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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 2009

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 2009 together with the comparative figures.

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2009

	<i>Notes</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
REVENUE	2	3,812,755	3,961,403
Cost of sales		<u>(3,635,616)</u>	<u>(3,768,048)</u>
Gross profit		177,139	193,355
Other income and gains	3	9,262	9,630
Selling and distribution costs		(106,882)	(98,015)
Administrative expenses		(61,035)	(73,078)
Other operating income/(expenses), net		5,402	(8,405)
Finance costs	4	(1,986)	(3,943)
Share of profits and losses of associates		<u>12,853</u>	<u>6,838</u>
PROFIT BEFORE TAX	5	34,753	26,382
Income tax expense	6	<u>(1,428)</u>	<u>(8,020)</u>
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT		<u><u>33,325</u></u>	<u><u>18,362</u></u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	7		
– Basic		<u><u>HK3.01 cents</u></u>	<u><u>HK1.66 cents</u></u>
– Diluted		<u><u>HK3.01 cents</u></u>	<u><u>HK1.66 cents</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2009

	<i>Notes</i>	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		5,093	6,017
Goodwill		2,892	2,892
Interests in associates		42,044	32,871
		<hr/>	<hr/>
Total non-current assets		50,029	41,780
CURRENT ASSETS			
Inventories		171,456	154,736
Trade and bills receivables	8	439,274	373,339
Prepayments, deposits and other receivables		192,808	494,845
Tax recoverable		28	–
Pledged deposits		178,051	199,627
Cash and cash equivalents		419,070	212,537
		<hr/>	<hr/>
Total current assets		1,400,687	1,435,084
CURRENT LIABILITIES			
Trade and bills payables	9	922,705	987,491
Other payables and accruals		180,601	193,778
Interest-bearing bank and other borrowings		26,880	10,346
Tax payable		–	627
		<hr/>	<hr/>
Total current liabilities		1,130,186	1,192,242
NET CURRENT ASSETS			
		270,501	242,842
TOTAL ASSETS LESS CURRENT LIABILITIES			
		320,530	284,622
NON-CURRENT LIABILITIES			
Finance lease payable		–	85
		<hr/>	<hr/>
Net assets		320,530	284,537
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Issued capital		110,606	110,606
Reserves		209,924	173,931
		<hr/>	<hr/>
Total equity		320,530	284,537
		<hr/> <hr/>	<hr/> <hr/>

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 and revised HKFRSs for the first time for the current year’s financial statements.

HKFRS 1 and HKAS 27 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of HKFRSs</i> and HKAS 27 <i>Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>
HKFRS 2 Amendments	Amendments to HKFRS 2 <i>Share-based Payment – Vesting Conditions and Cancellations</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments</i>
HKFRS 8	<i>Operating Segments</i>
HKFRS 8 Amendment*	Amendment to HKFRS 8 <i>Operating Segments – Disclosure of information about segment assets</i> (early adopted)
HKAS 1 (Revised)	<i>Presentation of Financial Statements</i>
HKAS 18 Amendment*	Amendment to Appendix to HKAS 18 <i>Revenue – Determining whether an entity is acting as a principal or as an agent</i>
HKAS 23 (Revised)	<i>Borrowing Costs</i>
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation and HKAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation</i>
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 <i>Reassessment of Embedded Derivatives</i> and HKAS 39 <i>Financial Instruments: Recognition and Measurement – Embedded Derivatives</i>
HK(IFRIC)-Int 13	<i>Customer Loyalty Programmes</i>
HK(IFRIC)-Int 15	<i>Agreements for the Construction of Real Estate</i>
HK(IFRIC)-Int 16	<i>Hedges of a Net Investment in a Foreign Operation</i>
HK(IFRIC)-Int 18	<i>Transfers of Assets from Customers (adopted from 1 July 2009)</i>
Improvements to HKFRSs (October 2008)**	Amendments to a number of HKFRSs

* Included in *Improvements to HKFRSs 2009* (as issued in May 2009).

** The Group adopted all the improvements to HKFRSs issued in October 2008 except for the amendments to HKFRS 5 *Non-current assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary*, which are effective for annual periods beginning on or after 1 July 2009.

Other than as further explained below regarding the impact of HKFRS 8 and HKAS 1 (Revised), the adoption of these new and revised HKFRSs 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.

The principal effects of adopting HKFRS 8 and HKAS 1 (Revised) are as follows:

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. For management purpose, the Group is organised as a single operating segment which is the distribution of information products, and, therefore, no separate operating segment analysis is presented. 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. These revised disclosures, including the related revised comparative information, are shown in note 2 to the financial statements.

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. The Group has elected to present two statements.

2. 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:

	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	95,057	111,677
Mainland China	3,717,698	3,849,726
	<u>3,812,755</u>	<u>3,961,403</u>

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

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Hong Kong	44,944	35,958
Mainland China	5,085	5,822
	<u>50,029</u>	<u>41,780</u>

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

The Group has not placed reliance on any single external customer, which accounted for 10% or more of its revenue.

3. 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 other income and gains is as follows:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Other income		
Bank interest income	7,680	5,713
Government grants (<i>Note</i>)	973	1,334
Others	195	195
	<u>8,848</u>	<u>7,242</u>
Gains		
Others	414	2,388
	<u>9,262</u>	<u>9,630</u>

Note: Various government grants have been received for the sale of software approved by the tax authority in the People's Republic of China (the "PRC"). The government grants have been recognised upon sale of approved software. There are no unfulfilled conditions or contingencies relating to these grants.

4. FINANCE COSTS

An analysis of finance costs is as follows:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Interest on bank loans	1,966	3,909
Interest on finance lease	20	34
	<u>1,986</u>	<u>3,943</u>

5. PROFIT BEFORE TAX

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

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Cost of inventories sold	3,576,975	3,643,167
Depreciation	2,580	2,959
Gain on disposal of items of property, plant and equipment	-	(1)
	<u>-</u>	<u>(1)</u>

6. INCOME TAX

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Current – Hong Kong	-	-
Current – Elsewhere	1,428	8,020
	<u>1,428</u>	<u>8,020</u>
Total tax charge for the year	<u>1,428</u>	<u>8,020</u>

No Hong Kong profits tax has been provided as there were no assessable profits arising in Hong Kong during the year (2008: Nil).

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, and 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\$3,885,000 (2008: HK\$2,483,000) 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, and the weighted average number of 1,106,062,040 (2008: 1,106,062,040) ordinary shares in issue during the year.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2009 and 2008 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

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 and bills receivables are non-interest-bearing.

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

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Within 6 months	401,537	349,019
7 to 12 months	15,853	16,459
13 to 24 months	21,884	7,595
Over 24 months	—	266
	<u>439,274</u>	<u>373,339</u>

9. TRADE AND BILLS PAYABLES

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

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Within 6 months	909,882	985,833
Over 6 months	12,823	1,658
	<u>922,705</u>	<u>987,491</u>

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 (2008: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL PERFORMANCE

During the year under review, the Group achieved encouraging results performance with its continuous efforts in exploring new products and streamlining the operation. The Group reported a profit attributable to equity holders of the parent for the year ended 31 December 2009 of HK\$33.3 million (year ended 31 December 2008: HK\$18.4 million). The Group's revenue for the current financial year has declined slightly by 3.8% to HK\$3,812.8 million compared to HK\$3,961.4 million for the year ended 31 December 2008. The Group has recorded a slight decrease in the gross profit margin from last year's 4.9% to the current year's 4.6%, gross profit has decreased by 8.4% to HK\$177.1 million (year ended 31 December 2008: HK\$193.4 million).

Total selling and distribution costs, administrative expenses and other operating income/expenses, net for the current year has decreased by 9.5% compared to the year ended 31 December 2008.

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

- a. a slight decline in the revenue of the distribution of information products business by 3.8% to HK\$3,812.8 million (year ended 31 December 2008: HK\$3,961.4 million);
- b. a decline in total selling and distribution costs, administrative expenses and other operating income/expenses, net by 9.5% to HK\$162.5 million (year ended 31 December 2008: HK\$179.5 million);
- c. a significant increase in the share of profits and losses of associates by 88.0% to approximately HK\$12.9 million (year ended 31 December 2008: HK\$6.8 million); and
- d. a reduction in taxation charge for the distribution of information products business by 82.2% to HK\$1.4 million (year ended 31 December 2008: HK\$8.0 million).

Basic and diluted earnings per share attributable to ordinary equity holders of the parent for the year were HK3.01 cents (year ended 31 December 2008: HK1.66 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\$3,812.8 million representing a decrease of 3.8% comparing to the last financial year. Gross profit for the Distribution Business also recorded a slight decline of 8.4% to HK\$177.1 million for the year ended 31 December 2009 (year ended 31 December 2008: HK\$193.4 million). Gross profit margin has decreased slightly to 4.6% for the current financial year comparing to 4.9% for the year ended 31 December 2008.

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, IBM, Netgear, CommScope, Barco and SGI.

In August 2009, the Group’s principal subsidiary, PRC Century, became the platinum strategic partner of Tandberg (騰博中國地區白金級合作伙伴), which strengthened our distribution network for high definition video products. In addition, 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. PRC Century was awarded as H3C excellent general agent (H3C優秀總代理獎).

To maintain its growth and profitability of the Distribution Business under the competitive operating environment in the PRC, 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 financial year.

In addition, we further expanded our sales team and increased marketing and selling effort, so as to broaden our customer base and strengthen our position in the PRC’s information products distribution business, resulting in the increase in total selling and distribution costs. On the other hand, we strictly controlled our operating expenses leading to the reduction in the administrative expenses. As a result of management’s continued effort in debt collection, the impairment of trade receivables has decreased leading to the increase in other operating income.

To maintain 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 increased from 2008’s 30.9 days and 13.0 days to the current year’s 38.9 days and 16.4 days respectively. The working capital ratio for the Group as at 31 December 2009 was maintained at 1.24 (31 December 2008: 1.20).

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 financial year.

The Group has approximately 731 employees as at 31 December 2009 (31 December 2008: 716).

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 2009, the Group had approximately HK\$26.9 million interest-bearing bank and other borrowings (31 December 2008: HK\$10.4 million), of which approximately HK\$26.9 million (31 December 2008: Nil) were fixed interest bearing and Nil (31 December 2008: HK\$10.4 million) were floating interest bearing. Bank and other borrowings were denominated in Renminbi ("RMB") and United States Dollars ("U.S. dollars") and repayable within one year. The Group's bank loans were guaranteed by the Company and Peking University Founder Group Company Limited, a substantial shareholder of the Company.

At 31 December 2009, the Group recorded total assets of approximately HK\$1,450.7 million (31 December 2008: HK\$1,476.8 million) which were financed by liabilities of approximately HK\$1,130.2 million (31 December 2008: HK\$1,192.3 million) and equity of approximately HK\$320.5 million (31 December 2008: HK\$284.5 million). The Group's net asset value per share as at 31 December 2009 increased by approximately 11.5% to HK\$0.29 as compared to approximately HK\$0.26 as at 31 December 2008.

The Group had total cash and bank balances of approximately HK\$597.1 million as at 31 December 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\$570.2 million as at 31 December 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 31 December 2009, the Group's gearing ratio, measured on the basis of total borrowings as a percentage of total shareholders' equity, was 0.08 (31 December 2008: 0.04) while the Group's current ratio was maintained at 1.24 (31 December 2008: 1.20).

At 31 December 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 year 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 material acquisition or disposals of subsidiaries and associates in 2009.

Charges on assets

As at 31 December 2009, bank deposits of approximately HK\$178.1 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 2009.

Contingent liabilities

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

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 (the “Listing Rules”) throughout the year ended 31 December 2009.

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 2009.

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, 21 April 2010

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*