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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)*

web site: [www.futong.com.hk](http://www.futong.com.hk)

(Stock code: 465)

**CONTINUING CONNECTED TRANSACTION**

**NEW PURCHASE AND SUPPLY AGREEMENT**

Reference is made to the continuing connected transactions as set out in the prospectus of the Company dated 24 November 2009 in relation to the 2009 Supply Agreement and the 2009 Purchase Agreement. On 8 May 2013, the Company entered into the New Purchase and Supply Agreement with Beijing Deep Thought, pursuant to which the Company will sell and purchase enterprise IT products and related IT services to and from Beijing Deep Thought on such terms and conditions and at such prices to be determined from time to time by the parties on case by case basis after arm's length negotiations.

**LISTING RULES IMPLICATIONS**

Beijing Deep Thought is owned as to approximately 69.98% by a brother of Mr. Chen Jian, a controlling Shareholder and an executive Director and is deemed to be a connected person of the Company. The transactions contemplated under the New Purchase and Supply Agreement constitute continuing connected transaction of the Company. Prior to entering into the New Purchase and Supply Agreement, Beijing Deep Thought is an existing supplier and customer of the Group.

The applicable percentage ratios for the transactions contemplated under the New Purchase and Supply Agreement for each of the years ended 31 December 2015 on an annual basis is more than 0.1% but less than 5%, it is subject to reporting, announcement and annual review requirements and exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **INTRODUCTION**

Reference is made to the continuing connected transactions as set out in the prospectus of the Company dated 24 November 2009 in relation to the 2009 Supply Agreement and the 2009 Purchase Agreement.

On 11 November 2009, Futong Dongfang, a wholly-owned subsidiary of the Company, has entered into the 2009 Supply Agreement and the 2009 Purchase Agreement with Beijing Deep Thought for the respective sale and purchase of enterprise IT products between them. The 2009 Supply Agreement and the 2009 Purchase Agreement has expired pursuant to their terms. On 8 May 2013, the Company entered into the New Purchase and Supply Agreement with Beijing Deep Thought, pursuant to which the Company will sell and purchase enterprise IT products and related IT services to and from Beijing Deep Thought subject to the terms and conditions stated therein.

## **THE NEW PURCHASE AND SUPPLY AGREEMENT**

### **Date**

8 May 2013

### **Parties:**

- (a) the Company as the supplier and customer; and
- (b) Beijing Deep Thought as the customer and supplier.

Beijing Deep Thought is owned as to approximately 69.98% by a brother of Mr. Chen Jian, a controlling Shareholder and an executive Director and is deemed to be a connected person of the Company. The transactions contemplated under the New Purchase and Supply Agreement constitute continuing connected transaction of the Company. Prior to entering into the New Purchase and Supply Agreement, Beijing Deep Thought is an existing supplier and customer of the Group.

### **Subject Matter**

Pursuant to the New Purchase and Supply Agreement, the Company will supply and purchase enterprise IT products and related IT services to and from Beijing Deep Thought on such terms and conditions and at such prices to be determined from time to time and on a case by case basis after arm's length negotiations and each sale and purchase transaction under the New Purchase and Supply Agreement will be reduced into separate contract or order as agreed between the Company and Beijing Deep Thought provided that (a) in respect of products and services supplied by the Company, such terms and conditions of each contract or order shall be on normal commercial terms and on terms which are no more favourable to Beijing Deep Thought than those offered by the Company to Independent Third Party purchasers for such IT products and services of comparable quantity; (b) in respect of products and services purchased by the Company, such terms and conditions of each contract or order shall be on normal commercial terms and on terms which are no less favourable to the Company than those offered by Beijing Deep Thought to its Independent Third Party purchasers for such IT products and services of comparable quantity; (c) the purchase price payable by Beijing Deep Thought in respect of purchases

shall be payable by Beijing Deep Thought within 30 days after the date of the relevant invoice issued by the Company; and (d) the purchase price payable by the Company in respect of purchases shall be payable by the Company within 90 days after the date of the relevant invoice issued by Beijing Deep Thought, or such longer period as the parties may agree.

### **Term**

The term of the New Purchase and Supply Agreement shall expire on 31 December 2015 unless terminated by either party by serving not less than 3 months' prior notice in writing.

### **Termination**

The New Purchase and Supply Agreement may be terminated by the non-breaching party by giving 15 days' notice in writing upon the occurrence of the following events:

- (a) either party becoming liquidated or dissolved;
- (b) the Company being prohibited to carry on the business of supplying enterprise IT products and related IT services, or its authorization to supply or distribute the relevant enterprise IT products and related IT services is revoked;
- (c) Beijing Deep Thought being prohibited to carry on the business of supplying enterprise IT products and related IT services, or its authorization to supply or distribute the relevant enterprise IT products and related IT services is revoked; or
- (d) either party materially breached the obligations under the New Purchase and Supply Agreement and failed to remedy the breach within the reasonable time requested by the non-breaching party.

### **HISTORICAL TRANSACTION VALUE AND THE ANNUAL CAPS**

The aggregated value of sale and purchase of enterprise IT products made between Futong Dongfang and Beijing Deep Thought for each of the four years ended 31 December 2012 are set out below:

	2009 (HK\$)	2010 (HK\$)	2011 (HK\$)	2012 (HK\$)
Total sale and purchase	22,872,000	15,534,000	2,465,000	987,000
Approved aggregated annual cap	64,000,000	88,000,000	92,000,000	—

The aggregated annual cap for each of the three years ended 31 December 2011 had not been exceeded. The transaction value for the aggregated value of sale and purchase of enterprise IT products for the year ended 31 December 2012 is less than HK\$1,000,000 and is exempt from reporting, announcement and annual review requirements and exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The following table sets out the annual cap for the transactions contemplated under the New Purchase and Supply Agreement for each of the three years ending 31 December 2015:

	2013	2014	2015
Annual cap	RMB15,000,000	RMB15,000,000	RMB15,000,000
	Equivalent to approximately HK\$18,749,000	Equivalent to approximately HK\$18,749,000	Equivalent to approximately HK\$18,749,000

The proposed annual caps under the New Purchase and Supply Agreement for each of the three years ending 31 December 2015 is determined with reference to (a) the historical amount paid and received by the Group under the 2009 Supply Agreement and the 2009 Purchase Agreement; and (b) the current and anticipated future business development of Beijing Deep Thought.

### **REASONS FOR THE ENTERING INTO OF THE NEW PURCHASE AND SUPPLY 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. As may be requested from the Group's customers, the Group may occasionally source enterprise IT products which are not among the products distributed by itself from other suppliers. As Beijing Deep Thought is a distributor of some IT products which are not offered by the Group, the Group has been purchasing those IT products from Beijing Deep Thought upon request from its customers.

The Directors believe that through business cooperation with Beijing Deep Thought, the Group's sales and distribution network coverage can be further extended, which is beneficial to the business development and operating results of the Group.

The Directors (including the independent non-executive Directors) believe that the terms and conditions of the New Purchase and Supply Agreement and the transactions contemplated therein are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

### **INFORMATION ON BEIJING DEEP THOUGHT**

Beijing Deep Thought is a company established in the PRC which is principally engaged in provision of system integration services to end-users in the PRC. Being a distributor of enterprise IT products in the PRC, the Group proactively develops its sales and distribution network through cooperation with business partners, such as system integrators like Beijing Deep Thought.

### **INFORMATION ON THE GROUP**

The Group is the leading distributor of enterprise IT products in the PRC and is principally engaged in the provision of IT solutions and IT technical support services, distribution of enterprise IT products including enterprise servers, system storage products, software in association with servers and system storage products in the PRC.

## LISTING RULES IMPLICATIONS

Beijing Deep Thought is owned as to approximately 69.98% by a brother of Mr. Chen Jian, a controlling Shareholder and an executive Director and is deemed to be a connected person of the Company. The transactions contemplated under the New Purchase and Supply Agreement constitute continuing connected transaction of the Company. Prior to entering into the New Purchase and Supply Agreement, Beijing Deep Thought is an existing supplier and customer of the Group.

The applicable percentage ratios for the transactions contemplated under the New Purchase and Supply Agreement for each of the years ended 31 December 2015 on an annual basis is more than 0.1% but less than 5%, it is subject to reporting, announcement and annual review requirements and exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Save as Mr. Chen Jian, none of the directors have a material interest in the transactions contemplated under the New Purchase and Supply Agreement. Mr. Chen Jian is required to abstain, and has abstained, from voting on the board resolution approving the New Purchase and Supply Agreement and the transactions contemplated thereunder.

## DEFINITIONS

“Beijing Deep Thought”	北京深思軟件股份有限公司 (Beijing Deep Thought Software Co., Ltd.*), a company established under the laws of PRC
“Board”	board of Directors
“Company”	Futong Technology Development Holdings Limited (stock code: 465), a company incorporated in the Cayman Islands with limited liability and listed on the Main Board of the Stock Exchange
“Directors”	directors of the Company
“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
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Independent Third Parties”	person(s) or company(ies) and their respective ultimate beneficial owner(s) which, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, are third parties independent of the Group and its connected persons (as defined under the Listing Rules)
“IT”	information technology

“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“New Purchase and Supply Agreement”	the purchase and supply agreement entered into between the Company and Beijing Deep Thought on 8 May 2013 in relation to the sale and purchase of enterprise IT products and related IT services
“PRC”	People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shares” and each a “Share”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“2009 Purchase Agreement”	the purchase agreement entered into between Futong Dongfang and Beijing Deep Thought on 11 November 2009 in relation to the sale and purchase of enterprise IT products
“2009 Supply Agreement”	the supply agreement entered into between Futong Dongfang and Beijing Deep Thought on 11 November 2009 in relation to the sale and purchase of enterprise IT products

*For the purpose of this announcement, the exchange rate of RMB0.80005 = HK\$1.00 has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amount have been, could have been or may be exchanged, at this or any other rates.*

By order of the Board  
**Futong Technology Development Holdings Limited**  
**Chen Jian**  
*Chairman*

Hong Kong, 8 May 2013

*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*