



**Futong Technology FY2009 Turnover Reaches HK\$2,586.3 Million
Profit Up 38% to HK\$67.6 Million**

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**Fast-growing IT Business Expands Solutions and Extends Footprint
in China**

Financial Highlights

- Turnover increased by 1.2% to HK\$2,586.3 million, mainly driven by the roll-out of 3G services by telecommunication corporations.
 - Gross profit margin increased to 8.5% when compared with 7.4% in the previous year.
 - Sales of IBM's products increased to approximately HK\$2,378.2 million.
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(Hong Kong, 31 March 2010) — **Futong Technology Development Holdings Limited** ("Futong Technology" or the "Group") (stock code: 465), the leading distributor of enterprise IT products in the PRC, announced its annual results for the year ended 31 December 2009. This is the first annual result announcement of the Group after listing on the Main Board of the Hong Kong Stock Exchange Limited on 4 December 2009.

During the year under review, total turnover of the Group reached HK\$2,586.3 million, representing an increase of 1.2% against the HK\$2,554.5 million recorded in 2008. Gross profit margin increased to 8.5% (2008: 7.4%) as the Group has expanded the range of its higher margin solutions offerings to end-users such as telecommunication corporations. The Group recorded a profit attributable to shareholders of HK\$67.6 million, representing a growth of approximately 38% compared with last year. The positive results were primarily due to the demand for IT products spurred by the roll-out of 3G services by telecommunication corporations, which offset the initial shrinkage of the enterprise IT solutions sector triggered by the global economic downturn since late 2008. That sector has gradually recovered since mid-2009.

During the year, the Group maintained a sound and healthy financial position. As at 31 December 2009, its cash and cash equivalents were HK\$210.9 million (2008: HK\$132.7 million). The net debt-to-equity ratio of the Group was lowered to 22% (2008: 32%) for the year under review.

Basic earnings per share for the year ended 31 December 2009 were HK29 cents (2008: HK22 cents). The Board does not recommended payment of a final dividend

Sales of IBM's Products

Sales revenues from the distribution of IBM's hardware and software products including enterprise servers, system storage products and middleware and which are often bundled with value-added services amounted to approximately HK\$2,378.2 million (2008: HK\$2,347.1 million). The distribution of IBM products and related services remained as the Group's primary revenue generator, and accounted for approximately 92.0% (2008: approximately 91.9%) of total revenue of the Group.

The growth in revenue from the sales of IBM's products for the year under review was mainly due to an increase in demand for IT solutions from telecommunication corporations as they embarked on the launch of 3G services. As the financial downturn led enterprises to be more conservative in capital expenditure to upgrade their IT systems, revenue from sales of IBM's enterprise servers declined by approximately 4.6% to HK\$1,759.5 million. However, revenue from sales of IBM's system storage products and related services increased by 26% to approximately HK\$387.9 million due to customers' needs to expand storage capacity over system upgrade. Sales of IBM's software and related services amounted to approximately HK\$230.8 million, representing an increase of approximately 18%.

Sales of Oracle's Products

Sales of Oracle's products and related services, the second largest category of products distributed by the Group, declined approximately 35.6% amounting to approximately HK\$101.8 million. The Group had observed a stronger customer demand for Oracle's products in the second half of the year ended 31 December 2009.

Sales of Other Products

Other sources of revenue for the Group included sales of IT products of other vendors and Huawei Symantec, as its authorised distributor, including servers, storage and IT security products, as well as sales of other IT accessories. Revenues from these activities increased to approximately HK\$84.8 million during the year (2008: approximately HK\$35.3 million) of which approximately HK\$83.3 million was contributed from the sales of Huawei Symantec products and related services.

Mr. Chen Jian, Chairman of Futong Technology, said, "We are pleased to report that we are able to achieve satisfactory results for the year. With the PRC government encouraging the development of the IT industry in China and the deployment of IT within Chinese enterprises to boost their competitive position, as the economic revival gathers momentum, we see tremendous long term growth potential for our products."

Looking forward, the global economy continues to show signs of recovery in 2010. With the growing purchasing power of consumers, it is expected that the demand for enterprise IT products from PRC businesses and organisations supplying consumers would become stronger. The Group's strategy is to enhance its market leading position by extending its sales network and diversification of its product distribution portfolio, broadening its product sourcing networks and expanding the scope of its IT services.

To expand its reach in the PRC, the Group has established two new branches in Kunming and Harbin, aiming to provide its expanded offerings and supportive services more effectively in the PRC. Additional branch offices in Changsha, Shijiazhuang and Nanning are also planned to be set up in 2010 to strengthen the Group's establishment in the PRC.

Furthermore, a joint venture company ("JV") established by the wholly owned subsidiary Beijing Futong Dongfang Technology Co. Ltd, with Centrin Data Systems Co., Ltd., Mr. Zhang Shu Dan and Beijing Deep Thought Software Co., Ltd was approved by shareholders at an Extraordinary General Meeting in early March. The JV in Beijing is intended to enhance the Group's ability in providing IT technical support services and expanding its range of services, further boosting the Group's business growth potential.

Mr. Chen concluded, "Futong Technology will strive to continue our efforts to strengthen operational efficiency and management practices, striving to deliver better performance in the future, with the ultimate goal of maximising value for our shareholders."

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About Futong Technology Development Holdings Limited

Futong Technology is one of the leading distributors of enterprise IT products in the PRC. It is principally engaged in the provision of IT solutions and IT technical support services, as well as the distribution of enterprise IT products in the PRC. It distributes a variety of enterprise hardware and software products, including mainly enterprise servers, system storage products, software in association with servers and system storage products, and provides IT technical support services in association with the distribution of enterprise IT products. Since 2006, Futong Technology has been one of the top three authorized distributors of IBM's hardware and software products in the PRC.

For more details, please visit www.futong.com.hk

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