subsidiaries and associates

The Group had no material acquisition or disposal of subsidiaries and associates in 2012.

Charges on assets

As at 31 December 2012, bank deposits of approximately HK$106.3 million (31 December 2011: HK$81.2 million) were pledged to banks to secure general banking facilities granted.

Future plans for material investments or capital assets

The Group did not have any future plans for material investments or capital assets as at 31 December 2012.

Contingent liabilities

At 31 December 2012, the Group did not have any significant contingent liabilities.

Events after reporting period

On 23 August 2012, the Company and Founder Information (Hong Kong) Limited ("Founder Information") (the substantial shareholder of the Company) entered into a sale and purchase and subscription agreement (the "S&P and Subscription Agreement"), pursuant to which the Company conditionally agreed to acquire 100% equity interests in Hong Kong Tianranju Holdings Limited and Hong Kong Tianhe Holdings Limited (the "Acquisition"), which are principally engaged in property development and property investment, from Founder Information at a total consideration of HK$537 million, which would be satisfied by the issue of the consideration shares of the Company as to HK$227 million and the consideration convertible bonds of the Company as to HK$310 million. Further details of the transactions were set out in the circular of the Company dated 16 November 2012. The Acquisition was completed on 2 January 2013.

On 2 January 2013, pursuant to the S&P and Subscription Agreement, the Company issued subscription convertible bonds to Founder Information at a consideration of HK$62,000,000. Further details of the transactions were set out in the circular of the Company dated 16 November 2012.

AUDIT COMMITTEE

The Audit Committee of the Board has reviewed the accounting policies, accounting standards and practices adopted by the Group and the consolidated financial statements and results of the Group for the year ended 31 December 2012.

CORPORATE GOVERNANCE

In the opinion of the directors, the Company has fully complied with the code provisions as set out in the Code on Corporate Governance Practices from 1 January 2012 to 31 March 2012. The Company has also complied with the code provisions as set out in the Corporate Governance Code (the "CG Code") , as set out in Aappendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the period from 1 April 2012 to 31 December 2012, except for the following deviation:

Provision A.6.7 of the CG Code provides that independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of shareholders. Ms Cao Qian (independent non-executive director of the Company) could not attend the annual general meeting of the Company held on 1 June 2012 and the special general meeting of the Company held on 5 December 2012 due to business commitment in the PRC.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as the Company's code of conduct and rules governing dealings by all directors in the securities of the Company. Having made specific enquiry of all directors of the Company, they all confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2012.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

The 2012 annual report of the Company containing all the information required by Appendix 16 of the Listing Rules will be dispatched to the shareholders of the Company and published on The Hong Kong Exchanges and Clearing Limited's website (www.hkexnews.hk) and the Company's website (www.irasia.com/listco/hk/ecfounder) in due course.

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

Hong Kong, 27 March 2013

As at the date of this announcement, the board of directors of the Company comprises executive directors of Mr Zhang Zhao Dong (Chairman), Mr Chen Geng (President), Mr Xia Yang Jun, Mr Xie Ke Hai and Mr Zheng Fu Shuang, and the independent non-executive directors of Mr Li Fat Chung, Ms Wong Lam Kit Yee and Ms Cao Qian.

* *For identification purpose only*