



Futong Technology Announces FY2010 Interim Results
Turnover Reaches HK\$1,409.1 Million Profit Up 13.4% to HK\$39.8 Million

* * * *

***Strive to Capture Business Opportunities in Fast Growing
IT Industry in the PRC***

Financial Highlights

- Turnover increased by 19.0% to HK\$1,409.1 million due to increase in demand for IT solutions from financial institutions
 - Profit attributable to equity shareholders of the Company increased by 13.4% to approximately HK\$39.8 million
 - Balanced growth of all business segments with the sales of Oracle's products and related services increased by 93.3% comparing to the corresponding period last year
 - Poised to capture the market opportunities bred by increasing demand for virtual storage and cloud computing in China
-

(Hong Kong, 25 August 2010) — **Futong Technology Development Holdings Limited** ("Futong Technology" or the "Group") (stock code: 465), the leading distributor of enterprise IT products in the PRC, today announced its interim results for the six months ended 30 June 2010.

During the period under review, revenue of the Group reached HK\$1,409.1 million, representing an increase of 19.0% against the HK\$1,183.9 million of the corresponding period of last year. The rise was mainly attributable to an increase in demand for IT solutions from financial institutions after resumption of capital expenditures following the economic crisis. The gross profit margin of the Group dropped slightly to 8.7% for the period under review from 9.1% in the corresponding period last year. Profit attributable to equity shareholders of the Company increased by approximately 13.4% to approximately HK\$39.8 million.

Basic earnings per share for the six months ended 30 June 2010 were HK13 cents (2009: HK16 cents) per share. The Board of Directors does not recommend payment of an interim dividend (2009: Nil).

The net gearing ratio was 11% (As at 31 Dec 2009: 22%), and maintained a strong balance sheet with cash and cash equivalent amounting to approximately HK\$189.0 million (As at 31 Dec 2009: HK\$210.9 million) as at 30 June 2010.

Sales of IBM's Products

Sales revenue 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\$1,218.6 million (2009: approximately HK\$1,109.0 million). The distribution of IBM's products and provision of related services remained as the Group's primary revenue generator, and accounted for approximately 86.5% (2009: approximately 93.7%) of the total revenue of the Group for the period under review.

The growth in revenue from the sales of IBM's products for the period under review was mainly driven by a higher demand for IT solutions from financial institutions resuming capital expenditure following the economic crisis. Revenue from sales of IBM's enterprise servers increased by 9.9% to approximately HK\$912.3 million compared with the corresponding period last year. Revenue from sales of IBM's system storage products and related services rose by 13.8% to approximately HK\$199.0 million. Sales of IBM's software and related services also up 3.5% to approximately HK\$107.3 million.

Sales of Oracle's Products

Database management software and middleware for application servers from Oracle represent the other major category of products distributed by the Group. For the period under review, sales of Oracle's products and related services amounted to approximately HK\$83.3 million, up by 93.3% over the corresponding period last year. The Group has observed a stronger demand for Oracle's products from the government bodies and general business sectors.

Sales of Other Products

Other sources of revenue for the Group included sales of IT products of Huawei Symantec as its authorised distributor, including servers, storage and IT security solutions, as well as sales of other accessories. Revenue from these products and services increased dramatically to approximately HK\$92.3 million during the six months ended 30 June 2010 (2009: approximately HK\$26.3 million) which was mainly contributed from sales of Huawei Symantec's products and related services. The Group has been putting more effort in promoting Huawei Symantec's products since it became its authorised distributor in 2008 and thus the Group recorded a substantial contribution from selling of Huawei Symantec's products during the period under review.

Mr. Chen Jian, Chairman of Futong Technology, said, "We are pleased to report that we are able to achieve satisfactory results for the review period. With the PRC government policy encouraging the development of the IT industry and the continued strong economic growth in the PRC, we see tremendous long term growth potential for our products."

During the period under review, Beijing Futong Dongfang Technology Co., Ltd, the wholly owned subsidiary of the Group, established a joint venture company (“JV”) with Centrin Data Systems Co., Ltd, in Beijing, China. The JV 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.

In addition, the Group signed a Memorandum of Understanding (MOU) in July with EMC Corporation (NYSE: EMC), a global leader focused on IT infrastructure solutions, for a strategic partnership to promote cloud computing products and solutions with multi-facet, profound and comprehensive cooperation. The Group is poised to capture the lucrative business opportunities bred by the rising demand on virtual storage and cloud computing.

Leveraging extensive experience of the management team of the Group as a leading provider of quality enterprise IT products, cost effective IT solutions and integrated IT technical support services, the Group will 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.

On service front, the Group has further strengthened its IT technical service team which aims to expand the Group’s IT services capability in the PRC by meeting the needs of the end-users. In the near future, the technical service team will focus on providing services in the areas of centralized monitoring and service procedures, disaster recovery and IT system maintenance.

Mr. Chen said, “The PRC should continue to be a relatively vibrant market for those IT vendors who can assist IT users to achieve efficiency and productivity gains. Thus, the Group is well positioned within an industry sector that is steadily growing.”

- End -

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

Enquiries:

Strategic Financial Relations Limited

Derek Lee	+852 2864 4858	derek.lee@sprg.com.hk
Jacky Choi	+852 2114 4953	jacky.choi@sprg.com.hk
Coco Wong	+852 2114 4951	coco.wong@sprg.com.hk

Fax +852 2804 2789 / 2527 1196