FUTURE DATA GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8229)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

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FINANCIAL HIGHLIGHTS
For the year ended 31 December 2021

The Group's revenue for the year ended 31 December 2021 was approximately HK$720.6 million representing an increase of approximately 6.1% as compared to that of approximately HK$679.1 million in 2020.

Profit for the year of the Group for the year ended 31 December 2021 was approximately HK$8.7 million representing an increase of approximately 15.7% as compared to that of approximately HK$7.5 million in 2020.

Basic and diluted earnings per share for the year ended 31 December 2021 was HK cents 1.81 (Basic and diluted earnings per share for 2020: HK cents 1.97).

Cash per share as at 31 December 2021 was HK cents 30.8 (Cash per share for 2020: HK cents 24.0).

Equity attributable to owners of the Company per share as at 31 December 2021 was HK cents 35.0 (Equity attributable to owners of the Company per share for 2020: HK cents 35.7).

The Board does not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: Nil).

ANNUAL RESULTS

The board of directors (the "**Board**") of the Company is pleased to present the audited results of the Group for the year ended 31 December 2021, together with comparative audited figures for the corresponding year in 2020 as follows.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	For the year ended 31 December 2021 HK$'000 (audited)	2020 HK$'000 (audited)
Revenue	5	**720,569**	679,053
Cost of services		**(636,281)**	(602,131)
Gross profit		**84,288**	76,922
Other income		**2,484**	6,558
Reversal of impairment losses of trade and bills receivables, net		**2,262**	276
Selling and administrative expenses		**(72,522)**	(73,983)
Finance costs		**(808)**	(746)
Profit before income tax	6	**15,704**	9,027
Income tax expense	7	**(7,014)**	(1,514)
Profit for the year		**8,690**	7,513
Other comprehensive income for the year			
Item that will not be reclassified subsequently to profit or loss:			
Recognition of actuarial losses on defined benefit obligations		**202**	(826)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(10,223)**	6,533
Total other comprehensive (expense)/income		**(10,021)**	5,707
Total comprehensive (expense)/income for the year		**(1,331)**	13,220
Profit/(loss) attributable to:			
Owners of the Company		**7,250**	7,876
Non-controlling interests		**1,440**	(363)
		8,690	7,513
Total comprehensive (expense)/income attributable to:			
Owners of the Company		**(2,771)**	13,683
Non-controlling interests		**1,440**	(363)
		(1,331)	13,320
Earnings per share attributable to owners of the Company			
– Basic and diluted *(HK cents)*	9	**1.81**	1.97

CONSOLIDATION STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2021 HK$'000 (audited)	2020 HK$'000 (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**7,342**	9,959
Intangible assets	10	**4,090**	8,095
Goodwill	11	**7,534**	7,534
Other financial assets	12	**4,554**	7,407
Loan to ultimate holding company	16	**–**	8,869
Deposits for acquisition of properties	13	**19,420**	10,498
Rental and other deposits		**1,451**	3,901
Prepayments	15	**3,842**	–
Deferred tax assets		**7,092**	8,500
		55,325	64,763
Current assets			
Inventories	14	**13,982**	15,812
Trade and other receivables	15	**110,156**	79,813
Contract assets	17	**28,482**	24,679
Prepayments	15	**13,020**	14,273
Loan to ultimate holding company		**5,829**	–
Fixed bank deposits		**4,196**	4,536
Cash and cash equivalents		**123,088**	96,189
		298,753	235,302
Current liabilities			
Trade and other payables	18	**84,085**	96,698
Contract liabilities	17	**34,120**	23,960
Lease liabilities		**2,236**	2,398
Bank borrowings	20	**68,383**	24,722
Tax payable		**1,583**	916
		190,407	148,694
Net current assets		**108,346**	86,608
Total assets less current liabilities		**163,671**	151,371

	Notes	As at 31 December 2021 HK$'000 (audited)	2020 HK$'000 (audited)
Non-current liabilities			
Lease liabilities		**858**	2,052
Bank borrowings	20	**15,449**	5,568
Loan from a shareholder	19	**5,000**	–
Defined benefit obligations		**327**	166
Deferred tax liabilities		**–**	217
		21,634	8,003
Net assets		**142,037**	143,368
EQUITY			
Share capital		**4,000**	4,000
Reserves		**135,939**	138,710
Equity attributable to owners of the Company		**139,939**	142,710
Non-controlling interests		**2,098**	658
Total equity		**142,037**	143,368

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	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$'000*	Equity attributable to owners of the Company *HK$'000*	Non-controlling interests *HK$'000*	Total *HK$'000*
At 1 January 2020 (audited)	4,000	35,718	13,855	3,674	(5,792)	1,995	75,677	129,127	1,021	130,148
Profit for the year	–	–	–	–	–	–	7,876	7,876	(363)	7,513
Recognition of actuarial losses on defined benefit obligations	–	–	–	–	–	–	(826)	(826)	–	(826)
Exchange differences arising on translation of foreign operations	–	–	–	–	6,533	–	–	6,533	–	6,533
Total comprehensive income/(expense)	–	–	–	–	6,533	–	7,050	13,583	(363)	13,220
Appropriation	–	–	–	–	–	495	(495)	–	–	–
At 31 December 2020 (audited)	4,000	35,718	13,855	3,674	741	2,490	82,232	142,710	658	143,368
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 year	**–**	**–**	**–**	**–**	**–**	**–**	**7,250**	**7,250**	**1,440**	**8,690**
Recognition of actuarial losses on defined benefit obligations	**–**	**–**	**–**	**–**	**–**	**–**	**202**	**202**	**–**	**202**
Exchange differences arising on translation of foreign operations	**–**	**–**	**–**	**–**	**(10,223)**	**–**	**–**	**(10,223)**	**–**	**(10,223)**
Total comprehensive (expense)/income	**–**	**–**	**–**	**–**	**(10,223)**	**–**	**7,452**	**(2,771)**	**1,440**	**(1,331)**
Appropriation	**–**	**–**	**–**	**–**	**–**	**423**	**(423)**	**–**	**–**	**–**
At 31 December 2021 (audited)	**4,000**	**35,718**	**13,855**	**3,674**	**(9,482)**	**2,913**	**89,261**	**139,939**	**2,098**	**142,037**

* The total of these balances represents "Reserves" in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

	For the year ended 31 December	
	2021	2020
	HK$'000	*HK$'000*
	(audited)	(audited)
Cash flows from operating activities		
Profit before income tax expense	**15,704**	9,027
Adjustments for:		
Bad debt expenses	**–**	192
Amortisation of intangible assets	**4,005**	4,848
Depreciation of property, plant and equipment	**4,318**	4,695
Exchange loss/(gain)	**303**	(2,763)
Finance costs	**808**	746
Provision for impairment of inventories	**537**	1,919
Impairment of intangible assets	**–**	911
Interest income	**(803)**	(453)
Net loss on disposal of other financial assets	**26**	11
Net loss on disposal of property, plant and equipment	**–**	5
Fair value gain on other financial assets	**(98)**	(127)
Reversal of impairment losses of trade and bills receivables, net	**(2,262)**	(276)
Operating profit before working capital changes	**22,538**	18,735
Decrease/(increase) in inventories	**128**	(7,664)
(Increase)/decrease in rental and other deposits and trade and other receivables	**(34,339)**	12,879
Increase in contract assets	**(4,673)**	(1,938)
Increase in prepayments	**(3,467)**	(2,894)
Decrease in trade and other payables	**(1,466)**	(21,495)
Increase/(decrease) in contract liabilities	**11,574**	(6,975)
Decrease in net defined benefit obligations	**(5,034)**	(2,058)
Cash used in operations	**(14,739)**	(11,410)
Income taxes paid	**(4,737)**	(1,364)
Income taxes refunded	**–**	1,161
Interest received	**262**	453
Net cash used in operating activities	**(19,214)**	(11,160)

	For the year ended 31 December	
	2021	2020
	HK$'000	*HK$'000*
	(audited)	(audited)
Cash flows from investing activities		
Purchases of property, plant and equipment	**(1,085)**	(1,825)
Deposits paid for acquisition of properties	**(10,043)**	(15,562)
Proceeds from deposits transferred upon disposals of properties *(note 13)*	**–**	5,809
Purchases of other financial assets	**(192)**	(1,873)
Proceeds from disposal of other financial assets	**2,741**	–
Proceeds from disposal of property, plant and equipment	**–**	5
Decrease in fixed bank deposits	**–**	3,293
Decrease/(increase) in loan to ultimate holding company	**2,951**	(8,239)
Net cash used in investing activities	**(5,628)**	(18,392)
Cash flows from financing activities		
Proceeds from bank borrowings	**229,987**	138,475
Repayments of bank borrowings	**(172,256)**	(130,431)
Interest paid	**(808)**	(746)
Repayment of principal portion of the lease liabilities	**(2,324)**	(2,171)
Increase in loan from a shareholder	**5,000**	–
Net cash generated from financing activities	**59,599**	5,127
Net increase/(decrease) in cash and cash equivalents	**34,757**	(24,425)
Cash and cash equivalents at beginning of year	**96,189**	116,075
Effect of exchange rate changes	**(7,858)**	4,539
Cash and cash equivalents at end of year	**123,088**	96,189
Analysis of balances of cash and cash equivalents		
Cash and bank balances	**123,088**	96,189

1. GENERAL

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. 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 is located at Suite 1507–08, 15/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.

The principal places of the Group's business are located at Unit 801–809, 822, Mullae SKV1 Center, 10, Seonyu-ro, 9-gil, 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.

As at 31 December 2021, the Directors of the Company considered the immediate holding company to be LiquidTech Limited ("**LiquidTech**"), incorporated in the British Virgin Islands, and the ultimate holding company to be Asia Media Systems Pte. Ltd. ("**AMS**") incorporated in Singapore.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of amended HKFRSs

The Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") has issued a number of amended HKFRSs that are first effective for the current accounting period of the Group:

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendment to HKFRS 16	COVID-19-Related Rent Concessions

The Group has not early applied any amended HKFRSs that is not yet effective for the current accounting period. None of these amended HKFRSs has a significant impact on the Group's results and financial position for the current or prior period.

(b) Revised HKFRSs that have been issued but are not yet effective

The following revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[4]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[4]
Amendments to HKAS 8	Definition of Accounting Estimates[4]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[4]
Amendments to HKAS 16	Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021[1]
Annual Improvements to HKFRSs 2018–2020	Amendments to HKFRS 9 and Illustrative Examples accompanying HKFRS 16[2]

1 Effective for annual periods beginning on or after 1 April 2021.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.
4 Effective for annual periods beginning on or after 1 January 2023.
5 The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

Amendments to HKAS 1, Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period. The amendments also introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

HK Interpretation 5 (2020) was revised as a consequence of the amendments to HKAS 1 issued in August 2020. The revision to HK Int 5 (2020) updates the wordings in the interpretation to align with the amendments to HKAS 1 with no change in conclusion and do not change the existing requirements.

The Directors of the Company do not anticipate that the application of the amendments and revision in the future will have a significant impact on the consolidated financial statements.

Amendments to HKAS 1 and HKFRS Practice Statement 2, Disclosure of Accounting Policies

The key amendments to HKAS 1 include:

- Requiring companies to disclose their material accounting policies rather than their significant accounting policies;

- Clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

- Clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

Amended HKFRS Practice Statement 2 includes guidance and two additional examples on the application of materiality to accounting policy disclosures.

The Directors of the Company are currently assessing the impact that the application of the amendments will have on the consolidated financial statements.

Amendments to HKAS 8, Definition of Accounting Estimates

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

The Directors of the Company are currently assessing the impact that the application of the amendments will have on the consolidated financial statements.

Amendments to HKAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

The Directors of the Company are currently assessing the impact and are yet to conclude whether or not the application of the amendments will have an impact on the consolidated financial statements.

Amendments to HKAS 16, Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

The Directors of the Company is currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

Amendments to HKAS 37, Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The Directors of the Company is currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements.

Amendments to HKFRS 3, Reference to the Conceptual Framework

The amendments update HKFRS 3 so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC)-Int 21 Levies, the acquirer applies HK(IFRIC)-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The Directors of the Company do not anticipate that the application of the amendments and revision in the future will have an impact on the financial statements.

Amendments to HKFRS 10 and HKAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. When the transaction with an associate or joint venture that is accounted for using the equity method, any gains or losses resulting from the loss of control of a subsidiary that does not contain a business are recognised in the profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, any gains or losses resulting from the remeasurement of retained interest in any former subsidiary (that has become an associate or a joint venture) to fair value are recognised in the profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The Directors of the Company do not anticipate that the application of the amendments and revision in the future will have an impact on the financial statements.

Amendments to HKFRS 16, COVID-19-Related Rent Concessions beyond 30 June 2021

The amendments extend the practical expedient available to lessees in accounting for COVID-19-Related Rent Concessions by one year. The reduction in lease payments could only affect payments originally due on or before 30 June 2021 is extended to 30 June 2022. The amendments is effective for annual reporting periods beginning on or after 1 April 2021, with earlier application permitted.

Annual Improvements to HKFRSs 2018–2020

Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 9, Financial Instruments, which clarify the fees included in the '10 per cent' test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other's behalf are included.

- HKFRS 16, Leases, which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

The Directors of the Company do not anticipate that the application of the amendments in the future will have a significant impact on the consolidated financial statements.

3. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations (hereinafter collectively referred to as the "**HKFRSs**") issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the GEM Listing Rules.

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for certain other financial assets which are measured at fair value as set out in note 12.

(c) Functional and presentation currency

The functional currencies of the Company's principal operating subsidiaries in Korea and Hong Kong, are South Korean Won ("**KRW**"), Hong Kong Dollars ("**HK$**") respectively, while the consolidated financial statements are presented in HK$ which is also the functional currency of the Company. As the Company's 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.

4. SEGMENT INFORMATION

The executive Directors of the Company are the Group's chief operating decision-makers. Management has determined the operating segments based on the information reviewed by the executive Directors for the purposes of allocating resources and assessing performance.

The executive Directors review the performance of the Group mainly from the service perspective. The Group is organised into three segments engaged in:

(i) System integration

(ii) Maintenance services

(iii) Cyber security services

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

There was no information regarding segment assets and liabilities provided to the executive Directors as they do not use such information for the purpose of allocation of resources and segment performance assessment.

The segment results are as follows:

(a) Business segments

For the year ended 31 December 2021

	System integration *HK$'000*	Maintenance services *HK$'000*	Cyber security services *HK$'000*	Total *HK$'000*
Total segment revenue	**505,851**	**179,696**	**40,122**	**725,669**
Inter-segment revenue	**–**	**–**	**(5,100)**	**(5,100)**
Revenue from external customers	**505,851**	**179,696**	**35,022**	**720,569**
Gross profit/segment results	**29,291**	**40,945**	**14,052**	**84,288**
Other income				**2,484**
Reversal of impairment losses of trade and bills receivables, net				**2,262**
Selling and administrative expenses				**(72,522)**
Finance costs				**(808)**
Profit before income tax				**15,704**
Income tax expense				**(7,014)**
Profit for the year				**8,690**

For the year ended 31 December 2020

	System integration *HK$'000*	Maintenance services *HK$'000*	Cyber security services *HK$'000*	Total *HK$'000*
Total segment revenue	487,951	164,085	34,314	686,350
Inter-segment revenue	–	–	(7,297)	(7,297)
Revenue from external customers	487,951	164,085	27,017	679,053
Gross profit/segment results	23,202	45,348	8,372	76,922
Other income				6,558
Reversal of impairment losses of trade and bills receivables, net				276
Selling and administrative expenses				(73,983)
Finance costs				(746)
Profit before income tax				9,027
Income tax expense				(1,514)
Profit for the year				7,513

(b) Geographic information

The following table provides an analysis of the Group's revenue from external customers and non-current assets excluding other financial assets, loan to ultimate holding company, deposits for acquisition of properties, rental and other deposits and deferred tax assets ("**specified non-current assets**").

	Revenue from external customers (by customers location)		**Specified non-current assets**	
	2021	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**35,022**	27,017	**14,867**	17,114
Korea	**685,547**	652,036	**7,941**	8,474
	720,569	679,053	**22,808**	25,588

The above specified non-current assets are analysed based on the principal places of the Group's business operations.

The principal places of the Group's operations are Korea and Hong Kong. The Group regarded Korea as its place of domicile.

5. REVENUE

Revenue mainly represents income from provision of system integration, maintenance services and cyber security services during the reporting period. An analysis of the Group's revenue by category for the year ended 31 December 2021 was as follows:

(a) An analysis of the Group's revenue by business segments and timing of recognition:

	2021	2020
	HK$'000	*HK$'000*
Revenue from customers and recognised over time		
– Contract revenue from provision of system integration	**505,851**	487,951
– Contract revenue from provision of maintenance services	**179,696**	164,085
– Contract revenue from provision of cyber security services	**35,022**	27,017
	720,569	679,053

System integration, maintenance services and cyber security services represent performance obligations that the Group satisfies over time for each respective contract.

The following table provides information about trade and bills receivables, contract assets and contract liabilities from contracts with customers:

	2021	2020
	HK$'000	*HK$'000*
– Trade and bills receivables (net of impairment) *(note 15)*	**106,900**	76,887
– Contract assets *(note 17(a))*	**28,482**	24,679
– Contract liabilities *(note 17(b))*	**34,120**	23,960

(b) Disaggregation of revenue

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

	2021				2020			
	System integration *HK$'000*	**Maintenance services** *HK$'000*	**Cyber security services** *HK$'000*	**Total** *HK$'000*	System integration *HK$'000*	Maintenance services *HK$'000*	Cyber security services *HK$'000*	Total *HK$'000*
Type of goods or services								
– Cloud infrastructure	**369,406**	**170,656**	**–**	**540,062**	385,139	157,145	–	542,284
– Security	**136,445**	**9,040**	**35,022**	**180,507**	102,812	6,940	27,017	136,769
Total revenue from contracts with customers	**505,851**	**179,696**	**35,022**	**720,569**	487,951	164,085	27,017	679,053
Type of customers								
– Public sector	**170,936**	**116,290**	**–**	**287,226**	232,564	98,381	–	330,945
– Private sector	**334,915**	**63,406**	**35,022**	**433,343**	255,387	65,704	27,017	348,108
Total revenue from contracts with customers	**505,851**	**179.696**	**35,022**	**720,569**	487,951	164,085	27,017	679,053
Contract duration								
– Within 12 months	**483,238**	**140,720**	**28,599**	**652,557**	464,926	137,041	21,103	623,070
– Over 12 months but less than 24 months	**22,546**	**22,656**	**2,772**	**47,974**	23,025	2,776	2,774	28,575
– Over 24 months	**67**	**16,320**	**3,651**	**20,038**	–	24,268	3,140	27,408
Total revenue from contracts with customers	**505,851**	**179,696**	**35,022**	**720,569**	487,951	164,085	27,017	679,053

(c) Transaction price allocated to the remaining performance obligations

The follow table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at end of the reporting period:

	2021 *HK$'000*	2020 *HK$'000*
Provision of system integration	**86,379**	58,391
Provision of maintenance services	**29,763**	88,877
Provision of cyber security services	**17,237**	18,856
	133,379	166,124

Based on the information available to the Group at the end of the reporting period, the management of the Group expects the transaction price amounting to HK$133,379,000 (2020: HK$166,124,000) allocated to the contracts under system integration, maintenance services and cyber security services as at 31 December 2021 will be recognised as revenue on or before 31 January 2026 (2020: on or before 31 August 2023).

6. PROFIT BEFORE INCOME TAX

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

	2021	2020
	HK$'000	*HK$'000*
Carrying amount of inventories sold	**534,263**	514,261
Provision for impairment of inventories	**537**	1,919
Costs of inventories recognised as expenses	**534,800**	516,180
Employee costs	**103,668**	98,812
Depreciation charge:		
– Owned property, plant and equipment	**1,808**	2,338
– Right-of-use assets	**2,510**	2,357
	4,318	4,695
Amortisation of intangible assets *(note 10)*	**4,005**	4,848
Auditor's remuneration	**1,127**	1,028
Research and development costs *(note)*	**5,167**	5,146
Subcontracting costs	**39,239**	27,320
Bad debt expenses	**–**	192
Reversal of impairment losses of trade and bills receivables, net	**(2,262)**	(276)
Impairment on intangible assets *(note 10)*	**–**	911
Interest on lease liabilities	**104**	83
Net loss on disposal of other financial assets	**26**	11
Net loss/(gain) on foreign exchange	**303**	(2,763)
Net loss on disposal of property, plant and equipment	**–**	5
Fair value gain on other financial assets	**(98)**	(127)
Short term leases expenses	**492**	645
Low-value assets leases expenses	**23**	32

Note: Research and development costs included employee costs of approximately HK$3,208,000 for the year ended 31 December 2021 (2020: HK$2,897,000) as disclosed above.

7. INCOME TAX EXPENSE

The amount of taxation in the consolidated statement of comprehensive income represents:

	2021	2020
	HK$'000	*HK$'000*
Current tax		
– Korea	**2,917**	2,339
– Hong Kong	**316**	–
	3,233	2,339
Under-provision in prior years		
– Korea	**3,245**	–
Deferred tax		
– Korea	**1,225**	(146)
– Hong Kong	**(689)**	(679)
	536	(825)
Income tax expense	**7,014**	1,514

Global Telecom Company Limited ("**Global Telecom**") is subject to Korea Corporate Income Tax which comprised national and local taxes (collectively "**Korea Corporate Income Tax**"). Korea Corporate Income Tax is charged at the progressive rate from 11% to 24.2% on the estimated assessable profit of Global Telecom derived worldwide during the year ended 31 December 2021. The Korea Corporate Income Tax rates applicable to Global Telecom for the year ended 31 December 2021 are as follows:

- 11% on assessable profit up to the first KRW200 million (equivalent to approximately HK$1.4million for the year ended 31 December 2021 (2020: KRW200 million (equivalent to approximately HK$1.3 million));

- 22% on assessable profit in excess of KRW200 million (equivalent to approximately HK$1.4 million) for the year ended 31 December 2021 (2020: KRW200 million (equivalent to approximately HK$1.3 million)) and up to KRW20 billion (equivalent to approximately HK$135.6 million) for the year ended 31 December 2021 (2020: KRW20 billion (equivalent to approximately HK$131.7 million)); and

- 24.2% on assessable profit in excess of KRW20 billion (equivalent to approximately HK$135.6 million for the year ended 31 December 2021 (2020: KRW20 billion (equivalent to approximately HK$131.7 million)).

The under-provision of Korea Corporate Income Tax in prior years of HK$3,245,000 arose from the difference in the applied tax credit rate on social insurance premiums for small and medium enterprises in Korea by Global Telecom for the years of 2019 and 2020 (the "**Rates**"); and the Rates reviewed and approved by the Korea tax authority during the current year. Under the Korea Corporate Income Tax rules, the eligible tax credit rate on social insurance premiums applied to Global Telecom ranged from 9.8% to 10.3% in years of 2019 and 2020. The Rates applied to Global Telecom depends on the combination of a variety elements (e.g. national health insurance and pension, employment insurance and industrial accident compensation) and the final determination on the deductibility by the Korea tax authority.

Subsidiaries operating in Hong Kong are subject to Hong Kong profits tax. Under two-tiered profits tax rates 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.

The income tax expense for the year can be reconciled to the profit before income tax expense in the consolidated statement of comprehensive income as follows:

	2021	2020
	HK$'000	*HK$'000*
Profit before income tax	**15,704**	9,027
Tax thereon at domestic rates applicable to profit or loss in the jurisdictions concerned	**3,531**	2,358
Tax effect of expenses not deductible for tax purposes	**1,118**	2,076
Utilisation of tax losses previously not recognised	**(377)**	–
Effect on two-tiered Hong Kong profit tax rates	**(165)**	–
Withholding tax on dividend declared by a subsidiary	**842**	792
Under-provision in prior years	**3,245**	–
Tax credit	**(1,090)**	(3,713)
Others	**(90)**	1
Income tax expense for the year	**7,014**	1,514

8. DIVIDENDS

The Directors do not recommend the payment of a final dividend for the years ended 31 December 2021 and 2020.

9. BASIC AND DILUTED EARNINGS PER SHARE

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

	2021	2020
	HK$'000	*HK$'000*
Earnings		
Profit for the year attributable to owners of the Company	**7,250**	7,876

	2021	2020
	Number '000	*Number '000*
Number of shares		
Weighted average number of ordinary shares	**400,000**	400,000

Weighted average of 400,000,000 shares for the years ended 31 December 2021 and 2020 represents the number of shares in issue throughout the respective years.

Diluted earnings per share were the same as the basic earnings per share as the Group had no potential dilutive ordinary shares during the years ended 31 December 2021 and 2020.

10. INTANGIBLE ASSETS

	Reacquired right of software	Software platforms *(note i)*	Total
	HK$'000	*HK$'000*	*HK$'000*
Cost:			
At 1 January 2020, 31 December 2020 and 2021	1,950	20,268	22,218
Accumulated amortisation and impairment:			
At 1 January 2020	350	8,014	8,364
Amortisation charge for the year	600	4,248	4,848
Impairment recognised for the year *(note ii)*	–	911	911
At 31 December 2020 and 1 January 2021	950	13,173	14,123
Amortisation charge for the year	600	3,405	4,005
At 31 December 2021	1,550	16,578	18,128
Net carrying amount:			
At 31 December 2021	400	3,690	4,090
At 31 December 2020	1,000	7,095	8,095

Notes:

(i) The software platforms acquired were for three distinct software platforms with cyber security, big data and internet of things ("**IoT**") features.

(ii) For the year ended 31 December 2020, an impairment loss of HK$911,000 (note 6) was recognised, which represented a full write-down of the carrying amount of one of the acquired software platforms with IoT features as it is not expected that it will generate any future economic benefit. The impairment loss was recognised in the consolidated statement of profit or loss and other comprehensive income and included in selling and administrative expenses.

11. GOODWILL

	2021	2020
	HK$'000	*HK$'000*
Net carrying amount		
At 1 January 2020, 31 December 2020 and 2021	**7,534**	7,534

Impairment testing on goodwill

For the purpose of impairment testing, goodwill is allocated to the cash generating unit ("**CGU**") identified as follows:

	2021	2020
	HK$'000	*HK$'000*
Cyber security – Hong Kong	**7,534**	7,534

The recoverable amount of the CGU has been determined from value in use calculations based on cash flow projections from formally approved budgets covering a five-year period.

	Cyber security – Hong Kong
	%
2021	
Pre-tax discount rate	14.32
Long-term growth rate *(note)*	3.00
2020	
Discount rate (pre-tax)	13.52
Long-term growth rate *(note)*	3.00

Note: The long-term growth rate assumption applies only to the period beyond the formal budgeted period with the value in use calculation based on an extrapolation of the budgeted cash flows for year five.

Discount rates are based on the Group's beta adjusted to reflect management's assessment of specific risks related to the CGU. Long-term growth rates beyond the first five years are based on economic data pertaining to the region concerned.

The following table sets forth the sensitivity analysis of the impact of variations in each of the key underlying assumptions for goodwill impairment testing described above on the recoverable amount of the CGU as of the dates indicated. We showed the headroom (the recoverable amount of the CGU would exceed the carrying amount of the CGU) as of the end of each year by applying a 0.5% and 1% increase or decrease in growth rate and pre-tax discount rate. Although none of the hypothetical fluctuation ratios applied in this sensitivity analysis equals actual historical fluctuations, we believe that the application of the hypothetical fluctuations in each of the key assumptions presents a meaningful analysis of the potential impact of the changes in such assumptions on the recoverable amount of the CGU.

	Cyber security – Hong Kong
	2021
	HK$'000
Long-term growth rate (decrease)/increase	
(0.5)%	**28,210**
(1)%	**26,210**
0.5%	**31,210**
1%	**33,210**
Pre-tax discount rate (decrease)/increase	
(0.5)%	**31,210**
(1)%	**34,210**
0.5%	**27,210**
1%	**25,210**

As at 31 December 2021, the value in use of the CGU of HK$43,000,000 (2020: HK$16,000,000) exceeded its carrying amount of HK$13,790,000 (2020: HK$14,200,000), and hence the goodwill, property, plant and equipment and intangible assets other than fully-impaired software platform with IoT features (note 10) allocated to this CGU was not regarded as impaired.

12. OTHER FINANCIAL ASSETS – NON-CURRENT

	2021	2020
	HK$'000	*HK$'000*
Financial assets measured at fair value through profit or loss		
– Unlisted equity securities *(note (a))*	**4,554**	4,821
– Investment in insurance policy *(note (b))*	**–**	2,586
	4,554	7,407

(a) The investment represents Global Telecom's equity interests (both of which are less than 20%) in two cooperatives in Korea:

	2021	2020
	HK$'000	*HK$'000*
Korea Software Financial Cooperative ("**KSFC**")	**4,515**	4,779
Korea Broadcasting & Communication Financial Cooperative ("**KBCFC**")	**39**	42
	4,554	4,821

KSFC was established pursuant to the Software Industry Promotion Act of Korea. KSFC provides to its members, (i) loans and investments necessary to develop software, upgrade technologies and stabilise the management, (ii) guarantees for liabilities of any software business operator who intends to obtain loans from financial institutions for the purpose of developing software, upgrading technologies and stabilising his/her business management, (iii) performance guarantees necessary for business.

KBCFC was established under the provisions of the Small and Medium Enterprise Cooperatives Act of Korea with aims of promoting sound development of information communication industry and welfare of its members to encourage their independent economic activities for the improvement of their economic status and the balanced development of the national economy. Small and medium enterprises engaging in manufacturing telecommunication and broadcasting apparatuses and industrial cooperatives engaging in an identical or related type of business are eligible for membership in KBCFC.

As at 31 December, KSFC provided the following guarantees on behalf of Global Telecom:

	2021	2020
	HK$'000	*HK$'000*
Description of guarantees which are related to projects of Global Telecom		
– Bidding guarantees	**6,718**	7,380
– Contract guarantees	**123,530**	130,638
– Defect guarantees	**47,884**	45,945
– Payment guarantees	**72**	78
– Prepayment guarantees	**124,200**	119,404
	302,404	303,445

All of the guarantees above are related to contracts entered into by Global Telecom and its customers for satisfying the performance obligations of contracts with customers except for payment guarantees that are given to subcontractors of Global Telecom, to secure the payments to subcontractors by Global Telecom which the corresponding liabilities to the subcontractors have been recorded in the Group's consolidated financial statement.

KSFC is entitled to be indemnified by Global Telecom under the terms and conditions of the above guarantees given by KSFC. The directors consider that the probability for Global Telecom to indemnify KSFC is remote based on historical experiences and the disclosure of contingent liabilities arising from such guarantees as of each reporting date is not required.

Although there is no quoted market price in active market for the investment in KSFC, the directors are of the opinion that the fair value of the investment in KSFC as at 31 December 2021 can be measured reliably given that KSFC is required under Articles 33 and 35 of Software Industry Promotion Act, which became effective on 23 March 2016, to repurchase Global Telecom's investment in KSFC at a value as set out in the statement provided by KSFC to Global Telecom as at 31 December 2021. In respect of the investment in KBCFC, the directors are of the opinion that its fair value approximates to its carrying value, which is very immaterial.

The Directors consider the Group does not have significant influence over these two cooperatives.

(b) The Group invested in a savings-type insurance policy as detailed below:

	2021	2020
	HK$'000	*HK$'000*
Account value as at 31 December	**–**	2,586

Insurance policy type	Life insurance plan
Insured	Mr. Suh Seung Hyun
Insured sum	HK$106,710
Premium period	10 years

During the insured periods covered by the insurance policy, Global Telecom can earn interest income which is linked to the then prevailing market saving interest rates. The Directors consider that the surrender value of this insurance policy provided by the insurance company approximates its fair value.

Global Telecom can terminate the insurance policy at any time and can receive cash based on the surrender value of the insurance policy at the date of withdrawal which is determined by the gross premium paid at inception plus accumulated interest earned and minus insurance policy expense and premium charged. The insurance policy is matured during the year and Global Telecom has received cash based on the account value as at date of maturity.

13. DEPOSITS FOR ACQUISITION OF PROPERTIES

Pursuant to 17 agreements dated 14 May 2020 (the "**Date of Agreements**") entered into amongst Global Telecom and Korea Trust Company Limited ("**Korea Trust**") (as vendor and trustee of the Properties of SK D&D), SK D&D Company Limited ("**SK D&D**") (as property developer) and Taeyoung Engineering and Construction Company Limited ("**Taeyoung Engineering**") (as construction company) (collectively the "**Agreements**"), Global Telecom agreed to purchase and Korea Trust agreed to sell 17 office units, in relation to properties located at Think Factory Industrial Cluster Dangsan, Seoul, South Korea (the "**Properties**") at a total consideration of KRW12,532,830,000 (equivalent to approximately HK$88,833,000) including value-added tax (the "**VAT**") of KRW716,405,000 (equivalent to approximately HK$5,078,000). The Properties are still under construction as at the Date of Agreements. The expected date of occupancy will be on or around October 2022 (the "**Date of Closing**"). Global Telecom has paid an initial payment of KRW1,253,283,000 (equivalent to approximately HK$8,883,000) including VAT of KRW71,641,000 (equivalent to approximately HK$508,000) as at the Date of Agreements by cash and the first intermediate payment of KRW1,253,283,000 (equivalent to approximately HK$8,883,000) including VAT of KRW71,641,000 (equivalent to approximately HK$508,000) on 13 October 2020 which was financed by bank borrowings.

Based on the Korean legal opinion obtained by the Company, Global Telecom can sell the Properties before Date of Closing to third parties after obtaining written consent from the vendor. New agreements would be entered into amongst the new buyers and the vendor. Upon completion of the disposals, the new buyers shall assume and perform all the payment obligations and liabilities of Global Telecom to pay the vendor the remaining purchase price and Global Telecom therefore cease to have any payment obligations and liabilities under the original agreements. On 8 December 2020, Global Telecom entered into two disposal agreements with new buyers, pursuant to which Global Telecom agreed to transfer all of its rights and obligations under the Agreements in respect of total 6 office units (the "**Disposed Properties**") to the new buyers for a total purchase price of KRW935,546,000 (equivalent to approximately HK$6,630,000) including VAT of KRW53,377,000 (equivalent to approximately HK$378,000) (the "**Disposals**") and received by 14 December 2020, and the new buyers shall assume and perform all payment obligations and liabilities of Global Telecom in relation to the Disposed Properties and pay the remaining payments of KRW3,742,184,000 (equivalent to approximately HK$26,525,000) in accordance with the terms and conditions of the disposal agreements.

The Disposed Properties were sold at cost to Global Telecom and no gain or loss has been recognised in profit or loss during the year ended 31 December 2020. The Group has no plan to sell the remaining 11 office units within the next year. As at 31 December 2020, the total amount of initial payment and first intermediate payment (net of disposed portion) (i.e. KRW1,481,115,000 (approximately HK$10,498,000) are recognised as deposits for acquisition of properties under non-current assets.

As at 31 December 2021, additional amounts of second intermediate payment and third intermediate payment with aggregate amount of KRW1,481,115,000 (approximately HK$10,043,000), which were financed by bank borrowings, are recognised as deposits for acquisition of properties under non-current assets.

The table below illustrates the breakdown of each of the amounts which form deposits paid and capital commitments as at 31 December 2021 and 2020:

	Amount (excluding VAT) *HK$'000*	**VAT** *HK$'000*	**Amount (including VAT)** *HK$'000*
Total deposits (initial payment and first intermediate payment) paid before the Disposals	16,750	1,016	17,766
Less: deposits (initial payment and first intermediate payment) received upon the Disposals	6,252	378	6,630
Net deposits (initial payment and first intermediate payment) paid after the Disposals and as at 31 December 2020 and 1 January 2021	10,498	638	11,136
Add: deposits (second intermediate payment and third intermediate payment) paid	10,043	610	10,653
Add: Exchange realignment	(1,121)	(69)	(1,190)
Net deposits paid as at 31 December 2021	19,420	1,179	20,599
Total purchase price of the Properties			88,833
Less: total deposits paid (initial payment and first intermediate payment)			17,766
Less: remaining unpaid purchase price of the Disposed Properties			26,525
Capital commitments as at 31 December 2020 and 1 January 2021 *(note 22)*			44,542
Less: total deposits paid during the year (second intermediate payment and third intermediate payment)			10,653
Less: Exchange realignment			2,990
Capital commitments as at 31 December 2021 *(note 22)*			30,899

14. INVENTORIES

	2021 ***HK$'000***	2020 *HK$'000*
Inventories		
– Hardware and software	**13,982**	15,812

15. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2021	2020
	HK$'000	*HK$'000*
Trade receivables	**120,015**	95,078
Bills receivables	**3,759**	2,380
Less: Provision for impairment	**(16,874)**	(20,571)
Trade and bills receivables, net *(note (a))*	**106,900**	76,887
Short-term loans to employees *(note (b))*	**–**	248
Accrued interest	**629**	140
Rental and other deposits	**2,437**	2,360
Other receivables	**190**	178
Total trade and other receivables	**110,156**	79,813
Prepayments *(note (c))*		
– Non-current	**3,842**	–
– Current	**13,020**	14,273
	16,862	14,273

(a) The credit term granted by the Group to its trade customers is normally 90 days. Based on the invoice dates, the ageing analysis of the Group's trade receivables, net of impairment provision, is as follows:

	2021	2020
	HK$'000	*HK$'000*
0–90 days	**102,337**	74,695
91–180 days	**4,006**	1,558
181–365 days	**557**	516
1–2 years	**–**	118
	106,900	76,887

(b) The loans to employees of Global Telecom are fully secured by the employees' entitlement to retirement benefit, carry market interest rate at 6.9% per annum as at 31 December 2020 and repayable within one year from the respective dates of drawdown of loans. During the year, the loans to employees have been fully settled.

(c) The prepayments included prepaid costs for maintenance services and cyber security services of the Group which had subcontracted to outsider service providers.

16. LOAN TO ULTIMATE HOLDING COMPANY

	As at 1 January 2021	As at 31 December 2021	Maximum outstanding amount during the year
	HK$'000	*HK$'000*	*HK$'000*
Loan to ultimate holding company, AMS	8,869	5,829	8,869

Notes:

(a) The loan to AMS is unsecured, interest bearing at 5% per annum. AMS has settled US$400,000 (equivalent to HK$2,951,000) during the year and the remaining amount is repayable on 7 October 2022. The loan is denominated in United States Dollars ("**US$**") with total amount of US$1,150,000.

(b) As at 31 December 2021 and 2020, Mr. Suh Seung Hyun, Mr. Phung Nhuong Giang and Mr. Lee Seung Han who are executive Directors of the Company are also controlling shareholders of AMS, and the loan to AMS constituted a connected transaction under Chapter 20 of the GEM Listing Rules.

17. CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	2021	2020
	HK$'000	*HK$'000*
Contract assets		
Arising from performance under system integration	**23,108**	22,137
Arising from performance under cyber security services	**5,374**	2,542
	28,482	24,679

Invoices on revenue from system integration and cyber security services are issued according to the payment certificates approved by customers once certain milestones are reached. If the Group recognises the related revenue before it being unconditionally entitled to the consideration (i.e. when invoices are issued), the entitlement to consideration is classified as contract asset. Similarly, a contract liability is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue.

Contract assets are related to unbilled work in progress which have substantially the same characteristics as the trade receivables for the same types of contract. The Group has concluded that the expected loss rate for trade receivables are a reasonable approximation of the rates for the contract assets. Since the contract assets are related to contracts which are still in progress and the payment is not due, the expected loss rate of contract assets is assessed to be minimal.

(b) Contract liabilities

	2021	2020
	HK$'000	*HK$'000*
Contract liabilities		
Billings in advance of performance under system integration	**23,189**	14,260
Billings in advance of performance under cyber security	**10,931**	9,700
	34,120	23,960

Set out below is the movement of contract liabilities during the respective years.

	2021	2020
	HK$'000	*HK$'000*
Movements in contract liabilities		
As at 1 January	**23,960**	30,443
Decrease as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(20,700)**	(29,394)
Increase as a result of billing in advance of revenue recognition of system integration and cyber security services	**32,274**	24,123
Exchange realignment	**(1,414)**	(1,212)
As at 31 December	**34,120**	23,960

18. TRADE AND OTHER PAYABLES

	2021	2020
	HK$'000	*HK$'000*
Trade payables	**60,044**	72,478
Accruals and other payables	**16,230**	20,965
Advance receipts	**346**	572
Value-added tax payables	**7,465**	2,683
	84,085	96,698

Credit periods granted by suppliers normally range from 30 days to 90 days. Based on the invoice dates, the ageing analysis of the trade payables is as follows:

	2021	2020
	HK$'000	*HK$'000*
0–30 days	**54,077**	62,418
31–60 days	**4,280**	3,528
61–90 days	**213**	3,760
91–180 days	**190**	1,371
181–365 days	**219**	494
Over 1 year	**1,065**	907
	60,044	72,478

Due to short maturity periods, the carrying values of the Group's trade and other payables are considered to be a reasonable approximation of their fair values.

19. LOAN FROM A SHAREHOLDER

The Company has entered into a loan agreement dated 18 November 2021 with Mr. Tao Guolin, one of the shareholder and executive Director of the Company, pursuant to which Mr. Tao Guolin agreed to provide the Company with an unsecured and interest-free shareholder's loan of HK$5,000,000 for the purpose of supporting the Group's business development. The loan from a shareholder constituted a connected transaction under Chapter 20 of the GEM Listing Rules.

The loan from a shareholder is denominated in Hong Kong Dollars and is repayable on 30 November 2023.

20. BANK BORROWINGS

	2021	2020
	HK$'000	*HK$'000*
Current – unsecured:		
Bank loans *(note (a))*	**68,383**	24,722
Non-current – unsecured:		
Bank loans *(note (c))*	**15,449**	5,568
Total borrowings	**83,832**	30,290

(a) Bank loans are carried at amortised cost.

Details of the bank loans denominated in US$ and KRW are stated below:

	Amount	**Interest rate**	**Repayable in**
2021			
Bank A	US$2,981,932	Sofr plus 1.48% per annum	March 2022
Bank A	US$1,460,946	Sofr plus 1.48% per annum	September 2022
Bank B	US$1,791,417	Sofr plus 1.58% per annum	April 2022
Bank C	US$1,883,180	Sofr plus 0.40% per annum	April 2022
Bank D	US$ 681,040	3-month LIBOR plus 1.9% per annum	May 2022
Bank E	KRW2,356,530,000	6-month COFIX plus 3.36% per annum	January 2023
2020			
Bank A	US$703,382	KORIBOR base rate plus 1.30% per annum	September 2021
Bank B	US$477,413	3-month LIBOR plus 1.73% per annum	April 2021
Bank D	US$314,622	3-month LIBOR plus 2.0% per annum	November 2021
Bank E	US$1,398,783	3-month LIBOR plus 0.5% per annum	April 2021
Bank E	US$311,624	3-month LIBOR plus 2.07% per annum	July 2021
Bank E	KRW785,510,000	6-month COFIX plus 2.19% per annum	January 2023

(b) As at 31 December 2020, Korea Credit Guarantee Fund ("**KCGF**"), which is a public financial institution independent of the Group, provided foreign and local currency guarantees to certain banks in the amount of US$288,000 and KRW400 million for import financing facilities and bank loans provided to Global Telecom. As at 31 December 2021, no guarantees were provided by KCGF to Global Telecom.

(c) In accordance with the sales and purchase agreements of the acquisition of properties in Korea dated 14 May 2020, Global Telecom applied for loans from a financial institution designated by the vendor for the intermediate payments, and the interest on bank loans was borne by the vendor until the date of occupancy. The bank loans are denominated in KRW, interest bearing at 6-month COFIX plus 3.36% (2020: 2.19%) per annum, unsecured and due to be settled on or before 31 January 2023.

21. NOTES SUPPORTING CASH FLOWS STATEMENT

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows from financing activities.

	Loan from a shareholder *HK$'000*	**Bank borrowings** *HK$'000*	**Lease liabilities** *HK$'000*
At 1 January 2020	–	20,582	1,654
Changes from financing cash flows:			
Proceeds from bank borrowings	–	138,475	–
Repayment of bank borrowings	–	(130,431)	–
Interest paid	–	(663)	(83)
Repayment of principal portion of the lease liabilities	–	–	(2,171)
Total changes from financing cash flows	–	7,381	(2,254)
Other changes			
Additions to leases liabilities	–	–	4,760
Finance costs	–	663	83
Exchange realignment	–	1,664	207
Total other changes	–	2,327	5,050
At 31 December 2020 and 1 January 2021	–	30,290	4,450
Changes from financing cash flows:			
Increase in loan from a shareholder	5,000	–	–
Proceeds from bank borrowings	–	229,987	–
Repayment of bank borrowings	–	(172,256)	–
Interest paid	–	(704)	(104)
Repayment of principal portion of the lease liabilities	–	–	(2,324)
Total changes from financing cash flows	5,000	57,027	(2,428)
Other changes			
Additions to leases liabilities	–	–	1,194
Finance costs	–	704	104
Exchange realignment	–	(4,189)	(226)
Total other changes	–	(3,485)	1,072
At 31 December 2021	5,000	83,832	3,094

22. CAPITAL COMMITMENTS

	2021 *HK$'000*	2020 *HK$'000*
Commitment for the acquisition of properties *(note 13)*	**30,899**	44,542

MANAGEMENT DISCUSSION AND ANALYSIS

STATEMENT OF PROFIT OR LOSS ANALYSIS

	For the year ended 31 December			
	2021	2020	Change	Change
	HK$'000	*HK$'000*	*HK$'000*	*%*
Revenue	**720,569**	679,053	41,516	6.1%
Cost of services	**(636,281)**	(602,131)	34,150	5.7%
Gross profit	**84,288**	76,922	7,366	9.6%
Other income	**2,484**	6,558	(4,074)	(62.1%)
Reversal of impairment losses of trade and bills receivables, net	**2,262**	276	1,986	719.6%
Selling and administrative expenses	**(72,522)**	(73,983)	(1,461)	(2.0%)
Finance costs	**(808)**	(746)	62	8.3%
Profit before income tax	**15,704**	9,027	6,677	74.0%
Income tax expense	**(7,014)**	(1,514)	5,500	363.3%
Profit for the year	**8,690**	7,513	1,177	15.7%

The Group recorded a growth in revenue by HK$41.5 million or 6.1% to HK$720.6 million and profit increased by HK$1.2 million or 15.7% to HK$8.7 million for the year ended 31 December 2021.

REVENUE

An analysis of the Group's revenue is presented below:

- Korea and Hong Kong operations were expanding during the year ended 31 December 2021. Korea contributed HK$685.5 million in revenue for the year ended 31 December 2021, surging by HK$33.5 million or 5.1% compared to HK$652.0 million a year ago. Business in Hong Kong contributed HK$35.0 million in revenue for the year ended 31 December 2021 which was HK$8.0 million or 29.6% higher when compared to HK$27.0 million a year ago.

- All segments' revenue recorded a growth for the year ended 31 December 2021. Revenue from system integration, maintenance services and cyber security services were HK$505.9 million, HK$179.7 million and HK$35.0 million respectively, which accounted for 70.2%, 24.9% and 4.9% of the Group's revenue for the year ended 31 December 2021 (for the year ended 31 December 2020: 71.9%, 24.2% and 3.9%).

- For the year ended 31 December 2021, public sector contributed HK$287.2 million, a decrease by HK$43.7 million or 13.2%, compared to a year ago while private sector contributed HK$433.3 million, an increase by HK$85.2 million or 24.5% compared to a year ago.

The increase in revenue has been driven by strong demand for online activities in Korea market. Major contracts awarded during the year included contracts from a search engine operator amounting to KRW8.4 billion (equivalent to HK$57.2 million), a computer programming service amounting to KRW6.8 billion (equivalent to HK$46.3 million) and government department amounting to KRW5.6 billion (equivalent to HK$38.2 million).

GROSS PROFIT AND GROSS PROFIT MARGIN

The Group's gross profit increased by HK$7.4 million or 9.6% from HK$76.9 million for the year ended 31 December 2020 to HK$84.3 million for the year ended 31 December 2021. In terms of gross profit margin, the margin was relatively stable and increased slightly by 0.4 percentage points to 11.7% for the year ended 31 December 2021.

OTHER INCOME

Without foreign currencies' retranslation gains and government grants, other income decreased by HK$4.1 million or 62.1% to HK$2.5 million for the year ended 31 December 2021.

SELLING AND ADMINISTRATIVE EXPENSES

The Group posted a selling and administrative expenses of HK$72.5 million for the year ended 31 December 2021 which was comparable to the amount of HK$74.0 million a year ago. The slight decrease was attributable to the effective cost control of the Group.

PROFIT BEFORE INCOME TAX AND PROFIT FOR THE YEAR

The Group posted a profit before income tax of HK$15.7 million for the year ended 31 December 2021 representing a 74.0% increase compared to a year ago, which was the highest record since the Company's shares have been successfully listed on GEM of the Stock Exchange in 2016. The increase was mainly attributable to the growth of gross profit in 2021.

After a provision of HK$7.0 million for tax expenses, the Group posted profit after tax for the year of HK$8.7 million in 2021, representing HK$1.2 million or 15.7% growth compared to a year ago. This is a momentum of the Group to break the track record profits and constitute the sixth consecutive profitable year.

The additional Korea Corporate Income Tax in prior years of HK$3,245,000 arose from the difference in the applied tax credit rate on social insurance premiums for small and medium enterprises in Korea by Global Telecom for the years of 2019 and 2020 which was reviewed and approved by the Korea tax authority during the current year. Under the Korea Corporate Income Tax rules, the eligible tax credit rate on social insurance premiums applied to Global Telecom ranged from 9.8% to 10.3% in the years of 2019 and 2020. The Rates applied to Global Telecom depends on the combination of a variety elements (e.g. national health insurance and pension, employment insurance and industrial accident compensation) and the final determination on the deductibility by the Korea tax authority.

STATEMENT OF FINANCIAL POSITION ANALYSIS

	As at 31 December			
	2021	2020	Change	Change
	HK$'000	*HK$'000*	*HK$'000*	*%*
Property, plant and equipments	**7,342**	9,959	(2,617)	(26.3%)
Intangible assets	**4,090**	8,095	(4,005)	(49.5%)
Goodwill	**7,534**	7,534	–	0.0%
Other financial assets	**4,554**	7,407	(2,853)	(38.5%)
Long-term loan to ultimate holding company	**–**	8,869	(8,869)	(100.0%)
Deposits for acquisition of investment properties	**19,420**	10,498	8,922	85.0%
Rental and other deposits	**1,451**	3,901	(2,450)	(62.8%)
Prepayments	**3,842**	–	3,842	100.0%
Deferred tax assets	**7,092**	8,500	(1,408)	(16.6%)
Non-current assets	**55,325**	64,763	(9,438)	(14.6%)
Inventories	**13,982**	15,812	(1,830)	(11.6%)
Trade and other receivables	**110,156**	79,813	30,343	38.0%
Contract assets	**28,482**	24,679	3,803	15.4%
Prepayments	**13,020**	14,273	(1,253)	(8.8%)
Fixed bank deposits	**4,196**	4,536	(340)	(7.5%)
Loan to ultimate holding company	**5,829**	–	5,829	100.0%
Cash and cash equivalents	**123,088**	96,189	26,899	28.0%
Current assets	**298,753**	235,302	63,451	27.0%
Trade and other payables	**84,085**	96,698	(12,613)	(13.0%)
Contract liabilities	**34,120**	23,960	10,160	42.4%
Lease liabilities	**2,236**	2,398	(162)	(6.8%)
Bank borrowings	**68,383**	24,722	43,661	176.6%
Tax payable	**1,583**	916	667	72.8%
Current liabilities	**190,407**	148,694	41,713	28.1%
Lease liabilities	**858**	2,052	(1,194)	(58.2%)
Long-term bank borrowings	**15,449**	5,568	9,881	177.5%
Loan from a shareholder	**5,000**	–	5,000	100.0%
Defined benefit obligations	**327**	166	161	97.0%
Deferred tax liabilities	**–**	217	(217)	(100.0%)
Non-current liabilities	**21,634**	8,003	13,631	170.3%
Net assets	**142,037**	143,368	(1,331)	(0.9%)

NON-CURRENT ASSETS

As at 31 December 2021, the Group recorded non-current assets of HK$55.3 million representing a decrease of approximately HK$9.4 million or 14.6% when compared to that as at 31 December 2020. This was mainly due to a loan to ultimate holding company subsequently reclassified as current assets and intangible assets were amortised along its useful life.

During 2021, the Korea subsidiary made additional amounts of intermediate payments with aggregate amount of KRW1,481,115,000 (equivalent to approximately HK$10,043,000), which were financed by bank borrowings.

CURRENT ASSETS

As at 31 December 2021, the Group recorded HK$298.8 million in current assets which was HK$63.5 million higher than that as at 31 December 2020 of HK$235.3 million. This resulted from increase in trade and other receivables and cash and cash equivalents to HK$110.2 million and HK$123.1 million respectively.

The Group's cash position stood at HK$123.1 million as at 31 December 2021. Cash to current liabilities ratio remain unchanged and stood at 64.6% in 2021. The ratio indicated that the Group has strong ability to settle its current liabilities.

CURRENT LIABILITIES

The Group's current liabilities increased by approximately HK$41.7 million or 28.1% from HK$148.7 million as at 31 December 2020 to HK$190.4 million as at 31 December 2021. The increase was due to significantly increase in bank borrowings by HK$43.7 million or 176.6% when compared to a year ago.

NON-CURRENT LIABILITIES

The Group's non-current liabilities hiked by HK$13.6 million or 170.3% and was mainly attributable to bank borrowings provided to the Group for the payment of deposits for acquisition of investment properties as mentioned before in non-current assets section and a loan from a shareholder.

NET ASSETS

The Group's net assets stood at HK$142.0 million as at 31 December 2021 which was comparable to the balance of HK$143.4 million as at 31 December 2020.

STATEMENT OF CASH FLOWS ANALYSIS

	For the year ended 31 December			
	2021	2020	Change	Change
	HK$'000	*HK$'000*	*HK$'000*	*%*
Profit before income tax expenses	**15,704**	9,027	6,677	74.0%
Total adjustments	**6,834**	9,708	(2,874)	(29.6%)
Operating profit before working capital changes	**22,538**	18,735	3,803	20.3%
Changes on:				
– Inventories	**128**	(7,664)	(7,792)	(101.7%)
– Trade and other receivables	**(34,339)**	12,879	(47,218)	(366.6%)
– Contract assets	**(4,673)**	(1,938)	2,735	141.1%
– Prepayments	**(3,467)**	(2,894)	573	19.8%
– Trade and other payables	**(1,466)**	(21,495)	(20,029)	(93.2%)
– Contract liabilities	**11,574**	(6,975)	(18,549)	(265.9%)
– Defined benefit obligations	**(5,034)**	(2,058)	2,976	144.6%
Cash used in operations	**(14,739)**	(11,410)	3,329	29.2%
Income taxes paid	**(4,737)**	(1,364)	3,373	247.3%
Income taxes refunded	**–**	1,161	(1,161)	(100.0%)
Interest received	**262**	453	(191)	(42.2%)
Net cash used in operating activities	**(19,214)**	(11,160)	8,054	72.2%
Purchases of property, plant and equipment	**(1,085)**	(1,825)	(740)	(40.5%)
Deposits paid for acquisition of properties	**(10,043)**	(15,562)	(5,519)	(35.5%)
Proceeds from deposits transferred upon disposals of properties	**–**	5,809	(5,809)	(100.0%)
Purchases of other financial assets	**(192)**	(1,873)	(1,681)	(89.7%)
Proceeds from disposal of other financial assets	**2,741**	–	2,741	100.0%
Proceeds from disposal of property, plant and equipment	**–**	5	(5)	(100.0%)
Decrease in fixed bank deposits	**–**	3,293	(3,293)	(100.0%)
Decrease/(increase) in loan to ultimate holding company	**2,951**	(8,239)	(11,190)	(135.8%)
Net cash used in investing activities	**(5,628)**	(18,392)	(12,764)	(69.4%)

	For the year ended 31 December			
	2021	2020	Change	Change
	HK$'000	*HK$'000*	*HK$'000*	*%*
Proceeds from bank borrowings	**229,987**	138,475	91,512	66.1%
Repayments of bank borrowings	**(172,256)**	(130,431)	41,825	32.1%
Interest paid	**(808)**	(746)	62	8.3%
Repayments of principal portion of the lease liabilities	**(2,324)**	(2,171)	153	7.0%
Increase in loan from a shareholder	**5,000**	–	5,000	100.0%
Net cash generated from financing activities	**59,599**	5,127	54,472	1062.5%
Net increase/(decrease) in cash and cash equivalents	**34,757**	(24,425)	(59,182)	(242.3%)
Cash and cash equivalents at beginning of year	**96,189**	116,075	(19,886)	(17.1%)
Effect of exchange rate changes	**(7,858)**	4,539	(12,397)	(273.1%)
Cash and cash equivalents at end of year	**123,088**	96,189	26,899	28.0%

CASH FLOWS FROM OPERATING ACTIVITIES

The Group generated HK$22.5 million positive cash flows from operating activities before working capital changes and income tax paid in 2021, which was HK$3.8 million higher than that in 2020. After changes in working capital and income tax paid, cash outflows of HK$19.2 million was recorded.

Cash flows used in operating activities increased by HK$8.1 million from HK$11.2 million for the year ended 31 December 2020 to HK$19.2 million for the year ended 31 December 2021. The increase was mainly because the increase in trade and other receivables balances has exceeded the decline in contract liabilities balances during the year in 2021.

CASH FLOWS FROM INVESTING ACTIVITIES

The Group recorded net cash outflow from investing activities reduced by HK$12.8 million from HK$18.4 million in 2020 to HK$5.6 million in 2021. The decrease was due to proceeds from disposal of other financial assets and repayments from ultimate holding company.

CASH FLOWS FROM FINANCING ACTIVITIES

The Group recorded cash inflow from financing activities of HK$59.6 million for the year ended 31 December 2021 mainly because proceeds from bank borrowings has exceeded repayments of bank borrowings.

As a result, the Group's net cash and cash equivalent increased by HK$34.8 million for the year ended 31 December 2021. Mitigating by unfavourable exchange rate change of Korean won against Hong Kong Dollars, the Group's cash and cash equivalents increased by HK$26.9 million or 28.0% to approximately HK$123.1 million as at 31 December 2021 compared to that of 2020.

OTHER INFORMATION

Liquidity and Financial Resources

As at 31 December 2021, the Group's net current assets of HK$108.3 million showing a strong liquidity. The liquidity ratio, represented by a ratio of current assets over current liabilities, was 1.6 times (as at 31 December 2020: 1.6 times), reflecting the adequacy of financial resources.

The Group expresses its gearing ratio as a percentage of total debt over total equity. As at 31 December 2021, the gearing ratio increased to 64.7% (as at 31 December 2020: 24.2%). The Group had variable rate bank borrowings in United States Dollars and Korean Won of approximately US$8.8 million and KRW2,357 million respectively, which were equivalent to approximately HK$83.8 million (as at 31 December 2020: approximately HK$30.3 million). Certain banking borrowings are guaranteed by Korea Credit Guarantee Fund which is a public financial institution independent of the Group.

As at 31 December 2021, the Group recorded cash and cash equivalents of approximately HK$123.1 million (as at 31 December 2020: approximately HK$96.2 million), which included approximately KRW17,046 million, HK$9.7 million, US$0.2 million and small amount of Singapore Dollars and Chinese Yuan.

The above reflected that the Group has healthy liquidity and adequate financial resources.

Foreign Exchange Exposure

The Group's business in Korea was 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 in KRW against US$ between the costing date and the relevant settlement date. During the year of 2021, we experienced an unfavourable foreign exchange movement in the Korea operation, and hence, recorded an increase in cost of goods sold.

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

Charges on Group's Assets

None of the Group's assets were charged as at 31 December 2021.

Material Investments and Capital Assets

The Group did not have other material investments and capital assets for the year ended 31 December 2021.

As at 31 December 2021, the Group was continuously seeking potential buyers for the remaining eleven properties. Having said that 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 borrowings in Korea and obtained a banking facility to satisfy relevant intermediate payments.

Significant Acquisitions and Disposals

For the year ended 31 December 2021, the Group had not made any significant acquisition or disposal.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31 December 2021.

Capital Commitment

As at 31 December 2021, the Group has outstanding capital commitments of KRW4,713,060,000 (equivalent to approximately HK$30.9 million) related to the agreements entered for properties purchase in Korea which is not provided for in the Group's financial statements.

Business Review

	HK$'000
Opening backlog as at 1 January 2021	166,124
New booking during the year	687,824
Revenue recognised during the year	(720,569)
Closing backlog as at 31 December 2021	133,379

The Group's revenue showed a stable growth in spite that the threat of new variant coronavirus. For the year ended 31 December 2021, system integration segment was the main source of revenue of the Group and more sizable contracts were awarded to sustain revenue growth in consecutive years. Examples of these sizable contracts included:

- A contract won from a search engine operator amounting to KRW8.4 billion (equivalent to HK$57.2 million)

- A contract won from a computer programming service provider amounting to KRW6.8 billion (equivalent to HK$46.3 million)

- A contract won from government for equipment replacement amount to KRW5.6 billion (equivalent to HK$38.2 million)

Revenue from maintenance services segment has been growing during the year ended 31 December 2021 to HK$179.7 million from HK$164.1 million for the same corresponding period in 2020. The growth was due to the increase in number of maintenance contracts.

Cyber security services segment was in growing trend. For the year ended 31 December 2021, this segment recorded a revenue of approximately HK$35.0 million which represented an increase of HK$8.0 million or 29.6%, the highest growth rate among the segments of the Group.

Key performance indicators

	2021	2020	Change
	KRW'million	*KRW'million*	*%*
Average productivity per operating staff – Korea	**665/employee**	739/employee	–10.0%
	HK$'000	*HK$'000*	*%*
Average productivity per operating staff – Hong Kong	**1,843/employee**	1,501/employee	+22.8%
	KRW'million	*KRW'million*	*%*
Average contract price for system integration project	**95**	102	–6.9%
	Number of projects	*Number of projects*	*Number of projects*
Number of new system integration projects awarded	**765**	511	+254

The strategy in our Korean subsidiary has been gaining higher market share by accepting relative low margin system integration projects. As a result, the Group awarded more projects with lower average contract price and lower of average productivity of each operating staff.

Prospects

As presented in our analysis on the Group's profit or loss, the Group broke the track record profits and constituted the sixth consecutive profitable year. To better adapt and cope with the current market conditions and economic environment, the Board intended to expand its market share by increasing service points in Korea and other Asian countries. Meanwhile, a rigid cost controls measures is remained adopted for uncertain economic environment and political instability. We are looking forward to another profitable fiscal year in 2022, barring any other unforeseen circumstances.

Employees and Remuneration Policy

As at 31 December 2021, the Group had an aggregate of 222 (31 December 2020: 220) employees.

The employees of the Group are remunerated according to their job scope and responsibilities. The employees are also entitled to discretionary bonus depending on their respective performance. Total employee costs, including Directors' emoluments, amounted to approximately HK$103.7 million for the year ended 31 December 2021 (for the year ended 31 December 2020: approximately HK$98.8 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. As at 31 December 2021, 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.

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

The Company is committed to achieving high standards of corporate governance to safeguard the interest of the shareholders of the Company (the "**Shareholders**") and to enhance the corporate value, accountability and transparency of the Company.

The Company's corporate governance framework has been in place and established a set of policies and procedures based on the Corporate Governance Code (the "**CG Code**") contained in Appendix 15 of the GEM Listing Rules. Such policies and procedures provide the infrastructure for enhancing the Board's ability to implement governance and exercise proper oversight on business conduct and affairs of the Company.

The Company has applied the principles as set out in the CG Code. Throughout the year ended 31 December 2021, the Company has complied with the code provisions as set out in the CG Code which is adopted as its own code to govern its corporate governance practices. The Company will continue to enhance its corporate governance practices appropriate to the operation and growth of the business of the Group.

The Company will periodically review and improve its corporate governance practices with reference to its latest development.

PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2021, the Company did not redeem its listed securities, nor did the Company or any of its subsidiaries purchase or sell any of such listed securities.

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. Following a specific enquiry made by the Company on the Directors, all of the Directors confirmed that they had complied with the Securities Dealing Code during the year.

EVENT AFTER THE REPORTING DATE

The current coronavirus pandemic has not had a material adverse impact on the Group's operations and financial position to date. Nevertheless, the Group will monitor closely and take appropriate action to mitigate the impact.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: Nil).

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as required under the GEM Listing Rules during the year ended 31 December 2021 and up to the date of this announcement.

ANNUAL GENERAL MEETING (THE "AGM")

The forthcoming AGM of the Company will be held on Friday, 6 May 2022 at 10:00 a.m. A notice convening the AGM will be published and despatched to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

For attending and voting at the AGM

The register of members of the Company will be closed from Tuesday, 3 May 2022 to Friday, 6 May 2022 (both days inclusive, 4 business days in total) during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 29 April 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. For the year ended 31 December 2021, the Audit Committee consists of three independent non-executive Directors namely, Mr. Wong Sik Kei, Mr. Yung Kai Tai and Mr. Sum Chun Ho. Mr. Sum Chun Ho possesses the appropriate professional accounting qualifications and serves as the chairman of the Audit Committee.

The primary duties of the Audit Committee are to assist the Board in providing an independent review of the effectiveness of our Group's internal audit function, financial reporting process, internal control and risk management systems, and to oversee the audit process. The Audit Committee had reviewed the audited final results of the Company for the year ended 31 December 2021.

APPRECIATION

I would like to close by thanking the Board, management and every member of our committed staff for their dedication and hard work, and our Shareholders for their continued confidence and support.

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

Hong Kong, 24 March 2022

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, Mr. Ryoo Seong Ryul and Mr. Tao Guolin; and the independent non-executive Directors of the Company are Mr. Wong Sik Kei, Mr. Sum Chun Ho and Mr. Yung Kai Tai.

This announcement will remain on the "Latest Listed Company Information" page of 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.