



# FUTURE DATA

FUTURE DATA GROUP LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

**STOCK CODE: 8229**



**2016**  
Third Quarterly Report

## CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This report, for which the directors of Future Data Group Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Suh Seung Hyun  
Mr. Phung Nhuong Giang  
Mr. Lee Seung Han  
Mr. Ryoo Seong Ryul  
Mr. Park Hyeoung Jin

#### Independent non-executive Directors

Mr. Ho Kam Shing, Peter  
Mr. Sum Chun Ho  
Mr. Wong Sik Kei

### BOARD COMMITTEES

#### Audit committee

Mr. Sum Chun Ho (*Chairman*)  
Mr. Ho Kam Shing, Peter  
Mr. Wong Sik Kei

#### Remuneration committee

Mr. Wong Sik Kei (*Chairman*)  
Mr. Phung Nhuong Giang  
Mr. Ho Kam Shing, Peter

#### Nomination committee

Mr. Ho Kam Shing, Peter (*Chairman*)  
Mr. Phung Nhuong Giang  
Mr. Wong Sik Kei

### COMPLIANCE OFFICER

Mr. Lee Seung Han

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN KOREA

14/F-15/F, Deokmyeong Building  
Samseong-dong  
625, Teheran-ro  
Gangnam-gu  
Seoul  
Korea

### COMPANY SECRETARY

Ms. Ngai Kit Fong

### AUTHORISED REPRESENTATIVES

Mr. Phung Nhuong Giang  
Ms. Ngai Kit Fong

### AUDITORS

BDO Limited  
Certified Public Accountants  
25/F, Wing On Centre  
111 Connaught Road Central  
Hong Kong

### COMPLIANCE ADVISER

Shenwan Hongyuan Capital (H.K.) Limited  
Level 19  
28 Hennessy Road  
Hong Kong

### LEGAL ADVISERS TO OUR COMPANY

As to Hong Kong law:  
Michael Li & Co.  
Solicitors, Hong Kong  
19/F, Prosperity Tower  
39 Queen's Road Central  
Central, Hong Kong

As to Korean law:  
Shin & Kim  
Attorneys-at-law, Korea  
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**HONG KONG BRANCH SHARE REGISTRAR  
AND TRANSFER OFFICE**

Tricor Investor Services Limited  
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183 Queen's Road East  
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**PRINCIPAL BANK**

Woori Bank  
51, Sogong-ro  
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**STOCK CODE**

8229

## FINANCIAL HIGHLIGHTS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

- The unaudited revenue of the Group for the nine months ended 30 September 2016 was HK\$324 million representing an increase of approximately HK\$18 million, or 5.9%, as compared to the nine months ended 30 September 2015.
- The unaudited loss after tax for the nine months ended 30 September 2016 was HK\$8.5 million, as compared to the profit after tax of approximately HK\$5.3 million for the nine months ended 30 September 2015. Such unaudited loss included, as highlighted in the Prospectus, the non-recurring Listing expenses of HK\$9.8 million (nine months ended 30 September 2015: nil).
- Unaudited basic loss per share for the nine months ended 30 September 2016 was 2.11 HK cents (nine months ended 30 September 2015: basic earnings per share of 1.33 HK cents).
- The Board does not recommend the payment of a dividend for the nine months ended 30 September 2016 (nine months ended 30 September 2015: nil).

The board of directors (the “Board”) of Future Data Group Limited (the “Company”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the three months and nine months ended 30 September 2016, together with the comparative figures.

Unless otherwise stated, the capitalised terms in this report shall have the same meaning as in the prospectus of the Company dated 29 June 2016 (“Prospectus”).

## CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the three and nine months ended 30 September 2016

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2016 HK\$' 000 (unaudited)	2015 HK\$' 000 (unaudited)	2016 HK\$' 000 (unaudited)	2015 HK\$' 000 (unaudited)
Revenue	3	100,493	95,446	323,917	305,735
Cost of sales		(89,236)	(82,489)	(278,245)	(259,693)
<b>Gross profit</b>		<b>11,257</b>	<b>12,957</b>	<b>45,672</b>	<b>46,042</b>
Other income		1,487	346	2,412	1,004
Selling and administrative expenses		(16,249)	(13,470)	(45,844)	(40,108)
Listing expenses		(134)	—	(9,783)	—
Finance costs		(92)	(39)	(217)	(131)
<b>(Loss)/profit before income tax</b>	4	<b>(3,731)</b>	<b>(206)</b>	<b>(7,760)</b>	<b>6,807</b>
Income tax expense	5	559	(45)	(697)	(1,468)
<b>(Loss)/profit for the period</b>		<b>(3,172)</b>	<b>(251)</b>	<b>(8,457)</b>	<b>5,339</b>
Other comprehensive income for the period					
Items that will be reclassified subsequently to profit or loss:					
Exchange differences arising on translation of foreign operations		3,665	(3,880)	5,021	(5,275)
Total other comprehensive income		3,665	(3,880)	5,021	(5,275)
<b>Total comprehensive income for the period attributable to the owners of the Company</b>		<b>493</b>	<b>(4,131)</b>	<b>(3,436)</b>	<b>64</b>
<b>(Loss)/earnings per share</b>					
Basic and diluted (HK cents)	6	(0.79)	(0.06)	(2.11)	1.33

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Investment revaluation reserve <i>HK\$'000</i>	Research and Development reserve <i>HK\$'000</i>	Foreign Exchange reserve <i>HK\$'000</i>	Legal reserve <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 January 2016 (audited)	3,684	—	—	—	3,674	(7,338)	1,530	62,803	64,353
Loss for the period	—	—	—	—	—	—	—	(8,457)	(8,457)
Exchange difference arising on translation of foreign operations	—	—	—	—	—	5,021	—	—	5,021
Issue of shares by subsidiaries	11,321	—	—	—	—	—	—	—	11,321
Effects of group reorganisation	(15,005)	—	15,005	—	—	—	—	—	—
Issue of shares of the Company	4,000	46,453	—	—	—	—	—	—	50,453
At 30 September 2016 (unaudited)	<u>4,000</u>	<u>46,453</u>	<u>15,005</u>	<u>—</u>	<u>3,674</u>	<u>(2,317)</u>	<u>1,530</u>	<u>54,346</u>	<u>122,691</u>
At 1 January 2015 (audited)	3,674	—	—	44	3,674	(2,260)	1,530	56,022	62,684
Profit for the period	—	—	—	—	—	—	—	5,339	5,339
Exchange difference arising on translation of foreign operations	—	—	—	—	—	(5,275)	—	—	(5,275)
At 30 September 2015 (unaudited)	<u>3,674</u>	<u>—</u>	<u>—</u>	<u>44</u>	<u>3,674</u>	<u>(7,535)</u>	<u>1,530</u>	<u>61,361</u>	<u>62,748</u>



## NOTES TO THE UNAUDITED FINANCIAL RESULTS

### 1. GENERAL INFORMATION

The unaudited condensed consolidated financial statements for the nine months ended 30 September 2016 have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Chapter 18 of the Rules (the “GEM Listing Rules”) Governing the Listing of Securities on the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (“Stock Exchange”). The Company is an investment holding company and the shares were listed on GEM on 8 July 2016. The Company and the companies now comprising the Group are principally engaged in the provision of (i) integrated systems with network connectivity, cloud computing and security elements and (ii) maintenance service (“Business”).

### 2. BASIS OF PREPARATION, GROUP REORGANISATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements do not include all the information required for a complete set of HKFRS. They should be read in conjunction with the financial information of the Group incorporated in the accountants’ report (the “Accountants’ Report”) of the financial information relating to the Group for each of the years ended 31 December 2014 and 2015 (the “Financial Information”) as set out in Appendix I to the Prospectus. The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements are consistent with those used in the preparation of the Financial Information.

The functional currency of the Company’s principal operating subsidiary, Global Telecom Company Limited (“Global Telecom”) is South Korean Won (“KRW”), while the unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”). As the Company’s shares (the “Shares”) are listed on the GEM of the Stock Exchange, the directors consider that it is more appropriate to adopt HK\$ as the Group’s presentation currency.

In preparation of the listing of the Shares on GEM (the “Listing”), the Group underwent a corporate reorganisation (“Reorganisation”) to rationalise its Group structure. Prior to the Reorganisation, Global Telecom was wholly-owned by a corporate shareholder, Asia Media Systems Pte. Ltd. (“AMS”). The controlling shareholders of AMS are Mr. Phung Nhuong Giang, Mr. Lee Seung Han, Mr. Suh Seung Hyun and Mr. Park Hyeoung Jin. Pursuant to the Reorganisation to prepare for the Listing as more fully explained in the paragraph headed “Reorganisation” under the section headed “History, Reorganisation and Corporate Structure” in the Prospectus, the Company has since 20 June 2016 become the holding company of its subsidiaries now comprising the Group. Immediately prior to the completion of the Reorganisation, the Business has been conducted through Global Telecom. Pursuant to the Reorganisation, Global Telecom is transferred to and held by the Company indirectly through SuperChips Limited. Upon completion of the Reorganisation, the Company is wholly-owned by LiquidTech Limited which is wholly-owned by AMS. The Company has not been involved in any business prior to the Reorganisation. The Reorganisation is merely a reorganisation of the structure of the Group with no change in management of the Business. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the unaudited condensed consolidated financial statements have been prepared on a combined basis as if the current group structure had been in existence since 1 January 2015, or since the respective dates of incorporation of the relevant entity, where there is a shorter period.

## NOTES TO THE UNAUDITED FINANCIAL RESULTS

### 2. BASIS OF PREPARATION, GROUP REORGANISATION AND ACCOUNTING POLICIES – *continued*

On 1 January 2016, the Group has adopted all the new and revised HKFRS, amendments and interpretations that are effective from that date and are relevant to its operations. The adoption of these new/revised HKFRS, amendments and interpretations does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior period.

### 3. REVENUE AND SEGMENT INFORMATION

The executive directors of the Company (the "Executive Directors") are the Group's chief operating decision-makers. Management has determined the operating segments based on the information reviewed by the Executive Directors for the purposes of allocating resources and assessing performance. The Executive Directors review the performance of the Group mainly from the service perspective. The Group is organised into two segments engaged in:

- (i) system integration; and
- (ii) maintenance service

The Executive Directors assess the performance of the operating segments based on a measure of gross profit of each segment, which is consistent with that of the condensed consolidated financial statements. The revenue reported to the Executive Directors is measured in a manner consistent with that in the condensed consolidated statement of comprehensive income.

	Three months ended 30 September					
	2016			2015		
	System integration <i>HK\$'000</i> <i>(unaudited)</i>	Maintenance service <i>HK\$'000</i> <i>(unaudited)</i>	Total	System integration <i>HK\$'000</i> <i>(unaudited)</i>	Maintenance service <i>HK\$'000</i> <i>(unaudited)</i>	Total
Total segment revenue	76,572	23,921	100,493	76,501	18,945	95,446
Gross profit/segment results	4,955	6,302	11,257	9,071	3,886	12,957
Other income			1,487			346
Selling and administrative expenses			(16,249)			(13,470)
Listing expenses			(134)			–
Finance costs			(92)			(39)
Loss before income tax			(3,731)			(206)
Income tax expense			559			(45)
Loss for the period			(3,172)			(251)

## NOTES TO THE UNAUDITED FINANCIAL RESULTS

### 3. REVENUE AND SEGMENT INFORMATION – *continued*

	Nine months ended 30 September					
	2016			2015		
	System integration <i>HK\$'000</i> <i>(unaudited)</i>	Maintenance service <i>HK\$'000</i> <i>(unaudited)</i>	Total	System integration <i>HK\$'000</i> <i>(unaudited)</i>	Maintenance service <i>HK\$'000</i> <i>(unaudited)</i>	Total
Total segment revenue	<u>259,858</u>	<u>64,059</u>	<u>323,917</u>	<u>255,681</u>	<u>50,054</u>	<u>305,735</u>
Gross profit/segment results	25,202	20,470	45,672	31,222	14,820	46,042
Other income			2,412			1,004
Selling and administrative expenses			(45,844)			(40,108)
Listing expenses			(9,783)			–
Finance costs			(217)			(131)
(Loss)/profit before income tax			(7,760)			6,807
Income tax expense			(697)			(1,468)
(Loss)/profit for the period			<u>(8,457)</u>			<u>5,339</u>

During each of the periods presented, there is no single customer who contributed to 10% or more of the Group's revenue. During each of the periods presented, all the Group's revenue is derived from Korea based on the location of the headquarters of the Group's customers.

## NOTES TO THE UNAUDITED FINANCIAL RESULTS

### 4. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/profit before income tax is arrived at after charging:

	Three months ended 30 September		Nine months ended 30 September	
	2016 <i>HK\$'000</i> <i>(unaudited)</i>	2015 <i>HK\$'000</i> <i>(unaudited)</i>	2016 <i>HK\$'000</i> <i>(unaudited)</i>	2015 <i>HK\$'000</i> <i>(unaudited)</i>
Costs of inventories recognised as expenses	58,030	66,658	190,018	189,949
Employee costs	17,198	14,519	50,953	42,251
Subcontracting costs	12,733	573	32,515	26,443
Listing expenses	134	—	9,783	—
Depreciation of property, plant and equipment	1,057	982	3,066	2,606
Research and development costs	647	576	1,772	1,823
Loss on disposal of property, plant and equipment	—	—	—	131
Minimum lease payments in respect of rented premises	460	419	1,265	1,209
	<u>460</u>	<u>419</u>	<u>1,265</u>	<u>1,209</u>

### 5. INCOME TAX EXPENSE

	Three months ended 30 September		Nine months ended 30 September	
	2016 <i>HK\$'000</i> <i>(unaudited)</i>	2015 <i>HK\$'000</i> <i>(unaudited)</i>	2016 <i>HK\$'000</i> <i>(unaudited)</i>	2015 <i>HK\$'000</i> <i>(unaudited)</i>
Current tax	(289)	(241)	1,017	946
Deferred Tax	(270)	286	(320)	522
Total	<u>(559)</u>	<u>45</u>	<u>697</u>	<u>1,468</u>

Global Telecom is subject to Korean Corporate Income Tax which comprised national and local taxes (collectively “Korean Corporate Income Tax”). Korean Corporate Income Tax is charged at the progressive rate from 11% to 24.2% on the estimated assessable profit of Global Telecom derived worldwide during each of the periods presented. No Hong Kong Profits Tax has been provided as Future Data Limited (“Future Data”) which was incorporated in October 2015 did not have assessable profits which are subject to Hong Kong Profits Tax during the nine months ended 30 September 2016.

6. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on the (loss)/profit for the period attributable to owners of the Company and on the basis that 400,000,000 ordinary shares had been in issue throughout the period from 1 January 2015 to 30 September 2016. The diluted and basic (loss)/earnings per share are the same as there are no dilutive potential shares in existence during the period from 1 January 2015 to 30 September 2016.

7. DIVIDEND

The Board does not recommend the payment of a dividend for the nine months ended 30 September 2016 (nine months ended 30 September 2015: nil).

8. RELATED PARTY TRANSACTIONS

	Three months ended 30 September		Nine months ended 30 September	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
(a) Interest income earned by Global Telecom from advances made to Mr. Lee Seung Han who is Vice President of Global Telecom and director of the Company	—	—	—	62
(b) Remuneration of directors and other members of key management	2,015	1,808	5,501	5,917
(c) As at 31 December 2015, Mr. Suh Seung Hyun, CEO of Global Telecom and Chairman of the Company, provided personal guarantees in support of banking facilities and guarantees provided by KSFC to Global Telecom. As at 30 September 2016, all the personal guarantees provided by Mr. Suh Seung Hyun were released.				
(d) No personal guarantee is given by any directors as of 30 September, 2016.				

### FINANCIAL REVIEW

#### Results from Operations

For the nine months ended 30 September 2016, the Group recorded a revenue of approximately HK\$324 million, all of which was contributed from our Korea's operating subsidiary, Global Telecom. Relative to the same period in 2015, revenue has increased by 5.9%, mainly attributable to an increase in maintenance service revenue. As a segment, maintenance service revenue edged up 28% to approximately HK\$64 million for the nine months ended 30 September 2016. Of the HK\$260 million revenue derived from system integration segment, the public sector represents significant contribution in this reporting period. For instance, Incheon Airport, which is a public sector customer contributed approximately HK\$36 million to our recorded revenue. Other notable public sector customers of our top 20 clients for the period include Siheung, Bucheon and Jeju city government; and government agency in electric utility and defense. The named public sector clients represent recurring businesses for the Group.

The Group's gross profit decreased slightly by approximately 1%, from HK\$46.0 million for the nine months ended 30 September 2015 to HK\$45.7 million for the nine months ended 30 September 2016. The gross profit margin remains stable with that for the year ended 31 December 2015 at around 14%.

Selling and administrative expenses for the nine months ended 30 September 2016 was approximately HK\$45.8million, (30 September 2015: approximately HK\$40.1 million) representing an increase of HK\$5.7 million or 14.3% mainly due to increase of commission expenses and insurance expenses.

As a direct result of the non-recurring Listing expenses, the Group recorded a loss before tax for the nine months ended 30 September 2016 of approximately HK\$9.8 million. Excluding the non-recurring Listing expenses, the Group would have recorded a profit before tax of approximately HK\$2 million (30 September 2015: a profit before tax of approximately HK\$6.8 million), representing a decrease of HK\$4.8 million or 70.3% relative to the same period in 2015.

Our Korea's operations recorded an income tax expense of approximately HK\$0.7 million for this reporting period. As a result, our Group's performance showed a loss after tax of approximately HK\$8.5 million. Again, excluding the non-recurring Listing expenses, the net profit after tax for the nine months ended 30 September 2016 would have been HK\$1.3 million, representing a decrease of HK\$4.0 million or 75.2% compared to that of 2015.

### Liquidity and Financial Resources

Before the Listing, the Group's operations were mainly financed by external financing and internal resources. Following the placing and the Listing, the Group's operations will be financed by a combination of internal resources, external financing and net proceeds from the placing, and this enables the Group to expand in accordance with its business directions. As at 30 September 2016, the total equity of the Group amounted to approximately HK\$122.7 million. Current assets amounted to approximately HK\$173.8 million. The total debt of the Group amounted to approximately HK\$12.2 million, and its current liabilities amounted to approximately HK\$73.2 million.

The Group expresses its gearing ratio as a percentage of total debt over total equity. As at 30 September 2016, the gearing ratio was 9.9% (as at 31 December 2015: 28.5%). The decrease in ratio was mainly due to the capitalisation of the shareholder's loan from AMS and issue of shares by the Company. The liquidity ratio of the Group, represented by a ratio of current assets over current liabilities, was 2.4 times (as at 31 December 2015: 1.3 times), reflecting the adequacy of financial resources.

As at 30 September 2016, the Group had total cash and cash equivalents of approximately HK\$64.9 million (as at 31 December 2015: approximately HK\$71.2 million), which included cash and cash equivalents in KRW of approximately KRW2,973 million, in US dollars ("US\$") of approximately US\$11,871, and in HK\$ of approximately HK\$43.8 million.

As at 30 September 2016, the Group had variable rate bank borrowings of approximately US\$1.6 million, which was equivalent to approximately HK\$12.2 million (as at 31 December 2015: approximately HK\$11.9 million).

### Foreign Exchange Exposure

The Group's exposures to currency risk mainly arise from the currency difference between our revenue receipts (which are denominated in KRW) and some of our payments for purchases (which are denominated in US\$). In preparing the costing of our system integration project in which procurement of components in US\$ is required, we would add on a margin to the relevant cost items of the project as a cushion to safeguard against any unfavourable foreign exchange movement in KRW against US\$ between the costing date and the relevant settlement date. In view of the relatively limited size of each individual US\$ denominated purchase transaction, we do not find it, on a cost and benefit analysis, justifiable to enter into foreign exchange hedging transaction for each of such purchases, and as a result, we decided the timing of purchasing US\$ to settle such purchases at our discretion.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Charges on Group's Assets

As at 30 September 2016, fixed deposits amounting to HK\$3.4 million were pledged to Korea Software Financial Cooperative ("KSFC") for bidding, contract, defect, prepayment and payment guarantees provided by KSFC on behalf of the Group.

### Significant Investments

Save for the equity investments in unlisted equity securities of KSFC and Korea Communications Industry Cooperative, the Group did not have any significant investments as at 30 September 2016.

### Material Acquisitions and Disposals

Save for the corporate reorganisation for the purpose of Listing during the nine months ended 30 September 2016, the Group did not have any material acquisition and disposal.

### Future Plan for Material Investments and Capital Assets

Save as disclosed in the Prospectus, as at 30 September 2016, the Group had no material capital commitments and no future plans for material investments or capital assets.

### Contingent Liabilities

As at 30 September 2016 and 31 December 2015, the Group did not have any significant any material contingent liabilities.

### Business Review

Revenue comprised of revenue from integrated systems and maintenance service amounted to approximately HK\$324 million and HK\$306 million for the nine months ended 30 September 2016 and 2015, respectively. Majority of the Group's revenue is derived from the provision of integrated system, which mainly integrates suitable hardware and software components, and configure them into a compatible system according to the requirements of our customers

Set out below are the details of the movement of the number of system integration projects up to 30 September 2016.

Number of projects at 1 January 2016	36
Number of new projects awarded	461
Number of projects completed during period	(446)
Number of projects as at 30 September 2016	51

The segment profit of system integration decreased by approximately 19.3% from HK\$31.2 million for the nine months ended 30 September 2015 to HK\$25.2 million for the nine months ended 30 September 2016. Such decrease was due to the increase in the subcontracting cost. On the other hand, the segment profit of maintenance service increased by approximately 38.1% from HK\$14.8 million for the nine months ended 30 September 2015 to HK\$20.5 million for the nine months ended 30 September 2016. Such increase was in line with the increase in the revenue of maintenance service.



### Prospects

Our corporate objective is to achieve sustainable growth in our business and financial performance so as to create long-term shareholders' value. In order to achieve the corporate objective, the Group implements the following corporate strategies:

- Expanding our market share by increasing service points
- Developing our overseas business by partnering with leading Korean IT companies in overseas projects
- Expanding our professional team and enhancing our service quality

### Employees and Remuneration Policy

As at 30 September 2016, the Group had an aggregate of 154 (30 September 2015: 155) employees. The employees of the Group are remunerated according to their job scope and responsibilities. The employees are also entitled to discretionary bonus depending on their respective performance. Total staff costs, including Directors' emoluments, amounted to approximately HK\$51 million for the nine months ended 30 September 2016 (nine months ended 30 September 2015: approximately HK\$42.3 million). The Group has adopted a share option scheme (the "Share Option Scheme") for the purpose of providing incentives and rewards to eligible persons who contributed to the success of the Group's operation. Up to 30 September 2016, no share option had been granted.

### Use of Proceeds from the Placing

On 8 July 2016, the Company was successfully listed on the GEM. As stated in the Prospectus, the Group intends to use the proceeds for (i) settle approximately half of the down payment to acquire an office building in Seoul as our new headquarter and an office area for storage; (ii) set up additional service points in major cities in Korea; (iii) set up an office in Hong Kong; and (iv) general working capital.

Up to the date of this report, the net proceeds have not yet been applied to the above purposes, and the unutilised net proceeds are placed with an authorised financial institution in Hong Kong.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2016, the interests and 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) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules are as follows:

#### Long Positions in the Shares

Name of Director	Capacity/Nature of interest	Number of shares held	Approximate percentage of issued share capital <sup>(Note 4)</sup>
Mr. Phung Nhuong Giang <sup>(Notes 1, 2 and 3)</sup> ("Mr. Phung")	Interest held jointly with other persons/ Interest in controlled corporation/ Interest of spouse	262,917,327	65.73%
Mr. Suh Seung Hyun <sup>(Notes 1 and 2)</sup> ("Mr. Suh")	Interest held jointly with other persons/ Interest in controlled corporation	262,917,327	65.73%
Mr. Lee Seung Han <sup>(Notes 1 and 2)</sup> ("Mr. Lee")	Interest held jointly with other persons/ Interest in controlled corporation	262,917,327	65.73%
Mr. Park Hyeoung Jin <sup>(Notes 1 and 2)</sup> ("Mr. Park")	Interest held jointly with other persons/ Interest in controlled corporation	262,917,327	65.73%

#### Note:

- (1) LiquidTech Limited ("LiquidTech") held 262,917,327 Shares, representing 65.73% of the issued Shares. LiquidTech is wholly owned by Asia Media Systems Pte. Ltd. ("AMS") which is owned by Mr. Phung, Mr. Suh, Mr. Lee, Mr. Park, Mr. Lee Sung Gue, Mr. Lee Je Eun and Ms. Marilyn Tang as to 26.14%, 25.34%, 14.71%, 14.03%, 14.03%, 3.40% and 2.35% respectively.
- (2) On 21 June 2016, four of the ultimate controlling shareholders of the Company, namely, Mr. Phung, Mr. Suh, Mr. Lee and Mr. Park, entered into the acting in concert confirmation and undertaking to acknowledge and confirm, among other things, that they were parties acting in concert of each of the members of the Group. As such, Mr. Phung, Mr. Suh, Mr. Lee and Mr. Park together control approximately 65.73% interest in the share capital of the Company through AMS and LiquidTech. As a result, each of Mr. Phung, Mr. Suh, Mr. Lee and Mr. Park is deemed to be interested in approximately 65.73% interest in the share capital of the Company.
- (3) Ms. Marilyn Tang is the owner of approximately 2.35% of the issued shares of AMS and the spouse of Mr. Phung. Mr. Phung is deemed to be interested in all the Shares in which Ms. Marilyn Tang is interested under Part XV of the SFO.
- (4) The percentage of shareholding was calculated based on the Company's total number of issued Shares as at 30 September 2016 (i.e. 400,000,000 Shares).

## CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above, as at 30 September 2016, none of the Directors and chief executive of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations that was notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or was required to be 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 Rule 5.46 of the GEM Listing Rules.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES AND UNDERLYING SHARES

As at 30 September 2016, the following persons (not being Directors or chief executive of the Company) had or were deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO who, are directly or indirectly interested in 5% or more of the Shares.

#### Long Positions in the Shares

Name of Shareholder	Capacity/Nature of interest	Number of shares held	Approximate percentage of issued share capital <sup>(Note 11)</sup>
LiquidTech <sup>(Note 1)</sup>	Beneficial owner	262,917,327	65.73%
AMS <sup>(Notes 1 and 2)</sup>	Interest in controlled corporation	262,917,327	65.73%
Ms. Marilyn Tang <sup>(Notes 2, 3 and 4)</sup>	Interest held jointly with other persons/ Interest in controlled corporation/ Interest of spouse	262,917,327	65.73%
Ms. Lee Kim Sinae <sup>(Note 5)</sup>	Interest of spouse	262,917,327	65.73%
Ms. Suh Kim Seong Ock <sup>(Note 6)</sup>	Interest of spouse	262,917,327	65.73%
Ms. Shin Hee Kum <sup>(Note 7)</sup>	Interest of spouse	262,917,327	65.73%
Epro Capital Inc. <sup>(Note 8)</sup> ("Epro Capital")	Beneficial owner	27,270,000	6.82%
Epro Group International Limited <sup>(Note 8)</sup> ("Epro Group")	Interest in controlled corporation	27,270,000	6.82%
Merry Silver Limited <sup>(Note 9)</sup>	Interest in controlled corporation	27,270,000	6.82%
Mr. Wong Wai Hon Telly <sup>(Note 10)</sup> ("Mr. Telly Wong")	Interest in controlled corporation	27,270,000	6.82%
Mr. Ling Chiu Yum <sup>(Note 10)</sup> ("Mr. Ling")	Interest in controlled corporation	27,270,000	6.82%

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### Notes:

- (1) LiquidTech is wholly-owned by AMS. AMS is deemed to be interested in all the Shares in which LiquidTech is interested under Part XV of the SFO.
- (2) AMS is owned as to approximately 26.14% by Mr. Phung, 25.34% by Mr. Suh, 14.71% by Mr. Lee, 14.03% by Mr. Park, 14.03% by Mr. Lee Sung Gue, 3.40% by Mr. Lee Je Eun and 2.35% by Ms. Marilyn Tang.
- (3) On 21 June 2016, four of the ultimate controlling shareholders of the Company, namely, Mr. Phung, Mr. Suh, Mr. Lee and Mr. Park, entered into the acting in concert confirmation and undertaking to acknowledge and confirm, among other things, that they were parties acting in concert of each of the members of the Group. As such, Mr. Phung, Mr. Suh, Mr. Lee and Mr. Park together control approximately 65.73% interest in the share capital of the Company through AMS and LiquidTech. As a result, each of Mr. Phung, Mr. Suh, Mr. Lee and Mr. Park is deemed to be interested in approximately 65.73% interest in the share capital of the Company.
- (4) Ms. Marilyn Tang is the owner of approximately 2.35% of the issued shares of AMS and the spouse of Mr. Phung. Ms. Marilyn Tang is deemed to be interested in all the Shares in which Mr. Phung is interested under Part XV of the SFO.
- (5) Ms. Lee Kim Sinae is the spouse of Mr. Lee. Ms. Lee Kim Sinae is deemed to be interested in all the Shares in which Mr. Lee is interested under Part XV of the SFO.
- (6) Ms. Suh Kim Seong Ock is the spouse of Mr. Suh. Ms. Suh Kim Seong Ock is deemed to be interested in all the Shares in which Mr. Suh is interested under Part XV of the SFO.
- (7) Ms. Shin Hee Kum is the spouse of Mr. Park. Ms. Shin Hee Kum is deemed to be interested in all the Shares in which Mr. Park is interested under Part XV of the SFO.
- (8) Epro Capital is wholly-owned by Epro Group. Epro Group is deemed to be interested in the Shares in which Epro Capital is interested under Part XV of the SFO.
- (9) Epro Group is wholly-owned by Merry Silver Limited. Merry Silver Limited is deemed to be interested in the Shares in which Epro Group is interested under Part XV of the SFO.
- (10) Merry Silver Limited is owned as to 50% by Mr. Telly Wong and 50% by Mr. Ling. Each of Mr. Telly Wong and Mr. Ling is deemed to be interested in the Shares in which Merry Silver Limited is interested under Part XV of the SFO.
- (11) The percentage of shareholding was calculated based on the Company's total number of issued Shares as at 30 September 2016 (i.e. 400,000,000 Shares).

Save as disclosed above, as at 30 September 2016, the Directors were not aware of any other persons who had any interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO, who are directly or indirectly interested in 5% or more of the Shares.

### SHARE OPTION SCHEME

The Company has a share option scheme (the "Share Option Scheme") which was approved and adopted by the written resolutions of the then sole shareholder of the Company passed on 21 June 2016. No share option has been granted under the Share Option Scheme since its adoption.

### CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings regarding securities transactions by the Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Further, the Company had made specific enquiry with all Directors and each of them has confirmed his compliance with these required standard of dealings from the Listing Date to the date of this report.

### DIRECTORS' INTEREST IN COMPETING BUSINESS

During the period under review, none of the Directors or the controlling shareholders or their respective associates (as defined in the GEM Listing Rules) of the Company had an interest in a business which competed with or might compete with the business of the Group.

### CORPORATE GOVERNANCE PRACTICES

The Company is committed to fulfilling its responsibilities to its shareholders and protecting and enhancing shareholder value through solid corporate governance.

The Company's corporate governance practices are based on the principles of good corporate governance as set out in the Corporate Governance Code and Corporate Governance Report in Appendix 15 to the GEM Listing Rules (the "CG Code") and in relation to, among others, our Directors, Chairman and Chief Executive Officer, Board composition, the appointment, re-election and removal of Directors, their responsibilities and remuneration and communications with the shareholders of the Company.

To the best knowledge of the Board, the Company had complied with the code provisions in the CG Code since the Listing Date.

### PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S SECURITIES

The Company did not redeem any of its Shares listed on GEM nor did the Company or any of its subsidiaries purchase or sell any such Shares from the Listing Date to the end of the period under review.

### INTERESTS OF THE COMPLIANCE ADVISER

As at the date of this report, neither Shenwan Hongyuan Capital (H.K.) Limited, the compliance adviser of the Company, nor any of its directors, employees or close associates has any interests in the securities of the Company or any other companies of the Group (including options or rights to subscribe for such securities) pursuant to Rule 6A.32 of the GEM Listing Rules.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### AUDIT COMMITTEE

Our Group established an audit committee with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and paragraph C.3 of the CG Code. For the nine months ended 30 September 2016, the audit committee consisted of three independent non-executive directors namely, Mr. Wong Sik Kei, Mr. Ho Kam Shing Peter and Mr. Ngan Chi Keung, with Mr. Ngan Chi Keung serving as the chairman of the audit committee.

As disclosed in the announcement dated 18 October 2016, Mr. Ngan Chi Keung passed away on 15 October 2016. Further as disclosed in the announcement dated 2 November 2016, Mr. Sum Chun Ho who has extensive experience in the field of professional accounting services and possesses the appropriate professional accounting qualifications, was appointed as an independent non-executive director and the chairman of the audit committee on 2 November 2016. As at the date of this report, the audit committee consists of three independent non-executive directors namely, Mr. Wong Sik Kei, Mr. Ho Kam Shing Peter and Mr. Sum Chun Ho, with Mr. Sum Chun Ho serving as the chairman of the audit committee.

The primary duties of the audit committee are to assist the Board in providing an independent view of the effectiveness of our Group's financial reporting process, internal control and risk management system, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board. The audit committee has reviewed the unaudited quarterly results for the nine months ended 30 September 2016.

By order of the Board  
Future Data Group Limited  
Suh Seung Hyun  
*Chairman*

Hong Kong, 11 November 2016