



FUTURE DATA

FUTURE DATA GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE: 8229

2023

FIRST QUARTERLY REPORT



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 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.

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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.



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Ms. Tao Hongxia (*Chairlady*)

Mr. Lee Seung Han
(*Chief Executive Officer*)

Mr. Tao Guolin
(*Group General Manager*)

Independent Non-executive Directors

Mr. Chan Kin Ming

Mr. Lam Chi Cheung Albert

Mr. Yu Wing Chung

BOARD COMMITTEES

Audit Committee

Mr. Chan Kin Ming (*Chairman*)

Mr. Lam Chi Cheung Albert

Mr. Yu Wing Chung

Remuneration Committee

Mr. Lam Chi Cheung Albert (*Chairman*)

Mr. Chan Kin Ming

Mr. Yu Wing Chung

Nomination Committee

Mr. Yu Wing Chung (*Chairman*)

Mr. Chan Kin Ming

Mr. Lam Chi Cheung Albert

COMPLIANCE OFFICER

Mr. Lee Seung Han

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN KOREA

Units A1304–1310, 13 Floor

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Yeongdeungpo-gu

Seoul

Korea

COMPANY SECRETARY

Ms. Cheung Yuet Fan

AUTHORISED REPRESENTATIVES

Ms. Tao Hongxia

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

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Central, Hong Kong

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As to Korean law:
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Attorneys-at-law, Korea
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17/F, Far East Finance Centre
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PRINCIPAL BANK

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Korea

COMPANY WEBSITE ADDRESS

www.futuredatagroup.com

STOCK CODE

8229

Financial Highlights

For the three months ended 31 March 2023

- Unaudited revenue of the Group was HK\$69.2 million for the three months ended 31 March 2023, representing a decrease of approximately HK\$55.1 million or 44.3%, as compared to the three months ended 31 March 2022.
- Unaudited loss for the period was HK\$11.3 million for the three months ended 31 March 2023, representing an increase of net loss of approximately HK\$5.9 million or 108.9%, as compared to the three months ended 31 March 2022.
- Unaudited basic and diluted loss per share for the three months ended 31 March 2023 was HK cents 2.42 (unaudited basic and diluted loss per share for the three months ended 31 March 2022: HK cents 1.08 (re-presented)).
- The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2023 (for the three months ended 31 March 2022: Nil).

Quarterly Results

The board of directors (the "Board") of the Company presents the unaudited condensed consolidated results of the Group for the three months ended 31 March 2023, together with comparative figures as follows:

Condensed Consolidated Statement of Profit or Loss

For the three months ended 31 March 2023

	Notes	Three months ended 31 March	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Revenue	3	69,243	124,350
Cost of sales and services		(64,726)	(113,691)
Gross profit		4,517	10,659
Other income, net		474	311
Selling and administrative expenses		(15,731)	(16,670)
Finance costs		(526)	(205)
Loss before income tax	4	(11,266)	(5,905)
Income tax (expenses)/credit	5	(30)	497
Loss for the period		(11,296)	(5,408)
Attributable to:			
– Owners of the Company		(10,453)	(4,674)
– Non-controlling interests		(843)	(734)
		(11,296)	(5,408)
			(Re-presented)
Loss per share attributable to owners of the Company			
Basic and Diluted (HK cents)	6	2.42	1.08

Condensed Consolidated Statement of Comprehensive Income

For the three months ended 31 March 2023

	Three months ended 31 March	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Loss for the period	(11,296)	(5,408)
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	(3,240)	(2,320)
Total comprehensive income for the period	(14,536)	(7,728)
Attributable to:		
– Owners of the Company	(13,679)	(6,989)
– Non-controlling interests	(857)	(739)
	(14,536)	(7,728)

Condensed Consolidated Statement of Changes in Equity

For the three months ended 31 March 2023

	Attributable to equity holders of the Company									
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Research and development reserve HK\$'000	Foreign exchange reserve HK\$'000	Legal reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2023 (audited)	4,000	35,718	13,855	3,674	(16,575)	3,124	88,064	131,860	1,475	133,335
Loss for the period	-	-	-	-	-	-	(10,453)	(10,453)	(843)	(11,296)
Exchange difference arising on translation of foreign operations	-	-	-	-	(3,226)	-	-	(3,226)	(14)	(3,240)
Total comprehensive income	-	-	-	-	(3,226)	-	(10,453)	(13,679)	(857)	(14,536)
Issuance of new shares upon placing of shares less transaction costs	800	16,448	-	-	-	-	-	17,248	-	17,248
Appropriation	-	-	-	-	-	65	(65)	-	-	-
At 31 March 2023 (unaudited)	4,800	52,166	13,855	3,674	(19,801)	3,189	77,546	135,429	618	136,047
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	-	-	-	-	-	-	(4,674)	(4,674)	(734)	(5,408)
Exchange difference arising on translation of foreign operations	-	-	-	-	(2,315)	-	-	(2,315)	(5)	(2,320)
Total comprehensive income	-	-	-	-	(2,315)	-	(4,674)	(6,989)	(739)	(7,728)
Appropriation	-	-	-	-	-	238	(238)	-	-	-
At 31 March 2022 (unaudited)	4,000	35,718	13,855	3,674	(11,797)	3,151	84,349	132,950	1,359	134,309

Notes to the Condensed Consolidated Financial Statements

For the three months ended 31 March 2023

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 are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). 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 Room 1703, 17/F., Office Tower, Convention Plaza, No. 1 Harbour Road, Wan Chai, Hong Kong.

The principal places of the business of the Company and its subsidiaries (together the "Group") are located at Units A1304–1310, 13 Floor, 150 Yeongdeungpo-ro, Yeongdeungpo-gu, Seoul, Korea and at the aforementioned address in Hong Kong.

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 of the Company 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 months ended 31 March 2023

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated financial statements for the three months ended 31 March 2023 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 GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of the condensed consolidated financial statements for the three months ended 31 March 2023 are consistent with those adopted in the annual financial statements for the year ended 31 December 2022. The condensed consolidated financial statements for the three months ended 31 March 2023 should be read in conjunction with the annual financial statements for the year ended 31 December 2022.

On 1 January 2023, the Group has adopted all revised HKFRS and amendments that are effective from that date and are relevant to its operations. The adoption of these revised HKFRS and amendments 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 months ended 31 March 2023

Segment revenue and profit contribution are:

(a) Business segments:

	Three months ended 31 March							
	2023				2022			
	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	30,837	33,256	7,310	71,403	83,054	36,358	6,138	125,550
Inter-segment revenue	-	-	(2,160)	(2,160)	-	-	(1,200)	(1,200)
Revenue from external customers	30,837	33,256	5,150	69,243	83,054	36,358	4,938	124,350
Gross profit/(loss) and segment results	(1,105)	5,695	(73)	4,517	3,707	7,182	(230)	10,659
Other income, net				474				311
Selling and administrative expenses				(15,731)				(16,670)
Finance costs				(526)				(205)
Loss before income tax				(11,266)				(5,905)
Income tax (expenses)/credit				(30)				497
Loss for the period				(11,296)				(5,408)

(b) Geographic information:

	Three months ended 31 March	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Korea	64,093	119,412
Hong Kong	5,150	4,938
Total	69,243	124,350

Notes to the Condensed Consolidated Financial Statements

For the three months ended 31 March 2023

(c) Revenue analysis:

	Three months ended 31 March	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Revenue from customers and recognised over time:		
– Revenue from system integration services	30,837	83,054
– Revenue from maintenance services	33,256	36,358
– Revenue from cyber security services	5,150	4,938
Total	69,243	124,350

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

	Three months ended 31 March							
	2023				2022			
	System integration HK\$'000 (unaudited)	Maintenance services HK\$'000 (unaudited)	Cyber security services HK\$'000 (unaudited)	Total HK\$'000 (unaudited)	System integration HK\$'000 (unaudited)	Maintenance services HK\$'000 (unaudited)	Cyber security services HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Type of goods or services								
– Cloud infrastructure	29,369	32,122	–	61,491	47,678	33,972	–	81,650
– Security	1,468	1,134	5,150	7,752	35,376	2,386	4,938	42,700
Total revenue from contracts with customers	30,837	33,256	5,150	69,243	83,054	36,358	4,938	124,350
Type of customers								
– Public sector	14,971	27,064	–	42,035	38,578	24,184	–	62,762
– Private sector	15,866	6,192	5,150	27,208	44,476	12,174	4,938	61,588
Total revenue from contracts with customers	30,837	33,256	5,150	69,243	83,054	36,358	4,938	124,350
Contract duration								
– Within twelve months	21,746	16,555	4,174	42,475	83,054	26,778	3,964	113,796
– Over twelve months but less than twenty-four months	8,298	3,156	440	11,894	–	1,724	381	2,105
– Over twenty-four months	793	13,545	536	14,874	–	7,856	593	8,449
Total revenue from contracts with customers	30,837	33,256	5,150	69,243	83,054	36,358	4,938	124,350

Notes to the Condensed Consolidated Financial Statements

For the three months ended 31 March 2023

4. LOSS BEFORE INCOME TAX

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

	Three months ended 31 March	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Costs of inventories recognised as expenses	40,008	87,400
Employee costs	21,417	15,915
Subcontracting costs	11,849	12,785
Net (reversal)/provision for impairment of trade receivables	(131)	460
Amortisation of intangible assets	322	923
Depreciation of property, plant and equipment	760	445
Depreciation of right-of-use assets	485	611
Research and development costs	1,247	1,277
Interest on lease liabilities	33	22
Short term lease expenses	130	97

5. INCOME TAX (EXPENSES)/CREDIT

	Three months ended 31 March	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Current tax		
– Korea	187	194
	187	194
Deferred Tax		
– Korea	(288)	159
– Hong Kong	71	144
	(217)	303
Total	(30)	497

Notes to the Condensed Consolidated Financial Statements

For the three months ended 31 March 2023

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\$1.3 million);
- 22% on assessable profit in excess of KRW200 million (equivalent to approximately HK\$1.3 million) and up to KRW20 billion (equivalent to approximately HK\$128.2 million); and
- 24.2% on assessable profit in excess of KRW20 billion (equivalent to approximately HK\$128.2 million).

Subsidiaries operating in Hong Kong are subject to Hong Kong profits tax. Under two-tier profits 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 months ended 31 March 2023

6. BASIC AND DILUTED LOSS PER SHARE

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

	Three months ended 31 March	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Loss for the period	(10,453)	(4,674)

	Three months ended 31 March	
	2023 '000 (unaudited)	2022 '000 (unaudited) (Re-presented)
Weighted average number of ordinary shares	431,891	431,891

Weighted average number of shares for the three months ended 31 March 2023 and 2022 has been adjusted for the bonus elements of the placing completed on 17 February 2023 throughout the period.

Further details of the placing and the result of the placing are set out in the Company's announcements dated 26 January 2023 and 17 February 2023 respectively.

Diluted loss per share were the same as the basic loss per share as the Group had no potential dilutive ordinary shares during the three months ended 31 March 2023 and 2022.

7. DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2023 (corresponding period in 2022: nil).

8. REMUNERATION OF DIRECTORS AND EMOLUMENTS OF KEY MANAGEMENT

	Three months ended 31 March	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Remuneration of directors and other members of key management	2,733	3,230

Management Discussion and Analysis

FINANCIAL REVIEW

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three months ended 31 March 2023

	Three months ended 31 March		Change HK\$'000	Change %
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)		
Revenue	69,243	124,350	(55,107)	(44.3)
Cost of sales and services	(64,726)	(113,691)	48,965	43.1
Gross profit	4,517	10,659	(6,142)	(57.6)
Other income, net	474	311	163	52.4
Selling and administrative expenses	(15,731)	(16,670)	939	5.6
Finance costs	(526)	(205)	(321)	(156.6)
Loss before income tax	(11,266)	(5,905)	(5,361)	(90.8)
Income tax (expense)/credit	(30)	497	(527)	(106.0)
Loss for the period	(11,296)	(5,408)	(5,888)	(108.9)

For the three months ended 31 March 2023, the Group posted a revenue of approximately HK\$69.2 million representing a decrease of approximately HK\$55.1 million or 44.3% when compared to the revenue of approximately HK\$124.4 million in the same corresponding period in 2022. Below is our analysis on revenue:

- Both Korea and Hong Kong operations were shrinking during the period. Korea contributed approximately HK\$64.1 million for the three months ended 31 March 2023, which was approximately HK\$55.3 million or 46.3% lower compared to HK\$119.4 million a year ago. During the same period, Hong Kong contributed approximately HK\$5.2 million, which was approximately HK\$0.3 million or 6.1% higher compared to approximately HK\$4.9 million a year ago.
- Segment revenue of system integration, maintenance services and cyber security services were approximately HK\$30.8 million, HK\$33.3 million and HK\$5.2 million respectively which accounting for 44.5%, 48.0% and 7.5% of the Group's revenue for the three months ended 31 March 2023 (31 March 2022: 66.8%, 29.2% and 4.0%).
- Public sector contributed approximately HK\$42.0 million in revenue, which was approximately HK\$20.7 million or 33.0% decrease and private sector decreased by approximately HK\$34.4 million or 55.8% to approximately HK\$27.2 million as compared to a year ago period.

Management Discussion and Analysis

The Group's gross profit decreased by approximately HK\$6.1 million or 57.6% from approximately HK\$10.7 million for the three months ended 31 March 2022 to approximately HK\$4.5 million for the three months ended 31 March 2023. During the period, 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's selling and administrative expenses of approximately HK\$15.7 million for the three months ended 31 March 2023 were comparable to last year of the same corresponding period. (For the three months ended 31 March 2022: approximately HK\$16.7 million).

After a provision of approximately HK\$0.1 million for tax credit, the Group suffered a loss for the period of approximately HK\$11.3 million for the three months ended 31 March 2023, representing an increase in loss of approximately HK\$5.9 million or 108.9% when compared to the loss for the period of approximately HK\$5.4 million for the three months ended 31 March 2022.

The increase in loss was mainly attributable to 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.

Liquidity and Financial Resources

As at 31 March 2023, the Group's net current assets were HK\$63.5 million showing a strong liquidity (as at 31 December 2022: HK\$70.4 million).

The Group expresses its liquidity and financial resources in terms of gearing ratio and liquidity ratio. The gearing ratio, represented by total debt over total equity, was 55.4% as at 31 March 2023 (as at 31 December 2022: 50.6%).

The liquidity ratio, represented by current assets over current liabilities, was 1.6 times as at 31 March 2023 (as at 31 December 2022: 1.4 times), reflecting the adequacy of financial resources.

As at 31 March 2023, the Group recorded cash and cash equivalents of approximately HK\$78.7 million (as at 31 December 2022: approximately HK\$122.6 million), which included approximately KRW9,372 million, HK\$19.9 million and small amount of US\$, Chinese Yuan and Singapore dollars.

Management Discussion and Analysis

As at 31 March 2023, the Group had variable rate bank borrowings in US\$ and KRW of approximately US\$4.9 million and KRW3,142 million respectively, which were equivalent to approximately HK\$58.6 million (as at 31 December 2022: approximately HK\$41.8 million). Certain banking borrowings are guaranteed by Korea Credit Guarantee Fund which is a public financial institution independent of the Group.

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 operation are both denominated in HK\$. Hence, there is no currency risk arising from it.

Charges on Group's Assets

As at 31 March 2023, the Group pledged freehold land and buildings and investment properties with carrying value of approximately HK\$45.9 million to secure a mortgage granted to the Group.

Material Investments and Capital Assets

The Group did not have any material investments and capital assets for the three months ended 31 March 2023.

Management Discussion and Analysis

Significant Acquisitions and Disposals

For the three months ended 31 March 2023, the Group had not made any significant acquisition or disposal.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31 March 2023.

Capital Commitment

As at 31 March 2023, the Group did not have any significant capital commitments.

BUSINESS REVIEW

	HK\$'000
Opening backlog as at 1 January 2023	161,699
New booking during the period	19,363
Revenue recognised during the period	30,594
Closing backlog as at 31 March 2023	150,468

The overall operating environment of our business remained challenging over the reporting period. As at 31 March 2023, the Group's closing backlog balance decreased to HK\$150.5 million. In spite of the challenges imposed by the unfavourable business environment, the Group's business still managed to conclude new contracts from various sectors, examples of contracts awarded during the period included:

- A contract won from a government district office amounting to KRW1.4 billion (equivalent to HK\$9.2 million).

- A contract won from a hospital amounting to KRW1.1 billion (equivalent to HK\$6.8 million).

Revenue from maintenance services segment decreased during the three months ended 31 March 2023 to approximately HK\$33.3 million from approximately HK\$36.4 million for the same corresponding period a year ago. The decline was due to the decrease in number of maintenance contracts.

Management Discussion and Analysis

Cyber security services segment was in growing trend. For the three months ended 31 March 2023, this segment recorded a revenue of approximately HK\$5.2 million which represented an increase by approximately HK\$0.3 million or 6.1% from approximately HK\$4.9 million for the three months ended 31 March 2022.

PROSPECTS

Leveraging with the Group's existing technological background, the Group intends to widen its business scope to the latest trend of technologies, like blockchain and metaverse (the "New Business") as part of its business plan to enhance its revenue stream and profit structure. China is promoting digital assets to combine social and cultural factors for new business model and further grown of the digital economy. The Group explores further appropriate opportunities in relation to the New Business in China to enhance shareholders' return.

EMPLOYEES AND REMUNERATION POLICY

As at 31 March 2023, the Group had an aggregate of 201 (31 March 2022: 213) employees comparable to the number of employee 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 performances. Total employee costs, including Directors' emoluments, amounted to approximately HK\$21.4 million for the three months ended 31 March 2023 (for the three months ended 31 March 2022: approximately HK\$15.9 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.

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.

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 31 March 2023, 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)
Ms. Tao Hongxia ^(Note 1) ("Ms. Tao")	Interest in controlled corporation	142,411,750	29.67%
Mr. Tao Guolin ^(Notes 2 and 3) ("Mr. Tao")	Beneficial Owner/Interest in controlled corporation	122,917,327	25.60%
Mr. Lee Seung Han ^(Notes 4 and 5) ("Mr. Lee")	Interest held jointly with other persons/Interest in controlled corporation	14,000,000	2.92%

Corporate Governance and Other Information

Notes:

- (1) Gorgeous Real Investment Holding Limited ("Gorgeous Real") held 142,411,750 shares of the Company which is wholly owned by Ms. Tao.
- (2) On 2 July 2021, LiquidTech Limited ("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 4.77% interest in the then share capital of the Company.
- (3) Variant Wealth Investment Development Limited ("Variant Wealth") acquired 100,000,000 shares from LiquidTech. Variant Wealth is wholly owned by Mr. Tao.
- (4) LiquidTech held 14,000,000 Shares, representing 2.92% of the issued Shares. LiquidTech is wholly owned by Asia Media Systems Pte. Ltd. ("AMS") which is owned by Mr. Phung Nhuang Giang ("Mr. Phung"), Mr. Suh Seung Hyun ("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.
- (5) 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 2.92% 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 2.92% interest in the share capital of the Company.
- (6) The percentage of shareholding was calculated based on the Company's total number of issued Shares as at 31 March 2023 (i.e. 480,000,000 Shares).

Save as disclosed above, as at 31 March 2023, 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 31 March 2023, 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.

Corporate Governance and Other Information

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	142,411,750	29.67%
Variant Wealth Investment Development Limited ^(Note 2)	Beneficial owner	100,000,000	20.83%
Ms. Han Lerong ^(Note 3)	Interest of spouse	122,917,327	25.60%

Notes:

- (1) Gorgeous Real held 142,411,750 shares which is wholly owned by Ms. Tao.
- (2) Variant Wealth acquired 100,000,000 shares 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 31 March 2023 (i.e. 480,000,000 Shares).

Save as disclosed above, as at 31 March 2023, 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

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. On 3 April 2023, the Company offered to grant a total of 19,200,000 share options (the "Share Options") under the Share Option Scheme to a total of 5 grantees who are employees of the Group (the "Grantees"). The Grantees are entitled, subject to the terms and conditions of the grant and upon exercise, to subscribe for total of 19,200,000 shares of the Company (the "Shares").

Further details of the Share Options are set out in the Company's announcement dated 3 April 2023.

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 three months ended 31 March 2023.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the three months ended 31 March 2023, 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 three months ended 31 March 2023.

Corporate Governance and Other Information

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 three months ended 31 March 2023.

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. For the three months ended 31 March 2023, 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 and internal control systems and the internal audit 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 three months ended 31 March 2023.

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

Hong Kong, 12 May 2023