

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Futong Technology Development Holdings Limited

富通科技發展控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 465)

**DISCLOSEABLE AND CONNECTED TRANSACTIONS
AND CONTINUING CONNECTED TRANSACTION
IN RELATION TO
THE ESTABLISHMENT OF A JOINT VENTURE COMPANY**

The Board is pleased to announce that on 22 January 2010 (after trading hours), Futong Dongfang (an indirect wholly-owned subsidiary of the Company), Centrin Data Systems, Mr. Zhang and Beijing Deep Thought entered into a Shareholders Agreement pursuant to which the JV Company is to be established in Beijing, PRC.

SHAREHOLDERS AGREEMENT

It is intended that the JV Company will be engaged principally in the design, implementation and solution provision regarding infrastructure of information systems, the provision of related services including testing, maintenance and technical support for information systems, and the sale and leasing of information systems products.

Pursuant to the Shareholders Agreement, the registered capital of the JV Company will be RMB50,000,000, which will be contributed as to 40% by Futong Dongfang, as to 40% by Centrin Data Systems, as to 10% by Mr. Zhang and as to 10% by Beijing Deep Thought in cash.

In connection with the establishment of the JV Company, Futong Dongfang agreed that it may provide financial support to the JV Company by means of shareholder's loan and/or provide guarantees to the JV Company for its external financing, the aggregate amount of which will not exceed RMB50,000,000.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the establishment of the JV Company exceed 5% but are less than 25% and the total contributions thereof exceed HK\$10,000,000, and Beijing Deep Thought, a company which is owned as to approximately 69.98% by a brother of Mr. Chen Jian (a controlling Shareholder and an executive Director), is deemed as a connected person of the Company, the establishment of the JV Company constitutes a discloseable and connected transaction of the Company under Chapter 14 and 14A of the Listing Rules and is subject to announcement, reporting and independent Shareholders' approval at a general meeting of the Company.

The provision of financial support and/or guarantees by Futong Dongfang to the JV Company is continuous in nature and constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios (as defined in the Listing Rules) in respect of the provision of financial support and/or guarantees by Futong Dongfang to the JV Company exceed 2.5% but are less than 25% and each of the Proposed Annual Caps thereof exceeds HK\$10,000,000, it is subject to announcement, reporting and independent Shareholders' approval at a general meeting of the Company under Chapter 14A of the Listing Rules.

EGM

The EGM will be convened to consider and, if thought fit, approve, among other things, the entering into of the Shareholders Agreement, the establishment of the JV Company, the Proposed Annual Cap and the transactions contemplated thereunder. Beijing Deep Thought, Mr. Zhang and their respective associates are required to abstain from voting with respect to the resolutions for approving the Shareholders Agreement, the Proposed Annual Caps and the transactions contemplated thereunder at the EGM.

An independent board committee of the Company, comprising all the independent non-executive Directors, will be established to advise the independent Shareholders in respect of the Shareholders Agreement, the Proposed Annual Caps and the transactions contemplated thereunder. An independent financial adviser will be appointed to advise the independent board committee of the Company and the independent Shareholders.

GENERAL

A circular containing, among other things, (i) details of the Shareholders Agreement, the Proposed Annual Caps and the transactions contemplated therein; (ii) a letter of recommendation from the independent board committee of the Company to the independent Shareholders; (iii) a letter of advice from the independent financial adviser of the Company to the independent board committee of the Company and the independent Shareholders; and (iv) a notice convening the EGM will be dispatched to the Shareholders as soon as practicable.

INTRODUCTION

On 22 January 2010 (after trading hours), Futong Dongfang (an indirect wholly owned subsidiary of the Company), Centrin Data Systems, Mr. Zhang and Beijing Deep Thought entered into the Shareholders Agreement pursuant to which the JV Company is to be established in Beijing, PRC.

THE SHAREHOLDERS AGREEMENT

Date

22 January 2010

Parties

- (i) Futong Dongfang;
- (ii) Centrin Data Systems;
- (iii) Mr. Zhang; and
- (iv) Beijing Deep Thought

Centrin Data Systems and its ultimate beneficial owners, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries are third parties independent of the Company and its connected persons and are not connected persons of the Company. Mr. Zhang is currently a shareholder holding less than 10% of the Shares. Prior to entering into the Shareholders Agreement, each of Centrin Data Systems and Mr. Zhang has no past relationship with the Group and has not engaged in any other transactions with the Group.

Beijing Deep Thought is owned as to approximately 69.98% by a brother of Mr. Chen Jian, a controlling Shareholder an executive Director and is deemed to be a connected person of the Company. Prior to entering into the Shareholders Agreement, Beijing Deep Thought is an existing supplier and customer of the Group.

Establishment of the JV Company

Under the Shareholders Agreement, the parties have agreed that the JV Company will be established in Beijing, PRC. Subject to the final approval of the relevant authority, the JV Company is intended to be named 北京中金富通信息技術服務有限公司 (Beijing Centrin-Futong IT Services Co. Ltd.).

It is intended that when established, the JV Company will become an associated company of the Company, and be engaged principally in the design, implementation and solution provision regarding infrastructure of information systems, the provision of related services including testing, maintenance and technical support for information systems, and the sale and leasing of information systems products. The JV Company will be owned as to 40% by Futong Dongfang, as to 40% by Centrin Data Systems, as to 10% by Mr. Zhang and as to 10% by Beijing Deep Thought.

Pursuant to the Shareholders Agreement, Centrin Data Systems and Beijing Deep Thought shall transfer to the JV Company their existing employees who engage in duties relevant to the business of the JV Company.

Registered capital

The registered capital of the JV Company will be RMB50,000,000 (equivalent to approximately HK\$56,785,917), which will be contributed as to 40% RMB20,000,000) by Futong Dongfang, as to 40% (RMB20,000,000) by Centrin Data Systems, as to 10% (RMB5,000,000) by Mr. Zhang and as to 10% (RMB5,000,000) by Beijing Deep Thought in cash.

The contributions to the registered capital of the JV Company shall be made by the joint venture partners of the JV Company in two instalments: (i) the first instalment of not less than 20% of their respective contributions to the registered capital shall be made within five days from the date of opening of a temporary bank account by the JV Company; and (ii) the balance of the contributions to the registered capital shall be made within one month from the date of establishment of the JV Company.

As the JV Company will become an associated company of the Group, its accounts will be consolidated into the financial statements of the Group by equity accounting.

The Group intends to finance its contribution to the registered capital of the JV Company by its internal financial resources.

The total investment of the JV Company is RMB50,000,000.

Share pledge and future financing

The JV Company shall finance its operation through its internal resources or external financing. From the date of establishment of the JV Company until 31 December 2012, if the JV Company is in need of funds to operate its business and encounters difficulties in obtaining external financing, Futong Dongfang may subject to, inter alia, the following conditions and in the manner as permitted under the laws of PRC and the Listing Rules provide financial support to the JV Company by means of shareholder's loan and/or provide guarantee to the JV Company for its external financing:

- (a) the JV Company to provide Futong Dongfang with the information on the use of the required funds and having obtained the approval from Futong Dongfang; the JV Company shall undertake to strictly use the funds for the specified use, which shall also follow the annual business plan and financing plan as approved by the board of the directors of the JV Company;
- (b) the total aggregate amount of the shareholder's loan and/or guarantee provided by Futong Dongfang to the JV Company, shall not exceed RMB50,000,000;
- (c) other joint venture partners of the JV Company shall pledge to Futong Dongfang their shares of the JV Company in proportion to their respective shareholdings as guarantee for the shareholders's loan and/or guarantee provided by Futong Dongfang;
- (d) the interest rate applicable to the shareholders loan provided by Futong Dongfang shall be determined by Futong Dongfang and the JV Company, but shall not be lower than and 20% higher than the benchmark interest rate for same period loan published by the People's Bank of China; and
- (e) the term of the shareholders loan shall be determined by Futong Dongfang with reference to the proposed use, but shall not be longer than a period of 8 months.

Each of the Proposed Annual Caps for the years ending 31 December 2010, 2011 and 2012 will be RMB50,000,000 respectively, which is determined with reference to the business operation of the JV Company.

Apart from the contributions as set out above, there are no further capital commitments that are required to be contributed by the joint venture partners of the JV Company at this stage. If there are any further capital commitments required to be made by the joint venture partners to the JV Company, further announcements will be made as and when appropriate to comply with the relevant requirements under the Listing Rules.

Profit and loss sharing

The profit and loss of the JV Company will be shared by the joint venture partners of the JV Company in proportion to their respective contributions made to the registered capital of the JV Company.

Term

The JV Company shall have a term of operation of 10 years.

Board of directors of the JV Company

The board of directors of the JV Company will comprise five members, of which two will be nominated by Futong Dongfang, two will be nominated by Centrin Data Systems (and one of which shall be the chairman of the JV Company and the chairman shall be the legal representative of the JV Company) and one will be nominated by Mr. Zhang.

Purchase of equity interest of the JV Company

Within one year after the expiration of three full financial years commencing from the date of the establishment of the JV Company, Futong Dongfang shall be entitled, subject to the terms therein, to purchase the equity interest of the JV Company from the other joint venture partners if in any full financial year, the net profit of the JV Company reaches RMB50,000,000 or above. The Company will comply with the relevant requirements under the Listing Rules in respect thereof as and when appropriate.

Condition Precedent to the establishment of the JV Company

The establishment of the JV Company shall be conditional upon the obtaining of any consent, waiver and approval (if any) from the relevant governmental or supervisory authorities or third parties necessary to the entering into of the Shareholders Agreement and the transactions contemplated thereunder, including but not limited to the Shareholders approving the Shareholders Agreement and the transactions contemplated thereunder pursuant to the requirements under the Listing Rules.

INFORMATION ON CENTRIN DATA SYSTEMS AND BEIJING DEEP THOUGHT

Centrin Data Systems is a limited liability company established in the PRC and is a leading provider of outsourced information centre, information back-up and business continuity management services.

Beijing Deep Thought is a limited liability company established in the PRC and principally engaged in the provision of systems integration, technical support and maintenance services.

REASONS FOR THE SHAREHOLDERS AGREEMENT

The Group is principally engaged in the provision of IT solutions, the distribution of enterprise IT products and provision of IT technical support services in the PRC. The Group is pursuing to expand its exposure in the IT solutions, products and technical support services market in the PRC. The Directors consider that the establishment of the JV Company represents an opportunity to the Group in expanding its business in the PRC and the provision of financial support and/or guarantee to the JV Company could also enhance the overall development potential of the JV Company in the PRC market.

The Directors, other than the members of the independent board committee of the Company who will be advised by the independent financial adviser, consider that the business to be conducted by the JV Company is in the usual and ordinary course of business of the Company, the terms of the Shareholders Agreement (including the terms of the provision of financial support and/or guarantee) are entered into upon normal commercial terms following arm's length negotiations amongst the parties and that the terms of the Shareholders Agreement (including the Proposed Annual Caps) are fair and reasonable so far as the interests of the Company and the Shareholders as a whole are concerned.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined in the Listing Rules) in respect of the establishment of the JV Company exceed 5% but are less than 25% and the total contributions thereof exceed HK\$10,000,000, and Beijing Deep Thought a company which is owned as to approximately 69.98% by a brother of Mr. Chen Jian (a controlling Shareholder and an executive Director), is deemed as a connected person of the Company, the establishment of the JV Company constitutes a discloseable and connected transaction of the Company under Chapter 14 and 14A of the Listing Rules and is subject to announcement, reporting and approval of independent Shareholders at a general meeting of the Company.

The provision of financial support and/or guarantee by Futong Dongfang to the JV Company is continuous in nature and constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios (as defined in the Listing Rules) in respect of the provision of financial support

and/or guarantees by Futong Dongfang exceed 2.5% but are less than 25% and each of the Proposed Annual Caps thereof exceeds HK\$10,000,000, it is subject to announcement, reporting and independent Shareholders' approval at a general meeting of the Company under Chapter 14A of the Listing Rules.

EGM

The EGM will be convened to consider and, if thought fit, approve, among other things, the entering into of the Shareholders Agreement, the establishment of the JV Company, the Proposed Annual Caps and the transactions contemplated thereunder. Beijing Deep Thought, Mr. Zhang and their respective associates are required to abstain from voting with respect to the resolutions for approving the Shareholders Agreement, the Proposed Annual Caps and the transactions contemplated thereunder at the EGM.

An independent board committee of the Company, comprising all the independent non-executive Directors, will be established to advise the independent Shareholders in respect of the Shareholders Agreement, the Proposed Annual Caps and the transactions contemplated thereunder. An independent financial adviser will be appointed to advise the independent board committee of the Company and the independent Shareholders.

GENERAL

A circular containing, among other things, (i) details of the Shareholders Agreement, the Proposed Annual Caps and the transactions contemplated therein; (ii) a letter of recommendation from the independent board committee of the Company to the independent Shareholders; (iii) a letter of advice from the independent financial adviser of the Company to the independent board committee of the Company and the independent Shareholders; and (iv) a notice convening the EGM will be dispatched to the Shareholders as soon as practicable.

DEFINITIONS

In this announcement, the following terms have the following meanings:

“associates”	has the meaning ascribed to it in the Listing Rules
“Beijing Deep Thought”	北京深思软件股份有限公司 (Beijing Deep Thought Software Co., Ltd.*), a company established under the laws of PRC
“Board”	the board of Directors

“Centrin Data Systems”	中金數據系統有限公司 (Centrin Data Systems Co., Ltd.*), a limited liability company established under the laws of PRC
“Company”	Futong Technology Development Holdings Limited, a company incorporated in Cayman Islands with limited liability, whose Shares are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	extraordinary general meeting of the Company to be convened to consider, and if thought fit, approve, among other things, the matters as set out herein
“Futong Dongfang”	北京富通東方科技有限公司 (Beijing Futong Dongfang Technology Co., Ltd.*), a limited liability company established under the laws of PRC and an indirect wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JV Company”	the joint venture company to be established pursuant to the Shareholders Agreement in Beijing, PRC and subject to the final approval of the relevant authority, intended to be named 北京中金富通信息技術服務有限公司 (Beijing Centrin-Futong IT Services Co. Ltd.*)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Zhang”	Mr. Zhang Shu Dan, a PRC citizen
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Proposed Annual Caps”	the maximum aggregate annual amount of the shareholders’ loan and/or guarantees provided by Futong Dongfang to the JV Company pursuant to the Shareholders Agreement for each of the three years ending 31 December 2010, 2011 and 2012

“Share(s)”	ordinary share(s) of nominal value of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shareholders Agreement”	the shareholder agreement dated 22 January 2010 and made amongst Futong Dongfang, Centrin Data Systems, Mr. Zhang and Beijing Deep Thought in relation to the establishment of the JV Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

For reference only, an exchange rate of HK\$1.00 to RMB0.8805 has been used for the conversion of RMB to HK\$ for the purpose this announcement.

For and on behalf of the Board of
Futong Technology Development Holdings Limited
Chen Jian
Chairman

Hong Kong, 22 January 2010

As at the date of this announcement, the executive Directors are Mr. Chen Jian, Ms. Zhang Yun and Mr. Guan Tao; and the independent non-executive Directors are Mr. Lee Kwan Hung, Mr. Yuan Bo and Mr. Ho Pak Tai Patrick.

** for identification purposes only*