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FUTURE DATA

FUTURE DATA GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8229)

**DISCLOSEABLE TRANSACTION
IN RELATION TO THE SALE AND PURCHASE OF SALE SHARES AND
THE SUBSCRIPTION OF NEW SHARES IN MAXIMUS GROUP CONSULTING LIMITED**

The Board announces that on 2 April 2019 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, entered into the Share Purchase and Subscription Agreement with the Vendor, the Target Company and Mr. Chung in relation to the sale and purchase of the Sale Shares at the Sale Shares Consideration and the subscription of the New Shares at the New Shares Consideration. The Transaction is subject to the satisfaction of the Conditions. Upon Closing, the Purchaser will be interested in approximately 64.86% of the entire issued share capital of the Target Company.

As one or more of the applicable percentage ratios set out in Rule 19.07 of the GEM Listing Rules in respect of the Transaction is more than 5% but less than 25%, the Transaction constitutes a discloseable transaction on the part of the Company and is subject to the reporting and announcement requirements under the GEM Listing Rules.

THE SHARE PURCHASE AND SUBSCRIPTION AGREEMENT

On 2 April 2019 (after trading hours), the Purchaser, a wholly-owned subsidiary of the Company, entered into the Share Purchase and Subscription Agreement with the Vendor, the Target Company and Mr. Chung in relation to the sale and purchase of the Sale Shares and the subscription of the New Shares.

The principal terms of the Share Purchase and Subscription Agreement are summarised below:

Date: 2 April 2019 (after trading hours)

Parties: (i) Future Data Limited, a wholly-owned subsidiary of the Company, as the Purchaser;
(ii) Maximus Venture Holdings Limited, as the Vendor;
(iii) Maximus Group Consulting Limited, as the Target Company; and

(iv) Mr. Chung Pui Nam Roger, as the covenantor.

To the best of Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendor, the Target Company and Mr. Chung and their respective ultimate beneficial owner and/or associate(s) is an Independent Third Party.

Assets to be acquired

Pursuant to the Share Purchase and Subscription Agreement:

- (1) the Purchaser conditionally agreed to acquire and the Vendor conditionally agreed to sell the Sale Shares, being 24,000 Target Company Shares, representing approximately 32.43% of the entire issued share capital of the Target Company upon Closing (having taking into account the number of the New Shares); and
- (2) the Purchaser conditionally agreed to subscribe for and the Target Company conditionally agreed to allot and issue the New Shares, being 24,000 Target Company Shares, representing approximately 32.43% of the entire issued share capital of the Target Company upon Closing (having taking into account the number of the New Shares).

Consideration

Sale Shares Consideration

The Sale Shares Consideration for the sale and purchase of the Sale Shares shall be the aggregate sum of up to HK\$6,000,000, subject to the adjustment set out below.

The Sale Shares Consideration shall be satisfied by the Purchaser in two (2) instalments by payment in cash in the following manner:

- (i) as to HK\$ 4,000,000 on the Closing Date (the "**First Tranche Sale Shares Consideration**"); and
- (ii) the remaining balance of up to HK\$2,000,000 (subject to adjustment set out below) on the Deferred Payment Date (the "**Second Tranche Sale Shares Consideration**").

The Second Tranche Sale Shares Consideration shall be adjusted in the following manner:

- (i) if the EBITDA of the Target Company, based on the FY2019 Audited Financial Statements, is equal to or greater than HK\$8,000,000, there shall not be any adjustment to the Second Tranche Sale Shares Consideration and the Second Tranche Sale Shares Consideration shall remain as HK\$2,000,000;
- (ii) if the EBITDA of the Target Company, based on the FY2019 Audited Financial Statements, is less than HK\$8,000,000 but more than or equal to HK\$4,000,000, the Second Tranche Sale Shares Consideration shall be downward adjusted to HK\$500,000; and

- (iii) if the EBITDA of the Target Company, based on the FY2019 Audited Financial Statements, is less than HK\$4,000,000, the Second Tranche Sale Shares Consideration shall be downward adjusted to zero.

The Vendor and the Purchaser shall procure that the FY2019 Audited Financial Statements shall be prepared by the auditors of the Target Company in accordance with the HKFRS and be issued and reported on by such auditors on or before 30 June 2020.

New Shares Consideration

The New Shares Consideration for the subscription of the New Shares shall be the aggregate sum of HK\$6,000,000.

The New Shares Consideration shall be satisfied by the Purchaser on the Closing Date in the following manner:

- (i) as to HK\$2,000,000 by payment in cash (the “**First Tranche New Shares Consideration**”); and
- (ii) as to HK\$4,000,000 (the “**Second Tranche New Shares Consideration**”) by setting off against part of the outstanding service fee due to the Purchaser by the Subsidiary Company in the amount of HK\$ 4,000,000.

The amount of Sales Shares Consideration and New Shares Consideration were determined after arm’s length negotiations between the parties to the Share Purchase and Subscription Agreement with reference to (i) future prospects of the Target Company; (ii) the benefits to be derived by the Group from the Transaction as described in the section headed “Reasons for and benefits of the Transaction” below; and (iii) the condition precedent to Closing that the valuation report from a firm of independent professional valuers appointed by the Purchaser showing the Valuation to be no less than HK\$12,000,000 having been obtained. The Directors consider that the Sales Share Consideration and the New Shares Consideration are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Conditions

The Transaction is conditional upon the satisfaction of the following:

- (a) the completion by the Purchaser and/or its representatives of a due diligence exercise over the business, affairs, operations, assets and liabilities, financial condition, prospects and records of the Target Company and the Subsidiary Company and the results of such due diligence exercise being satisfactory to the Purchaser in its sole and absolute discretion;
- (b) the Vendor supplying, or procuring the Target Company and the Subsidiary Company to supply to the Purchaser, all of the information (in such detail as may be satisfactory to the Purchaser) requested by the Purchaser from time to time in connection with the due diligence exercise before the Closing Date;
- (c) Mr. Chung entering into a full-time service agreement with the Subsidiary Company for a period ending no earlier than 31 December 2022;

- (d) the Increase in Authorised Share Capital having become effective;
- (e) each of the warranties given by the Vendor, the Target Company and the Purchaser respectively remaining true and not misleading in any respect at Closing, as if repeated at Closing and at all times between the date of the Shares Purchase and Subscription Agreement and Closing;
- (f) of the Warrantors and Mr. Chung having performed all of their respective covenants in relation to the provision of information, action pending Closing and the grant of exclusivity each period regarding sale of interest in or assets of the Vendor and/or the Target Company as set forth in the Share Purchase and Subscription Agreement;
- (g) all necessary or desirable actions, notifications, filings and registrations, approvals, permits and consents required to be obtained on the part of the Purchaser, the Vendor and the Target Company respectively having been taken, given to, made with and obtained from the relevant governmental, regulatory and administrative departments, authorities and bodies in Hong Kong or elsewhere and remain in full force and effect in respect of the sale and purchase of the Sale Shares and the allotment and issue of the New Shares contemplated therein and the compliance in full to the satisfaction of the relevant governmental, regulatory and administrative departments, authorities and bodies in Hong Kong or elsewhere of all conditions (if any) attaching or in relation thereto, where such conditions are required to be complied with by the Closing Date;
- (h) no new laws, regulations or rules having been promulgated, published or issued and/or having taken effect on or prior to the Closing Date, nor any of the parties thereto having received on or prior to the Closing Date notice of any directive, injunction or other order, which restrains or prohibits the consummation of the transactions contemplated by the Share Purchase and Subscription Agreement or there being no action on or prior to the Closing Date seeking to restrain or prohibit the consummation thereof, or seeking damages in connection therewith, which is pending or any such directive, injunction or other order or action which is threatened; and
- (i) the obtaining of a valuation report (in form and substance to the reasonable satisfaction of the Purchaser) from a firm of independent professional valuers appointed by the Purchaser showing the Valuation to be no less than HK\$12,000,000.

If the Conditions as set out above have not been satisfied on or before 30 September 2019 or such other date as may be agreed among the Purchaser, the Vendor and the Target Company, the Share Purchase and Subscription Agreement shall ipso facto cease and determine (save as otherwise provided therein) and none of the parties shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the warranties given by the Purchaser, the Vendor or the Target Company and/or as provided for therein and all the rights and obligations of the parties shall cease.

Specific undertakings

Each of the Warrantors and Mr. Chung, jointly and severally, covenants with and undertakes to the Purchaser that it shall not, between the date of the Share Purchase and Subscription Agreement and the Closing Date (both dates inclusive), directly or indirectly, discuss, negotiate or finalise any arrangements with any third party with a view to or in connection with shares in or assets of the Vendor and/or any member of the Target Group.

Each of the Vendor and Mr. Chung, jointly and severally, covenants with and undertakes to the Purchaser that it shall not, from the Closing Date till 31 December 2022 (both dates inclusive), directly or indirectly, (i) carry on or otherwise be concerned with or interested in any business similar to or competitive with the business of the Target Group, as currently conducted or proposed to be conducted at the Closing Date, in any of the counters where the Target Group carries on or at the Closing Date, proposed to carry on their business and/or sell their products or services; (ii) solicit or persuade any person or corporation which is a customer or client of the Target Group to cease doing business with the Target Group or reduce the amount of business which the customer or client would normally do; (iii) accept from a customer or client any business of kind ordinarily forming part of the business of the Target Group; (iv) disclose to any third party any trade secrets, product information or confidential information regarding business of the Target Group; and (v) induce or attempt to induce any employee of the Target Group to terminate his/her employment with the Target Group.

Without the prior written consent of the Purchaser, Mr. Chung shall not sell or transfer any of his shares in the Vendor and the Vendor shall not sell or transfer any of its shares in the Target Company from the date of the Share Purchase and Subscription Agreement through 31 December 2022 (both dates inclusive).

Service agreement

Pursuant to the Share Purchase and Subscription Agreement, as a condition precedent to Closing, Mr. Chung shall enter into a service agreement with the Subsidiary Company on or before Closing, in the form agreed by the Purchaser, having a term ending no earlier than 31 December 2022.

Mr. Chung, the founder of the Target Group, had over 30 years of experiences in the technical and business consulting industry. Mr. Chung is responsible for business strategy, overall financial and operational management of the Target Group. Prior to the establishment of the Target Group, Mr. Chung held various technical and management positions in companies listed in NASDAQ and in a multi-national airline company, expertise in software design and development, system engineering and enterprise security technologies solution areas. Mr. Chung holds EMBA and a computer engineering degree from the Queen's University of Brighton and Brighton Polytechnic in year 1992.

Closing

Closing is expected to take place on the Closing Date after all Conditions have been fulfilled. Upon Closing, the Company will be indirectly interested in approximately 64.86% of the entire issued share capital of the Target Company and the financial results of the Target Group will be consolidated into the Group's financial statements.

INFORMATION OF THE TARGET GROUP, THE VENDOR AND MR. CHUNG

The Target Company, a company incorporated in the BVI with limited liability and wholly-owned by the Vendor, is principally engaged in investment holding. The Subsidiary Company, the only subsidiary of the Target Company as at the date of this announcement, was established in 2003 in Hong Kong and is a company registered as PCI Qualified Security Assessors. In 2018, it has been listed as an accredited company by CREST in providing penetration testing in Asia region. The Subsidiary Company provides professional one-stop information security services and solution for its clients. The Subsidiary Company designs and delivers corporate-wide information security management system with its full-time professional consulting team. The consulting team of the Subsidiary Company protects its customers' business with a wide variety of hacker/cracker techniques. The technical staff of the Subsidiary Company also has extensive experiences in the information security solution industry and has obtained various professional qualifications in the industry including CREST Registered Penetration Tester, CREST Certified Infrastructure Tester, CREST Certified Simulated Attack Specialist, Certified Information Systems Auditor and Certified Information Systems Security Professional. As one of the pioneers of information security management consultant in the industry, the Subsidiary Company has a proven track record of providing quality cyber security services covering information security compliance services, security operation center advisory service, simulated attacks services and system vulnerability scanning services to reputable customers across different business sectors as well as Fortune 500 companies.

The Vendor is a company incorporated in the BVI with limited liability. The Vendor holds the entire issued share capital of the Target Company and is wholly-owned by Mr. Chung.

Mr. Chung is a Hong Kong citizen and holds the entire issued share capital of the Vendor.

Since October 2017, the Purchaser has been providing technical services to the Target Group with an aggregate value of approximately HK\$29 million.

FINANCIAL INFORMATION OF THE TARGET GROUP

Save for holding the entire issue share capital of the Subsidiary Company, the Target Company does not have any significant assets and liabilities as at the date of this announcement. Set out below are the audited financial information of the Subsidiary Company for the year ended 31 December 2017 and unaudited financial information of the Subsidiary Company for the year ended 31 December 2018 prepared in accordance with Hong Kong Small and Medium-Size Entity Financial Reporting Standards issued by Hong Kong Institute of Certified Public Accountants:

For the year ended 31 December

	2017	2018
	<i>HK\$</i>	<i>HK\$</i>
	(Audited)	(Unaudited)
Revenue	17,197,219	24,700,577
Net profit / (loss) before taxation	1,278,196	(3,276,644)
Net profit / (loss) after taxation	1,288,823	(3,276,644)

As at 31 December 2018, the Target Company has net liabilities amounted to HK\$1,403,389.

REASONS FOR AND THE BENEFITS OF THE TRANSACTION

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

By entering into the Share Purchase and Subscription Agreement, the Group can make use of the Target Group's resources and expertise to capture more opportunities for larger scale projects. The Directors believe that given (i) the long established business history of the Target Group which has over 15 years of experiences in the information security solution industry; (ii) the well-developed clientele portfolio of the Target Group with a strong base of customers across different business sections including government and multinational corporations; (iii) the recent development of the information technology industry and the raising demand for the information security solutions; (iv) the technical expertise of the key management of the Target Group; and (v) the profitability and positive trend of the Group's operations in Hong Kong, the Directors consider that the Transaction will enable the Group to diversify its client base and to further enhance its exposure into the Hong Kong market.

The terms of the Share Purchase and Subscription Agreement were determined after arm's length negotiations between the parties thereto. The Directors are of the view that (i) the terms of the Share Purchase and Subscription Agreement are fair and reasonable; (ii) the Share Purchase and Subscription Agreement is entered into on normal commercial terms; and (iii) the entering into of the Share Purchase and Subscription Agreement is in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

As one or more of the applicable percentage ratios set out in Rule 19.07 of the GEM Listing Rules in respect of the Transaction is more than 5% but less than 25%, the Transaction constitutes a discloseable transaction on the part of the Company and is subject to the reporting and announcement requirements under the GEM Listing Rules.

GENERAL

As the Closing is subject to the fulfilment of the Conditions under the Share Purchase and Subscription Agreement, the Transaction may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares or any securities of the Company.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	board of Directors
“Business Day”	a day (other than a Saturday) on which licensed banks are generally open for normal banking business in Hong Kong throughout their normal business hours
“BVI”	the British Virgin Islands
“Closing”	the completion of the Transaction in accordance with the terms and conditions of the Share Purchase and Subscription Agreement
“Closing Date”	the date of Closing and as notified by the Purchaser to the Vendor and the Target Company in writing but in any event, not later than 30 September 2019 or such other date as the Purchaser, the Vendor and the Target Company may mutually agree in writing
“Company”	Future Data Group Limited, an exempted company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the GEM
“Conditions”	the conditions precedent to Closing as set out in the Share Purchase and Subscription Agreement
“Deferred Payment Date”	a date not later than five (5) Business Days after the completion and delivery of the FY2019 Audited Financial Statements by the Target Company to the Purchaser and the Vendor on or before 30 June 2020
“Directors”	the directors of the Company
“EBITDA”	the earnings before interest, taxes, depreciation, and amortisation as defined by the HKFRS and in accordance with accounting principles, standards and practices generally accepted as at the date of this announcement in Hong Kong
“FY2019 Audited Financial Statements”	the consolidated audited financial statements of the Target Company for the financial year ending 31 December 2019 in accordance with the HKFRS
“GEM”	the GEM of the Stock Exchange

“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HKFRS”	the Hong Kong Financial Reporting Standards (as amended from time to time)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Increase in Authorised Share Capital”	the increase of the authorised share capital of the Target Company from US\$50,000 divided into 50,000 Target Company Shares to US\$100,000 divided into 100,000 Target Company Shares by the creation of an additional 50,000 new Target Company Shares
“Independent Third Party(ies)”	party(ies) who, together with his/her/its ultimate beneficial owner(s) and/or associate(s), is/are persons independent of the Company and its connected persons (within the meaning of the GEM Listing Rules)
“Korea”	the Republic of Korea
“Mr. Chung”	Mr. Chung Pui Nam Roger, the owner of the entire issued share capital of the Vendor and an Independent Third Party as at the date of this announcement
“New Shares”	24,000 new Target Company Shares, representing approximately 32.43% of the entire issued share capital of the Target Company upon Closing (having taking into account the numbers of the New Shares)
“New Shares Consideration”	the consideration for subscription of the New Shares in the aggregate sum of HK\$6,000,000
“Purchaser”	Future Data Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Sale Shares”	24,000 Target Company Shares, representing approximately 32.43% of the entire issued share capital of the Target Company upon Closing (having taking into account the numbers of the New Shares)
“Sale Shares Consideration”	the consideration for the purchase of the Sale Shares in the aggregate sum of up to HK\$6,000,000 (subject to adjustment)

“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Purchase and Subscription Agreement”	the conditional share purchase and subscription agreement dated 2 April 2019 and entered into among the Purchaser, the Vendor, the Target Company and Mr. Chung in relation to the Transaction
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary Company”	Maximus Consulting (Hong Kong) Ltd., a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Target Company
“Target Company”	Maximus Group Consulting Limited, a company incorporated in the BVI with limited liability and the entire issued share capital is owned by the Vendor and an Independent Third Party as at the date of this announcement
“Target Company Shares”	the authorised and issued ordinary shares of the Target Company
“Target Group”	the Target Company together with the Subsidiary Company and any other company or companies acquired or formed by the Target Company after Closing (if any)
“Transaction”	collectively, the proposed sale and purchase of the Sales Shares and the proposed subscription of the New Shares subject to and upon the terms and conditions of the Share Purchase and Subscription Agreement
“Valuation”	the value of approximately 64.86% equity interest in the Target Company as shown in the valuation report, such valuation report shall be prepared by an independent valuer appointed by the Purchaser on a market approach
“Warrantors”	collectively, the Vendor and the Target Company
“%”	per cent.

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

Hong Kong, 2 April 2019

As at the date of this announcement, the executive Directors of the Company are Mr. Suh Seung Hyun, Mr. Phung Nhuong Giang, Mr. Lee Seung Han and Mr. Ryou Seong Ryul; and the independent nonexecutive Directors of the Company are Mr. Wong Sik Kei, Mr. Sum Chun Ho and Mr. Yung Kai Tai.

This announcement, for which the directors of 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 of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement 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 announcement misleading.

This announcement will remain on the “Latest Company Announcements” page on the GEM website at www.hkgem.com for at least 7 days from the date of its publication and on the Company’s website at www.futuredatagroup.com.