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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)

DISCLOSEABLE TRANSACTION SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCT

SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCT

On 17 January 2022, Futong Dongfang subscribed for the Wealth Management Product in a principal amount of RMB35 million offered by CMBC.

IMPLICATION UNDER THE LISTING RULES

As the highest applicable ratio of the subscription of the Wealth Management Product exceeds 5% but is less than 25%, the subscription of the Wealth Management Product constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

SUBSCRIPTION OF THE WEALTH MANAGEMENT PRODUCT

The Board announces that on 17 January 2022, Futong Dongfang subscribed for the Wealth Management Product in a principal amount of RMB35 million offered by CMBC. The subscription of the Wealth Management Product was funded by internally generated fund. The major terms of the subscription agreement are set out as follows:

Date of subscription	17 January 2022
Name of product	CMBC Guizhu Fixed Return 3-Month Automatic Renewal No. 1 (Corporate) Wealth Management Product* (中國民生銀行貴竹固收增利3個月持有期自動續期1號(對公)理財產品)

Parties	(1) Futong Dongfang; and (2) CMBC
Principal subscription amount	RMB35,000,000
Term of investment	No fixed maturity period [#]
	[#] Every 91 natural days is a holding period, and investors can apply for redemption before 3:00 pm of the expiry date of the holding period. The portion of wealth management products that have not been applied for redemption will automatically be renewed for the next holding period commencing from the day following the expiry date of the holding period. CMBC has a right to prematurely terminate the Wealth Management Product.
Type of product and risk rating	The product is non-principal guaranteed with floating return and is regarded as a relatively low risk product by CMBC
Investment scope	For the fund raised from the Wealth Management Product, not less than 85% will be invested in fixed income assets, less than 10% will be invested in equity assets and less than 5% will be invested in commodities and financial derivative assets.
Expected annual return rate	2.8% - 4.5%

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION OF THE WEALTH MANAGEMENT PRODUCT

The Directors are of the view that (i) the subscription of the Wealth Management Product provides the Group with better return than fixed deposits generally offered by commercial banks in the PRC; (ii) the subscription of the Wealth Management Product was funded by the Group's surplus cash reserves, and thus would not affect the Group's working capital position or operation; and (iii) appropriate wealth management with low risk exposure is conducive to enhancing the utilization of capital and increasing income from idle funds. Accordingly, the Directors consider that the subscription of the Wealth Management Product is on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Prior to making an investment, the Group would ensure that there remains sufficient working capital for the Group's business needs, operating activities and capital expenditures. Taking into consideration the nature of the Wealth Management Product and the relatively high credit rating of their underlying assets, the Company considers that the risk level of the subscription of the Wealth Management Product is in line with the internal investment policies of the Group. The Company will monitor and manage the subscription closely and effectively. In accordance with the relevant accounting standards, the Wealth Management Product is accounted for as financial assets at fair value through profit and loss.

IMPLICATION UNDER THE LISTING RULES

As the highest applicable ratio of the subscription of the Wealth Management Product exceeds 5% but is less than 25%, the subscription of the Wealth Management Product constitutes a disclosable transaction of the Company under Chapter 14 of the Listing Rules.

INFORMATION ON THE GROUP AND FUTONG DONGFANG

The Group is a leading enterprise digital transformation services provider in the PRC. The Group specialises in providing enterprise IT infrastructure products, services and solutions, cloud computing products and intelligent digitalised application products.

Futong Dongfang is a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company. It is principally engaged in providing enterprise IT infrastructure products, services and solutions.

INFORMATION ON CMBC

CMBC is a commercial bank established in the PRC with the approval of the China Banking and Insurance Regulatory Commission, which provides corporate and personal banking, treasury business, financial leasing, fund and asset management, investment banking and other financial services in the PRC. CMBC's A shares and H shares are listed on the Shanghai Stock Exchange and the Stock Exchange, the stock codes are 600016 and 01988, respectively.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry and based on the public information available to the Company, CMBC and its ultimate beneficial owners are third parties independent from each of the Group and its connected persons.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meaning:

“Board”	the board of Directors
“CMBC”	China Minsheng Banking Corp., Ltd.
“Company”	Futong Technology Development Holdings Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Stock Exchange
“Directors”	the directors of the Company

“Futong Dongfang”	Beijing Futong Dongfang Technology Co., Ltd.* (北京富通東方科技有限公司), a company incorporated in the PRC with limited liability on 4 December 2003 and an indirect wholly-owned subsidiary of the Company
“Group”	collectively, the Company and its subsidiaries
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wealth Management Product”	CMBC Guizhu Fixed Return 3-Month Automatic Renewal No. 1 (Corporate) Wealth Management Product* (中國民生銀行貴竹固收增利3個月持有期自動續期1號(對公)理財產品) (C1030521000241) offered by CMBC, details of which are set out in this announcement
“%”	per cent

By order of the Board
Futong Technology Development Holdings Limited
Chen Jian
Executive Director

Hong Kong, 17 January 2022

As at the date of this announcement, the executive Director is Mr. CHEN Jian, the non-executive Director is Ms. CHEN Jing; and the independent non-executive Directors are Mr. Chow Siu Lui, Mr. LO Kwok Kwei David and Mr. YAO Yun.

** For identification purpose only*