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

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

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2009

The board of directors (the "Board") of EC-Founder (Holdings) Company Limited (the "Company") is pleased to present the unaudited condensed consolidated interim financial statements of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2009, together with the comparative figures for the corresponding period in 2008. These condensed consolidated interim financial statements have not been audited, but have been reviewed by the Company's audit committee.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2009

		For the six months ended 30 June	
		2009	2008
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
REVENUE		**1,809,895**	1,930,878
Cost of sales		**(1,713,358)**	(1,826,192)
Gross profit		**96,537**	104,686
Other income and gains	*3*	**5,600**	3,501
Selling and distribution costs		**(49,729)**	(45,244)
Administrative expenses		**(29,520)**	(32,111)
Other income/(expenses), net		**(9,036)**	3,175
Finance costs	*4*	**(1,279)**	(1,863)
Share of profits and losses of associates		**6,447**	6,053
PROFIT BEFORE TAX	*5*	**19,020**	38,197
Tax	*6*	**(1,655)**	(6,790)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**17,365**	31,407
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
– Basic	*7*	**1.57 cents**	2.84 cents
– Diluted	*7*	**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2009

	Notes	**30 June 2009 (Unaudited) *HK$'000***	31 December 2008 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**5,355**	6,017
Goodwill		**2,892**	2,892
Interests in associates		**39,318**	32,871
Total non-current assets		**47,565**	41,780
CURRENT ASSETS			
Inventories		**148,429**	154,736
Trade and bills receivables	*8*	**528,223**	373,339
Prepayments, deposits and other receivables		**167,839**	494,845
Pledged deposits		**186,014**	199,627
Cash and cash equivalents		**223,083**	212,537
Total current assets		**1,253,588**	1,435,084
CURRENT LIABILITIES			
Trade and bills payables	*9*	**790,614**	987,491
Other payables and accruals		**140,970**	193,778
Interest-bearing bank and other borrowings		**67,283**	10,346
Tax payable		**852**	627
Total current liabilities		**999,719**	1,192,242
NET CURRENT ASSETS		**253,869**	242,842
TOTAL ASSETS LESS CURRENT LIABILITIES		**301,434**	284,622
NON-CURRENT LIABILITIES			
Finance lease payable		**–**	85
Net assets		**301,434**	284,537
EQUITY			
Issued capital		**110,606**	110,606
Reserves		**190,828**	173,931
Total equity		**301,434**	284,537

Notes:

1. ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements for the six months ended 30 June 2009 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting". The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 December 2008, except in relation to the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which also include HKASs and Interpretations) that affect the Group and are adopted for the first time for the current period's financial statements:

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 *First-time Adoption of HKFRSs* and HKAS 27 *Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Vesting Conditions and Cancellations*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments*
HKFRS 8	*Operating Segments*
HKAS 1 (Revised)	*Presentation of Financial Statements*
HKAS 23 (Revised)	*Borrowing Costs*
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation* and HKAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 *Reassessment of Embedded Derivatives* and HKAS 39 *Financial Instruments: Recognition and Measurement – Embedded Derivatives*
HK(IFRIC)-Int 13	*Customer Loyalty Programmes*
HK(IFRIC)-Int 15	*Agreements for the Construction of Real Estate*
HK(IFRIC)-Int 16	*Hedges of a Net Investment in a Foreign Operation*

Apart from the above, the Group has also adopted *Improvements to HKFRSs** which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording.

* Improvements to HKFRSs contains amendments to HKFRS 7, HKAS 1, HKAS 8, HKAS 10, HKAS16, HKAS 18, HKAS 19, HKAS 20, HKAS 23, HKAS 27, HKAS 28, HKAS 29, HKAS 31, HKAS 34, HKAS 36, HKAS 38, HKAS 39, HKAS 40 and HKAS 41.

Except for HKFRS 8 and HKAS 1 (Revised) giving rise to new accounting policies and additional disclosure as further described below, the adoption of the new interpretations and amendments has had no significant effect on these condensed consolidated financial statements.

(a) HKFRS 8 *Operating Segments*

HKFRS 8, which replaces HKAS 14 *Segment Reporting*, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers.

(b) HKAS 1 (Revised) *Presentation of Financial Statements*

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements.

2. SEGMENT INFORMATION

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 analysis thereof is presented.

3. OTHER INCOME AND GAINS

	For the six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Bank interest income	**4,378**	2,497
Government grants	**972**	249
Gain on disposal of items of property, plant and equipment	**–**	5
Others	**250**	750
	5,600	3,501

4. FINANCE COSTS

	For the six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank loans	**1,259**	1,843
Interest on finance lease	**20**	20
	1,279	1,863

5. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation	**1,301**	1,381
Impairment/(reversal of impairment) of trade receivables	**10,894**	(3,863)
Provision/(reversal of provision) for obsolete inventories	**(14,200)**	2,925

6. TAX

	For the six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current – The People's Republic of China (the "PRC")	**1,655**	6,790

No provision for Hong Kong profits tax has been made as the relevant subsidiaries either did not generate any assessable profits arising in Hong Kong during the period or have available tax losses brought forward from prior years to offset the assessable profits generated during the period (six months ended 30 June 2008: Nil).

PRC corporate income tax represents the tax charged on the estimated assessable profits arising in the Mainland China. On 16 March 2007, the PRC promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Corporate Income Tax Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council issued Implementation Regulation of the New Corporate Income Tax Law. The New Corporate Income Tax Law and Implementation Regulation changed the tax rate of the PRC subsidiaries to 25% from 1 January 2008 onwards.

Beijing Founder Century Information Systems Co., Ltd. ("PRC Century"), a wholly-owned subsidiary of the Company, was registered as a new and high technology enterprise. Pursuant to the New Corporate Income Tax Law, PRC Century is subject to PRC corporate income tax at a rate of 15% on its assessable profits.

The share of tax attributable to associates amounting to approximately HK$1,758,000 (six months ended 30 June 2008: HK$1,395,000) is included in "Share of profits and losses of associates" in the condensed consolidated income statement.

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share amounts for the six months ended 30 June 2009 is based on the unaudited profit for the period attributable to ordinary equity holders of the parent of approximately HK$17,365,000 (six months ended 30 June 2008: HK$31,407,000), and the weighted average number of 1,106,062,040 (six months ended 30 June 2008: 1,106,062,040) ordinary shares in issue during the period.

Diluted earnings per share amounts for the six months ended 30 June 2009 and 2008 have not been disclosed as the impact of the outstanding share options did not have a dilutive effect.

8. 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. Trade receivables are non-interest-bearing.

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

	30 June 2009 (Unaudited) ***HK$'000***	31 December 2008 (Audited) *HK$'000*
Within 6 months	**499,751**	349,019
7 to 12 months	**22,165**	16,459
13 to 24 months	**6,307**	7,595
Over 24 months	**–**	266
	528,223	373,339

Included in the Group's trade and bills receivables are amounts due from subsidiaries and associate of the substantial shareholders of approximately HK$94,486,000 (31 December 2008: HK$46,489,000), which are repayable on similar credit terms to those offered to the major customers of the Group.

9. TRADE AND BILLS PAYABLES

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

	30 June 2009 (Unaudited) *HK$'000*	31 December 2008 (Audited) *HK$'000*
Within 6 months	**775,500**	985,833
Over 6 months	**15,114**	1,658
	790,614	987,491

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2009 (six months ended 30 June 2008: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Performance

The Group reported a profit attributable to equity holders of the parent for the six months ended 30 June 2009 of HK$17.4 million (six months ended 30 June 2008: HK$31.4 million). The Group's revenue for the current interim period has declined slightly by 6.3% to HK$1,810.0 million (six months ended 30 June 2008: HK$1,930.9 million). The Group's gross profit has decreased by 7.8% to HK$96.5 million (six months ended 30 June 2008: HK$104.7 million) while the gross profit margin was maintained at 5.3% which was comparable to last interim period of 5.4%.

The decrease in the Group's consolidated profit for the current interim period attributable to the equity holders of the parent was mainly the net results of:

a. a slight decrease in the revenue of the distribution of information products business by 6.3% to HK$1,810.0 million (six months ended 30 June 2008: HK$1,930.9 million);

b. an increase in total selling and distribution costs and administrative expenses by 2.4% to HK$79.3 million (six months ended 30 June 2008: HK$77.4 million);

c. an increase in the share of profits and losses of associates by 6.5% to approximately HK$6.4 million (six months ended 30 June 2008: HK$6.1 million); and

d. a decrease in taxation charge for the distribution of information products business by 75.6% to HK$1.7 million (six months ended 30 June 2008: HK$6.8 million).

Basic earnings per share attributable to equity holders of the parent for the current interim period was HK1.57 cents (six months ended 30 June 2008: HK2.84 cents).

Operating Review

Distribution of information products ("Distribution Business")

The Group's principal operating activity during the current interim period is the distribution of information products business. The Distribution Business recorded a turnover of HK$1,810.0 million representing a decrease of 6.3% as compared to last interim period. Gross profit for the Distribution Business has decreased by 7.8% to HK$96.5 million for the current interim period (six months ended 30 June 2008: HK$104.7 million) while gross profit margin was maintained at 5.3% for the current interim period as compared to 5.4% in the last interim period.

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, Apple, LifeSize, CommScope, Barco, Epson, InfoPrint and Microsoft.

The Distribution Business has been awarded by various upstream vendors during the current interim period 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., was awarded as H3C excellent general agent (H3C 優秀總代理獎).

To maintain its growth and profitability of the Distribution Business, the management continued to closely monitor the profitability and performance of each product line. Less resources were put on those product lines which generated lower gross profit margin and poor performance leading to a slight decline in turnover during the current interim period. In addition, we further expanded our sales team so as to broaden our customer base and strengthen our position in the PRC's information products distribution business.

To maintain continued expansion in operation, the Group also focus on the current assets management. The Group's trade and bills receivables and inventory turnover periods were maintained at 44.8 days and 15.9 days respectively which were comparable to last interim period.

Prospects

Given the continuous sign of recovery of the economy of China, the management will closely monitor changes in China's economy and its IT market. 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. 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 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 receivable and payables and inventory and cost management. The Group will continue to look for alliance with other international information products suppliers and investment opportunities.

Employee

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 had not granted any share options to its eligible directors and employees during the current interim period.

The Group has approximately 705 employees as at 30 June 2009.

Financial Review

Liquidity, financial resources and capital commitments

During the current interim period, 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 30 June 2009, the Group had interest-bearing bank and other borrowings of approximately HK$67.3 million (31 December 2008: HK$10.4 million), of which approximately HK$45.6 million (31 December 2008: Nil) were fixed interest bearing and HK$21.7 million (31 December 2008: HK$10.4 million) were floating interest bearing. Bank and other borrowings are denominated in Renminbi ("RMB") and United States dollars ("U.S. Dollars") and repayable within one year. The Group's banking facilities were secured by corporate guarantees given by the Company and Peking University Founder Group Company Limited.

At 30 June 2009, the Group recorded total assets of approximately HK$1,301.1 million (31 December 2008: HK$1,476.8 million) which were financed by liabilities of approximately HK$999.7 million (31 December 2008: HK$1,192.3 million) and equity of approximately HK$301.4 million (31 December 2008: HK$284.5 million). The Group's net asset value as at 30 June 2009 increased by approximately 5.9% to HK$301.4 million as compared to approximately HK$284.5 million as at 31 December 2008.

The Group had total cash and bank balances of approximately HK$409.1 million as at 30 June 2009 (31 December 2008: HK$412.2 million). After deducting the Group's bank and other borrowings, the Group recorded net cash and bank balances of approximately HK$341.8 million as at 30 June 2009 (31 December 2008: HK$401.8 million). The Group's borrowings, which are subject to little seasonality, consist of mainly short term bank loans and trust receipt loans. As at 30 June 2009, the Group's gearing ratio, measured on the basis of total borrowings as a percentage of total shareholders' equity, was 0.22 (31 December 2008: 0.04) while the Group's working capital ratio was 1.25 (31 December 2008: 1.20).

At 30 June 2009, 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, RMB and U.S. Dollars. Surplus cash is generally placed in short term deposits denominated in Hong Kong dollars, RMB and U.S. Dollars.

Exposure to fluctuations in exchange rates and related hedges

Most of the Group's borrowings are denominated in RMB and U.S. Dollars while the sales of the Group are mainly denominated in RMB and U.S. Dollars. As the exchange rates of U.S. Dollars against Hong Kong dollars and RMB were relatively stable during the period under review, the Group's exposure to fluctuations in exchange rates is considered minimal and no financial instruments have been used for hedging purposes.

Material acquisitions and disposals of subsidiaries and associates

The Group had no acquisition or disposals of subsidiaries and associates for the six months ended 30 June 2009.

Charges on assets

As at 30 June 2009, bank deposits of approximately HK$186.0 million were pledged to banks to secure general banking facilities granted.

Contingent liabilities

The Group did not have any significant contingent liabilities as at 30 June 2009 (31 December 2008: Nil).

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 period.

CORPORATE GOVERNANCE

None of the directors of the Company is aware of any information which would reasonably indicate that the Company has not, throughout the six months ended 30 June 2009, complied with the code provisions of the Code of Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF THE COMPANY

The Company has adopted a model code of conduct regarding securities transactions by directors of the Company on terms no less exacting than the required standard as set out in the Model Code as set out in Appendix 10 of the Listing Rules.

AUDIT COMMITTEE

The Audit Committee has reviewed the Group's condensed consolidated interim financial statements for six months ended 30 June 2009, including the accounting principles adopted by the Group, with the Company's management.

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

Hong Kong
25 September 2009

As at the date of this announcement, the Board comprises the 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*