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 **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 2008

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 2008 together with the comparative figures.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	<i>Notes</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
REVENUE	2	3,961,403	2,724,686
Cost of sales		<u>(3,768,048)</u>	<u>(2,588,836)</u>
Gross profit		193,355	135,850
Other income and gains	3	9,630	6,616
Selling and distribution costs		(98,015)	(68,199)
Administrative expenses		(73,078)	(56,490)
Other expenses, net		(8,405)	(9,979)
Finance costs	4	(3,943)	(3,284)
Share of profits and losses of associates		<u>6,838</u>	<u>7,827</u>
PROFIT BEFORE TAX	5	26,382	12,341
Tax	6	<u>(8,020)</u>	<u>(1,506)</u>
PROFIT FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		<u>18,362</u>	<u>10,835</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	7		
– Basic		<u>HK1.66 cents</u>	<u>HK0.98 cents</u>
– Diluted		<u>N/A</u>	<u>HK0.98 cents</u>

CONSOLIDATED BALANCE SHEET

31 December 2008

	<i>Notes</i>	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		6,017	6,691
Goodwill		2,892	2,892
Interests in associates		32,871	33,378
Total non-current assets		41,780	42,961
CURRENT ASSETS			
Inventories		154,736	113,513
Trade and bills receivables	8	373,339	297,205
Prepayments, deposits and other receivables		494,845	148,738
Pledged deposits		199,627	95,751
Cash and cash equivalents		212,537	296,286
Total current assets		1,435,084	951,493
CURRENT LIABILITIES			
Trade and bills payables	9	987,491	559,249
Other payables and accruals		193,778	133,417
Interest-bearing bank and other borrowings		10,346	42,822
Tax payable		627	478
Total current liabilities		1,192,242	735,966
NET CURRENT ASSETS		242,842	215,527
TOTAL ASSETS LESS CURRENT LIABILITIES		284,622	258,488
NON-CURRENT LIABILITIES			
Finance lease payable		85	244
Net assets		284,537	258,244
EQUITY			
Issued capital		110,606	110,606
Reserves		173,931	147,638
Total equity		284,537	258,244

Notes:

1.1 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.

1.2 IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has adopted the following new interpretations and amendments to HKFRSs for the first time for the current year’s financial statements.

HKAS 39 & HKFRS 7 Amendments	<i>Amendments to HKAS 39 Financial Instruments: Recognition and Measurement and HKFRS 7 Financial Instruments: Disclosures - Reclassification of Financial Assets</i>
HK(IFRIC)-Int 11	<i>HKFRS 2 – Group and Treasury Share Transactions</i>
HK(IFRIC)-Int 12	<i>Service Concession Arrangements</i>
HK(IFRIC)-Int 14	<i>HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>

The adoption of these new interpretations and amendments has had no significant financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

2. REVENUE AND SEGMENT INFORMATION

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.

(a) Business segments

The following tables present revenue, profit/(loss) and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 December 2008 and 2007.

	Distribution of		Corporate		Consolidated	
	information products		and others			
	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:						
Sales to external customers	3,961,403	2,724,686	–	–	3,961,403	2,724,686
Other income and gains	3,917	3,248	–	–	3,917	3,248
Total	<u>3,965,320</u>	<u>2,727,934</u>	<u>–</u>	<u>–</u>	<u>3,965,320</u>	<u>2,727,934</u>
Segment results	<u>23,847</u>	<u>10,776</u>	<u>(6,073)</u>	<u>(6,346)</u>	<u>17,774</u>	<u>4,430</u>
Interest income					5,713	3,368
Finance costs					(3,943)	(3,284)
Share of profits and losses of associates					6,838	7,827
Profit before tax					26,382	12,341
Tax					(8,020)	(1,506)
Profit for the year					<u>18,362</u>	<u>10,835</u>

	Distribution of		Consolidated	
	information products			
	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets and liabilities				
Segment assets	1,435,243	946,255	1,435,243	946,255
Interests in associates			32,871	33,378
Corporate and other unallocated assets			8,750	14,821
			<u> </u>	<u> </u>
Total assets			<u>1,476,864</u>	<u>994,454</u>
Segment liabilities	1,179,745	681,268	1,179,745	681,268
Corporate and other unallocated liabilities			12,582	54,942
			<u> </u>	<u> </u>
Total liabilities			<u>1,192,327</u>	<u>736,210</u>
Other segment information:				
Depreciation	2,752	2,317	2,752	2,317
Corporate and other unallocated amounts			207	211
			<u> </u>	<u> </u>
			<u>2,959</u>	<u>2,528</u>
Capital expenditure	1,955	1,127	<u>1,955</u>	<u>1,127</u>

(b) Geographical segments

The following table presents revenue and certain asset and expenditure information for the Group's geographical segments for the years ended 31 December 2008 and 2007.

	Mainland China		Hong Kong		Eliminations		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:								
Sales to external customers	3,849,725	2,551,969	111,678	172,717	-	-	3,961,403	2,724,686
Intersegment sales	-	-	459,666	226,086	(459,666)	(226,086)	-	-
Other income and gains	3,233	2,730	684	518	-	-	3,917	3,248
Total	3,852,958	2,554,699	572,028	399,321	(459,666)	(226,086)	3,965,320	2,727,934
	Mainland China		Hong Kong		Eliminations		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other segment information:								
Segment assets	1,502,954	971,807	214,166	164,308	(240,256)	(141,661)	1,476,864	994,454
Capital expenditure	1,955	1,127	-	-	-	-	1,955	1,127

3. OTHER INCOME AND GAINS

	2008	2007
	HK\$'000	HK\$'000
<u>Other income</u>		
Bank interest income	5,713	3,368
Government grants	1,334	1,840
Others	195	118
	<u>7,242</u>	<u>5,326</u>
<u>Gains</u>		
Others	2,388	1,290
	<u>9,630</u>	<u>6,616</u>

4. FINANCE COSTS

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Interest on bank loans	3,909	3,232
Interest on finance lease	<u>34</u>	<u>52</u>
	<u><u>3,943</u></u>	<u><u>3,284</u></u>

5. PROFIT BEFORE TAX

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

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Cost of inventories sold	3,643,167	2,503,462
Depreciation	2,959	2,528
Gain on disposal of items of property, plant and equipment	<u>(1)</u>	<u>(41)</u>

6. TAX

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Current - Hong Kong	-	-
Current - Elsewhere	<u>8,020</u>	<u>1,506</u>
Total tax charge for the year	<u><u>8,020</u></u>	<u><u>1,506</u></u>

No Hong Kong profits tax has been provided as there were no assessable profits arising in Hong Kong during the year.

The corporate income tax provision in the People's Republic of China (the "PRC") in respect of operations in the PRC is calculated at the applicable tax rates on the estimated assessable profits for the period based on existing legislation, interpretations and practices in respect thereof. Pursuant to the PRC Corporate Income Tax Law passed by the 10th National People's Congress on 16 March 2007, the new corporate income taxes for domestic and foreign enterprises are unified at 25%, which has become effective from 1 January 2008. As a result, the corporate income tax rate of PRC subsidiaries of the Group has changed to 25% with effect from 1 January 2008.

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\$2,483,000 (2007: HK\$2,044,000) is included in "Share of profits and losses of associates" on the face of the consolidated income statement.

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

The calculation of basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent of approximately HK\$18,362,000 (2007: HK\$10,835,000), and the weighted average number of 1,106,062,040 (2007: 1,103,292,177) ordinary shares in issue during the year.

A diluted earnings per share amount for the year ended 31 December 2008 has not been disclosed as the impact of the outstanding share options did not have a dilutive effect for that year.

The calculation of diluted earnings per share amount for the year ended 31 December 2007 was based on the profit for the year attributable to ordinary equity holders of the parent of approximately HK\$10,835,000 and 1,107,009,820 ordinary shares, which was the weighted average of 1,103,292,177 ordinary shares in issue during the year and the weighted average of 3,717,643 ordinary shares assumed to have been issued at no consideration on the deemed exercise of all outstanding share options during the year.

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 balance sheet date, based on the invoice date and net of provisions, is as follows:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Within 6 months	349,019	285,857
7 to 12 months	16,459	7,412
13 to 24 months	7,595	3,936
Over 24 months	266	—
	<u>373,339</u>	<u>297,205</u>

9. TRADE AND BILLS PAYABLES

An aged analysis of trade and bills payables as at the balance sheet date, based on the invoice date, is as follows:

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Within 6 months	985,833	558,428
Over 6 months	1,658	821
	<u>987,491</u>	<u>559,249</u>

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 (2007: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Performance

The Group reported a profit attributable to equity holders of the parent for the year ended 31 December 2008 of HK\$18.4 million (year ended 31 December 2007: HK\$10.8 million). The Group's revenue for the current financial year has increased by 45.4% to HK\$3,961.4 million compared to HK\$2,724.7 million for the year ended 31 December 2007. The Group has recorded a slight decrease in the gross profit margin from last year's 4.99% to the current year's 4.88%, gross profit has increased by 42.3% to HK\$193.4 million (year ended 31 December 2007: HK\$135.9 million).

Though revenue has recorded a moderate 45.4% growth in the current financial year, total selling and distribution costs and administrative expenses for the current year has increased at a slower pace than that of the growth rate of revenue. Total selling and distribution costs and administrative expenses for the current financial year has increased by 37.2% compared to the year ended 31 December 2007.

The increase in the Group's consolidated profit for the year attributable to the equity holders of the parent was mainly the net results of:

- a. an increase in the segment profit of the distribution of information products business by 121.3% to HK\$23.8 million (year ended 31 December 2007: HK\$10.8 million);
- b. an increase in taxation charge for the distribution of information products business by 432.5% to HK\$8.0 million (year ended 31 December 2007: HK\$1.5 million);
- c. an increase in interest income from last financial year's HK\$3.4 million to the current financial year's HK\$5.7 million; and
- d. a decrease in the share of profits and losses of associates by 12.6% to approximately HK\$6.8 million (year ended 31 December 2007: HK\$7.8 million).

Basic earnings per share attributable to equity holders of the parent for the year was HK1.66 cents (year ended 31 December 2007: HK0.98 cents).

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\$3,961.4 million representing an increase of 45.4% comparing to the last financial year, which exceeded the estimated average growth of the PRC information products and segment results for the year ended 31 December 2008 has increased by 121.3% to HK\$23.8 million (year ended 31 December 2007: HK\$10.8 million). In addition, gross profit for the Distribution Business also recorded a surge of 42.3% to HK\$193.4 million for the year ended 31 December 2008 (year ended 31 December 2007: HK\$135.9 million) and gross profit ratio has decreased slightly to 4.88% for the current financial year comparing to 4.99% for the year ended 31 December 2007.

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.

During the second half of the current financial year, the Distribution Business segment has recorded a lower gross profit ratio of 4.37% comparing to 5.42% for the six months ended 30 June 2008. Besides the lower gross profit ratio for the second half of the current year, total selling and distribution costs and administrative expenses for the second half of the current financial year also increased by 19.1% from the first six months of the current financial year. As a result, a segment loss of approximately HK\$9.8 million was recorded for the second half of the current financial year comparing to the segment profits of HK\$33.6 million for the six months ended 30 June 2008. The increase in total selling and distribution costs and administrative expenses was mainly due to the increase in the number of headcount and increased marketing and selling effort for aligning with the Group’s objectives of keeping a growth in turnover and gaining market share during the second half of the current year.

The Distribution Business has been awarded by various upstream vendors during the current financial year for its excellent partnership in terms of distribution channel, coverage, growth and overall performance in the PRC. In 2008, the Distribution Business was ranked the 5th place by Computer Information World (中國計算機報) among the top 100 information products distributors in the PRC’s information products distribution business (2008年分銷商百強第五名) and awarded as the most reliable information products distributor (2008年最受渠道商信賴的IT分銷企業).

The operating environment of the Distribution Business in the PRC was very competitive, total selling and distribution costs and administrative expenses for the Distribution Business as a percentage to turnover has increased from 3.9% for the first half of the current financial year to 4.4% for the second half of the current financial year. With the increase in the headcount and a deteriorating economic environment in the PRC, selling and distribution costs and administrative expenses for the Distribution Business for the current financial year also increased by 43.7% and 33.6% respectively compared to the year ended 31 December 2007. To strike for continued expansion in operation, the Group has placed much effort on current assets management. The Group's trade and bills receivables and inventory turnover periods have improved from 2007's 38.4 days and 16.5 days to the current year's 30.9 days and 13.0 days respectively. The working capital ratio for the Group as at 31 December 2008 was 1.20 (31 December 2007: 1.29).

Prospects

Looking forward, as the business environment in the PRC is becoming more competitive and unstable and the unfavorable factors arising from the global financial crisis, the Group will be facing inclining operating costs and expenses and waning demand for information product. However, 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 minimize market risk. The Group will focus on the distribution of information products with higher margin and exploring the more profitable value-added service business. Besides the implementation of an efficient and effective internal control system and the continuing provision of staff development programs, the Group is committed to strive for leadership in the information products distribution business in the PRC. 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. Meanwhile, the Group will also endeavour to enrich and widen the product range and improving the Group's profitability, the Group will continue to look for alliance with other international information products suppliers and investment opportunities. The Board and the management team are devoted to fuel for the Group's future growth by a wider revenue base and market share for meeting the objective of maximizing shareholders' wealth.

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 financial year.

Due to the increase in the size of operation of the Distribution Business, the Group has approximately 716 employees as at 31 December 2008 (31 December 2007: 573).

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 2008, the Group had approximately HK\$10.4 million interest-bearing bank and other borrowings (31 December 2007: HK\$43.1 million). Bank and other borrowings of approximately HK\$10.4 million (31 December 2007: HK\$43.1 million) were fixed interest bearing and denominated in Hong Kong Dollars and Renminbi ("RMB"), of which approximately HK\$10.3 million (31 December 2007: HK\$42.8 million) and HK\$0.1 million (31 December 2007: HK\$0.3 million) were repayable within one year and two to five years, respectively. The Group's banking facilities were secured by corporate guarantees given by the Company and Peking University Founder Group Company Limited.

At 31 December 2008, the Group recorded total assets of approximately HK\$1,476.8 million (31 December 2007: HK\$994.4 million) which were financed by liabilities of approximately HK\$1,192.3 million (31 December 2007: HK\$736.2 million) and equity of approximately HK\$284.5 million (31 December 2007: HK\$258.2 million). The Group's net asset value as at 31 December 2008 increased by approximately 10.2% to HK\$284.5 as compared to approximately HK\$258.2 as at 31 December 2007.

The Group had total cash and bank balances of approximately HK\$412.2 million as at 31 December 2008 (31 December 2007: HK\$392.0 million). After deducting the Group's bank and other borrowings, the Group recorded net cash and bank balances of approximately HK\$401.8 million as at 31 December 2008 (31 December 2007: HK\$348.9 million). As at 31 December 2008, the Group's current ratio was 1.20 (31 December 2007: 1.29).

At 31 December 2008, 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, Renminbi and United States dollars. Surplus cash is generally placed in short term deposits denominated in Hong Kong dollars, Renminbi and United States dollars.

Exposure to fluctuations in exchange rates and related hedges

The Group mainly operates in the PRC, so most of its revenue and expenses are measured in RMB. The value of RMB against U.S. Dollars and currencies may fluctuate and is affected by, among other things, changes in China's political and economic conditions. The conversion of RMB into foreign currencies, including U.S. Dollars and Hong Kong Dollars, has been based on rates set by the People's Bank of China.

In the current financial year, though the exchange rates of RMB to U.S. Dollars and Hong Kong Dollars kept on increasing, the directors expect that any fluctuation of RMB's exchange rate will not have material adverse effect on the operation of the Group, therefore, 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 in 2008.

Charges on assets

As at 31 December 2008, bank deposits of approximately HK\$199.6 million were pledged to banks to secure general banking facilities granted.

Contingent liabilities

The Group did not have any significant contingent liabilities as at 31 December 2008 (2007: Nil).

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 2008.

CORPORATE GOVERNANCE

In the opinion of the directors, the Company met with the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the year ended 31 December 2008.

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 2008.

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.

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

Hong Kong, 23 April 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*