



**FUTURE DATA**

**FUTURE DATA GROUP LIMITED**

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE: 8229

**I N T E R I M  
R E P O R T  
2 0 2 2**

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

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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

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

This report, for which the directors (the “Directors”) of Future Data Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company and its subsidiaries (collectively refer to as the “Group”). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Mr. Suh Seung Hyun (*Chairman*)

Mr. Phung Nhuong Giang

(*Deputy Chairman*)

Mr. Lee Seung Han

(*Chief Executive Officer*)

Mr. Ryoo Seong Ryul

(*Chief Financial Officer*)

Mr. Tao Guolin

### Independent Non-executive Directors

Mr. Wong Sik Kei

Mr. Sum Chun Ho

Mr. Yung Kai Tai

## BOARD COMMITTEES

### Audit Committee

Mr. Sum Chun Ho (*Chairman*)

Mr. Wong Sik Kei

Mr. Yung Kai Tai

### Remuneration Committee

Mr. Wong Sik Kei (*Chairman*)

Mr. Sum Chun Ho

Mr. Yung Kai Tai

### Nomination Committee

Mr. Yung Kai Tai (*Chairman*)

Mr. Sum Chun Ho

Mr. Wong Sik Kei

## COMPLIANCE OFFICER

Mr. Lee Seung Han

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN KOREA

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

## COMPANY SECRETARY

Ms. Cheung Yuet Fan

## AUTHORISED REPRESENTATIVES

Mr. Phung Nhuong Giang

Ms. Cheung Yuet Fan

## AUDITOR

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

## COMPLIANCE ADVISER

Giraffe Capital Limited  
3/F, 8 Wyndham Street  
Central, Hong Kong

## **LEGAL ADVISERS TO OUR COMPANY**

As to Hong Kong law:  
Michael Li & Co.  
Solicitors, Hong Kong  
19/F, Prosperity Tower  
39 Queen's Road Central  
Central, Hong Kong

As to Korean law:  
Shin & Kim  
Attorneys-at-law, Korea  
23/F, D-Tower (D2)  
17 Jongno 3-gil,  
Jongno-gu,  
Seoul 03155  
Korea

## **REGISTERED OFFICE IN THE CAYMAN ISLANDS**

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

## **PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

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

## **HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

Tricor Investor Services Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## **PRINCIPAL BANK**

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

## **COMPANY WEBSITE ADDRESS**

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

## **STOCK CODE**

8229

# Financial Highlights

For the six months ended 30 June 2022

- Unaudited revenue of the Group was HK\$271.5 million for the six months ended 30 June 2022, representing a decrease of approximately HK\$69.9 million or 20.5%, as compared to the six months ended 30 June 2021.
- Unaudited loss for the period was HK\$9.8 million for the six months ended 30 June 2022, reversing from a profit for the period of HK\$10.6 million for the six months ended 30 June 2021.
- Unaudited basic and diluted loss per share for the six months ended 30 June 2022 was HK cents 2.14 (unaudited basic and diluted earnings per share for the six months ended 30 June 2021: HK cents 2.71).
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (for the six months ended 30 June 2021: Nil).

## Interim Results

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

### Condensed Consolidated Statement of Profit or Loss

For the three and six months ended 30 June 2022

	Notes	Three months ended 30 June		Six months ended 30 June	
		2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Revenue	3	147,142	177,797	271,492	341,383
Cost of sales and services		(133,642)	(157,640)	(247,333)	(300,122)
<b>Gross profit</b>		<b>13,500</b>	<b>20,157</b>	<b>24,159</b>	<b>41,261</b>
Other income, net		560	1,228	871	2,740
Selling and administrative expenses		(18,467)	(14,307)	(35,137)	(31,671)
Finance costs		(259)	(171)	(464)	(421)
<b>(Loss)/profit before income tax</b>	4	<b>(4,666)</b>	<b>6,907</b>	<b>(10,571)</b>	<b>11,909</b>
Income tax credit/(expense)	5	293	185	790	(1,264)
<b>(Loss)/profit for the period</b>		<b>(4,373)</b>	<b>7,092</b>	<b>(9,781)</b>	<b>10,645</b>
Attributable to:					
– Owners of the Company		(3,896)	7,016	(8,570)	10,849
– Non-controlling interests		(477)	76	(1,211)	(204)
		(4,373)	7,092	(9,781)	10,645
<b>(Loss)/earnings per share attributable to owners of the Company</b>					
Basic and Diluted (HK cents)	6	(0.97)	1.75	(2.14)	2.71

# Condensed Consolidated Statement of Comprehensive Income

For the three and six months ended 30 June 2022

	Three months ended 30 June		Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
(Loss)/profit for the period	(4,373)	7,092	(9,781)	10,645
Other comprehensive income for the period				
<i>Items that will be reclassified subsequently to profit or loss:</i>				
Exchange differences arising on translation of foreign operations	(8,047)	136	(10,367)	(3,628)
<b>Total comprehensive income for the period</b>	<b>(12,420)</b>	<b>7,228</b>	<b>(20,148)</b>	<b>7,017</b>
Attributable to:				
– Owners of the Company	(11,955)	7,152	(18,944)	7,225
– Non-controlling interests	(465)	76	(1,204)	(208)
	<b>(12,420)</b>	<b>7,228</b>	<b>(20,148)</b>	<b>7,017</b>

# Condensed Consolidated Statement of Financial Position

As at 30 June 2022

	Notes	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		6,707	7,342
Intangible assets		2,245	4,090
Goodwill		7,534	7,534
Other financial assets	8	4,289	4,554
Deposits for acquisition of properties		22,380	19,420
Rental and other deposits		1,297	1,451
Prepayments		1,293	3,842
Deferred tax assets		7,428	7,092
		<b>53,173</b>	<b>55,325</b>
<b>Current assets</b>			
Inventories	9	24,281	13,982
Trade and other receivables	10	64,273	110,156
Contract assets	11	37,847	28,482
Prepayments		12,336	13,020
Fixed bank deposits		4,593	4,196
Loan to ultimate holding company		6,425	5,829
Cash and cash equivalents		57,396	123,088
		<b>207,151</b>	<b>298,753</b>
<b>Current liabilities</b>			
Trade and other payables	12	46,782	84,085
Contract liabilities	11	17,204	34,120
Lease liabilities		1,236	2,236
Bank borrowings	13	47,594	68,383
Tax payable		316	1,583
		<b>113,132</b>	<b>190,407</b>
<b>Net current assets</b>		<b>94,019</b>	<b>108,346</b>
<b>Total assets less current liabilities</b>		<b>147,192</b>	<b>163,671</b>

# Condensed Consolidated Statement of Financial Position

As at 30 June 2022

	Notes	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)
<b>Non-current liabilities</b>			
Lease liabilities		1,257	858
Bank borrowings	13	18,990	15,449
Loan from a shareholder		5,000	5,000
Defined benefit obligations		56	327
		25,303	21,634
<b>Net assets</b>			
		121,889	142,037
<b>EQUITY</b>			
Share capital		4,000	4,000
Reserves		116,995	135,939
Equity attributable to owners of the Company		120,995	139,939
Non-controlling interests		894	2,098
<b>Total equity</b>		<b>121,889</b>	<b>142,037</b>

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2022

	Attributable to equity holders of the Company									Total equity HK\$'000
	Share capital HK\$'000	Share premium* HK\$'000	Capital reserve* HK\$'000	Research	Foreign exchange reserve* HK\$'000	Legal reserve* HK\$'000	Retained earnings* HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	
				and development reserve* HK\$'000						
At 1 January 2022 (audited)	4,000	35,718	13,855	3,674	(9,482)	2,913	89,261	139,939	2,098	142,037
Loss for the period	-	-	-	-	-	-	(8,570)	(8,570)	(1,211)	(9,781)
Exchange difference arising on translation of foreign operations	-	-	-	-	(10,374)	-	-	(10,374)	7	(10,367)
Total comprehensive income	-	-	-	-	(10,374)	-	(8,570)	(18,944)	(1,204)	(20,148)
Transferred from retained earnings upon declaration of final dividend from a subsidiary	-	-	-	-	-	239	(239)	-	-	-
At 30 June 2022 (unaudited)	4,000	35,718	13,855	3,674	(19,856)	3,152	80,452	120,995	894	121,889
At 1 January 2021 (audited)	4,000	35,718	13,855	3,674	741	2,490	82,232	142,710	658	143,368
Profit/(loss) for the period	-	-	-	-	-	-	10,849	10,849	(204)	10,645
Exchange difference arising on translation of foreign operations	-	-	-	-	(3,624)	-	-	(3,624)	(4)	(3,628)
Total comprehensive income	-	-	-	-	(3,624)	-	10,849	7,225	(208)	7,017
Transferred from retained earnings upon declaration of final dividend from a subsidiary	-	-	-	-	-	454	(454)	-	-	-
At 30 June 2021 (unaudited)	4,000	35,718	13,855	3,674	(2,883)	2,944	92,627	149,935	450	150,385

\* The total of these balances represents "Reserve" in the condensed consolidated statement of financial position.

# Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Net cash (used in)/generated from operating activities	(41,779)	17,556
Net cash used in investing activities	(2,972)	(6,978)
Net cash (used in)/generated from financing activities	(13,135)	19,829
Net (decrease)/increase in cash and cash equivalents	(57,886)	30,407
Cash and cash equivalents at beginning of the period	123,088	96,189
Effect of exchange rate changes on cash and cash equivalents	(7,806)	(2,701)
Cash and cash equivalents at the end of the period	57,396	123,895
Analysis of balances of cash and cash equivalents		
Cash and bank balances	57,396	123,895

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 1. GENERAL INFORMATION

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

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

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

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

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

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

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

## 3. REVENUE AND SEGMENT INFORMATION

The Group’s business is organised into three segments:

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

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

Segment revenue and profit contribution are:

## (a) Business segments:

	Three months ended 30 June							
	2022				2021			
	System integration	Maintenance services	Cyber security services	Total	System integration	Maintenance services	Cyber security services	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Total segment revenue	100,197	40,474	7,711	148,382	127,065	43,759	8,193	179,017
Inter-segment revenue	-	-	(1,240)	(1,240)	-	-	(1,220)	(1,220)
Revenue from external customers	100,197	40,474	6,471	147,142	127,065	43,759	6,973	177,797
Gross profit/segment results	3,540	9,096	864	13,500	8,030	9,610	2,517	20,157
Other income, net				560				1,228
Selling and administrative expenses				(18,467)				(14,307)
Finance costs				(259)				(171)
(Loss)/profit before income tax				(4,666)				6,907
Income tax credit				293				185
(Loss)/profit for the period				(4,373)				7,092

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

	Six months ended 30 June							
	2022				2021			
	System integration HK\$'000 (unaudited)	Maintenance services HK\$'000 (unaudited)	Cyber security services HK\$'000 (unaudited)	Total HK\$'000 (unaudited)	System integration HK\$'000 (unaudited)	Maintenance services HK\$'000 (unaudited)	Cyber security services HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Total segment revenue	183,251	76,832	13,849	273,932	242,789	84,680	16,294	343,763
Inter-segment revenue	-	-	(2,440)	(2,440)	-	-	(2,380)	(2,380)
Revenue from external customers	183,251	76,832	11,409	271,492	242,789	84,680	13,914	341,383
Gross profit/segment results	7,247	16,278	634	24,159	17,744	19,768	3,749	41,261
Other income, net				871				2,740
Selling and administrative expenses				(35,137)				(31,671)
Finance costs				(464)				(421)
(Loss)/profit before income tax				(10,571)				11,909
Income tax expense/(credit)				790				(1,264)
(Loss)/profit for the period				(9,781)				10,645

## (b) Geographic information:

	Three months ended 30 June		Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Korea	140,671	170,824	260,083	327,469
Hong Kong	6,471	6,973	11,409	13,914
Total	147,142	177,797	271,492	341,383

## (c) Revenue analysis:

	Three months ended 30 June		Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Revenue from customers and recognised over time:				
– Revenue from system integration services	100,197	127,065	183,251	242,789
– Revenue from maintenance services	40,474	43,759	76,832	84,680
– Revenue from cyber security services	6,471	6,973	11,409	13,914
Total	147,142	177,797	271,492	341,383

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

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

	Three months ended 30 June							
	2022				2021			
	System integration	Maintenance services	Cyber security services	Total	System integration	Maintenance services	Cyber security services	Total
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Type of goods or services								
- Cloud infrastructure	55,804	38,053	-	93,857	95,100	40,188	-	135,288
- Security	44,393	2,421	6,471	53,285	31,965	3,571	6,973	42,509
Total revenue from contracts with customers	100,197	40,474	6,471	147,142	127,065	43,759	6,973	177,797
Type of customers								
- Public sector	7,930	28,632	-	36,562	55,133	29,972	-	85,105
- Private sector	92,267	11,842	6,471	110,580	71,932	13,787	6,973	92,692
Total revenue from contracts with customers	100,197	40,474	6,471	147,142	127,065	43,759	6,973	177,797
Type of contract duration								
- Within twelve months	88,610	25,625	5,935	120,170	111,939	35,953	5,458	153,350
- Over twelve months but less than twenty-four months	11,587	2,890	338	14,815	15,126	4,417	404	19,947
- Over twenty-four months	-	11,959	198	12,157	-	3,389	1,111	4,500
Total revenue from contracts with customers	100,197	40,474	6,471	147,142	127,065	43,759	6,973	177,797

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

	Six months ended 30 June							
	2022				2021			
	System integration	Maintenance services	Cyber security services	Total	System integration	Maintenance services	Cyber security services	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Type of goods or services								
- Cloud infrastructure	103,482	72,025	-	175,507	185,941	78,673	-	264,614
- Security	79,769	4,807	11,409	95,985	56,848	6,007	13,914	76,769
Total revenue from contracts with customers	183,251	76,832	11,409	271,492	242,789	84,680	13,914	341,383
Type of customers								
- Public sector	46,508	52,816	-	99,324	85,878	52,964	-	138,842
- Private sector	136,743	24,016	11,409	172,168	156,911	31,716	13,914	202,541
Total revenue from contracts with customers	183,251	76,832	11,409	271,492	242,789	84,680	13,914	341,383
Type of contract duration								
- Within twelve months	171,664	52,403	9,899	233,966	227,145	68,805	11,120	307,070
- Over twelve months but less than twenty-four months	11,587	4,614	719	16,920	15,644	9,158	750	25,552
- Over twenty-four months	-	19,815	791	20,606	-	6,717	2,044	8,761
Total revenue from contracts with customers	183,251	76,832	11,409	271,492	242,789	84,680	13,914	341,383

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

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

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

	Three months ended 30 June		Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Costs of inventories recognised as expenses	109,353	130,927	196,753	249,621
Employee costs	28,678	24,049	44,590	47,385
Subcontracting costs	9,327	10,581	22,109	18,799
Net (reversal)/provision for impairment of trade receivables	(132)	(954)	328	(1,848)
Amortisation of intangible assets	922	1,016	1,845	2,033
Depreciation of property, plant and equipment	462	459	907	921
Depreciation of right-of-use assets	608	646	1,219	1,289
Research and development costs	1,271	1,336	2,548	2,614
Interest on lease liabilities	20	28	42	54
Short term lease expenses	38	97	135	271

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 5. INCOME TAX CREDIT/(EXPENSE)

	Three months ended 30 June		Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Current tax				
– Korea	193	1,075	387	(322)
Deferred Tax				
– Korea	(166)	(820)	(7)	(900)
– Hong Kong	266	(70)	410	(42)
	100	(890)	403	(942)
Total	293	185	790	(1,264)

Global Telecom Company Limited (“Global Telecom”) is subject to Korean Corporate Income Tax which comprised national and local taxes (collectively “Korean Corporate Income Tax”). Korean Corporate Income Tax is charged at the progressive rate from 11.0% to 24.2% on the estimated assessable profit of Global Telecom derived worldwide during each of the periods presented.

- 11% on assessable profit up to the first KRW200 million (equivalent to approximately HK\$1.2 million);
- 22% on assessable profit in excess of KRW200 million (equivalent to approximately HK\$1.2 million) and up to KRW20 billion (equivalent to approximately HK\$122.7 million);
- 24.2% on assessable profit in excess of KRW20 billion (equivalent to approximately HK\$122.7 million).

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

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

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

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

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

	Three months ended 30 June		Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
(Loss)/profit for the period attributable to owners of the Company	(3,896)	7,016	(8,570)	10,849

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

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

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

## 7. DIVIDEND

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

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 8. OTHER FINANCIAL ASSETS

	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
<b>NON-CURRENT</b>		
Financial assets measured at fair value through profit or loss ("FVTPL"):		
Unlisted equity securities		
– Korea Software Financial Cooperative ("KSFC")	4,252	4,515
– Korea Broadcasting & Communication Financial Cooperative ("KBCFC")	37	39
	<b>4,289</b>	<b>4,554</b>

The unlisted equity securities and account value of the insurance policy are grouped under Level 2 of the fair value hierarchy under HKFRS 13. There were no transfers between the three levels during each of the periods presented.

## 9. INVENTORIES

	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Hardware and software	24,281	13,982

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 10. TRADE AND OTHER RECEIVABLES

	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Trade receivables	79,429	120,015
Bills receivables	–	3,759
Less: Provision for impairment of trade receivables	(16,248)	(16,874)
Trade receivables, net (note (a))	63,181	106,900
Accrued interest	164	629
Rental and other deposits	193	2,437
Other receivables	735	190
	64,273	110,156

Notes:

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

	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
0–90 days	46,117	102,337
91–180 days	12,791	4,006
181–365 days	4,273	557
1–2 years	–	–
Over 2 years	–	–
	63,181	106,900

The movement in the allowance for impairment of trade receivables is as follows:

	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Carrying amount at beginning of the period/year	16,874	20,571
Net provision/(reversal) of impairment losses recognised during the period/year	328	(2,262)
Exchange realignment	(954)	(1,435)
Carrying amount at end of the period/year	16,248	16,874

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 11. CONTRACT ASSETS AND CONTRACT LIABILITIES

	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Contract assets		
Arising from performance under system integration	32,774	23,108
Arising from provision of cyber security services	5,073	5,374
	<b>37,847</b>	<b>28,482</b>
Contract liabilities		
Arising from performance under system integration	6,276	23,189
Arising from provision of cyber security services	10,937	10,931
	<b>17,204</b>	<b>34,120</b>

## 12. TRADE AND OTHER PAYABLES

	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Trade payables (note (a))	31,141	60,044
Accruals and other payables	11,393	16,230
Advances receipts	2,981	346
Value-added tax payables	1,267	7,465
	<b>46,782</b>	<b>84,085</b>

Note:

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

	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
0–30 days	25,332	54,077
31–60 days	1,345	4,280
61–90 days	1,149	213
91–180 days	2,356	190
181–365 days	219	219
Over 1 year	740	1,065
	<b>31,141</b>	<b>60,044</b>

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2022

## 13. BANK BORROWINGS

	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Current – unsecured:		
– Bank loans	47,594	68,383
Non-current – unsecured:		
– Bank loans (note (a))	18,990	15,449
	<b>66,584</b>	<b>83,832</b>

Note:

- (a) 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% per annum, unsecured and due to be settled on or before 31 January 2023.

## 14. REMUNERATION OF DIRECTORS AND EMOLUMENTS OF KEY MANAGEMENT

	Three months ended 30 June		Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Remuneration of directors and other members of key management	3,421	3,104	6,651	5,613

# Management Discussion and Analysis

## FINANCIAL REVIEW

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three and six months ended 30 June 2022

	Three months ended		Change	Change	Six months ended		Change	Change
	30 June	31 March			30 June	30 June		
	2022	2022		%	2022	2021		%
	HK\$'000	HK\$'000	HK\$'000		HK\$'000	HK\$'000	HK\$'000	
	(unaudited)	(unaudited)			(unaudited)	(unaudited)		
Revenue	147,142	124,350	22,792	18.3%	271,492	341,383	(69,891)	(20.5%)
Cost of sales and services	(133,642)	(113,691)	19,951	17.5%	(247,333)	(300,122)	(52,789)	(17.6%)
<b>Gross profit</b>	<b>13,500</b>	<b>10,659</b>	<b>2,841</b>	<b>26.7%</b>	<b>24,159</b>	<b>41,261</b>	<b>(17,102)</b>	<b>(41.4%)</b>
Other income, net	560	311	249	80.1%	871	2,740	(1,869)	(68.2%)
Selling and administrative expenses	(18,467)	(16,670)	1,797	10.8%	(35,137)	(31,671)	3,466	10.9%
Finance costs	(259)	(205)	54	26.3%	(464)	(421)	43	10.2%
<b>(Loss)/profit before income tax</b>	<b>(4,666)</b>	<b>(5,905)</b>	<b>(1,239)</b>	<b>(21.0%)</b>	<b>(10,571)</b>	<b>11,909</b>	<b>(22,480)</b>	<b>(188.8%)</b>
Income tax credit/(expense)	293	497	(204)	(41.0%)	790	(1,264)	(2,054)	(162.5%)
<b>(Loss)/profit for the period</b>	<b>(4,373)</b>	<b>(5,408)</b>	<b>(1,035)</b>	<b>(19.1%)</b>	<b>(9,781)</b>	<b>10,645</b>	<b>(20,426)</b>	<b>(191.9%)</b>

## Management Discussion and Analysis

During the first half of the calendar year in 2022, the Group experienced a hard time for our business operations as mentioned in the announcement published on 27 July 2022 but the situation was improving. For the six months ended 30 June 2022, the Group posted a revenue of HK\$271.5 million which represented a decrease by HK\$69.9 million or 20.5% when compared to a revenue of HK\$341.4 million in the same corresponding period in 2021. An analysis on the Group's revenue is presented below:

- Korea contributed HK\$260.1 million for the six months ended 30 June 2022, reduced by HK\$67.4 million or 20.6% compared to HK\$327.5 million a year ago. Eliminating the effect of translation of reporting currency, the decrease of revenue by KRW6.1 billion or 12.9% from KRW47.2 billion for the six months ended 30 June 2021 to KRW41.1 billion for the six months ended 30 June 2022 was moderated. Business in Hong Kong contributed HK\$11.4 million, which was HK\$2.5 million or 18.0% lower compared to HK\$13.9 million a year ago. Businesses in both Korea and Hong Kong were improving in the second quarter of the calendar year in 2022.
- Segment revenue of system integration, maintenance services and cyber security services were HK\$183.3 million, HK\$76.8 million and HK\$11.4 million respectively (for the six months ended 30 June 2021: HK\$242.8 million, HK\$84.7 million and HK\$13.9 million respectively), accounting for 67.5%, 28.3% and 4.2% of the Group's revenue for the six months ended 30 June 2022 (30 June 2021: 71.1%, 24.8% and 4.1%).

- For the six months ended 30 June 2022, public sector contributed HK\$99.3 million in revenue, which was HK\$39.5 million or 28.5% decrease; and private sector contributed HK\$172.2 million which was HK\$30.4 million or 15.0% decrease as compared to year-ago period.

The Group's gross profit decreased by approximately HK\$17.1 million or 41.4% from HK\$41.3 million for the six months ended 30 June 2021 to HK\$24.2 million for the six months ended 30 June 2022. During the period, the Group was facing the pressure of employee costs increment in information technology industry, unfavourable exchange rate movement of KRW against United States dollars ("US\$") and relatively low margin projects obtained from strategic customers in Korea, which boosted up the cost of sales and services at a rate higher than revenue.

The Group's selling and administrative expenses increased by HK\$3.4 million or 10.9% to HK\$35.1 million for the six months ended 30 June 2022 compared to the same corresponding period a year ago (for the six months ended 30 June 2021: approximately HK\$31.7 million). The increase was mainly attributable to the significant exchange losses amounting to HK\$4.0 million.

After a provision of HK\$0.8 million for tax credit, the Group posted loss for the period of HK\$9.8 million for the six months ended 30 June 2022, a reversal from a profit position of HK\$10.6 million in 2021.

# Management Discussion and Analysis

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	As at 30 June 2022 HK\$'000 (unaudited)	As at 31 December 2021 HK\$'000 (audited)	Change HK\$'000	Change %
Property, plant and equipments	6,707	7,342	(635)	(8.6%)
Intangible assets	2,245	4,090	(1,845)	(45.1%)
Goodwill	7,534	7,534	–	–
Other financial assets	4,289	4,554	(265)	(5.8%)
Deposits for acquisition of properties	22,380	19,420	2,960	15.2%
Rental and other deposits	1,297	1,451	(154)	(10.6%)
Prepayments	1,293	3,842	(2,549)	(66.3%)
Deferred tax assets	7,428	7,092	336	4.7%
<b>Non-current assets</b>	<b>53,173</b>	<b>55,325</b>	<b>(2,152)</b>	<b>(3.9%)</b>
Inventories	24,281	13,982	10,299	73.7%
Trade and other receivables	64,273	110,156	(45,883)	(41.7%)
Contract assets	37,847	28,482	9,365	32.9%
Prepayments	12,336	13,020	(684)	(5.3%)
Fixed bank deposits	4,593	4,196	397	9.5%
Loan to ultimate holding company	6,425	5,829	596	10.2%
Cash and cash equivalents	57,396	123,088	(65,692)	(53.4%)
<b>Current assets</b>	<b>207,151</b>	<b>298,753</b>	<b>(91,602)</b>	<b>(30.7%)</b>
Trade and other payables	46,782	84,085	(37,303)	(44.4%)
Contract liabilities	17,204	34,120	(16,916)	(49.6%)
Lease liabilities	1,236	2,236	(1,000)	(44.7%)
Bank borrowings	47,594	68,383	(20,789)	(30.4%)
Tax payable	316	1,583	(1,267)	(80.0%)
<b>Current liabilities</b>	<b>113,132</b>	<b>190,407</b>	<b>(77,275)</b>	<b>(40.6%)</b>
Lease liabilities	1,257	858	399	46.5%
Bank borrowings	18,990	15,449	3,541	22.9%
Loan from a shareholder	5,000	5,000	–	–
Defined benefit obligations	56	327	(271)	(82.9%)
<b>Non-current liabilities</b>	<b>25,303</b>	<b>21,634</b>	<b>3,669</b>	<b>17.0%</b>
<b>Net assets</b>	<b>121,889</b>	<b>142,037</b>	<b>(20,148)</b>	<b>(14.2%)</b>

# Management Discussion and Analysis

The Group recorded non-current assets of HK\$53.2 million as at 30 June 2022, which represented a decrease by HK\$2.1 million when compared to the balance of HK\$55.3 million as at 31 December 2021. The variance represented by the decrease in prepayment by HK\$2.5 million and amortization of intangible assets of HK\$1.8 million, was mitigated by the increase in deposits for acquisition of properties by HK\$3.0 million.

The Group's current assets stood at HK\$207.2 million as at 30 June 2022, which represented a decrease of approximately HK\$91.6 million. This was mainly due to decreases in cash and cash equivalents resulted from the cash used in operating activities and trade and other receivables. Current liabilities decreased by HK\$77.3 million or 40.6% from HK\$190.4 million as at 31 December 2021 to HK\$113.1 million as at 30 June 2022 mainly resulted from the repayment of trade and other payables and bank borrowings.

During the period, Global Telecom has further utilised the banking facility for settlement an intermediate payment of properties purchase in an amount of HK\$3.0 million.

As a result, our Group recorded a decrease in net assets of approximately HK\$20.1 million to HK\$121.9 million as at 30 June 2022 from HK\$142.0 million as at 31 December 2021.

## Liquidity and Financial Resources

As at 30 June 2022, the Group's net current assets were HK\$94.0 million showing a strong liquidity.

The Group expresses its gearing ratio as a percentage of total debt over total equity. As at 30 June 2022, the gearing ratio was 60.8% (as at 31 December 2021: 64.7%). The decrease was due to repayments of bank borrowings.

As at 30 June 2022, the liquidity ratio, represented by a ratio of current assets over current liabilities, was 1.83 times (as at 31 December 2021: 1.6 times), reflecting the adequacy of financial resources.

As at 30 June 2022, the Group recorded cash and cash equivalents of approximately HK\$57.4 million (as at 31 December 2021: approximately HK\$123.1 million), which included approximately KRW7,044 million, HK\$6.4 million, US\$1.0 million and small amount of Singapore dollars.

As at 30 June 2022, the Group had variable rate bank borrowings in US\$ and KRW of approximately US\$6.1 million and KRW3.1 million respectively, which were equivalent to approximately HK\$66.6 million (as at 31 December 2021: approximately HK\$83.8 million).

# Management Discussion and Analysis

## Foreign Exchange Exposure

The Group's business in Korea is exposed to currency risk that mainly arose from the currency difference between our revenue receipts (which are denominated in KRW) and some of our payments for purchases (which are in US\$). In preparing the costing of our system integration project in which procurement of components in US\$ is required, we would add on a margin to the relevant cost items of the project as a cushion to safeguard against any unfavourable foreign exchange movement between the costing date and the relevant settlement date. During the period, we experienced an unfavourable foreign change movement in the Korea operation, and hence, recorded an foreign exchange losses under selling and administrative expenses.

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

## Charges on Group's Assets

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

## Material Investments and Capital Assets

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

As at 30 June 2022, 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 subsidized, the Directors consider that the prices of the properties will not have any downside risk. In the event that any of the eleven properties are not disposed of prior to the payment date for relevant intermediate payment(s) and/or remaining balance, the Company intends to satisfy these payable by bank borrowing in Korea and obtained a banking facility to satisfy relevant intermediate payments.

## Significant Acquisitions and Disposals

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

## Contingent Liabilities

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

## Capital Commitment

As at 30 June 2022, the Group has outstanding capital commitments of approximately KRW4.0 billion (equivalent to approximately HK\$25.7 million) related to the agreements entered for properties purchase in Korea which is not provided for in the Group's financial statements.

# Management Discussion and Analysis

## BUSINESS REVIEW

	HK\$'000
Opening backlog as at 1 January 2022	133,379
New booking during the period	315,892
Revenue recognised during the period	(271,492)
Closing backlog as at 30 June 2022	177,779

COVID-19 pandemic was still affecting the supply chain of semiconductors during the reporting period. As at 30 June 2022, the Group's closing backlog balance surged to approximately HK\$177.8 million due to the postponement of service delivery. Examples of contracts awarded during the period included:

- A contract won from a search engine operator amounting to KRW5.3 billion (equivalent to HK\$32.6 million).
- A contract won from a hospital amounting to KRW4.1 billion (equivalent to HK\$25.3 million).
- A contract won from a mobile network service provider amounting to KRW1.1 billion (equivalent to HK\$6.6 million).
- A contract won from a network integration consultant company amounting to KRW0.9 billion (equivalent to HK\$5.8 million).

- A contract won from a government district office amounting to KRW0.9 billion (equivalent to HK\$5.6 million).

Revenue from maintenance services segment decreased during the six months ended 30 June 2022 to HK\$76.8 million from HK\$84.7 million for the same corresponding period a year ago. The decline was due to the decrease in number of maintenance contracts.

For the six months ended 30 June 2022, cyber security services segment recorded a revenue of HK\$11.4 million which represented a decrease by HK\$2.5 million or 18.0% from HK\$13.9 million for the six months ended 30 June 2021. The decline was resulted from social distancing measures in Hong Kong hindered service delivery during the period.

# Management Discussion and Analysis

## **PROSPECTS**

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

## **EMPLOYEES AND REMUNERATION POLICY**

As at 30 June 2022, the Group had an aggregate of 219 (30 June 2021: 225) employees comparable to the number of employee for the same corresponding period in last year.

The employees of the Group are remunerated according to their job scope and responsibilities. The employees are also entitled to discretionary bonus depending on their respective performance. Total employee costs, including Directors' emoluments, amounted to approximately HK\$44.6 million for the six months ended 30 June 2022 (for the six months ended 30 June 2021: approximately HK\$47.4 million).

The Group has adopted a share option scheme for the purpose of providing incentives and rewards to eligible persons who contributed to the success of the Group's operation. Up to 30 June 2022, no share option had been granted.

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

# Management Discussion and Analysis

## USE OF PROCEEDS FROM THE PLACING

On 6 August 2021, the Board has resolved to revise the proposed use of the net proceeds from the placing. The Directors are of the view that the use of the proceeds shall be appropriately adjusted to better adapt and cope with the current market conditions and economic environment. The Board considers

the reallocation and change in use of proceeds would be more in line with the current business needs of the Group and would enable the Group to deploy its financial resources in a more efficient and effective manner.

The net proceeds as at 30 June 2022 were used as follows:

	Planned use of net proceeds from 6 August 2021 up to 30 June 2022 (HK\$ million)	Actual use of net proceeds up to 30 June 2022 (HK\$ million)
Setting up new services points in Korea and other Asian countries	14.0	1.2
Setting up office in Hong Kong	0.8	0.8
Development of big data platform and cybersecurity software application capabilities		
– Acquiring a big data platform intellectual property for cybersecurity	4.9	4.9
– Acquiring a cybersecurity software application	7.0	7.0
– Recruiting a team of security experts in Hong Kong	3.4	3.4
General working capital	1.5	1.5
Total	31.6	18.8

# Management Discussion and Analysis

## COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the prospectus as at 29 June 2016 with the Group's actual business progress from 8 July 2016 to 30 June 2022 ("Review Period") is set out below:

Business strategies	Implementation activities	Sources of funding during the Review Period	Actual business progress during the Review Period
Expanding market share by setting up new service points in Korea and other Asian countries	– Setting up an office, acquiring equipment and recruiting new staff in Korea and other Asian countries	– Listing proceeds of approximately HK\$14.0 million	– Setting up an office and recruiting new staff in Asian countries were in progress.
Development of big data platform and cyber security software application capabilities	– Acquisition of software intellectual property platforms will be integrated to form part of the security operations center (Black Diamond) which is a key business differentiator form other market players	– Listing proceeds of approximately in total of HK\$11.9 million	– The Group has bought the platforms totally in HK\$11.9 million for Hong Kong operations and maintained a revenue growth this year.
	– Recruitment of cyber security professional team, which shall be responsible for the provision of intelligence-lead cyberattack simulation testing services	– Listing proceeds of approximately in total of HK\$3.4 million	– The professional team cost was HK\$3.4 million and contributed brilliant profit margins to the Group's cyber security business in Hong Kong operations since 2017.

## Corporate Governance and Other Information

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2022, the interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) held by the Directors and

chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules are as follows:

#### Long Positions in the Shares

Name of Director	Capacity/Nature of interest	Number of Shares held	Approximate percentage of issued share capital <sup>(Note 4)</sup>
Mr. Suh Seung Hyun <sup>(Notes 1 and 2)</sup> ("Mr. Suh")	Interest held jointly with other persons/Interest in controlled corporation	220,000,000	55.00%
Mr. Lee Seung Han <sup>(Notes 1 and 2)</sup> ("Mr. Lee")	Interest held jointly with other persons/Interest in controlled corporation	220,000,000	55.00%
Mr. Phung Nhuong Giang <sup>(Notes 1, 2 and 3)</sup> ("Mr. Phung")	Interest held jointly with other persons/Interest in controlled corporation/Interest of spouse	220,000,000	55.00%
Mr. Tao Guolin <sup>(Note 4)</sup> ("Mr. Tao")	Beneficial owner	22,917,327	5.73%

## Corporate Governance and Other Information

### Notes:

- (1) LiquidTech Limited ("LiquidTech") held 220,000,000 Shares, representing 55.00% of the issued Shares. LiquidTech is wholly owned by Asia Media Systems Pte. Ltd. ("AMS") which is owned by Mr. Suh, Mr. Lee, Mr. Phung, Mr. Park Hyeoung Jin ("Mr. Park"), Mr. Lee Sung Gue, Mr. Lee Je Eun and Ms. Marilyn Tang as to 25.34%, 22.71%, 18.14%, 14.03%, 3.40% and 2.35% respectively.
- (2) On 21 June 2016, four of the ultimate controlling shareholders of the Company, namely, Mr. Suh, Mr. Lee, Mr. Phung and Mr. Park, entered into the acting in concert confirmation and undertaking to acknowledge and confirm, among other things, that they were parties acting in concert of each of the members of the Group. As such, Mr. Suh, Mr. Lee, Mr. Phung and Mr. Park together control approximately 55.00% interest in the share capital of the Company through AMS and LiquidTech. As a result, each of Mr. Suh, Mr. Lee, Mr. Phung and Mr. Park is deemed to be interested in approximately 55.00% interest in the share capital of the Company.
- (3) Ms. Marilyn Tang is the owner of approximately 2.35% of the issued shares of AMS and the spouse of Mr. Phung. Mr. Phung is deemed to be interested in all the Shares in which Ms. Marilyn Tang is interested under Part XV of the SFO.
- (4) On 21 July 2021, LiquidTech and Mr. Tao have entered into a sale and purchase agreement, whereby LiquidTech agreed to sell and Mr. Tao agreed to purchase 22,917,327 shares representing approximately 5.73% interest in the share capital of the Company.

- (5) The percentage of shareholding was calculated based on the Company's total number of issued Shares as at 30 June 2022 (i.e. 400,000,000 Shares).

Save as disclosed above, as at 30 June 2022, none of the Directors and chief executive of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations that was notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or was required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

## Corporate Governance and Other Information

### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES AND UNDERLYING SHARES

As at 30 June 2022, so far as known to the Directors, the following persons (not being Directors or chief executive of the Company) had or were deemed or taken to have an interest and/or short position in the Shares or

the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO who, are directly or indirectly interested in 5% or more of the Shares.

### Long Positions in the Shares

Name of Shareholder	Capacity/Nature of interest	Number of Shares held	Approximate percentage of issued share capital <sup>(Note 9)</sup>
LiquidTech <sup>(Note 1)</sup>	Beneficial owner	220,000,000	55.00%
AMS <sup>(Notes 1, 2 and 3)</sup>	Interest in controlled corporation	220,000,000	55.00%
Mr. Park <sup>(Notes 2 and 3)</sup>	Interest held jointly with other persons/Interest in controlled corporation	220,000,000	55.00%
Ms. Marilyn Tang <sup>(Notes 2, 3 and 4)</sup>	Interest held jointly with other persons/Interest in controlled corporation/Interest of spouse	220,000,000	55.00%
Ms. Lee Kim Sinae <sup>(Note 5)</sup>	Interest of spouse	220,000,000	55.00%
Ms. Suh Kim Seong Ock <sup>(Note 6)</sup>	Interest of spouse	220,000,000	55.00%
Ms. Shin Hee Kum <sup>(Note 7)</sup>	Interest of spouse	220,000,000	55.00%
Ms. Han Lerong <sup>(Note 8)</sup>	Interest of spouse	22,917,327	5.73%
Mr. Tao Jian	Beneficial owner	20,000,000	5.00%

## Corporate Governance and Other Information

### Notes:

- (1) LiquidTech is wholly-owned by AMS. AMS is deemed to be interested in all the Shares in which LiquidTech is interested under Part XV of the SFO.
- (2) AMS is owned as to approximately 25.34% by Mr. Suh, 22.71% by Mr. Lee, 18.14% by Mr. Phung, 14.03% by Mr. Park, 14.03% by Mr. Lee Sung Gue, 3.40% by Mr. Lee Je Eun and 2.35% by Ms. Marilyn Tang.
- (3) On 21 June 2016, four of the ultimate controlling shareholders of the Company, namely, Mr. Suh, Mr. Lee, Mr. Phung and Mr. Park, entered into the acting in concert confirmation and undertaking to acknowledge and confirm, among other things, that they were parties acting in concert of each of the members of the Group. As such, Mr. Suh, Mr. Lee, Mr. Phung and Mr. Park together control approximately 55.00% interest in the share capital of the Company through AMS and LiquidTech. As a result, each of Mr. Suh, Mr. Lee, Mr. Phung and Mr. Park is deemed to be interested in approximately 55.00% interest in the share capital of the Company.
- (4) Ms. Marilyn Tang is the owner of approximately 2.35% of the issued shares of AMS and the spouse of Mr. Phung. Ms. Marilyn Tang is deemed to be interested in all the Shares in which Mr. Phung is interested under Part XV of the SFO.
- (5) Ms. Lee Kim Sinae is the spouse of Mr. Lee. Ms. Lee Kim Sinae is deemed to be interested in all the Shares in which Mr. Lee is interested under Part XV of the SFO.
- (6) Ms. Suh Kim Seong Ock is the spouse of Mr. Suh. Ms. Suh Kim Seong Ock is deemed to be interested in all the Shares in which Mr. Suh is interested under Part XV of the SFO.
- (7) Ms. Shin Hee Kum is the spouse of Mr. Park. Ms. Shin Hee Kum is deemed to be interested in all the Shares in which Mr. Park is interested under Part XV of the SFO.
- (8) Ms. Han Lerong is the spouse of Mr. Tao. Ms. Han Lerong is deemed to be interested in all the Shares in which Mr. Tao is interested under Part XV of the SFO.
- (9) The percentage of shareholding was calculated based on the Company's total number of issued Shares as at 30 June 2022 (i.e. 400,000,000 Shares).

Save as disclosed above, as at 30 June 2022, the Directors were not aware of any other persons who had any interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO, who are directly or indirectly interested in 5% or more of the Shares.

# Corporate Governance and Other Information

## **SHARE OPTION SCHEME**

The Company has a share option scheme (the "Share Option Scheme") which was approved and adopted by the written resolutions of the then sole shareholder of the Company passed on 21 June 2016. No share option has been granted under the Share Option Scheme since its adoption.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted its securities dealing code ("Securities Dealing Code") which is no less exacting than the required standard of dealings regarding securities transactions by the Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Further, the Company had made specific enquiry with all Directors and each of them has confirmed his compliance with the Securities Dealing Code during the six months ended 30 June 2022.

## **DIRECTORS' INTEREST IN COMPETING BUSINESS**

During the six months ended 30 June 2022, none of the Directors or the controlling shareholders or their respective associates (as defined in the GEM Listing Rules) of the Company had an interest in a business which competed with or might compete with the business of the Group.

## **CORPORATE GOVERNANCE PRACTICES**

The Company is committed to fulfilling its responsibilities to its shareholders and protecting and enhancing shareholder value through solid corporate governance.

The Company's corporate governance practices are based on the principles of good corporate governance as set out in the Corporate Governance Code in Appendix 15 to the GEM Listing Rules (the "CG Code") and in relation to, among others, our Directors, Chairman and Chief Executive Officer, Board composition, the appointment, re-election and removal of Directors, their responsibilities and remuneration and communications with the shareholders of the Company.

To the best knowledge of the Board, the Company had complied with the code provisions in the CG Code during the six months ended 30 June 2022.

## Corporate Governance and Other Information

### **PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S SECURITIES**

The Company did not redeem any of its Shares listed on GEM nor did the Company or any of its subsidiaries purchase or sell any such Shares during the six months ended 30 June 2022.

### **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.

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

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

Hong Kong, 4 August 2022