

**FUTONG TECHNOLOGY DEVELOPMENT HOLDINGS LTD:
SIMPLY PUT:
THIS COMPANY HAS THE MAKINGS OF A WINNER**

The most-interesting aspect about the flotation of Futong Technology Development Holdings Ltd () (Code: 465, Main Board, The Stock Exchange of Hongkong Ltd) is that there is nothing very special about this distributor of Information Technology (IT) products in the People's Republic of China (PRC).

It is a boring little company, going about its business of selling other people's technological products, providing IT solutions for its customers as well as providing technical support where required – and making profits, Year-after-Year-after-Year.

The Company distributed its Placing and Public Offer Prospectus in the Hongkong Special Administrative Region (HKSAR) of the PRC on November 24, 2009, offering 75 million, 10-cent Shares at an Offer Price of between \$HK1.41 per Share and \$HK2.06 per Share.

Dealing in the shares of this Company commenced today.

Page 73 of the Placing and Public Offer Prospectus states that Futong Technology Development Holdings Ltd is, today, one of the leading distributors of enterprise IT products* in the PRC, proper, being distinct and separate from the HKSAR of the PRC.

* IT products, designed for corporate use.
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Under the heading of '**Overview**', this Page states:

Being one of the leading distributors of enterprise IT products in the PRC, 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 distributes a variety of enterprise hardware and software products, including mainly enterprise servers, system storage products, software in association with servers and system storage products, and provides IT technical support services in association with the distribution of enterprise IT products.

'The Group is an authorized distributor of certain enterprise IT products in the PRC for IBM (International Business Machines Corporation), Oracle (Oracle Corporation) and Huawei Symantec (Huawei Symantec Technologies Company Ltd), with IBM's group companies being the Group's major suppliers. Since 1996, the Group or previously through Futong ComputerLand (Beijing Futong ComputerLand Company Ltd []) has developed non-exclusive distribution relationship in the PRC with IBM, the leading global provider for enterprise IT products. As of 30 June 2009, IBM had in the PRC 20 authorized distributors for System p server and system storage products, 11 authorized distributors for System x server products and 6 authorized distributors for software products, all on non-exclusive basis, and about 5 out of those 20 authorized distributors, including the Group, were considered as core distributors by IBM for distribution of IBM's System p server and system storage products in the PRC. Furthermore, IBM confirmed that the Group was one of the top three authorized distributors of

IBM's hardware and software products in the PRC from 2006 to 2008. In addition to direct purchase of enterprise IT products from IBM, the Group or previously through Futong ComputerLand has been authorized and admitted to the SDI Program by IBM to establish its own assembly line for certain System p servers since 2004, which enables the Group to (i) offer tailor-made assembled enterprise IT products which are customized to suit its customers' needs; (ii) respond faster to its customers' needs by shortening the order-to-delivery time; and (iii) reduce the inventory risk by stocking up the components or ISUs instead of complete sets of models with prescribed specifications.

'The Group maintains a nationwide network of customers with business relationships up to 9 years, covering end-users and business partners. Other than purchasing enterprise IT products directly from the Group, end-users may have business application which requires services from system integrators or independent software vendors who are able to provide IT solutions for such business application integrating the application software and the enterprise IT products that the Group distributes. Hence, the Group also sells enterprise IT products to those system integrators and independent software vendors and consider them as business partners of the Group. During the Track Record Period, approximately 86.2%, 87.6%, 84.8% and 63.1% of the Group's revenue was derived from the sales to business partners respectively. The end-users of the enterprise IT products that the Group sells (either directly or through business partners) include government bodies (such as tax bureau, security bureau, statistics bureau and government), national financial institutions (such as the five largest national banks, four of which are listed, and the largest national life insurance (listed) and non-life insurance companies), large-scale national companies engaging in industries of telecommunications, petroleum (such as the three largest listed national petroleum companies) and manufacturing, and small to medium enterprises in the PRC.'

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