



FUTURE DATA

FUTURE DATA GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE: 8229

**T H I R D
Q U A R T E R L Y
R E P O R T
2 0 2 2**

S U S T A I N A B I L I T Y G R O W T H

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors (the “Directors”) of Future Data Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company and its subsidiaries (collectively refer to as the “Group”). 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.

CONTENTS

Corporate Information	2
Financial Highlights	4
Condensed Consolidated Statement of Profit or Loss	5
Condensed Consolidated Statement of Comprehensive Income	6
Condensed Consolidated Statement of Changes in Equity	7
Notes to the Condensed Consolidated Financial Statements	8
Management Discussion and Analysis	18
Corporate Governance and Other Information	25

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Ms. Tao Hongxia (*Chairlady*)
(appointed on 31 October 2022)
Mr. Suh Seung Hyun (*Chairman*)
(resigned on 31 October 2022)
Mr. Phung Nhuong Giang (*Deputy Chairman*)
(resigned on 31 October 2022)
Mr. Lee Seung Han (*Chief Executive Officer*)
Mr. Ryoo Seong Ryul (*Chief Financial Officer*)
(resigned on 31 October 2022)
Mr. Tao Guolin (*Group General Manager*)

Independent Non-executive Directors

Mr. Wong Sik Kei
(resigned on 31 October 2022)
Mr. Sum Chun Ho
(resigned on 31 October 2022)
Mr. Yung Kai Tai
(resigned on 31 October 2022)
Mr. Chan Kin Ming
(appointed on 31 October 2022)
Mr. Lam Chi Cheung Albert
(appointed on 31 October 2022)
Mr. Yu Wing Chung
(appointed on 31 October 2022)

BOARD COMMITTEES

Audit Committee

Mr. Sum Chun Ho (*Chairman*)
(resigned on 31 October 2022)
Mr. Wong Sik Kei
(resigned on 31 October 2022)
Mr. Yung Kai Tai
(resigned on 31 October 2022)
Mr. Chan Kin Ming (*Chairman*)
(appointed on 31 October 2022)
Mr. Lam Chi Cheung Albert
(appointed on 31 October 2022)
Mr. Yu Wing Chung
(appointed on 31 October 2022)

Remuneration Committee

Mr. Wong Sik Kei (*Chairman*)
(resigned on 31 October 2022)
Mr. Sum Chun Ho
(resigned on 31 October 2022)
Mr. Yung Kai Tai
(resigned on 31 October 2022)
Mr. Lam Chi Cheung Albert (*Chairman*)
(appointed on 31 October 2022)
Mr. Chan Kin Ming
(appointed on 31 October 2022)
Mr. Yu Wing Chung
(appointed on 31 October 2022)

Nomination Committee

Mr. Yung Kai Tai (*Chairman*)
(resigned on 31 October 2022)
Mr. Sum Chun Ho
(resigned on 31 October 2022)
Mr. Wong Sik Kei
(resigned on 31 October 2022)
Mr. Yu Wing Chung (*Chairman*)
(appointed on 31 October 2022)
Mr. Chan Kin Ming
(appointed on 31 October 2022)
Mr. Lam Chi Cheung Albert
(appointed on 31 October 2022)

COMPLIANCE OFFICER

Mr. Lee Seung Han

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN KOREA

Unit 801-809, 822
Mullae SK V1 Center
10, Seonyu-ro 9-gil
Yeongdeungpo-gu
Seoul
Korea

COMPANY SECRETARY

Ms. Cheung Yuet Fan

AUTHORISED REPRESENTATIVES

Mr. Phung Nhuong Giang
(ceased on 31 October 2022)

Ms. Tao Hongxia
(appointed on 31 October 2022)

Ms. Cheung Yuet Fan

AUDITOR

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

COMPLIANCE ADVISER

Giraffe Capital Limited
3/F, 8 Wyndham Street
Central, 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
23/F, D-Tower (D2)
17 Jongno 3-gil
Jongno-gu
Seoul 03155
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

Suite 1507-08, 15/F
Two Chinachem Exchange Square
338 King's Road
North Point, Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANK

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

COMPANY WEBSITE ADDRESS

www.futuredatagroup.com

STOCK CODE

8229

Financial Highlights

For the nine months ended 30 September 2022

- Unaudited revenue of the Group was approximately HK\$415.1 million for the nine months ended 30 September 2022, representing a decrease of approximately HK\$68.4 million or 14.1%, as compared to the same corresponding period a year ago.
- Unaudited loss for the period was approximately HK\$12.7 million for the nine months ended 30 September 2022, reversing from an unaudited profit of approximately HK\$8.6 million for the nine months ended 30 September 2021.
- Unaudited basic and diluted loss per share for the nine months ended 30 September 2022 was HK cents 2.96 (unaudited basic and diluted earnings per share for the nine months ended 30 September 2021: HK cents 2.10).
- The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2022 (for the nine months ended 30 September 2021: Nil).

Quarterly Results

The board of directors (the “Board”) of the Company presents the unaudited condensed consolidated results of the Group for the three and nine months ended 30 September 2022, together with comparative figures as follows.

Condensed Consolidated Statement of Profit or Loss

For the three and nine months ended 30 September 2022

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Revenue	3	143,599	142,101	415,091	483,484
Cost of sales and services		(130,538)	(125,392)	(377,871)	(425,514)
Gross profit		13,061	16,709	37,220	57,970
Other income, net		1,327	906	2,198	3,646
Selling and administrative expenses		(16,638)	(17,381)	(51,775)	(49,052)
Finance costs		(274)	(170)	(738)	(591)
(Loss)/profit before income tax	4	(2,524)	64	(13,095)	11,973
Income tax (expense)/credit	5	(379)	(2,151)	411	(3,415)
(Loss)/profit for the period		(2,903)	(2,087)	(12,684)	8,558
Attributable to:					
– Owners of the Company		(3,282)	(2,453)	(11,852)	8,396
– Non-controlling interests		379	366	(832)	162
		(2,903)	(2,087)	(12,684)	8,558
(Loss)/earnings per share attributable to owners of the Company					
Basic and Diluted (HK cents)	6	(0.82)	(0.61)	(2.96)	2.10

Condensed Consolidated Statement of Comprehensive Income

For the three and nine months ended 30 September 2022

	Three months ended 30 September		Nine months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
(Loss)/profit for the period	(2,903)	(2,087)	(12,684)	8,558
Other comprehensive loss for the period				
Items that will be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	(10,628)	(6,229)	(20,995)	(9,857)
Total comprehensive loss for the period	(13,531)	(8,316)	(33,679)	(1,299)
Attributable to:				
– Owners of the Company	(13,921)	(8,687)	(32,865)	(1,462)
– Non-controlling interests	390	371	(814)	163
	(13,531)	(8,316)	(33,679)	(1,299)

Condensed Consolidated Statement of Changes in Equity

For the nine months ended 30 September 2022

	Attributable to equity holders of the Company									Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Research and development	Foreign exchange	Legal reserve	Retained earnings	Total HK\$'000	Non-controlling interests HK\$'000	
				reserve	reserve	reserve	HK\$'000			
At 1 January 2022 (audited)	4,000	35,718	13,855	3,674	(9,482)	2,913	89,261	139,939	2,098	142,037
Loss for the period	-	-	-	-	-	-	(11,852)	(11,852)	(832)	(12,684)
Exchange difference arising on translation of foreign operations	-	-	-	-	(21,013)	-	-	(21,013)	18	(20,995)
	-	-	-	-	(21,013)	-	(11,852)	(32,865)	(814)	(33,679)
Transferred from retained earnings upon declaration of final dividend from a subsidiary	-	-	-	-	-	239	(239)	-	-	-
At 30 September 2022 (unaudited)	4,000	35,718	13,855	3,674	(30,495)	3,152	77,170	107,074	1,284	108,358
At 1 January 2021 (audited)	4,000	35,718	13,855	3,674	741	2,490	82,232	142,710	658	143,368
Profit for the period	-	-	-	-	-	-	8,396	8,396	162	8,558
Exchange difference arising on translation of foreign operations	-	-	-	-	(9,858)	-	-	(9,858)	1	(9,857)
	-	-	-	-	(9,858)	-	8,396	(1,462)	163	(1,299)
Transferred from retained earnings upon declaration of final dividend from a subsidiary	-	-	-	-	-	454	(454)	-	-	-
At 30 September 2021 (unaudited)	4,000	35,718	13,855	3,674	(9,117)	2,944	90,174	141,248	821	142,069

Notes to the Condensed Consolidated Financial Statements

For the three and nine months ended 30 September 2022

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 GEM of the Stock Exchange since 8 July 2016. 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 principal place of business in Hong Kong is located at Suite 1507-08, 15th Floor, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, whereas in Korea our principal place of business is located at Unit 801-809, 822, Mullaek SK V1 Center, 10 Seonyu-ro, 9-gil, Yeongdeungpo-gu, Seoul, Korea.

The principal activity of the Company is investment holding. The Group is engaged in the provision of (i) integration of systems with network connectivity, cloud computing and security elements; (ii) maintenance services; and (iii) cyber security services in Korea and Hong Kong.

The functional currencies of the Company's principal operating subsidiaries in Korea and Hong Kong are South Korean Won ("KRW") and Hong Kong Dollars ("HK\$") respectively, while the condensed consolidated financial statements are presented in HK\$ which is also the functional currency of the Company. As the Company's shares (the "Shares") are listed on GEM of the Stock Exchange, the Directors consider that it will be more appropriate to adopt HK\$ as the Group's presentation currency. The amounts stated are rounded to the nearest HK\$1,000 unless otherwise stated.

Notes to the Condensed Consolidated Financial Statements

For the three and nine months ended 30 September 2022

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated financial statements for the three and nine months ended 30 September 2022 have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of the condensed consolidated financial statements for the three and nine months ended 30 September 2022 are consistent with those adopted in the annual financial statements for the year ended 31 December 2021. The condensed consolidated financial statements for the three and nine months ended 30 September 2022 should be read in conjunction with the annual financial statements for the year ended 31 December 2021.

On 1 January 2022, the Group has adopted all the new and revised HKFRSs, amendments and interpretations that are effective from that date and are relevant to its operations. The adoption of these new/revised HKFRSs, amendments and interpretations has no material effect on the results reported for the current or prior periods.

3. REVENUE AND SEGMENT INFORMATION

The Group’s business is organised into three segments:

- (i) system integration;
- (ii) maintenance services; and
- (iii) cyber security services.

Notes to the Condensed Consolidated Financial Statements

For the three and nine months ended 30 September 2022

Segment revenue and profit contribution are:

(a) Business segments:

	Three months ended 30 September							
	2022				2021			
	System integration	Maintenance services	Cyber security services	Total	System integration	Maintenance services	Cyber security services	Total
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Total segment revenue	96,622	37,993	10,284	144,899	91,383	42,403	9,595	143,381
Inter-segment revenue	-	-	(1,300)	(1,300)	-	-	(1,280)	(1,280)
Revenue from external customers	96,622	37,993	8,984	143,599	91,383	42,403	8,315	142,101
Gross profit/segment results	3,919	6,021	3,121	13,061	3,542	9,687	3,480	16,709
Other income, net				1,327				906
Selling and administrative expenses				(16,638)				(17,381)
Finance costs				(274)				(170)
(Loss)/profit before income tax				(2,524)				64
Income tax expense				(379)				(2,151)
Loss for the period				(2,903)				(2,087)

Notes to the Condensed Consolidated Financial Statements

For the three and nine months ended 30 September 2022

	Nine months ended 30 September							
	2022				2021			
	System integration	Maintenance services	Cyber security services	Total	System integration	Maintenance services	Cyber security services	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Total segment revenue	279,873	114,825	24,133	418,831	334,172	127,083	25,889	487,144
Inter-segment revenue	-	-	(3,740)	(3,740)	-	-	(3,660)	(3,660)
Revenue from external customers	279,873	114,825	20,393	415,091	334,172	127,083	22,229	483,484
Gross profit/segment results	11,166	22,299	3,755	37,220	21,286	29,455	7,229	57,970
Other income, net				2,198				3,646
Selling and administrative expenses				(51,775)				(49,052)
Finance costs				(738)				(591)
(Loss)/profit before income tax				(13,095)				11,973
Income tax credit/(expense)				411				(3,415)
(Loss)/profit for the period				(12,684)				8,558

Notes to the Condensed Consolidated Financial Statements

For the three and nine months ended 30 September 2022

(b) Geographic information:

	Three months ended 30 September		Nine months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Korea	134,615	133,786	394,698	461,255
Hong Kong	8,984	8,315	20,393	22,229
Total	143,599	142,101	415,091	483,484

(c) Revenue analysis:

	Three months ended 30 September		Nine months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Revenue from customers and recognised over time:				
– Revenue from system integration services	96,622	91,383	279,873	334,172
– Revenue from maintenance services	37,993	42,403	114,825	127,083
– Revenue from cyber security services	8,984	8,315	20,393	22,229
Total	143,599	142,101	415,091	483,484

Notes to the Condensed Consolidated Financial Statements

For the three and nine months ended 30 September 2022

The following tables disaggregate the Group's revenue from contracts with customers:

	Three months ended 30 September							
	2022				2021			
	System integration	Maintenance services	Cyber security services	Total	System integration	Maintenance services	Cyber security services	Total
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Type of goods or services								
- Cloud infrastructure	75,288	36,058	-	111,346	64,044	41,547	-	105,591
- Security	21,334	1,935	8,984	32,253	27,339	856	8,315	36,510
Total revenue from contracts with customers	96,622	37,993	8,984	143,599	91,383	42,403	8,315	142,101
Type of customers								
- Public sector	18,459	24,286	-	42,745	23,944	26,421	-	50,365
- Private sector	78,163	13,707	8,984	100,854	67,439	15,982	8,315	91,736
Total revenue from contracts with customers	96,622	37,993	8,984	143,599	91,383	42,403	8,315	142,101
Type of contract duration								
- Within twelve months	80,321	21,291	8,404	110,016	89,294	30,703	6,898	126,895
- Over twelve months but less than twenty-four months	16,301	3,252	339	19,892	2,089	6,071	737	8,897
- Over twenty-four months	-	13,450	241	13,691	-	5,629	680	6,309
Total revenue from contracts with customers	96,622	37,993	8,984	143,599	91,383	42,403	8,315	142,101

Notes to the Condensed Consolidated Financial Statements

For the three and nine months ended 30 September 2022

	Nine months ended 30 September							
	2022				2021			
	System integration	Maintenance services	Cyber security services	Total	System integration	Maintenance services	Cyber security services	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Type of goods or services								
– Cloud infrastructure	178,995	108,087	–	287,082	249,985	120,220	–	370,205
– Security	100,878	6,738	20,393	128,009	84,187	6,863	22,229	113,279
Total revenue from contracts with customers	279,873	114,825	20,393	415,091	334,172	127,083	22,229	483,484
Type of customers								
– Public sector	64,901	80,982	–	145,883	109,822	79,385	–	189,207
– Private sector	214,972	33,843	20,393	269,208	224,350	47,698	22,229	294,277
Total revenue from contracts with customers	279,873	114,825	20,393	415,091	334,172	127,083	22,229	483,484
Type of contract duration								
– Within twelve months	251,875	73,654	18,303	343,832	316,439	99,508	18,018	433,965
– Over twelve months but less than twenty-four months	27,998	7,875	1,058	36,931	17,733	15,229	1,487	34,449
– Over twenty-four months	–	33,296	1,032	34,328	–	12,346	2,724	15,070
Total revenue from contracts with customers	279,873	114,825	20,393	415,091	334,172	127,083	22,229	483,484

Notes to the Condensed Consolidated Financial Statements

For the three and nine months ended 30 September 2022

4. (LOSS)/PROFIT BEFORE INCOME TAX

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

	Three months ended 30 September		Nine months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Costs of inventories recognised as expenses	102,464	101,387	299,217	351,008
Employee costs	21,770	25,618	66,360	73,003
Subcontracting costs	13,867	11,766	35,976	30,565
Net reversal of provision for impairment of trade receivables	(695)	(495)	(367)	(2,343)
Amortisation of intangible assets	736	1,018	2,581	3,051
Depreciation of property, plant and equipment	444	453	1,351	1,374
Depreciation of right-of-use assets	581	652	1,800	1,941
Research and development costs	1,176	1,292	3,724	3,906
Interest on lease liabilities	20	28	62	82
Short term lease expenses	27	54	162	325
Exchange losses, net	1,194	638	5,147	845

Notes to the Condensed Consolidated Financial Statements

For the three and nine months ended 30 September 2022

5. INCOME TAX EXPENSE/(CREDIT)

	Three months ended 30 September		Nine months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Current tax				
– Korea	(228)	1,574	(615)	1,896
– Hong Kong	–	182	–	182
	(228)	1,756	(615)	2,078
Deferred tax				
– Korea	441	242	448	1,142
– Hong Kong	166	153	(244)	195
	607	395	204	1,337
Total	379	2,151	(411)	3,415

Global Telecom Company Limited (“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 11.0% to 24.2% on the estimated assessable profit of Global Telecom derived worldwide during each of the periods presented.

- 11% on assessable profit up to the first KRW200 million (equivalent to approximately HK\$1.1 million);
- 22% on assessable profit in excess of KRW200 million (equivalent to approximately HK\$1.1 million) and up to KRW20 billion (equivalent to approximately HK\$109.6 million); and
- 24.2% on assessable profit in excess of KRW20 billion (equivalent to approximately HK\$109.6 million).

Subsidiaries operating in Hong Kong are subject to Hong Kong profits tax. Under two-tier profit tax regime, if the entity has one or more connected entity, the two-tiered profits tax rates would only apply to the one which is nominated to be chargeable at the two-tiered rates. Hong Kong profits tax of the nominated entity is calculated at 8.25% on assessable profits up to HK\$2 million and 16.5% on any part of assessable profits over HK\$2 million.

For the subsidiaries operating in Hong Kong which do not qualify for two-tiered profits tax rates, a profits tax rate of 16.5% on assessable profit shall remain in calculating Hong Kong profits tax.

Notes to the Condensed Consolidated Financial Statements

For the three and nine months ended 30 September 2022

6. BASIC AND DILUTED (LOSS)/EARNINGS PER SHARE

The calculation of basic and diluted (loss)/earnings per share is based on the following data.

	Three months ended 30 September		Nine months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
(Loss)/profit for the period attributable to owners of the Company	(3,282)	(2,453)	(11,852)	8,396

	Three months ended 30 September		Nine months ended 30 September	
	2022 Number '000 (unaudited)	2021 Number '000 (unaudited)	2022 Number '000 (unaudited)	2021 Number '000 (unaudited)
Weighted average number of ordinary shares	400,000	400,000	400,000	400,000

Weighted average of 400,000,000 shares for the three and nine months ended 30 September 2022 represents the number of shares in issue throughout the period.

Diluted (loss)/earnings per share were the same as the basic (loss)/earnings per share as the Group had no potential dilutive ordinary shares during the three and nine months ended 30 September 2022 and 2021.

7. DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2022 (corresponding period in 2021: nil).

8. REMUNERATION OF DIRECTORS AND EMOLUMENTS OF KEY MANAGEMENT

	Three months ended 30 September		Nine months ended 30 September	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Remuneration of directors and other members of key management	3,102	4,326	9,753	9,939

Management Discussion and Analysis

FINANCIAL REVIEW

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three and nine months ended 30 September 2022

	Three months ended		Change HK\$'000	Change %	Nine months ended		Change HK\$'000	Change %
	30 September 2022 HK\$'000 (unaudited)	30 June 2022 HK\$'000 (unaudited)			30 September 2022 HK\$'000 (unaudited)	30 September 2021 HK\$'000 (unaudited)		
Revenue	143,599	147,142	(3,543)	(2.4%)	415,091	483,484	(68,393)	(14.1%)
Cost of sales and services	(130,538)	(133,642)	(3,104)	(2.3%)	(377,871)	(425,514)	(47,643)	(11.2%)
Gross profit	13,061	13,500	(439)	(3.3%)	37,220	57,970	(20,750)	(35.8%)
Other income, net	1,327	560	767	137.0%	2,198	3,646	(1,448)	(39.7%)
Selling and administrative expenses	(16,638)	(18,467)	(1,829)	(9.9%)	(51,775)	(49,052)	2,723	5.6%
Finance costs	(274)	(259)	15	5.8%	(738)	(591)	147	24.9%
(Loss)/profit before income tax	(2,524)	(4,666)	(2,142)	(45.9%)	(13,095)	11,973	(25,068)	(209.4%)
Income tax (expense)/credit	(379)	293	672	229.4%	411	(3,415)	(3,826)	(112.0%)
(Loss)/profit for the period	(2,903)	(4,373)	(1,470)	(33.6%)	(12,684)	8,558	(21,242)	(248.2%)

Management Discussion and Analysis

For the nine months ended 30 September 2022, the Group posted a revenue of approximately HK\$415.1 million representing a decrease of approximately HK\$68.4 million or 14.1% when compared to the revenue of approximately HK\$483.5 million in the same corresponding period in 2021. An analysis of the Group's revenue is presented below:

- Korea and Hong Kong operations were declining during the period. Korea contributed approximately HK\$394.7 million for the nine months ended 30 September 2022, dropping by approximately HK\$66.6 million or 14.4% compared to approximately HK\$461.3 million a year ago. Business in Hong Kong contributed approximately HK\$20.4 million, which was approximately HK\$1.8 million or 8.3% lower compared to approximately HK\$22.2 million a year ago. Such decline was mainly due to adverse business and economic conditions.
- All segments recorded a revenue decline for the nine months ended 30 September 2022. Revenue from system integration, maintenance services and cyber security services were approximately HK\$279.9 million, HK\$114.8 million and HK\$20.4 million, respectively which accounted for 67.4%, 27.7% and 4.9% of the Group's revenue (for the nine months ended 30 September 2021: 69.1%, 26.3% and 4.6%, respectively).
- For the nine months ended 30 September 2022, public sector contributed approximately HK\$145.9 million in revenue, which decreased by approximately HK\$43.3 million or 22.9% compared to

the corresponding period of 2021; while private sector contributed approximately HK\$269.2 million in revenue, which decreased by approximately HK\$25.1 million or 8.5% compared to the corresponding period of 2021.

The Group's gross profit decreased by approximately HK\$20.8 million or 35.8% from approximately HK\$58.0 million for the nine months ended 30 September 2021 to approximately HK\$37.2 million for the nine months ended 30 September 2022. During the period, the Group was facing the pressure of employee costs increment in information technology industry, unfavourable exchange rate movement of KRW against United States dollars ("US\$") and relatively low margin projects obtained from strategic customers in Korea, which boosted up the cost of sales and services at a rate higher than revenue.

The Group posted a selling and administrative expenses of approximately HK\$51.8 million for the nine months ended 30 September 2022 which was comparable to the amount of approximately HK\$49.1 million for the nine months ended 30 September 2021. The slight increase of approximately HK\$2.7 million or 5.6% year-on-year was mainly caused by the increase in exchange loss due to the unfavourable exchange rate movement of KRW against US\$ during the period.

After a provision of approximately HK\$0.4 million for tax credit, the Group's loss for the period stood at approximately HK\$12.7 million for the nine months ended 30 September 2022, a reversal from a profit position of approximately HK\$8.6 million in 2021.

Management Discussion and Analysis

Liquidity and Financial Resources

As at 30 September 2022, the Group's net current assets were approximately HK\$81.4 million showing a strong liquidity.

The Group expresses its gearing ratio as a percentage of total debt over total equity. As at 30 September 2022, the gearing ratio was 34.1% (as at 31 December 2021: 64.7%). The decrease was due to repayments of bank borrowings. The liquidity ratio, represented by a ratio of current assets over current liabilities, was 1.8 times (as at 31 December 2021: 1.6 times), reflecting the adequacy of financial resources.

As at 30 September 2022, the Group recorded cash and cash equivalents of approximately HK\$30.8 million (as at 31 December 2021: approximately HK\$123.1 million), which included approximately KRW4,347 million, HK\$6.4 million, US\$0.1 million and small amount of Singapore dollars.

As at 30 September 2022, the Group had variable rate bank borrowings in US\$ and KRW of approximately US\$2.1 million and KRW3.7 million, which was equivalent to approximately HK\$33.5 million (as at 31 December 2021: approximately HK\$83.8 million).

Foreign Exchange Exposure

The Group's business in Korea is exposed to currency risk that mainly arose 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 between the costing date and the relevant settlement date.

Revenue and cost of our Hong Kong operations are mainly denominated in HK\$. Hence, there is no currency risk arising from it.

Charges on Group's Assets

None of the Group's assets were charged as at 30 September 2022.

Management Discussion and Analysis

Material Investments and Capital Assets

The Group did not have any material investments and capital assets for the nine months ended 30 September 2022.

As at 30 September 2022, the Group was continuously seeking potential buyers for the remaining eleven properties. As disclosed in the circular dated 25 January 2021 and the supplementary announcement dated 31 March 2021, since the properties are part of the government subsidised, the Directors consider that the prices of the properties will not have any downside risk. In the event that any of the eleven properties are not disposed of prior to the payment date for relevant intermediate payment(s) and/or remaining balance, the Company intends to satisfy these payable by bank borrowing in Korea and obtained a banking facility to satisfy relevant intermediate payments.

Significant Acquisitions and Disposals

For the nine months ended 30 September 2022, the Group had not made any significant acquisition or disposal.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 30 September 2022.

Capital Commitment

As at 30 September 2022, the Group has outstanding capital commitment of approximately KRW4.0 billion (equivalent to approximately HK\$21.5 million) related to the agreement entered for properties purchase in Korea which is not provided for in the Group's financial statements.

Management Discussion and Analysis

BUSINESS REVIEW

	HK\$'000
Opening backlog as at 1 January 2022	133,379
New booking during the period	526,071
Revenue recognised during the period	(415,091)
Closing backlog as at 30 September 2022	244,359

COVID-19 pandemic was still affecting the supply chain of semiconductors during the reporting period. As at 30 September 2022, the Group's closing backlog balance surged to approximately HK\$244.4 million due to the postponement of service delivery. Examples of contracts awarded during the period included:

- A contract won from a search engine operator amounting to approximately KRW5.3 billion (equivalent to HK\$29.1 million);
- A contract won from a hospital amounting to approximately KRW4.1 billion (equivalent to HK\$22.6 million);
- A contract won from a software publishers amounting to approximately KRW2.4 billion (equivalent to HK\$12.9 million);
- A contract won from a public organisation for cultural services amounting to approximately KRW2.0 billion (equivalent to HK\$11.2 million); and
- A contract won from a broadcasting production operator amounting to approximately KRW1.5 billion (equivalent to HK\$8.2 million).

Revenue from maintenance services segment has been declining during the nine months ended 30 September 2022 to HK\$114.8 million from HK\$127.1 million for the same corresponding period in 2021. The decline was due to the decrease in number of maintenance contracts.

For the nine months ended 30 September 2022, cyber security services segment recorded a revenue of HK\$20.4 million which represented a decrease of HK\$1.8 million or 8.3% compared to the corresponding period of 2021. The decline was resulted from social distancing measures in Hong Kong hindered service delivery during the period.

PROSPECTS

Although the Group has recorded a loss for the nine months ended 30 September 2022, our order book is increasing and the situation is improving. After considering the current circumstances, the management team of the Group will implement tight cost control against those uncertainties. We will also assess the potential impacts from Russo-Ukrainian War and the pressure of increasing interest rate in the United States in developing business strategies.

Management Discussion and Analysis

EMPLOYEES AND REMUNERATION POLICY

As at 30 September 2022, the Group had an aggregate of 207 (30 September 2021: 221) employees comparable to the number of employees for the same corresponding period in last year.

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 employee costs, including Directors' emoluments, amounted to approximately HK\$66.4 million for the nine months ended 30 September 2022 (for the nine months ended 30 September 2021: approximately HK\$73.0 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 2022, no share option had been granted.

In enhancing the competitiveness and improving staff quality through continuous learning, the Group provides our staff with regular technical and on-the-job trainings and encourages our staff to attend external seminars and sit for examinations to develop their knowledge continuously.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

Sale and Purchase of the Sale Shares and Mandatory Unconditional Cash Offer

As disclosed in the Company's announcements dated 13 September 2022, 26 September 2022, and 28 September 2022 respectively, LiquidTech Limited (as the Vendor) and Variant Wealth Investment Development Limited and Gorgeous Real Investment Holding Limited (as the Purchasers and Joint Offerors) entered into a sale and purchase agreement on 4 September 2022, which was completed on 28 September 2022 ("Share Purchase Completion"). Upon the Share Purchase Completion, the Joint Offerors and the Joint Offerors' concert parties were interested in an aggregate of 248,917,327 Shares, representing approximately 62.23% of the total issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Joint Offerors are required to make a mandatory unconditional cash offer for all the issued Shares (other than those already owned and/or agreed to be acquired by the Joint Offerors and the Joint Offerors' concert parties). For details of the sale and purchase agreement and the mandatory unconditional cash offer, please refer to the section of "CHANGE OF CONTROLLING SHAREHOLDER AND THE OFFER".

Management Discussion and Analysis

Change of Directors, Change of Chairman of the Board, and Change in Composition of Board Committees

On 31 October 2022, the Board announced that with effect from 31 October 2022, Mr. Suh Seung Hyun resigned as an executive Director, the chairman of the Board (the “Chairman”); Mr. Phung Nhuong Giang has resigned as an executive Director and the deputy chairman of the Board; Mr. Ryoo Seong Ryul has resigned as an executive Director and the chief financial officer; Mr. Wong Sik Kei has resigned as an independent non-executive Director, the chairman of the Remuneration Committee, and a member of each of the Audit Committee and the Nomination Committee; Mr. Sum Chun Ho has resigned as an independent non-executive Director, the chairman of the Audit Committee, and a member of each of the Remuneration Committee and the Nomination Committee; Mr. Yung Kai Tai has resigned as an independent non-executive Director, the chairman of the Nomination Committee, and a member of each of the Audit Committee and the Remuneration Committee.

The resignation of the aforesaid Directors (collectively, the “Resigned Directors”) was due to change in control of the Company after Share Purchase Completion and the close of the share offer. Each of the Resigned Directors has confirmed that he has no disagreement with the Board and there are no matters in respect of his resignation that need to be brought to the attention of the shareholders of the Company (the “Shareholders”) or the Stock Exchange.

The Board further announced that with effect from 31 October 2022, Ms. Tao Hongxia (“Ms. Tao”) has been appointed as an executive Director and the chairlady of the Board; Mr. Chan Kin Ming has been appointed as an independent non-executive Director, the chairman of the Audit Committee, and a member of each of the Remuneration Committee and the Nomination Committee; Mr. Lam Chi Cheung Albert has been appointed as an independent non-executive Director, the chairman of the Remuneration Committee, and a member of each of the Audit Committee and the Nomination Committee; and Mr. Yu Wing Chung has been appointed as an independent non-executive Director, the chairman of the Nomination Committee, and a member of each of the Audit Committee and the Remuneration Committee.

For details of the biographical details of the above-mentioned newly appointed Directors, please refer to the announcement of the Company dated 31 October 2022.

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 2022, 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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (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 ^(Note 6)
Mr. Phung Nhuong Giang ^(Notes 1, 2 and 3) ("Mr. Phung")	Interest held jointly with other persons/Interest in controlled corporation/Interest of spouse	14,000,000	3.50%
Mr. Suh Seung Hyun ^(Notes 1 and 2) ("Mr. Suh")	Interest held jointly with other persons/Interest in controlled corporation	14,000,000	3.50%
Mr. Lee Seung Han ^(Notes 1 and 2) ("Mr. Lee")	Interest held jointly with other persons/Interest in controlled corporation	14,000,000	3.50%
Mr. Tao Guolin ^(Notes 4 and 5) ("Mr. Tao")	Beneficial owner/Interest in controlled corporation	122,917,327	30.73%

Corporate Governance and Other Information

Notes:

- (1) LiquidTech Limited ("LiquidTech") held 14,000,000 Shares, representing 3.50% 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 18.14%, 25.34%, 22.71%, 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 3.50% 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 3.50% 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) On 2 July 2021, LiquidTech and Mr. Tao have entered into a sale and purchase agreement, whereby LiquidTech agreed to sell and Mr. Tao agreed to purchase 22,917,327 shares representing approximately 5.73% interest in the share capital of the Company.
- (5) Variant Wealth Investment Development Limited ("Variant Wealth") acquired 100,000,000 shares (representing 25.00% of the total issued share capital of the Company as at 28 September 2022) from LiquidTech. Variant Wealth is wholly owned by Mr. Tao.
- (6) The percentage of shareholding was calculated based on the Company's total number of issued Shares as at 30 September 2022 (i.e. 400,000,000 Shares).

Save as disclosed above, as at 30 September 2022, 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.

Corporate Governance and Other Information

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES AND UNDERLYING SHARES

As at 30 September 2022, 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 ^(Note 4)
Gorgeous Real Investment Holding Limited ^(Note 1)	Beneficial owner	106,000,000	26.50%
Ms. Tao Hongxia ^(Note 1)	Interest in controlled corporation	106,000,000	26.50%
Variant Wealth Investment Development Limited ^(Note 2)	Beneficial owner	100,000,000	25.00%
Ms. Han Lerong ^(Note 3)	Interest of spouse	122,917,327	30.73%
Mr. Tao Jian	Beneficial owner	20,000,000	5.00%

Notes:

- (1) Gorgeous Real Investment Holding Limited ("Gorgeous Real") acquired 106,000,000 shares (representing 26.50% of the total issued share capital of the Company as at 28 September 2022) from LiquidTech. Gorgeous Real is wholly owned by Ms. Tao Hongxia.
- (2) Variant Wealth acquired 100,000,000 shares (representing 25.00% of the total issued share capital of the Company as at 28 September 2022) from LiquidTech. Variant Wealth is wholly owned by Mr. Tao.
- (3) Ms. Han Lerong is the spouse of Mr. Tao. Ms. Han Lerong is deemed to be interested in all the Shares in which Mr. Tao 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 2022 (i.e. 400,000,000 Shares).

Save as disclosed above, as at 30 September 2022, 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.

Corporate Governance and Other Information

CHANGE OF CONTROLLING SHAREHOLDER AND THE OFFER

On 4 September 2022, LiquidTech (the "Vendor") and Variant Wealth and Gorgeous Real (collectively, the "Joint Offerors") entered into a sale and purchase agreement (the "Sale and Purchase Agreement"), pursuant to which the Vendor agreed to sell, and the Joint Offerors conditionally agreed to acquire, a total of 206,000,000 shares of the Company, representing approximately 51.50% of the total issued share capital of the Company, at a total consideration of HK\$59,225,000 (equivalent to HK\$0.2875 per sale share).

Following the Share Purchase Completion, the Joint Offerors and the Joint Offerors' Concert Parties were interested in an aggregate of 248,917,327 Shares, representing approximately 62.23% of the total issued share capital of the Company. As required under the Code on Takeovers and Mergers, a mandatory conditional cash offer was made by Lego Securities Limited ("Lego Securities") for and on behalf of the Joint Offerors to acquire all the issued shares of the Company (other than those already owned and/or agreed to be acquired by the Joint Offerors and the Joint Offerors' Concert Parties) at HK\$0.2875 per offer share (the "Offer").

On 5 October 2022, a composite offer and response document was jointly issued by the Joint Offerors and the Company in respect of the Offer (the "Composite Document"). As disclosed in a joint announcement issued by the Company and the Joint Offerors on 5 October 2022, the Offer became unconditional on the same day and the Offer remained open for acceptance until 26 October 2022. On 26 October 2022, the Joint Offerors and the Company jointly announced that the Offer made by Lego Securities for and on behalf of the Joint Offerors was closed on Wednesday, 26 October 2022. The Offer has not been revised or extended. The Joint Offerors had received 11 valid acceptances in respect of a total of 63,411,750 offer shares under the Offer, representing approximately 15.85% of the entire issued share capital of the Company.

Immediately after the Share Purchase Completion and prior to the commencement of the Offer, the Joint Offerors and the Joint Offerors' Concert Parties were interested in a total of 248,917,327 shares, representing approximately 62.23% of the total issued share capital of the Company. Immediately after the close of the Offer, and taking into account the 63,411,750 acceptance shares, the Joint Offerors and the Joint Offerors' Concert Parties were interested in an aggregate of 312,329,077 shares, representing approximately 78.08% of the entire issued share capital of the Company.

For details of the change of the controlling shareholder of the Company and the Offer, please refer to the joint announcements issued by the Joint Offerors and the Company dated 13 September 2022, 26 September 2022, 28 September 2022, 5 October 2022 and 26 October 2022 and the Composite Document respectively.

Corporate Governance and Other Information

PUBLIC FLOAT OF THE COMPANY

Immediately upon the close of the Offer and as at the date of this report, subject to the due registration by the Registrar of the transfer of the Offer Shares in respect of which valid acceptances were received, 73,670,923 Shares, representing approximately 18.42% of the entire issued share capital of the Company as at the date of this report, are held by the public (as defined under the GEM Listing Rules). Accordingly, as at the date of this report, the Company is not able to fulfill the minimum public float requirement as set out under Rule 11.23(7) of the GEM Listing Rules.

Each of the Company, the Directors, the Joint Offerors and the sole director of each of the Joint Offerors has undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Shares.

On 9 November 2022, the Stock Exchange has granted temporary waiver from strict compliance with Rule 11.23(7) of the GEM Listing Rules for the period commencing from 26 October 2022 to 25 December 2022 to the Company.

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 2022.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the nine months ended 30 September 2022, 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 and Other Information

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 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 2022.

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 2022.

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 D.3 of the CG Code. As at the date of this report, the Audit Committee consists of three independent non-executive Directors namely, Mr. Chan Kin Ming, Mr. Lam Chi Cheung Albert and Mr. Yu Wing Chung. Mr. Chan Kin Ming possesses the appropriate professional accounting qualifications and serves as the chairman of the Audit Committee.

The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management systems and internal control systems and the internal control function, audit plan and relationship with external auditors, and arrangement to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company. The Audit Committee had reviewed the unaudited quarterly results of the Company for the nine months ended 30 September 2022.

By order of the Board
Future Data Group Limited
Tao Hongxia
Chairlady and Executive Director

Hong Kong, 11 November 2022