

2017 THIRD QUARTERLY REPORT

# ARCHITECT OF FUTURE CITIES

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**FUTURE DATA GROUP LIMITED**

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE: 8229



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## 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 GEM of the Stock Exchange 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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## "ARCHITECT OF FUTURE CITIES"

Foundations of tomorrow's smart cities are being built today. Through integrated solutions of cloud computing, security and network connectivity, we connect people, creating data transport networks that push business and social development.

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## Corporate Information

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Suh Seung Hyun (*Chairman*)  
Mr. Phung Nhuong Giang (*Deputy Chairman*)  
Mr. Lee Seung Han (*Chief Executive Officer*)  
Mr. Ryoo Seong Ryul

#### Independent Non-executive Directors

Mr. Wong Sik Kei  
Mr. Sum Chun Ho  
Mr. Yung Kai Tai

### BOARD COMMITTEES

#### Audit Committee

Mr. Sum Chun Ho (*Chairman*)  
Mr. Wong Sik Kei  
Mr. Yung Kai Tai

#### Remuneration Committee

Mr. Wong Sik Kei (*Chairman*)  
Mr. Phung Nhuong Giang  
Mr. Yung Kai Tai

#### Nomination Committee

Mr. Yung Kai Tai (*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. Ng Pui Fan

### AUTHORISED REPRESENTATIVES

Mr. Phung Nhuong Giang  
Ms. Ng Pui Fan

### 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

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## 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  
8/F, State Tower Namsan  
100 Toegye-ro, Jung-gu  
Seoul, 04631, Korea

## REGISTERED OFFICE IN THE CAYMAN ISLANDS

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman  
KY1-1111  
Cayman Islands

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1002, 10/F  
Tung Wai Commercial Building  
No. 109-111 Gloucester Road  
Wan Chai, Hong Kong

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## PRINCIPAL BANK

Woori Bank  
51, Sogong-ro  
Jung-gu  
Seoul, 04632  
Korea

## COMPANY WEBSITE ADDRESS

[www.futuredatagroup.com](http://www.futuredatagroup.com)

## STOCK CODE

8229

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## Financial Highlights

For the nine months ended 30 September 2017

- Unaudited revenue of the Group was HK\$294.5 million for the nine months ended 30 September 2017, representing a decrease of approximately HK\$29.5 million or 9.1%, as compared to the nine months ended 30 September 2016.
- Unaudited profit after tax was HK\$4.2 million for the nine months ended 30 September 2017, representing an increase of approximately HK\$12.6 million or 149.2%, and a reversal to profitability from the loss after tax of approximately HK\$8.5 million for the nine months ended 30 September 2016.
- Unaudited basic earnings per share was 1.04 HK cents for the nine months ended 30 September 2017, a reversal from basic loss per share of 2.11 HK cents for the nine months ended 30 September 2016.
- The Board does not recommend the payment of a dividend for the nine months ended 30 September 2017 (nine months ended 30 September 2016: nil).

## Quarterly Results

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 2017, together with comparative figures as follows.

## Condensed Consolidated Statement of Comprehensive Income

For the three and nine months ended 30 September 2017

	Note	Three months ended 30 September		Nine months ended 30 September	
		2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Revenue	3	97,607	100,493	294,451	323,917
Cost of sales		(79,476)	(89,236)	(245,356)	(278,245)
<b>Gross profit</b>		<b>18,131</b>	<b>11,257</b>	<b>49,095</b>	<b>45,672</b>
Other income		252	1,487	1,977	2,412
Selling and administrative expenses		(15,472)	(16,249)	(44,403)	(45,844)
Listing expenses		–	(134)	–	(9,783)
Finance income/costs – net		17	(92)	(245)	(217)
Profit/(Loss) before income tax	4	2,928	(3,731)	6,424	(7,760)
Income tax expense	5	(792)	559	(2,264)	(697)
<b>Profit/(Loss) for the period attributable to owners of the Company</b>		<b>2,136</b>	<b>(3,172)</b>	<b>4,160</b>	<b>(8,457)</b>
Other comprehensive income for the period					
<i>Items that will be reclassified subsequently to profit or loss:</i>					
Exchange differences arising on translation of foreign operations		173	3,665	823	5,021
Total other comprehensive income for the period attributable to owners of the Company		173	3,665	823	5,021
<b>Total comprehensive income for the period attributable to owners of the Company</b>		<b>2,309</b>	<b>493</b>	<b>4,983</b>	<b>(3,436)</b>
<b>Earnings/(Loss) per share</b>					
Basic and Diluted (HK cents)	6	0.53	(0.79)	1.04	(2.11)

# Condensed Consolidated Statement of Changes in Equity

For the nine months ended 30 September 2017

	Share capital HK\$000	Share premium HK\$000	Capital reserve HK\$000	Investment revaluation reserve HK\$000	Research and Development reserve HK\$000	Foreign Exchange reserve HK\$000	Legal reserve HK\$000	Retained earnings HK\$000	Total equity HK\$000
At 1 January 2017 (audited)	4,000	46,198	13,855	501	3,674	(9,804)	1,530	65,454	125,408
Profit for the period	-	-	-	-	-	-	-	4,160	4,160
Exchange difference arising on translation of foreign operations	-	-	-	-	-	823	-	-	823
At 30 September 2017 (unaudited)	4,000	46,198	13,855	501	3,674	(8,981)	1,530	69,614	130,391
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)	4,000	46,453	15,005	-	3,674	(2,317)	1,530	54,346	122,691

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 4 January 2016 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as revised and consolidated) of the Cayman Islands and its shares have been listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 8 July 2016 ("Listing Date"). The Company's registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company's principle place of business in Hong Kong is located at Unit 1002, 10/F, Tung Wai Commercial Building, 109-111 Gloucester Road, Wan Chai, Hong Kong.

The head office and principal place of the Group's business in Korea is located at 14th – 15th Floor, Deokmyeong Building, Samseong-dong, 625, Teheran-ro, Gangnam-gu, Seoul, Korea.

The principal activity of the Company is investment holding. The Group is engaged in the provision of (i) system integration; and (ii) maintenance service.

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements for the nine months ended 30 September 2017 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 accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements for the nine months ended 30 September 2017 are consistent with those adopted in the annual financial statements for the year ended 31 December 2016. The condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2016.

The functional currency of the Company's principal operating subsidiaries are South Korean Won ("KRW"), and 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.

On 1 January 2017, 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.

# Notes to the Unaudited Condensed Consolidated Financial Statements

For the nine months ended 30 September 2017

## 3. REVENUE AND BUSINESS SEGMENT INFORMATION

The Group's business is organised into two segments:

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

Segment revenue and profit contribution are:

	Three months ended 30 September					
	2017			2016		
	System	Maintenance	Total	System	Maintenance	Total
	integration	service		integration	service	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Total segment revenue	76,793	20,814	97,607	76,572	23,921	100,493
Gross profit/segment results	12,397	5,734	18,131	4,955	6,302	11,257
Other income			252			1,487
Selling and administrative expenses			(15,472)			(16,249)
Listing expenses			-			(134)
Finance income/costs – net			17			(92)
Profit/(Loss) before income tax			2,928			(3,731)
Income tax expense			(792)			559
Profit/(Loss) for the period			2,136			(3,172)

	Nine months ended 30 September					
	2017			2016		
	System	Maintenance	Total	System	Maintenance	Total
	integration	service		integration	service	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Total segment revenue	235,296	59,155	294,451	259,858	64,059	323,917
Gross profit/segment results	35,274	13,821	49,095	25,202	20,470	45,672
Other income			1,977			2,412
Selling and administrative expenses			(44,403)			(45,844)
Listing expenses			-			(9,783)
Finance income/costs – net			(245)			(217)
Profit/(Loss) before income tax			6,424			(7,760)
Income tax expense			(2,264)			(697)
Profit/(Loss) for the period			4,160			(8,457)

During the period, Hong Kong operation was launched the cybersecurity business and the Company is allocated the cybersecurity revenue under system integration segment.

#### Revenue by geographical market

	Nine months ended 30 September	
	2017	2016
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Korea	290,593	323,917
Others	3,858	0
Total	294,451	323,917

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

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

	Three months ended		Nine months ended	
	30 September		30 September	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Costs of inventories recognised as expenses	66,616	58,030	204,221	190,018
Employee costs	15,248	17,198	44,634	50,953
Subcontracting costs	4,075	12,733	15,205	32,515
Listing expenses	–	134	–	9,783
Depreciation and amortization	1,659	1,057	3,842	3,066
Research and development costs	706	647	2,067	1,772
Minimum lease payments in respect of rented premises	531	460	1,575	1,265

# Notes to the Unaudited Condensed Consolidated Financial Statements

For the nine months ended 30 September 2017

## 5. INCOME TAX EXPENSE

	Three months ended 30 September		Nine months ended 30 September	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current tax	500	(289)	1,665	1,017
Deferred Tax	292	(270)	599	(320)
Total	792	(559)	2,264	697

Our Korean subsidiary is subject to Korean Corporate Income Tax which comprised national and local taxes. Korean Corporate Income Tax is charged at the progressive rate from 11.0% to 24.2% on the estimated assessable profit of our Korean subsidiary during each of the periods presented.

Our Hong Kong subsidiary is subject to Hong Kong Corporate Income Tax which was at the flat rate of 16.5% on the estimated assessable profit during the period.

## 6. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings per share is based on the profit 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 to 30 September 2017.

The calculation of basic loss per share is based on the loss 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 to 30 September 2016.

## 7. DIVIDEND

The Board does not recommend the payment of a dividend for the nine months ended 30 September 2017 (corresponding period in 2016: nil).

## 8. REMUNERATION OF DIRECTORS AND EMOLUMENTS OF EMPLOYEES

	Three months ended 30 September		Nine months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Remuneration of directors and other members of key management	1,994	2,015	6,079	5,501

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## Management Discussion and Analysis

### Financial Review

For the nine months ended 30 September 2017, the Group recorded a revenue of approximately HK\$294.5 million, which represented a decrease of HK\$29.5 million or 9.1% compared to the same period last year. The decrease in revenue was due to the lower system integration revenue for the nine months ended 30 September 2017 (HK\$235.3 million), compared to that for the nine months ended 30 September 2016 (HK\$259.9 million). The decrease in the system integration revenue in the period was mainly caused by the lower number of system integration projects recorded compared to the previous period.

Despite the decrease in revenue, the Group's gross profit was increased by approximately 7.5%, from HK\$45.7 million for the nine months ended 30 September 2016 to HK\$49.1 million for the nine months ended 30 September 2017. The increase of gross profit margin is mainly due to high margin contribution from our system integration projects which incorporated cybersecurity capabilities ("**Cybersecurity projects**") at Hong Kong operations.

Selling and administrative expenses was approximately HK\$44.4 million for the nine months ended 30 September 2017, (30 September 2016: approximately HK\$45.8 million) representing a small reduction of HK\$1.4 million or 3.1%.

The Group recorded a profit attributable to owners of the Company of approximately HK\$4.2 million for the nine months ended 30 September 2017, representing an increase of a approximately 149.2% when compared with the same period of last year. The main reasons are due to the saving of listing expense HK\$9.8 million, lower selling and administrative expense and high gross profit margin.

### Liquidity and Financial Resources

As at 30 September 2017, the Group's net current assets were HK\$95.9 million showing a strong liquidity.

The Group expresses its gearing ratio as a percentage of total debt over total equity. As at 30 September 2017, the gearing ratio was 16.8% (as at 31 December 2016: 13.0%). The increase was mainly due to additional unsecured bank borrowings of approximately HK\$5.6 million. The liquidity ratio, represented by a ratio of current assets over current liabilities, was 2.2 times (as at 31 December 2016: 2.0 times), reflecting the adequacy of financial resources.

As at 30 September 2017, the Group recorded cash and cash equivalents of approximately HK\$51.6 million (as at 31 December 2016: approximately HK\$78.0 million), which included approximately KRW4,647 million, HK\$16.0 million and US\$498,086.

As at 30 September 2017, the Group had variable rate bank borrowings of approximately US\$2.8 million, which was equivalent to approximately HK\$21.9 million (as at 31 December 2016: approximately HK\$16.3 million).

### Foreign Exchange Exposure

The Group's business in Korea 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 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 beneficial and 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 own discretion.

The Group's Hong Kong operations revenue was denominated in HK\$ and the cost of sales was denominated in HK\$. There is no significant currency risk arising from Hong Kong operations.

### Business Review

Set out below are the details of the movement of the number of system integration projects and segmentation information up to 30 September 2017.

Number of projects at 1 January 2017	32
Number of new projects awarded	500
Number of projects completed during period	458
Number projects as at 30 September 2017	74

### Significant Investments

The Group did not have any significant investments for the nine months ended 30 September 2017.

### Material Acquisitions and Disposals

For the nine months ended 30 September 2017, the Group had not made any material acquisition or disposal.

### Material Investments and Capital Assets

As disclosed in the announcement dated 4 September 2017, the Group intended to acquire a big data platform intellectual property for cybersecurity. As at 30 September 2017, the Group had acquired such intellectual property at a cost HK\$5.0 million for their Hong Kong operations.

Save as disclosed above, the Group did not have other plans for material investments and capital assets as at 30 September 2017.

### Contingent Liabilities

As at 30 September 2017, the Group did not have any significant contingent liabilities.

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## Management Discussion and Analysis

Gross profit of system integration segment increased by approximately 40.0% from HK\$25.2 million for the nine months ended 30 September 2016 to HK\$35.3 million for the nine months ended 30 September 2017. Such increase was mainly due to the decrease in engineering cost in Korea and high margin contribution by Cybersecurity projects in Hong Kong.

Gross profit of maintenance service decreased by approximately 32.5% from HK\$20.5 million for the nine months ended 30 September 2016 to HK\$13.8 million for the nine months ended 30 September 2017.

### Prospects

Since the introduction of cybersecurity capabilities to the system integration projects, the Group has experienced growth in profit due to the higher gross profit margin contributed by the Cybersecurity projects. The Group is monitoring the performance of such projects and will further expand in this area should the projects continue to enhance the Group's overall performance and thus the value to the shareholders.

### Employees and Remuneration Policy

As at 30 September 2017, the Group had an aggregate of 157 (30 September 2016: 154) employees. The increase in number of staff in Hong Kong is offset by a decrease in number of staff in Korea for the purposes of cost saving in Korea and expansion in Hong Kong for system integration services.

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\$44.6 million for the nine months ended 30 September 2017 (nine months ended 30 September 2016: approximately HK\$51.0 million).

The Group has adopted a 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 2017, no share option had been granted.

### 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 2017, 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%

**Notes:**

- (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 Hyeoung Jin ("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 2017 (i.e. 400,000,000 Shares).

## Corporate Governance and Other Information

Save as disclosed above, as at 30 September 2017, 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 2017, so far as known to the Directors, 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%
Mr. Park <sup>(Notes 1, 2 and 3)</sup>	Interest held jointly with other persons/ 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%

**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 2017 (i.e. 400,000,000 Shares).

Save as disclosed above, as at 30 September 2017, 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 its securities dealing code ("Securities Dealing Code") which is no less exacting than 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 the Securities Dealing Code during the nine months ended 30 September 2017.

## DIRECTORS' INTEREST IN COMPETING BUSINESS

During the nine months ended 30 September 2017, 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 during the nine months ended 30 September 2017.

### **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 during the nine months ended 30 September 2017.

### **INTERESTS OF THE COMPLIANCE ADVISER**

As at 30 September 2017, 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.

### **AUDIT COMMITTEE**

The Company established an audit committee ("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. The Audit Committee consists of three independent non-executive directors namely, Mr. Wong Sik Kei, Mr. Yung Kai Tai and Mr. Sum Chun Ho. Mr. Sum Chun Ho possesses the appropriate professional accounting qualifications and serves as the chairman of the Audit Committee.

The primary duties of the Audit Committee are to assist the Board in providing an independent review of the effectiveness of our Group's internal audit function, financial reporting process, internal control and risk management systems, and to oversee the audit process. The Audit Committee had reviewed the unaudited quarterly results for the nine months ended 30 September 2017.

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

Hong Kong, 10 November 2017