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: 00465)

PROFIT WARNING

The Board wishes to inform the Shareholders and potential investors that after a preliminary assessment by the Board of the unaudited consolidated management accounts of the Company for the year ended 31 December 2017, it is expected to record a loss attributable to the owners of the Company for the year ended 31 December 2017 as compared to a net profit for the year ended 31 December 2016.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Futong Technology Development Holdings Limited (the "Company", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

After a preliminary assessment on the unaudited consolidated management accounts of the Company for the year ended 31 December 2017, the board of directors of the Company (the "**Board**") wishes to inform shareholders of the Company (the "**Shareholders**") and potential investors that it is expected to record a loss attributable to the owners of the Company for the year ended 31 December 2017 as compared to a net profit for the year ended 31 December 2016.

The expected attributable loss for the year ended 31 December 2017 was mainly attributable to, among others, the following factors:

(a) as mentioned in the interim report of the Company for the six months ended 30 June 2017, there was an increase in number of products with lower profit margin, and the restructuring of a supplier's business programme that led to a reduction of rebate received by the Group in the first half of 2017, which resulted in a decrease of gross profit margin and a drop of gross profit of approximately 8-13% as compared to that in the year ended 31 December 2016 (despite a slight increase in the total revenue);

(b) there was an increase in administrative and financial expenses of approximately 20-25% due to an increase in the utilization of funds advanced by non-financial institutions with higher interest rates as compared to that of the corresponding period in 2016;

(c) there was an increase in provision of obsolete stocks relating to certain aged stocks (over 2 years) which are no longer economically saleable due to the technological improvement in new products; and

(d) there was an increase in provision of doubtful debts following a more prudent approach adopted by management in tightening the recovery time before commencing legal proceedings on long outstanding debts.

As the Company is still in the process of finalizing the consolidated results of the Company for the year ended 31 December 2017, the information contained in this announcement (a) is only a preliminary assessment by the Board based on the unaudited consolidated management accounts of the Company which have not been reviewed by the Company's auditors and the audit committee of the Company; and (b) may be subject to adjustments upon further review.

The annual results of the Group for the year ended 31 December 2017 are expected to be announced by the Company by the end of March 2018 in compliance with the Listing Rules.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 25 January 2018

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.