



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

INTERIM REPORT
2017

企业级信息产品及解决方案提供商

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Financial Summary

RESULTS

	Six-month period ended 30 June	
	2017 RMB'000 Unaudited	2016 RMB'000 Unaudited
Revenue	1,824,110	1,565,229
Profit from operations	25,110	43,629
Finance costs	(20,606)	(17,217)
Share of losses of associates	(303)	(830)
Profit before tax	4,201	25,582
Income tax expenses	(3,901)	(6,636)
Profit for the period	300	18,946
Earnings per share — Basic and diluted (RMB)	0.002	0.06

ASSETS AND LIABILITIES

	At 30 June 2017 RMB'000 Unaudited	At 31 December 2016 RMB'000 Audited
Total assets	2,013,581	2,166,577
Total liabilities	(1,436,673)	(1,584,974)
NET ASSETS	576,908	581,603

Management Discussion and Analysis

BUSINESS REVIEW

The Group principally specialises in providing enterprise IT infrastructure products, services and solutions in the PRC and is an industry leader in its field. It also undertakes research, development and sales of a series of its own brand enterprise IT products. Globally renowned corporations such as IBM, Huawei, Oracle, Sugon, SAP, etc. have been important long-standing partners of the Group.

Sales of IBM products

For the six-month period ended 30 June 2017 (the “**Period**”), revenue from sales of IBM hardware and software products, including enterprise servers, system storage products and software, which are often bundled with value-added services, amounted to approximately RMB461.5 million (2016: approximately RMB439.4 million), an increase of approximately RMB22.1 million, or 5.0%, as compared with the corresponding period in 2016. Sales of IBM products and provision of related services remained a major revenue source of the Group accounting for approximately 25.3% of the total revenue of the Group for the Period (2016: approximately 28.1%).

Sales of Huawei products

Revenue from sales of Huawei products, including servers, storage and cloud computing products continued to grow strongly during the Period. Huawei products contributed revenue totaling RMB713.4 million, RMB225.3 million, or 46.2%, more than in the same period last year (2016: approximately RMB488.1 million). The amount accounted for approximately 39.1% of the Group's total revenue for the Period (2016: approximately 31.2%).

Sales of Oracle products

For the Period under review, revenue from sales of Oracle products, including database management software, middleware for application servers and system products, amounted to approximately RMB304.1 million (2016: approximately RMB203.0 million), an increase of RMB101.1 million, or 49.8%, as compared with the corresponding period of 2016. The amount accounted for approximately 16.7% of the Group's total revenue (2016: approximately 13.0%). As Oracle products enjoy leadership in the market, especially among database management products, the Group's revenue from sales of these products has continued to improve.

Sales of other products

Other sources of revenue for the Group included sales of products of Sugon, Lenovo, EMC, VMware, SAP, its own brand products and other IT products and accessories. Revenue from these income sources amounted to approximately RMB194.7 million (2016: approximately RMB291.3 million). The drop in revenue was mainly due to a decrease in sales of Sugon products and other low-end servers during the Period as compared with the corresponding period of 2016. Revenue from sales of these products accounted for approximately 10.7% of the Group's total revenue for the Period (2016: approximately 18.6%).

Provision of services

During the Period, revenue from provision of services amounted to approximately RMB150.4 million (2016: approximately RMB143.4 million), representing an increase of approximately 4.9% as compared with the corresponding period in 2016. The amount accounted for approximately 8.2% of the Group's total revenue (2016: approximately 9.2%).

Management Discussion and Analysis

Change of composition of the Board

The composition of the Board was changed recently, details were set out in the announcements of the Company dated 10 April 2017, 18 June 2017, 29 June 2017, 5 July 2017 and 24 August 2017, respectively.

FINANCIAL REVIEW

Revenue

For the Period under review, revenue of the Group increased by approximately RMB258.9 million, or 16.5%, as compared with the corresponding period in 2016, to approximately RMB1,824.1 million (2016: approximately RMB1,565.2 million). The increase was mainly due to the significant increase in sales of Huawei and Oracle products, reflecting that market demands for these products continued to be strong.

Gross profit

Gross profit of the Group decreased by approximately RMB14.9 million, or 11.3%, to approximately RMB117.6 million for the Period (2016: approximately RMB132.6 million). Such decline was mainly caused by a supplier adjusting its incentive programme which led to a cut in the amount of rebate to the Group by approximately RMB15.0 million as compared with the corresponding period in 2016.

Gross profit margin decreased from 8.5% to 6.4%, the result is a reflection of the Group shifting its sales mix previously heavy with traditional overseas brand IT products to domestic brand products that face keen price competition. The Group will review its business mix and consider any necessary adjustment in business directions as and when appropriate.

Other income, other gains and losses

It comprises mainly interest income from bank deposits, foreign exchange gain or loss, government grants and impairment loss on trade receivables. During the Period, net losses from other income, other gains and losses amounted to approximately RMB7.4 million (2016: approximately RMB9.4 million), representing a decrease of approximately RMB2.0 million. The decrease was mainly due to the approximately RMB7.2 million decrease in impairment loss on trade receivables, which was however offset by an increase in foreign exchange losses of approximately RMB3.8 million and decrease in income from other sources.

Selling and distribution expenses

For the Period under review, selling and distribution expenses of the Group amounted to approximately RMB61.8 million (2016: approximately RMB59.9 million), representing a moderate increase of approximately 3.0% compared with the corresponding period in 2016. The increase was mainly due to the increase in staff costs of certain business units responsible for domestic brand products sales and technical support.

Administrative expenses

Administrative expenses of the Group for the Period amounted to approximately RMB23.3 million (2016: approximately RMB19.6 million), representing an increase of approximately RMB3.7 million, or 18.9%, compared with the corresponding period in 2016. The increase mainly reflected the increase in research and development cost for the development of the self-branded products during the Period.

Finance costs

Finance costs of the Group increased by approximately RMB3.4 million, or 19.7%, from approximately RMB17.2 million for the six-month period ended 30 June 2016, to approximately RMB20.6 million for the Period. The increase was mainly due to the rapid expansion in scale of certain domestic brand products business which required intensive financial support. The Group will review its resources management measures to ensure effective use of resources and enhance control of the turnover cycle of receivables.

Income tax expenses

Income tax expenses of the Group for the Period amounted to approximately RMB3.9 million (2016: approximately RMB6.6 million), representing a decrease of approximately RMB2.7 million, or 41.2%, compared with the corresponding period in 2016. The decrease was mainly due to the decrease in deferred tax charged during the Period. The effective tax rate exceeded 25% (being the prevailing income tax rate of the PRC subsidiaries) was mainly due to (i) the deferred tax of approximately RMB1.5 million in respect of losses incurred by certain PRC subsidiaries for the Period has not been recognized as mentioned in note 8(iii) to the financial statements; (ii) the difference between the prevailing income tax rate of 25% and the preferential income tax rate of 15% entitled to a PRC subsidiary of the Company; and (iii) the permanent timing difference of deferred tax of the Company and its certain BVI subsidiaries.

Profit for the period attributable to owners of the Company

During the Period under review, profit attributable to owners of the Company was approximately RMB0.6 million (2016: approximately RMB19.4 million), representing a decrease of approximately RMB18.8 million, or 96.8%, as compared with the corresponding period in 2016. The decrease was mainly the result of the combined effects of the decrease in gross profit and increase in administrative expenses and finance cost as above-mentioned.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its daily operations with internally generated cash flows and banking facilities. As at 30 June 2017, the Group had total assets of approximately RMB2,013.6 million and net assets of approximately RMB576.9 million (31 December 2016: approximately RMB2,166.6 million and approximately RMB581.6 million, respectively). Trade receivables of the Group amounted to approximately RMB1,154.8 million (31 December 2016: approximately RMB1,147.3 million), net of allowance for doubtful debts of approximately RMB51.3 million (31 December 2016: approximately RMB48.6 million). The management will regularly review and implement stringent control measures on trade receivables to ensure they are recovered on due dates and it will also closely monitor the Group's liquidity. Bank balances and cash of the Group as at 30 June 2017 amounted to approximately RMB81.8 million (approximately RMB74.4 million as at 30 June 2016 and approximately RMB172.6 million as at 31 December 2016). Bank borrowings amounted to approximately RMB706.4 million (31 December 2016: approximately RMB603.7 million). The banking facilities granted to the Group and the unutilized amounts were approximately RMB942.4 million and RMB334.4 million, respectively (31 December 2016: approximately RMB712.1 million and RMB148.1 million, respectively).

In assessing whether the financial position is sufficient to support the business, the Group has prepared a cash flow forecast for the 18 months ending 31 December 2018, and concluded that the cash flow is sufficient to meet the Group's cash requirements, on the premises that (i) trade receivables are collected within the credit period granted; (ii) trade payables are settled pursuant to the agreed terms of trade; and (iii) banking facilities are available and could be drawn down pursuant to the agreed terms.

As at 30 June 2017, 13.9% (31 December 2016: approximately 11.1%) of total borrowings were at fixed interest rates.

As at 30 June 2017, the borrowings of the Group were advanced in RMB and USD, while cash and cash equivalents were held at RMB, USD and Hong Kong dollars.

Management Discussion and Analysis

PLEDGE OF ASSETS

As at 30 June 2017, certain assets of the Group with carrying value of approximately RMB207.5 million (31 December 2016: approximately RMB244.6 million) were pledged to banks for banking facilities and bank guarantees granted to the Group.

NET DEBT-TO-CAPITAL RATIO

The Group's net debt-to-capital ratio as at 30 June 2017 was approximately 89.2% (as at 31 December 2016 was 53.0%). This ratio was calculated as total bank and other borrowings less bank balances and cash, and relevant pledged deposits divided by total equity.

FOREIGN EXCHANGE EXPOSURE

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in foreign currencies, i.e. currencies other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily USD and Hong Kong dollars.

During the Period, the Group entered into certain RMB/USD foreign exchange forward contracts to hedge against the volatile RMB/USD exchange rate. The foreign exchange forward contracts were fully settled as at the end of the Period. The management will continue to monitor closely the Group's foreign currency exposure and requirements and arrange for hedging facilities when necessary.

INTERIM DIVIDEND

The Board resolved not to declare an interim dividend for the six-month period ended 30 June 2017 (2016: nil).

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2017, the Group had in total 521 (31 December 2016: 499) employees in mainland China and Hong Kong. Total staff costs amounted to approximately RMB57.1 million (for the six-month period ended 30 June 2016: approximately RMB53.7 million).

The Group remunerates employees by taking reference of industry practices and also the performance and experience of individual employees, with the objectives of ensuring it remain competitive in the market where it operates and attracting and retaining the right talent who can help it grow and maximise shareholder value. We place great emphasis on the development of our people as we firmly believe they are the core asset of the Group. Our ongoing staff training programme is designed to encourage employees to develop their talents and advance in their career. We believe such efforts will benefit employees as well as the Group.

Emoluments of the Directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and/or comparable market statistics.

The Company has share option schemes in place as an incentive to Directors and eligible employees.

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

After deducting share issuance expenses, the net proceeds from the initial public offering of the Company's shares in December 2009 amounted to approximately RMB102.1 million. As at 30 June 2017, the Group had used approximately RMB10.7 million for setting up new branch offices, approximately RMB25.5 million for sourcing new enterprise IT products, approximately RMB15.3 million for establishment and expansion of IT solution support centres, approximately RMB10.2 million for setting up training centres, approximately RMB10.2 million as general working capital of the Group, and approximately RMB21.4 million for investment in research and development ("R&D") of self-branded enterprise IT products. The remaining balance of the net proceeds was placed in bank deposit accounts. The Group will apply the remaining amount in the manner set out in the announcement of the Company dated 11 November 2015 in relation to the change in use of proceeds.

OUTLOOK

Economic growth in Mainland China slowed down in the first half of 2017 and year-on-year growth in gross domestic production was maintained at 6.9%. The overall economic environment was ridden with challenges and uncertainties. Despite a difficult market environment, the Group demonstrated its growth momentum and achieved a year-on-year growth of approximately 17% in revenue. It was also able to maintain strong revenue growth from sales of Huawei products attributable to the continuous increase in market demand for domestic brand products.

Affected by the adjustment in incentive programme of a supplier, the Group's rebates dropped significantly in the first half of the year and its gross profit margin as well as gross profit were also inevitably affected.

Looking at the second half of the year, the Group will continue to work closely with different suppliers to build and maintain good relationships so as to secure higher rebates. Also, through maintaining close communications with customers, the Group will be better able to understand their needs and implement appropriate product sales strategies to provide a range of value-added service solutions to customers. These efforts will help improve the Group's overall gross profit margin, enabling it to create more comprehensive services and greater value for its customers.

In addition, the Group will implement resources management measures to ensure the effective use of resources and maintain highly effective operations. The Group will also continue to monitor and manage financial resources carefully, step up control on the turnover cycle of receivables, reduce related finance costs and improve its cash flow so as to maintain a stable financial position.

To accommodate the change in the development direction of China's information technology market, the Group will continue to diligently pursue its current strategic development direction and develop its own-brand products and cloud platform business. The Group's cloud computing products were adopted for trial use by certain renowned enterprises during the Period, marking a significant step made by the Group in transforming its business.

Although R&D requires a lot of effort, the Group believes it will be able to stand at the forefront of the ever-changing market through continuous efforts in technological development. Looking ahead, the Group will strengthen its control on R&D costs, capitalise on its own technological advantages and independent innovation capability as well as more effectively utilise R&D expenditures to enhance its competitiveness. Through these efforts it aims to capture new market trends and new opportunities arising from the transformation and development of the industry.

Corporate Governance and Other Information

CORPORATE GOVERNANCE

During the Period, the Board considered that the Company had applied the principles of and had complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report as stipulated in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Director's securities transactions. Having made specific enquiry by the Company, all Directors have confirmed their compliance with the required standard set out in the Model Code during the Period.

REVIEW OF ACCOUNTS

The unaudited condensed consolidated accounts of the Group for the six-month period ended 30 June 2017 have been reviewed by the Audit Committee of the Company with assistance offered by an independent firm of accountants.

PURCHASE, SALE AND REDEMPTION OF THE SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Period.

SHARE OPTION SCHEME

The Company operates a share option scheme (the "**Share Option Scheme**") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The basis of eligibility of any of the eligible persons to the grant of share options shall be determined by the Board from time to time on the basis of their contribution or potential contribution to the development and growth of the Group. The Share Option Scheme became effective on 11 November 2009 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as determined by the Board, which must not be more than 10 years from the date of the grant. Unless otherwise determined by the Directors and stated in the offer for the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

Corporate Governance and Other Information

The subscription price for the shares under the Share Option Scheme shall be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the shares on the date of the offer for the grant, which must be a business day; (ii) the average closing price of shares as stated in the Stock Exchange's daily quotations for the five business days immediately preceding the date of the offer for the grant; and (iii) the nominal value of a share.

The details of the principal terms and conditions of the Share Option Scheme were summarised in the section headed "Share Option Scheme" in Appendix VI to the prospectus of the Company dated 24 November 2009.

On 15 June 2011, 1,900,000 share options were granted by the Company under the Share Option Scheme. As at 24 August 2017, being the date of the interim results announcement of the Company for the Period ("**Interim Results Announcement Date**"), there were 900,000 options outstanding.

On 24 August 2015, 900,000 share options were granted by the Company under the Share Option Scheme. As at the Interim Results Announcement Date, there were 900,000 options outstanding.

On 18 January 2016, 2,200,000 share options were granted by the Company under the Share Option Scheme. As at the Interim Results Announcement Date, there were 2,200,000 options outstanding.

On 14 October 2016, 1,200,000 share options were granted by the Company under the Share Option Scheme. As at the Interim Results Announcement Date, there were 1,200,000 options outstanding.

The total number of outstanding share options as at the Interim Results Announcement Date was 5,200,000 which represent approximately 1.67% of the total number of issued shares of the Company as at that date.

As at the Interim Results Announcement Date, the total number of shares of the Company available for issue pursuant to the grant of further options under the Share Option Scheme is 24,800,000 shares, representing approximately 7.97% of the total number of issued shares of the Company as at the Interim Results Announcement Date.

Corporate Governance and Other Information

DETAILS OF SHARE OPTIONS GRANTED BY THE COMPANY

Category	Date of grant	Exercise period	Exercise price HK\$	Number of share options					
				Outstanding as at 1 January 2017	Granted during the Period	Exercised during the Period	Lapsed during the Period	Cancelled during the Period	Outstanding as at 30 June 2017
Directors									
Mr. Lee Kwan Hung	15 June 2011	15 December 2011- 14 June 2021	1.81 (Note 1)	300,000	—	—	—	—	300,000
	24 August 2015	24 August 2015- 23 August 2025	1.172 (Note 2)	300,000	—	—	—	—	300,000
Mr. Yuan Bo	15 June 2011	15 December 2011- 14 June 2021	1.81 (Note 1)	300,000	—	—	—	—	300,000
	24 August 2015	24 August 2015- 23 August 2025	1.172 (Note 2)	300,000	—	—	—	—	300,000
Ms. Chen Jing	18 January 2016	18 January 2016- 17 January 2026	1.004 (Notes 3 and 4)	400,000	—	—	—	—	400,000
Sub-total				1,600,000	—	—	—	—	1,600,000
Other individual									
Mr. Ho Pak Tai Patrick	15 June 2011	15 December 2011- 14 June 2021	1.81 (Notes 1 and 5)	300,000	—	—	—	—	300,000
	24 August 2015	24 August 2015- 23 August 2025	1.172 (Notes 2 and 5)	300,000	—	—	—	—	300,000
Sub-total				600,000	—	—	—	—	600,000
Employees									
	15 June 2011	15 December 2011- 14 June 2021	1.81 (Note 1) (Note 6)	—	—	—	—	—	—
	18 January 2016	18 January 2016- 17 January 2026	1.004 (Note 4)	1,800,000	—	—	—	—	1,800,000
	14 October 2016	14 October 2016- 13 October 2026	1.25 (Note 7)	1,200,000	—	—	—	—	1,200,000
Sub-total				3,000,000	—	—	—	—	3,000,000
Total				5,200,000	—	—	—	—	5,200,000

Corporate Governance and Other Information

Notes:

1. The closing price of the shares of the Company on the date of grant was HK\$1.8.
2. The closing price of the shares of the Company on the date of grant was HK\$0.9.
3. Ms. Chen Jing was appointed as Director of the Company on 10 April 2017. These share options were granted to her when she was an employee of the Group.
4. The options are exercisable from 18 January 2016 to 17 January 2026 (both days inclusive) subject to the following vesting periods.
 - (1) up to 30% of the options commencing on 18 January 2016;
 - (2) up to 60% of the options commencing on 18 January 2017; and
 - (3) up to 100% of the options commencing on 18 January 2018.

The closing price of the shares of the Company on the date of grant was HK\$0.990.

5. Mr. Ho Pak Tai Patrick, a former director of the Company, resigned on 1 January 2017, the Board has approved to extend the lapse period of the options granted to him, to the extent of not already exercised, to 31 December 2017.
6. These options granted to the eligible employees were lapsed due to the resignation of the relevant eligible employees.
7. The options are exercisable from 14 October 2016 to 13 October 2026 (both days inclusive) subject to the following vesting periods.
 - (1) up to 30% of the options commencing on 14 October 2016;
 - (2) up to 60% of the options commencing on 14 October 2017; and
 - (3) up to 100% of the options commencing on 14 October 2018.

The closing price of the shares of the Company on the date of grant was HK\$1.25.

Details of the value of share options granted are set out in note 16 to the consolidated financial statements.

Corporate Governance and Other Information

DISCLOSURE OF INTERESTS

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2017, the interests and short positions of the Directors and chief executive of the Company in shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(i) Long positions in the shares of the Company:

Name of Director	Capacity/nature of interest	Number of Ordinary shares held	Approximate percentage of the Company's issued share capital (%)
Ms. Zhang Yun	Beneficial owner/interest in controlled corporation	42,869,650 (Notes 1 and 2)	13.77
Ms. Chen Jing	Beneficial owner	238,000 (Note 3)	0.08

(ii) Long positions in the underlying shares of the Company:

Name of Director	Capacity/nature of interest	Number of underlying shares held	Approximate percentage of the Company's issued share capital (%)
Mr. Lee Kwan Hung	Beneficial owner	600,000 (Note 4)	0.19
Mr. Yuan Bo	Beneficial owner	600,000 (Note 4)	0.19
Ms. Chen Jing	Beneficial owner	400,000 (Note 4)	0.13

Corporate Governance and Other Information

Notes:

- 42,631,650 of these shares are held by Rich China Investments And Trading Ltd., the entire issued share capital of which is owned as to approximately 66.67% by Mr. Chen Jian and approximately 33.33% by Ms. Zhang Yun. By virtue of the SFO, both Mr. Chen Jian and Ms. Zhang Yun are deemed to be interested in the shares held by Rich China Investments And Trading Ltd.
- 238,000 shares of the Company are held by Ms. Zhang Yun in her personal interest.
- 238,000 shares of the Company are held by Ms. Chen Jing in her personal interest.
- These shares are derived from the interest in share options granted by the Company, details of which are set out in the section headed "Share Option Scheme".

Save as disclosed above and those as disclosed under the heading "Discloseable Interests and Short Positions of Substantial Shareholders and Other Persons under the SFO" below, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at 30 June 2017.

Discloseable Interests and Short Positions of Substantial Shareholders and Other Persons Under the SFO

(A) Substantial shareholders

As at 30 June 2017, the following persons or corporations (other than a Director or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO and so far as is known to any Director or chief executive of the Company:

Long positions in the shares of the Company:

Name	Capacity/nature of interest	Number of ordinary shares held	Approximate percentage of the Company's issued share capital (%)
Mr. Chen Jian (Notes 1, 2, 3 and 4)	Beneficial owner/interest in controlled corporations	219,208,000	70.43
China Group Associates Limited (Note 1)	Beneficial owner	153,947,250	49.46
Rich China Investments And Trading Ltd. (Note 2)	Beneficial owner	42,631,650	13.70
Ms. Zhang Xin (Note 5)	Interest of spouse	238,000	0.07
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Corporate Governance and Other Information

(B) Other persons

As at 30 June 2017, save for the person or entities disclosed in sub-section (A) above, the following persons or corporations (other than a Director or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO and so far as is known to any Director or chief executive of the Company:

Long positions in the shares of the Company:

Name	Capacity/nature of interest	Number of ordinary shares held	Approximate percentage of the Company's issued share capital (%)
Mr. Li Xiaoyong	Beneficial owner	26,440,000	8.49
Rich World Development Ltd. (Note 3)	Beneficial owner	21,435,100	6.89

Notes:

- 153,947,250 of these shares are held by China Group Associates Limited. China Group Associates Limited is a company incorporated in the British Virgin Islands ("BVI") with limited liability which is wholly and beneficially owned by Mr. Chen Jian. By virtue of the SFO, Mr. Chen Jian is deemed to be interested in the shares held by China Group Associates Limited. Mr. Chen Jian is the sole director of China Group Associates Limited.
- 42,631,650 of these shares are held by Rich China Investments And Trading Ltd.. Rich China Investments And Trading Ltd. is a company incorporated in the BVI with limited liability which is owned as to approximately 66.67% by Mr. Chen Jian and approximately 33.33% by Ms. Zhang Yun. Ms. Zhang Yun is the sole director of Rich China Investments And Trading Ltd.. By virtue of the SFO, both Mr. Chen Jian and Ms. Zhang Yun are deemed to be interested in the shares held by Rich China Investments And Trading Ltd..
- 21,435,100 of these shares are held by Rich World Development Ltd.. Rich World Development Ltd. is a company incorporated in the BVI with limited liability which is wholly and beneficially owned by Mr. Chen Jian. By virtue of the SFO, Mr. Chen Jian is deemed to be interested in the shares held by Rich World Development Ltd.. Mr. Chen Jian is the sole director of Rich World Development Ltd..
- 1,194,000 shares of the Company are held by Mr. Chen Jian in his personal interest.
- Ms. Zhang Xin is the spouse of Mr. Chen Jian. Under the SFO, Ms. Zhang Xin is taken to be interested in the same number of shares in which Mr. Chen Jian is interested.

Save as disclosed above, there was no person or corporation, other than a Director or chief executive of the Company, who had an interest or a short position in the shares or underlying shares of the Company as recorded in the register of the Company required to be kept by the Company under Section 336 of the SFO as at 30 June 2017.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six-month period ended 30 June 2017

		Six-month period ended 30 June	
	NOTE	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Revenue	4	1,824,110	1,565,229
Cost of sales and services		(1,706,492)	(1,432,662)
Gross profit		117,618	132,567
Other income	5	2,011	3,359
Other gains and losses	5	(9,446)	(12,746)
Selling and distribution expenses		(61,769)	(59,946)
Administrative expenses		(23,304)	(19,605)
Profit from operations		25,110	43,629
Finance costs	6	(20,606)	(17,217)
Share of losses of associates		(303)	(830)
Profit before tax	7	4,201	25,582
Income tax expenses	8	(3,901)	(6,636)
Profit and total comprehensive income for the period		300	18,946
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		616	19,377
Non-controlling interests		(316)	(431)
		300	18,946
Earnings per share (RMB)	10		
Basic and diluted		0.002	0.06

Condensed Consolidated Statement of Financial Position

At 30 June 2017

	NOTE	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	27,833	25,883
Other intangible assets		3,651	3,817
Interests in associates		7,023	7,326
Deferred tax assets		28,848	28,701
		67,355	65,727
CURRENT ASSETS			
Inventories		347,909	433,486
Trade and other receivables	12	1,324,671	1,266,901
Tax recoverable		2,246	1,117
Pledged deposits		189,641	226,698
Bank balances and cash		81,759	172,648
		1,946,226	2,100,850
CURRENT LIABILITIES			
Trade and other payables	13	730,283	981,246
Bank and other borrowings	14	706,390	603,728
		1,436,673	1,584,974
NET CURRENT ASSETS		509,553	515,876
TOTAL ASSETS LESS CURRENT LIABILITIES		576,908	581,603
CAPITAL AND RESERVES			
Share capital	15	27,415	27,415
Reserves		545,183	549,562
Equity attributable to owners of the Company		572,598	576,977
Non-controlling interests		4,310	4,626
		576,908	581,603

Condensed Consolidated Statement of Changes in Equity

For the six-month period ended 30 June 2017

	Attributable to owners of the Company								
	Share capital	Share premium	Merger reserve	Statutory reserve	Share options reserve	Retained earnings	Total	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2016 (Audited)	27,415	81,538	219	69,702	751	386,457	566,082	5,665	571,747
Profit and total comprehensive income for the period	—	—	—	—	—	19,377	19,377	(431)	18,946
Recognition of equity-settled share-based payment (note 16)	—	—	—	—	376	—	376	—	376
Appropriations	—	—	—	—	—	—	—	—	—
Dividend paid (note 9)	—	—	—	—	—	(7,376)	(7,376)	—	(7,376)
Balance at 30 June 2016 (Unaudited)	27,415	81,538	219	69,702	1,127	398,458	578,459	5,234	583,693
Balance at 1 January 2017 (Audited)	27,415	81,538	219	70,671	1,528	395,606	576,977	4,626	581,603
Profit and total comprehensive income for the period	—	—	—	—	—	616	616	(316)	300
Recognition of equity-settled share-based payment (note 16)	—	—	—	—	216	—	216	—	216
Appropriations	—	—	—	—	—	—	—	—	—
Dividend paid (note 9)	—	—	—	—	—	(5,211)	(5,211)	—	(5,211)
Balance at 30 June 2017 (Unaudited)	27,415	81,538	219	70,671	1,744	391,011	572,598	4,310	576,908

Condensed Consolidated Statement of Cash Flows

For the six-month period ended 30 June 2017

	Six-month period ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Net cash used in from operating activities	(200,643)	(172,704)
Net cash used in investing activities		
Payments for property, plant and equipment	(3,503)	(2,211)
Research and development costs paid	(15)	(2,486)
Proceeds on disposal of property, plant and equipment	—	1,780
Other investing cash flows	1,056	1,217
	(2,462)	(1,700)
Net cash from (used in) financing activities		
Proceeds from borrowings	826,896	419,377
Payment of borrowings	(724,234)	(493,581)
Withdrawal of pledged bank deposits	121,740	54,628
Placement of pledged bank deposits	(84,683)	(52,258)
Interest paid	(20,089)	(15,987)
Dividend paid	(5,211)	(7,376)
	114,419	(95,197)
Net decrease in cash and cash equivalents	(88,686)	(269,601)
Cash and cash equivalents at 1 January	172,648	341,823
Effect of foreign exchange rate changes	(2,203)	2,217
Cash and cash equivalents at 30 June	81,759	74,439

Notes to the Condensed Consolidated Financial Statements

For the six-month period ended 30 June 2017

1. GENERAL INFORMATION AND BASIS OF PREPARATION

Futong Technology Development Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 29 July 2009 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its principal place of business is located at Units B1901 on level 19 and B2001 on level 20 of Tower B, Chaowaimen Office Center, No. 26 Chaowai Street, Chaoyang District, Beijing, the People’s Republic of China (the “**PRC**”).

The directors of the Company consider that the immediate parent and ultimate holding company of the Company is China Group Associates Limited.

The principal activity of the Company is investment holding and its subsidiaries are mainly engaged in provision of enterprise IT infrastructure products, services and solutions.

The condensed consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company.

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard (“**IAS**”) 34 Interim Financial Reporting issued by the International Accounting Standards Board (“**IASB**”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six-month period ended 30 June 2017 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2016.

In the current interim period, the Group has applied, for the first time, the following amendments to International Financial Reporting Standards (“**IFRSs**”) issued by the IASB:

Amendments to IAS 7	Disclosure initiative
Amendments to IAS 12	Recognition of deferred tax assets for unrealised losses
Amendments to IFRSs	Annual improvements to IFRSs 2014 — 2016 cycle relating to the amendments of IFRS 12

The application of the above amendments to IFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

For the six-month period ended 30 June 2017

3. SEGMENT INFORMATION

IFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the senior executive management of the Company, the chief operating decision maker in order to allocate resources and to assess performance.

The chief operating decision maker considers that the operation of the Group constitutes a single operating segment as the revenue and profit are derived entirely from the provisions of enterprise IT products and services to customers in the PRC. Accordingly, no segment analysis is presented. The majority of property, plant and equipment is located in the PRC. The information reported to the senior executive management of the Company for the purpose of resources allocation and assessment of performance are the same as the amounts reported under IFRSs.

4. REVENUE

Revenue represents revenue arising on sale of enterprise IT products and provision of services for the period. The amount of each significant category of revenue recognised during the period is as follows:

	Six-month period ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sales of goods	1,673,670	1,421,781
Provision of services	150,440	143,448
	1,824,110	1,565,229

Notes to the Condensed Consolidated Financial Statements

For the six-month period ended 30 June 2017

5. OTHER INCOME, GAINS AND LOSSES

	Six-month period ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Other income:		
Interest income	1,056	1,217
Government grants (note)	780	1,393
Gain on disposal of property, plant and equipment	—	692
Others	175	57
	2,011	3,359
Other gains and losses:		
Impairment loss on trade receivables	(2,715)	(9,908)
Net foreign exchange loss	(6,655)	(2,828)
Others	(76)	(10)
	(9,446)	(12,746)

Note: Government grants represent unconditional government subsidies received by the Group from relevant government bodies for encouraging its business development.

6. FINANCE COSTS

	Six-month period ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest expense on:		
Bank loans and other borrowings wholly repayable within five years	20,606	17,217

Notes to the Condensed Consolidated Financial Statements

For the six-month period ended 30 June 2017

7. PROFIT BEFORE TAX

Profit before tax is arrived at after charging:

	Six-month period ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Staff cost:		
Salaries and allowances	51,343	47,955
Contributions to retirement benefit schemes	5,580	5,367
Equity-settled share-based payment	216	376
	57,139	53,698
Other items:		
Carrying amount of inventories sold	1,585,124	1,333,986
Write-down and write-off of inventories, included in cost of sales	149	1,973
	1,585,273	1,335,959
Operating lease charges in respect of properties	4,961	6,176
Depreciation of property, plant and equipment	1,553	2,535

Notes to the Condensed Consolidated Financial Statements

For the six-month period ended 30 June 2017

8. INCOME TAX EXPENSES

	Six-month period ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax:		
Hong Kong	44	2,259
PRC Enterprise Income Tax	4,004	2,049
	4,048	4,308
Deferred tax:		
(Credit) charge for the period	(147)	2,328
	3,901	6,636

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“**BVI**”), the Group is not subject to any income tax in the Cayman Islands and the BVI.
- (ii) The provision for Hong Kong Profits Tax for the six-month periods ended 30 June 2017 and 2016 was calculated at 16.5% of the estimated assessable profits.
- (iii) Under the Law of the People’s Republic of China on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. The Group has not recognised deferred tax of approximately RMB1,461,000 in respect of losses incurred by certain PRC subsidiaries for the period.

9. DIVIDENDS

During the current interim period, a final dividend of HK1.9 cents per share in respect of the year ended 31 December 2016 (six-month period ended 30 June 2016: HK2.8 cents per share in respect of year ended 31 December 2015) was declared and paid to the owners of the Company. The aggregate amount of the final dividend declared and paid in the current interim period amounted to approximately HK\$5,914,000 (approximately RMB5,211,000) (six-month period ended 30 June 2016: HK\$8,715,000 (approximately RMB7,376,000)).

The directors have determined that no dividend will be paid in respect of the current interim period (six-month period ended 30 June 2016: nil).

Notes to the Condensed Consolidated Financial Statements

For the six-month period ended 30 June 2017

10. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share for the six-month period ended 30 June 2017 is based on the profit for the period attributable to owners of the Company of RMB616,000 (six-month period ended 30 June 2016: RMB19,377,000).

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the Share Options D (as defined in note 16) granted on 18 January 2016. The computation of diluted earnings per share does not assume the exercise of the Company's Share Options A, Share Options C and Share Options E (as defined in note 16), because the exercise prices of those share options were higher than the average market price of the Company's shares for the six-month period ended 30 June 2017.

11. PROPERTY, PLANT AND EQUIPMENT

During the six-month period ended 30 June 2017, the Group spent RMB3,503,000 (six-month period ended 30 June 2016: RMB2,211,000) to acquire furniture, fittings and equipment.

12. TRADE AND OTHER RECEIVABLES

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Trade receivables	1,206,078	1,195,914
Less: allowance for doubtful debts	(51,307)	(48,595)
	1,154,771	1,147,319
Bills receivable	83,883	79,176
Prepayment to suppliers	64,426	24,660
Deposits	15,127	11,122
Other receivables	6,464	4,624
	1,324,671	1,266,901

Notes to the Condensed Consolidated Financial Statements

For the six-month period ended 30 June 2017

12. TRADE AND OTHER RECEIVABLES *(Continued)*

The Group allows an average credit period within 30 to 90 days to its trade customers. The following is an analysis of trade and bills receivables, net of allowance for doubtful debts based on the relevant due date, at the end of the respective reporting periods:

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Current	957,856	953,854
Amount past due:		
— Less than one month past due	109,023	124,060
— 1 to 3 months past due	111,718	43,656
— More than 3 months past due	60,057	104,925
	280,798	272,641
	1,238,654	1,226,495

13. TRADE AND OTHER PAYABLES

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Trade payables	444,959	512,329
Bills payable	126,979	182,876
Receipts in advance	128,345	205,792
Other payables and accruals	30,000	80,249
	730,283	981,246

Notes to the Condensed Consolidated Financial Statements

For the six-month period ended 30 June 2017

13. TRADE AND OTHER PAYABLES *(Continued)*

The average credit period on purchases of goods was 30-90 days. The following is an aged analysis of trade and bills payables based on the invoice date at the end of the respective reporting periods:

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Trade payables		
0-60 days	444,959	353,919
60-90 days	—	3,428
Over 90 days	—	154,982
	444,959	512,329
Bills payable, aged within 120 days	126,979	182,876

14. BANK AND OTHER BORROWINGS

During the current interim period, The Group obtained new borrowings amounting to RMB826,896,000 (six-month period ended 30 June 2016: RMB419,377,000) and repaid RMB724,234,000 (six-month period ended 30 June 2016: RMB493,581,000). The loans carry interest at variable market rates varied from 5.00% to 6.00% (31 December 2016: 2.23% to 9.60%) per annum.

15. SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Authorised:		
At 1 January 2016, 31 December 2016 and 30 June 2017		
Ordinary Shares of HK\$0.1 each	2,000,000	200,000
Issued and fully paid:		
At 1 January 2016, 31 December 2016 and 30 June 2017	311,250	31,125
		RMB'000
Presented as		27,415

Notes to the Condensed Consolidated Financial Statements

For the six-month period ended 30 June 2017

16. SHARE-BASED PAYMENT TRANSACTION

The Company's share option scheme (the "**Share Option Scheme**") was adopted pursuant to a resolution passed on 11 November 2009 for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The maximum number of shares that may be granted under the Share Option Scheme and other share option schemes shall not exceed 30% of the number of issued shares of the Company from time to time. Unless approved by the shareholders of the Company in general meeting in the manner prescribed in the Listing Rules, the board of directors shall not grant options to any grantee if the acceptance of those options would result in the total number of shares issued and to be issued to that grantee on exercise of his options during any 12-month period exceeding 1% of the total shares of the Company (or its subsidiary) then in issue.

On 15 June 2011, the Company announces that a total of 1,900,000 share options (the "**2011 Share Options**") to subscribe for shares of HK\$0.10 each in the capital of the Company (the "**Shares**") were granted by the Company to the independent non-executive directors and eligible employees of the Company (collectively, the "**2011 Grantees**"), subject to acceptance of the 2011 Grantees, under the Share Option Scheme. A summary of the grant is set out below:

Exercise price of the 2011 Share Options	HK\$1.81 per Share
Closing price of the Shares on the date of grant	HK\$1.80
Validity period of the 2011 Share Options	Ten (10) years, commencing on 15 June 2011
Vesting date of the 2011 Share Options granted to independent non-executive directors of the Company (" Share Options A ")	100% of the 2011 Share Options vested on 15 December 2011
Vesting date of the 2011 Share Options granted to eligible employees of the Company (" Share Options B ")*	30%, 30% and 40% of the 2011 Share Options vested on each of 15 December 2011, 15 December 2012 and 15 December 2013, respectively

* The Share Options B were lapsed in 2015 due to the resignation of the relevant eligible employees.

On 24 August 2015, the Company announces that a total of 900,000 share options (the "**2015 Share Options**") to subscribe for the Shares were granted by the Company to the independent non-executive directors of the Company (the "**2015 Grantees**"), subject to acceptance of the 2015 Grantees, under the Share Option Scheme. A summary of the grant is set out below:

Exercise price of 2015 Share Options	HK\$1.172 per Share
Closing price of the Shares on the date of grant	HK\$0.90
Validity period of the 2015 Share Options	Ten (10) years, commencing on 24 August 2015
Vesting date of the 2015 Share Options granted to independent non-executive directors of the Company (" Share Options C ")	100% of the 2015 Share Options vested on 24 August 2015

Notes to the Condensed Consolidated Financial Statements

For the six-month period ended 30 June 2017

16. SHARE-BASED PAYMENT TRANSACTION *(Continued)*

On 18 January 2016, the Company announces that a total of 2,200,000 share options (the “**2016 Share Options**”) to subscribe for the Shares were granted by the Company to the eligible employees of the Group (the “**2016 Grantees**”), subject to the acceptance of the 2016 Grantees, under the Share Option Scheme. A summary of the grant is set out below:

Exercise price of the 2016 Share Options	HK\$1.004 per Share
Closing price of the Shares on the date of grant	HK\$0.990
Validity period of the 2016 Share Options	Ten (10) years, commencing on 18 January 2016
Vesting date of the 2016 Share Options granted to eligible employees of the Group (“ Share Options D ”)	30%, 30% and 40% of the 2016 Share Options granted will vest on 18 January 2016, 18 January 2017 and 18 January 2018, respectively

On 14 October 2016, the Company announces that a total of 1,200,000 share options (the “**2016 Second Share Options**”) to subscribe for Shares were granted by the Company to the eligible employees of the Group (the “**2016 Second Grantees**”), subject to acceptance of the 2016 Second Grantees, under the Share Option Scheme. A summary of the grant is set out below:

Exercise price of the 2016 Second Share Options	HK\$1.25 per Share
Closing price of the Shares on the date of grant	HK\$1.25
Validity period of the 2016 Second Share Options	Ten (10) years, commencing on 14 October 2016
Vesting date of the 2016 Second Share Options granted to eligible employees of the Group (“ Share Options E ”)	30%, 30% and 40% of the 2016 Second Share Options granted will vest on 14 October 2016, 14 October 2017 and 14 October 2018, respectively

None of the share options were exercised during the current and prior interim period.

The fair values of Share Options A, Share Options C, Share Options D and Share Options E determined at the dates of grant were RMB523,000 (equivalent to HK\$630,000), RMB231,000 (equivalent to HK\$280,000), RMB712,000 (equivalent to HK\$847,000) and RMB518,000 (equivalent to HK\$598,000) respectively.

The Group recognised the total expense of RMB216,000 for the six-month period ended 30 June 2017 (the six-month period ended 30 June 2016: RMB376,000) in relation to Share Options D and Share Options E granted by the Company.

17. COMMITMENTS

At the end of each reporting period, the Group was committed to make future minimum lease payments under non-cancellable operating leases which fall due as follows:

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Within one year	6,535	8,130
In the second to fifth year inclusive	3,941	5,755
	10,476	13,885

The Group leases a number of properties under operating leases. The leases typically run for an initial period of one to three years, at the end of which all terms are renegotiated. None of the leases includes contingent rentals.

Notes to the Condensed Consolidated Financial Statements

For the six-month period ended 30 June 2017

18. RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties:

The Group entered into the following significant related party transactions during the period.

Name	Relationship
北京深思軟件股份有限公司 Beijing Deep Thought Software Co., Ltd. ("Beijing Deep Thought")*	A company controlled by Mr Chen Jian, a controlling shareholder of the Company
數普通數據技術有限公司 Centrin-FC Data Device Technology Co. Ltd. ("Centrin-FC")*	Associate of Beijing Deep Thought
富通金信有限公司 Futong Technology Advanced Business Service Limited ("Futong Technology")*	Associate of the Company
北京富通金信計算機系統服務有限公司 Beijing Futong Jinxin Computer System Service Co. Ltd. ("Beijing Futong Jinxin")*	Associate of the Company

* The English translation of the company names is for reference only. The official names of these entities are in Chinese.

(b) Recurring transactions

	Six-month period ended 30 June	
	2017 RMB'000 (Unaudited)	2016 RMB'000 (Unaudited)
Sales to Beijing Futong Jinxin	2,709	2,150
Sales to Centrin-FC	—	531
Purchase from Beijing Futong Jinxin	2,287	290
Purchase from Beijing Deep Thought	813	—

Notes to the Condensed Consolidated Financial Statements

For the six-month period ended 30 June 2017

18. RELATED PARTY TRANSACTIONS *(Continued)*

(c) Amounts due from/to related parties

At the end of the reporting period, the Group had the following balances with related parties:

	30 June 2017 RMB'000 (Unaudited)	31 December 2016 RMB'000 (Audited)
Trade receivables from (note):		
Beijing Futong Jinxin	1,310	282
Trade payables to (note):		
Beijing Futong Jinxin	1,272	3,658
Beijing Deep Thought	377	408
	1,649	4,066
Other receivables from (note):		
Futong Technology	43	268
Other payable to (note):		
Beijing Deep Thought	42	42
Beijing Futong Jinxin	—	573
	42	615
Prepayment to suppliers (note):		
Beijing Futong Jinxin	1,891	1,628
Beijing Deep Thought	255	—
	2,146	1,628
Receipts in advance (note):		
Beijing Futong Jinxin	305	558

Note:

Amounts due from/to related parties are unsecured, interest free and expected to be recovered/settled within one year.

Notes to the Condensed Consolidated Financial Statements

For the six-month period ended 30 June 2017

18. RELATED PARTY TRANSACTIONS *(Continued)*

(d) Key management personnel remuneration

The remuneration of directors of the Company and other members of key management during the period were as follows:

	Six-month period ended 30 June	
	2017	2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries and other benefits	5,639	5,412
Retirement benefits scheme contributions	289	266
	5,928	5,678

Total remuneration was included under staff costs as set out in note 7 to the condensed consolidated financial statements.

19. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the condensed consolidated financial statements approximate their fair values.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Chen Jian* (*Chairman*)

Ms. Zhang Yun (*Chief Executive Officer*)

Ms. Chen Jing[#]

Independent Non-executive Directors

Mr. Lee Kwan Hung

Mr. Chow Siu Lui

Mr. Yuan Bo

COMPANY SECRETARY

Mr. Siu Hin Leung, *HKICPA, FCCA*

REGISTERED OFFICE

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Chaoyang District

Beijing, the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms 2406-2412, 24th Floor

Sun Hung Kai Centre

30 Harbour Road

Wanchai, Hong Kong

* Mr. Chen Jian was re-appointed as Executive Director of the Company and Chairman of the Board on 5 July 2017 and 24 August 2017, respectively.

Ms. Chen Jing was appointed as Executive Director of the Company on 10 April 2017.

PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited

Nanyang Commercial Bank, Ltd.

The Hong Kong and Shanghai Banking

Corporation Limited

Hang Seng Bank Limited

China CITIC Bank International Limited

HSBC Bank (China) Company Limited

Standard Chartered Bank (China) Limited

China Merchants Bank Co., Ltd.

Bank of Beijing

Bank of Jiangsu Co., Ltd.

LEGAL ADVISORS

As to Hong Kong law:

King & Wood Mallesons

As to Cayman Islands law:

Conyers Dill & Pearman

AUDITORS

Deloitte Touche Tohmatsu

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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