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)

POSITIVE PROFIT ALERT

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

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 Group, it is expected to record a profit attributable to Shareholders for the year ended 31 December 2018 as compared to a net loss for the year ended 31 December 2017.

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**") 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) (the "**SFO**").

After a preliminary assessment on the unaudited consolidated management accounts of the Company and its subsidiaries (the "**Group**"), the board of directors of the Company (the "**Board**") wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that it is expected to record a profit attributable to Shareholders for the year ended 31 December 2018 as compared to a net loss for the year ended 31 December 2017. Based on the information currently available, the expected attributable profit for the year ended 31 December 2018 was mainly attributed to, among others, the combined effect of the following factors:

(a) as a result of the Group's effort to transform its business by decreasing the sale of products with low profit margin, while there was a decrease in revenue of approximately 50-55% and gross profit of approximately 15-20% as compared to that of the corresponding period in 2017, with the increase of sale of the Group's own branded products and services, the gross profit ratio increased by approximately 65-70%;

(b) a decrease in selling and distribution, administrative and financial expenses of approximately 33-38% as compared to that of the corresponding period in 2017 due to the implementation of tight cost control measures; and

(c) an increase in specific 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 of traditional business.

As the Company is still in the process of finalizing the unaudited consolidated results of the Group for the year ended 31 December 2018, the information contained in this announcement (a) is only a preliminary assessment by the Board based on the unaudited consolidated management accounts of the Group which have not been reviewed by the Company's auditor and the audit committee; and (b) may be subject to adjustments upon further review.

Details of the financial information of the Group for the year ended 31 December 2018 are expected to be published in the annual results announcement before the end of March 2019 pursuant to the requirements of 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, 24 January 2019

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. YUAN Bo, Mr. CHOW Siu Lui, Mr. LO Kwok Kwei David and Mr. YAO Yun.