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## **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)**

### **(1) RESIGNATION OF INDEPENDENT NON-EXECUTIVE DIRECTOR AND (2) CHANGE OF COMPOSITION OF AUDIT COMMITTEE, NOMINATION COMMITTEE AND REMUNERATION COMMITTEE**

The Board announces that with effect from 18 November 2017:

- (i) Mr. Lee has resigned as an independent non-executive Director, and has ceased to be a member of each of the Audit Committee and Remuneration Committee, and a member and the chairman of the Nomination Committee; and
- (ii) Mr. Chow Siu Lui, an independent non-executive Director, has been appointed as the chairman of the Nomination Committee.

#### **RESIGNATION OF INDEPENDENT NON-EXECUTIVE DIRECTOR**

The board (the “**Board**”) of directors (the “**Directors**”) of Futong Technology Development Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) announces that Mr. Lee Kwan Hung (“**Mr. Lee**”) has resigned as an independent non-executive Director with effect from 18 November 2017. Following Mr. Lee’s resignation as an independent non-executive Director, Mr. Lee also ceased to be a member of each of the audit committee (“**Audit Committee**”) and remuneration committee (“**Remuneration Committee**”) of the Company, and a member and the chairman of the nomination committee (“**Nomination Committee**”) of the Company. Mr. Lee has confirmed the reason for his resignation was that Mr. Lee wishes to spend more time with his other engagements.

Mr. Lee has confirmed that he has no disagreement with the Board, except for matters reflected in previous minutes and other records of the Company. The Board noted his dissenting vote in relation to the resolution (the “**Appointment Board Resolution**”) passed by the Board in July 2017 for the re-appointment of Mr. Chen Jian (“**Mr. Chen**”) as a Director. Mr. Lee had expressed his concern as to whether Mr. Chen can fulfill the requirement of a director of a listed company under Rule 3.09 of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), taken into account that: (1) despite having acted as a Director and the chairman of the Company since the listing of the shares of the Company on the Stock Exchange in 2009, the entering into by Mr. Chen on behalf of the Company with Hui Tian Network Technology Co. Ltd. (滙天網絡科技有限公司) of a commercial cooperation framework agreement dated 17 May 2017 with his knowledge that he had resigned as a Director in April 2017 and his allegation that he did not know about the law, indicated either an integrity issue or character or lack of experience to demonstrate a standard of competence commensurate with his position as a director of a listed issuer; and (2) Mr. Chen’s non-cooperative act to complete the resignation procedures relating to the PRC subsidiaries of the Company when Mr. Chen signed his consent to resign as Director and all directorships of the PRC subsidiaries in April 2017. Please refer to the Company’s announcement dated 29 June 2017 for further details relating to the abovementioned signing of the commercial cooperation framework agreement and the non-cooperative act in relation to resignation of directors of PRC subsidiaries of the Company. In addition, given that Mr. Chen is concurrently a director and a controlling shareholder of both the Company and Beijing Deep Thought Software Joint Stock Company Limited (北京深思軟件股份有限公司)(“**Deep Thought**”), a company listed on the National Equities Exchange and Quotations (全國中小企業股份轉讓系統)(stock code:838431) in mainland China which is principally engaged in the manufacture and sales of its own brand of IT storage management products, Mr. Lee had expressed his concern on the re-appointment due to the risk of conflict of interests arising from any breach by Mr. Chen of (i) the non-compete undertaking given by Mr. Chen in favour of the Group in November 2009; and (ii) the non-compete undertaking given by Mr. Chen in favour of Deep Thought in March 2017.

The rest of the Board, which was also the majority of the then Directors at the time when the Appointment Board Resolution was passed, were of the view that Mr. Chen’s re-appointment as Director would be more beneficial to the Company as a whole, having taken into account, among others, (i) Mr. Chen’s experience, expertise and reputation in the industry in which the Group operates; and (ii) that Mr. Chen should have improved his awareness on the compliance issues given the occurrence of the series of incidents since his previous resignation. There is no other matter that needs to be brought to the attention of the shareholders of the Company in connection with his resignation.

Upon the resignation of Mr. Lee, the Company only has two independent non-executive Directors and two members of the Audit Committee which falls below the minimum number required under Rule 3.10(1) and Rule 3.21 of the Listing Rules. The Company will actively identify suitable candidate for appointment as independent non-executive director so as to meet the minimum number required under Rule 3.10(1) and Rule 3.21 of the Listing Rules within three months from 18 November 2017 as required under Rule 3.11 and Rule 3.23 of the Listing Rules.

The Board would like to take this opportunity to express its sincere gratitude to Mr. Lee for his valuable contribution to the Company during the tenure of his office.

#### **CHANGE OF COMPOSITION OF AUDIT COMMITTEE, NOMINATION COMMITTEE AND REMUNERATION COMMITTEE**

Following the resignation of Mr. Lee as announced above, with effect from 18 November 2017, Mr. Lee has ceased to be a member of each of the Audit Committee and Remuneration Committee, and a member and the chairman of the Nomination Committee. Mr. Chow Siu Lui, an independent non-executive Director, has been appointed as the chairman of the Nomination Committee.

An updated list of Directors and their roles and function including the composition of each of the committees of the Board will be made available on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 20 November 2017

*As at the date of this announcement, the executive Directors are Mr. Chen Jian and Ms. Chen Jing; and the independent non-executive Directors are Mr. Chow Siu Lui and Mr. Yuan Bo.*