FUTURE DATA GROUP LIMITED
未來數據集團有限公司

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE: 8229

2023
ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Tao Hongxia *(Chairlady)*
Mr. Lee Seung Han
(Chief Executive Officer)
Mr. Cheung Ting Pong
(appointed on 16 May 2023)
Mr. Tao Guolin *(Group General Manager)*
(resigned on 5 December 2023)

Independent Non-executive Directors

Mr. Chan Kin Ming
Mr. Lam Chi Cheung Albert
Mr. Leung Louis Ho Ming
(appointed on 16 May 2023)
Mr. Yu Wing Chung
(resigned on 16 May 2023)

BOARD COMMITTEES

Audit Committee

Mr. Chan Kin Ming *(Chairman)*
Mr. Lam Chi Cheung Albert
Mr. Leung Louis Ho Ming
(appointed on 16 May 2023)
Mr. Yu Wing Chung
(resigned on 16 May 2023)

Remuneration Committee

Mr. Lam Chi Cheung Albert *(Chairman)*
Mr. Cheung Ting Pong
(appointed on 16 May 2023)
Mr. Chan Kin Ming
Mr. Yu Wing Chung
(resigned on 16 May 2023)

Nomination Committee

Mr. Leung Louis Ho Ming *(Chairman)*
(appointed on 16 May 2023)
Mr. Cheung Ting Pong
(appointed on 16 May 2023)
Mr. Lam Chi Cheung Albert
Mr. Chan Kin Ming
Mr. Yu Wing Chung
(resigned on 16 May 2023)

COMPLIANCE OFFICER

Mr. Lee Seung Han

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN KOREA

Units A1304–1310, 13 Floor
150 Yeongdeungpo-ro
Yeongdeungpo-gu
Seoul
Korea

JOINT COMPANY SECRETARIES

Ms. Cheung Yuet Fan
Mr. Cheung Ting Pong
(appointed on 16 May 2023)

AUTHORISED REPRESENTATIVES

Ms. Tao Hongxia
Ms. Cheung Yuet Fan

AUDITOR

RSM Hong Kong
Certified Public Accountants
Registered Public Interest Entity Auditor
29th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

LEGAL ADVISERS TO OUR COMPANY

As to Hong Kong law:
Tso Au Yim & Yeung, Solicitors
14/F, Tai Sang Bank Building
130-132 Des Voeux Road Central
Central, Hong Kong

As to Korean law:
Shin & Kim
Attorneys-at-law, Korea
23/F, D-Tower (D2)
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Korea

REGISTERED OFFICE IN THE CAYMAN ISLANDS

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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Wan Chai, Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANK

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

COMPANY WEBSITE

www.futuredatagroup.com

STOCK CODE

8229

CHAIRMAN'S STATEMENT

Dear Shareholders,

I would like to report to the shareholders of the Company ("**Shareholders**") the annual results of Future Data Group Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2023 (the "**Year**").

The business environment where the Group operates was challenging due to the prolonged novel coronavirus (COVID-19) epidemic (the "**Epidemic**") in these years. However, all the cross-border restrictions between Hong Kong and other countries had been fully released in February 2023 and the Group is able to seek more business opportunities.

The Group generated revenue of approximately HK$482.0 million for the Year, which represented a decrease of approximately HK$135.6 million or 22.0% compared to the corresponding period in the year ended 31 December 2022 (the "**Previous Year**"). Our gross margin increased by 3.1% from 9.4% for the Previous Year to 12.5% for the Year, such increase was primarily due to better margin noted from the public section and cost control on the overall contract management.

Selling and administrative expenses increased from approximately HK$63.1 million for the Previous Year to approximately HK$74.0 million for the Year, which was mainly attributable to the increase in the employee compensation expenses in result of share option granted during the Year.

The gross margin increased by approximately HK$2.0 million or 3.4% from HK$58.3 million for the Previous Year. The Group posted a loss before income tax of approximately HK$21.0 million for the Year, as compared to approximately HK$2.5 million for the Previous Year increased by approximately HK$18.5 million or 740.0%, such increase was primarily due to (i) adverse business and economic conditions which led the sales decline; and (ii) an impairment loss on goodwill and (iii) loss making noted in the operating entity in Hong Kong during the Year. The loss per share is also significantly increased from HK cents 0.77 per share for the Previous Year to HK cents 3.32 per share for the Year.

In order to further strengthen the financial stability of the Group, net repayment of bank borrowings of approximately HK$41.0 million has been made in Year while the cash and cash equivalents remained relatively stable at approximately HK$122.7 million as at 31 December 2023 (2022: approximately HK$122.6 million). The cash per share of the Group slightly decreased to HK cents 22.4 per share (2022: HK cents 30.6 per share).

Even the Group has recorded a loss for the Year, our order book is increasing and the situation is improving. The management team of the Group will continuously implement tight cost control against those uncertainties.

On the other hand, although the global economy has been improved from the persistent outbreak of the Epidemic, the pace of recovery has been slower than expected. There are still various uncertainties around us, for instance, the divergences between countries have continued to increase with conflicts broken out in several regions; the policies implemented by central banks of various countries in response to the inflation have led to higher borrowing cost, and constrained the economic activities, therefore, we will continuously and prudently assess the potential impacts on our Group.

The last but not least, on behalf of the Board, I would like to express my gratitude to our management team and staff members for their continued support and contribution to the Group during the Year.

Tao Hongxia
Chairlady

27 March 2024

MANAGEMENT DISCUSSION AND ANALYSIS

STATEMENT OF PROFIT OR LOSS ANALYSIS

For the year ended 31 December

	2023 HK$'000	2022 HK$'000	Change HK$'000	Change %
Revenue	**482,008**	617,641	(135,633)	(22.0)
Cost of revenue	**(421,682)**	(559,320)	(137,638)	(24.6)
Gross profit	**60,326**	58,321	2,005	3.4
Other income	**4,001**	2,855	1,146	40.1
(Provision for)/reversal of impairment of trade and bills receivables, net	**(754)**	761	(1,515)	(199.1)
Impairment of goodwill	**(7,534)**	–	(7,534)	–
Selling and administrative expenses	**(74,049)**	(63,073)	10,976	17.4
Finance costs	**(3,030)**	(1,317)	1,713	130.1
Loss before income tax	**(21,040)**	(2,453)	18,587	757.7
Income tax credit/(expense)	**1,926**	(1,516)	3,442	227.0
Loss for the year	**(19,114)**	(3,969)	15,145	381.6

The Group recorded a decrease in revenue by approximately HK$135.6 million or 22% to approximately HK$482.0 million for the Year.

REVENUE

Korea and Hong Kong operations were declining during the Year. Business in Korea contributed approximately HK$453.7 million in revenue for the Year, dropping by approximately HK$133.7 million or 22.8% compared to approximately HK$587.4 million in the Previous Year. Business in Hong Kong contributed approximately HK$28.3 million in revenue for the Year which was approximately HK$1.9 million or 6.3% lower when compared to approximately HK$30.2 million in the Previous Year, such decline was primarily due to adverse business and economic conditions which also resulted in the decrease of domestic sales of merchandise.

Revenue from system integration, maintenance services and cyber security services were approximately HK$301.4 million, HK$152.4 million and HK$28.3 million respectively, which accounted for 62.5%, 31.6% and 5.9%, respectively, of the Group's revenue for the Year (2022: 69.2%, 25.9% and 4.9%, respectively).

For the Year, public sector contributed approximately HK$265.8 million in revenue, which increased by approximately HK$29.3 million or 12.4%, compared with the Previous Year; while private sector contributed approximately HK$216.2 million in revenue, which decreased by approximately HK$165.0 million or 43.3% compared with the Previous Year, which is due to the increase in demand for services from public sector; but the decrease in demand from private sector in Korea.

GROSS PROFIT AND GROSS PROFIT MARGIN

The Group's gross profit increased by approximately HK$2.0 million or 3.4% from approximately HK$58.3 million in the Previous Year to approximately HK$60.3 million for the Year. In terms of gross profit margin, the margin was increased by 3.1% to 12.5% for the Year, such increase was primarily due to better margin noted from the public section and cost control on the overall contract management.

OTHER INCOME

Other income increased by approximately HK$1.1 million or 40.1% to approximately HK$4.0 million for the Year, the change was mainly due to the gain on disposal of investment properties and property, plant and equipment.

SELLING AND ADMINISTRATIVE EXPENSES

The Group posted a selling and administrative expenses of approximately HK$74.0 million for the Year, an increase of approximately 17.4% compared to the amount of approximately HK$63.1 million in the Previous Year, which was mainly attributable to the increase in the employee compensation expenses in result of share option granted during the Year.

LOSS BEFORE INCOME TAX

The Group posted a loss before income tax of approximately HK$21.0 million for the Year, as compared to approximately HK$2.5 million for the Previous Year increased by approximately HK$18.5 million or 740.0%, such increase was primarily due to (i) adverse business and economic conditions which led the sales decline; and (ii) an impairment loss on goodwill and (iii) loss making noted in the operating entity in Hong Kong during the Year.

LOSS FOR THE YEAR

After a receipt of approximately HK$1.9 million for tax credit, the Group's loss for the year stood at approximately HK$19.1 million for the Year as compared to a loss of approximately HK$4.0 million in the Previous Year.

STATEMENT OF FINANCIAL POSITION ANALYSIS

As at 31 December

	2023 HK$'000	2022 HK$'000	Change HK$'000	Change %
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	**32,438**	41,394	(8,956)	(21.6)
Investment properties	–	14,780	(14,780)	(100.0)
Intangible assets	**10,591**	1,174	9,417	802.1
Goodwill	**15,966**	7,534	8,432	111.9
Other financial assets	**4,412**	4,416	(4)	(0.1)
Rental and other deposits	**1,154**	722	432	59.8
Prepayments	**2,070**	685	1,385	202.2
Defined benefit assets	**652**	3,089	(2,437)	(78.9)
Deferred tax assets	**4,879**	6,750	(1,871)	(27.7)
	72,162	80,544	(8,382)	(10.4)
Current assets				
Inventories	**3,327**	12,675	(9,348)	(73.8)
Trade and other receivables	**54,257**	111,174	(56,917)	(51.2)
Contract assets	**7,684**	6,150	1,534	24.9
Prepayments	**4,565**	5,273	(708)	(13.4)
Fixed bank deposits	**11,216**	1,857	9,359	504.0
Cash and cash equivalents	**122,708**	122,561	147	0.1
	203,757	259,690	(55,933)	(21.5)
Current liabilities				
Trade and other payables	**67,472**	116,655	(49,183)	(42.2)
Contract liabilities	**13,594**	21,894	(8,300)	(37.9)
Loan from a shareholder	–	5,000	(5,000)	(100.0)
Amount due to a shareholder	**1,376**	1,376	0	0
Amount due to a shareholder of a subsidiary	**188**	–	188	–
Lease liabilities	**2,050**	1,723	327	19.0
Bank borrowings	–	41,809	(41,809)	(100.0)
Tax payable	**84**	879	(795)	(90.4)
	84,764	189,336	(104,572)	(55.2)
Net current assets	**118,993**	70,354	48,639	69.1
Total assets less current liabilities	**191,155**	150,898	40,257	26.7

	2023 HK$'000	2022 HK$'000	Change HK$'000	Change %
Non-current liabilities				
Lease liabilities	2,508	2,879	(371)	(12.9)
Loans from shareholders	5,648	14,684	(9,036)	(61.5)
	8,156	17,563	(9,407)	(53.6)
Net assets	182,999	133,335	49,664	37.2
EQUITY				
Share capital	5,467	4,000	1,467	36.7
Reserves	176,637	127,860	48,777	38.1
Equity attributable to owners of the Company	182,104	131,860	50,244	38.1
Non-controlling interests	895	1,475	(580)	(39.3)
Total equity	182,999	133,335	49,664	37.2

NON-CURRENT ASSETS

As at 31 December 2023, the Group recorded non-current assets of approximately HK$72.2 million representing a decrease of approximately HK$8.4 million or 10.4% when compared to that as at 31 December 2022, the decrease was mainly contributed to (i) the decrease of investment properties from approximately HK$14.8 million in the Previous Year to HK$0 for the Year; and (ii) the decrease of defined benefit assets from approximately HK$3.1 million in the Previous Year to approximately HK$0.7 million for the Year.

CURRENT ASSETS

As at 31 December 2023, the Group recorded approximately HK$203.8 million in current assets which was approximately HK$55.9 million lower than that as at 31 December 2022 of approximately HK$259.7 million, the decrease was mainly contributed to (i) the decrease of inventories from approximately HK$12.7 million in the Previous Year to HK$3.3 for the Year; and (ii) the decrease of trade and other receivables from approximately HK$111.2 million in the Previous Year to approximately HK$54.3 million for the Year.

The Group's cash position stood at approximately HK$122.7 million as at 31 December 2023. Cash to current liabilities ratio increased at approximately 144.8% (2022: 64.7%). The ratio indicated that the Group has strong ability to settle its current liabilities.

CURRENT LIABILITIES

The Group's current liabilities decreased by approximately HK$104.6 million or 55.2% from approximately HK$189.3 million as at 31 December 2022 to approximately HK$84.8 million as at 31 December 2023, which were mainly comprised of trade and other payables of approximately HK$67.5 million (2022: approximately HK$116.7 million). As at 31 December 2023, the Group had no bank borrowings (2022: approximately HK$41.8 million) and contract liabilities of approximately HK$13.6 million (2022: approximately HK$21.9 million).

NON-CURRENT LIABILITIES

The Group's non-current liabilities decreased by approximately HK$9.4 million or 53.6% from approximately HK$17.6 million as at 31 December 2022 to approximately HK$8.2 million as at 31 December 2023 which were mainly comprised of loans from shareholders of approximately HK$5.6 million (2022: approximately HK$14.7 million), lease liabilities of approximately HK$2.5 million (2022: approximately HK$2.9 million).

NET ASSETS

The Group's net assets increased by approximately HK$49.7 million or 37.2% from approximately HK$133.3 million as at 31 December 2022 to approximately HK$183.0 million as at 31 December 2023.

STATEMENT OF CASH FLOWS ANALYSIS

For the year ended 31 December

	2023 HK$'000	2022 HK$'000	Change HK$'000	Change %
Cash flows from operating activities				
Loss before income tax expense	**(21,040)**	(2,453)	18,587	757.7
Total adjustments	**20,833**	8,611	12,222	141.9
Operating (loss)/profit before working capital changes	**(207)**	6,158	(6,365)	(103.4)
Changes on:				
– Inventories	**7,769**	1,059	6,710	633.6
– Rental and other deposits and trade and other receivables	**49,187**	(5,115)	54,302	1,061.6
– Contract assets	**(1,534)**	20,664	(22,198)	(107.4)
– Prepayments	**(677)**	12,573	(13,250)	(105.4)
– Trade and other payables	**(51,608)**	36,140	(87,748)	(242.8)
– Contract liabilities	**(8,300)**	(10,755)	(2,455)	(22.8)
– Defined benefit assets	**(1,617)**	(306)	1,311	428.4
Cash generated (used in)/from operations	**(6,987)**	60,418	(67,405)	(111.6)
Income taxes refunded/(paid)	**1,129**	(2,844)	3,973	139.7
Interest received	**610**	117	493	421.4
Net cash (used in)/generated from operating activities	**(5,248)**	57,691	(62,939)	(109.1)
Cash flows from investing activities				
Purchases of property, plant and equipment	**(4,470)**	(21,878)	(17,408)	(79.6)
Purchases of investment properties	**–**	(8,869)	8,869	100.0
Proceeds from disposals of property, plant and equipment	**10,520**	160	10,360	6,475.0
Proceeds from disposals of investment properties	**16,300**	–	16,300	–
Net cash outflow arising on acquisitions of subsidiaries	**(23,310)**	–	(23,310)	–
Decrease in fixed bank deposits	**–**	2,063	(2,063)	(100.0)
Decrease in loan to a shareholder/ultimate holding company	**–**	5,394	(5,394)	(100.0)

	2023 HK$'000	2022 HK$'000	Change HK$'000	Change %
Net cash used in investing activities	**(960)**	(23,130)	(22,170)	(95.8)
Cash flows from financing activities				
Proceeds from bank borrowings	**964**	184,497	(183,533)	(99.5)
Repayments of bank borrowings	**(40,955)**	(225,482)	(184,527)	(81.8)
Interest paid	**(3,030)**	(1,317)	1,713	130.1
Repayments of principal portion of the lease liabilities	**(1,940)**	(2,518)	(578)	(23.0)
Repayments of shareholders loans	**(15,000)**	–	(15,000)	–
Increase in loans from shareholders	**–**	14,684	(14,684)	(100.0)
Increase in amount due to a shareholder	**–**	1,376	(1,376)	(100.0)
Proceeds from placing and allotment of shares	**69,611**	–	69,611	100.0
Net cash generated from/(used in) financing activities	**9,650**	(28,760)	38,410	133.6
Net increase in cash and cash equivalents	**3,442**	5,801	(2,359)	(40.7)
Cash and cash equivalents at beginning of year	**122,561**	123,088	(527)	(0.4)
Effect of exchange rate changes	**(3,295)**	(6,328)	(3,033)	(47.9)
Cash and cash equivalents at end of year	**122,708**	122,561	147	0.1
ANALYSIS OF CASH AND CASH EQUIVALENTS				
Bank and cash balances	**122,708**	122,561	147	0.1

CASH FLOWS FROM OPERATING ACTIVITIES

The Group generated approximately HK$0.2 million negative cash flows from operating activities before working capital changes and income tax refunded in 2023, which was approximately HK$6.4 million lower than that in 2022. After changes in working capital and income tax refunded, cash outflow of approximately HK$5.2 million was recorded.

The cash used in operating activities for the Year was approximately HK$5.2 million (2022: net cash generated from operating activities of approximately HK$57.7 million), such decrease mainly contributed to increase in repayment of trade and other payables.

CASH FLOWS FROM INVESTING ACTIVITIES

The net cash used in investing activities for the Year was approximately HK$1.0 million (2022: approximately HK$23.1 million). The decrease in net cash used in investing activities mainly contributed to the decrease in the purchases of property, plant and equipment and net cash inflow arising from proceeds from disposals of property, plant and equipment and investment properties of approximately HK$17.4 million and HK$26.8 million, respectively.

CASH FLOWS FROM FINANCING ACTIVITIES

The net cash generated from financing activities for the Year was approximately HK$9.7 million (2022: net cash used in financing activities of approximately HK$28.8 million). The increase mainly contributed to the proceeds from placing and allotment of shares of approximately HK$69.6 million.

NET CHANGE IN CASH AND CASH EQUIVALENTS

The net increase in cash and cash equivalents for the Year was approximately HK$3.4 million (2022: approximately HK$5.8 million). The negative effect of exchange rate changes and cash and cash equivalents at end of the Year remained stable at approximately HK$3.3 million (2022: approximately HK$6.3 million) and HK$122.7 million (2022: approximately HK$122.6 million) respectively.

OTHER INFORMATION

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2023, the Group's net current assets of approximately HK$119.0 million showing a strong liquidity. The liquidity ratio as at 31 December 2023, represented by a ratio of current assets over current liabilities, was 2.4 times (2022: 1.4 times), reflecting the adequacy of financial resources.

The Group expresses its gearing ratio as a percentage of total borrowings (i.e. bank borrowings, loan from shareholders, amounts due to a shareholder and a shareholder of a subsidiary and lease liabilities) over total equity. As at 31 December 2023, the gearing ratio was 6.4% (2022: 50.6%). The decrease was due to repayment of bank borrowings and loans from shareholders. As at 31 December 2023, the Group had no bank borrowings (2022: approximately HK$41.8 million).

As at 31 December 2023, the Group recorded cash and cash equivalents of approximately HK$122.7 million (2022: approximately HK$122.6 million), which included approximately KRW17,191.7 million (equivalents to approximately HK$103.7 million), HK$17.9 million, United Stated dollars ("**US$**") 0.14 million (equivalents to approximately HK$1.1 million) and small amount of Singapore Dollars and Renminbi.

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

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 in KRW against US$ between the costing date and the relevant settlement date.

Revenue and cost of our Hong Kong operation are mainly denominated in HK$ and US$. 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 2023 (2022: Nil).

Material Investments and Capital Assets

The Group did not have any material investments and acquisition of capital assets for the Year.

Significant Acquisitions and Disposals

On 25 July 2023, the Group subscribed for 2,081,633 shares in Hunter Digital Limited ("**Hunter Digital**") at HK$2,081,633, representing approximately 51% of the enlarged issued share capital of Hunter Digital. Hunter Digital was engaged in development of technology in relation to non-fungible token ("**NFT**") ("**Digital Assets**") and the distribution of such Digital Assets through their self-developed point of sale system during the Year. The acquisition is for the purpose of entering business of these latest trend of technologies in relation to Digital Assets for the potential markets of China and Hong Kong; and widen the Group's business scope to the latest trend of technologies. The goodwill arising on the business combination of Hunter Digital is attributable to the anticipated new source of income to the Group and future operating segments from the combination.

According to Rule 19.75(1) of the GEM Listing Rules (the "**GEM Listing Rules**"), only the premium will be taken into consideration for the purposes of classification of notifiable transactions. Moreover, all the applicable percentage ratios in respect of the transactions under the subscription of shares are less than 5%, therefore, it is not subject to notification, announcement and Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules. Further details of the subscription of shares are set out in the Company's announcements dated 28 April 2023, 28 June 2023 and 25 July 2023.

On 27 September 2023, the Group acquired 90% of the issued share capital of Prosper Long Limited for at a consideration of HK$23,400,000. Prosper Long Limited was engaged in the provision of metaverse and digital asset technology services and solutions that helps its clients to, inter alia, build virtual spaces, venues and properties on the Metaverse platforms and create digital assets such as NFT for event management and marketing purposes, by using the proprietary technologies and applications developed. The acquisition is for the purpose of entering new business of digital assets in the market in Southeast Asia region and China; and to enhance its revenue streams and build up synergies within the Group's existing businesses. The goodwill arising on the business combination of Prosper Long Limited is attributable to the anticipated new markets opened up to the Group and future operating synergies from the combination.

As none of the applicable percentage ratios set out in Rule 19.07 of the GEM Listing Rules in respect of the above acquisition of shares is more than 5%, it does not constitute a discloseable transaction on the part of the Company and is not subject to the notification and announcement requirements under the GEM Listing Rules. Further details of the acquisition is set out in the Company's announcement dated 25 July 2023.

Save for the acquisition disclosed above, we did not have any material acquisitions and/or disposals of subsidiaries and affiliated companies during the Year.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31 December 2023 (2022: Nil).

Capital Commitment

As at 31 December 2023, the Group has no outstanding capital commitments (2022: HK$1.5 million: related to acquisition of properties).

Business Review

	HK$'000
Opening backlog as at 1 January 2023	161,699
New booking during the Year	523,016
Revenue recognised during the Year	(482,008)
Closing backlog as at 31 December 2023	202,707

During the Year, our management team of the Group has endeavored to widen the Group's business scope to the latest trend of technologies, in relation to digital assets, such as NFT, blockchain and metaverse, as part of its business plan to enhance its revenue streams and build up synergies with the Group's existing businesses. The Group has been actively exploring business opportunities to tap into business of these latest trend of technologies in relation to digital assets for the potential markets in Southeast Asia region and China. The Group launched its metaverse and supported a youth event in Singapore in October 2023 by leveraging with the technologies equipped. This youth event covered countries in The Association of Southeast Asian Nations ("**ASEAN**"), China and India were able to penetrate the respective markets in relation of business development of digital assets.

China is promoting digital assets to combine social and cultural factors for new business model and further development of the digital economy. With the completion of the subscription of shares in Hunter Digital which was announced on 25 July 2023, the Group was able to tap into new business of digital assets in the markets of China and Hong Kong.

Employees and Remuneration Policy

As at 31 December 2023, the Group had an aggregate of 243 (2022: 254) 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$93.3 million for the Year (2022: HK$86.8 million).

The Group has adopted a Share Option Scheme (the "**Scheme**") for the purpose of providing incentives and rewards to eligible persons who contributed to the success of the Group's operation. On 3 April 2023, 16 May 2023 and 5 October 2023, the Company offered to grant a total of 19,200,000 share options, a total of 4,800,000 share options and a total of 5,800,000 share options, respectively, to grantees who are employees and a Director under the Scheme since its adoption. Further details of the above grant of share options are set out in the Company's announcements as dates aforementioned.

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.

PROSPECTS

As above-mentioned, the management team of the Group has endeavored to widen the Group's business scope to the latest trend of technologies, in relation of Digital Assets, therefore, the Group has launched a comprehensive blockchain platform and entered into two non-legally binding letters with strategic partners during the fourth quarter of 31 December 2023 as follows:.

(a) On 27 October 2023, Hunter Digital, one of indirectly non-wholly owned subsidiaries of the Company launched a comprehensive blockchain platform – "FutureChain", this innovative platform aims to provide users with an unparalleled experience in NFT issuance, security and protection, and cross-chain transfer protocol, bringing limitless potentials with blockchain technology experience. In addition, on the same day (after trading hours), the Group has signed a strategic partnership memorandum with Conflux Hong Kong Management Limited ("**Conflux Network**") whereby the Group will cooperate with Conflux Network and FutureChain to be launched by the Group will be based on Conflux Network's technologies with high scalability to satisfy the users demands in the future, offering an innovative and one-stop solution that including NFT issuance and cross-chain. Conflux Network, as a secure and stable blockchain foundation, will provide a solid base for the operation of FutureChain. Further details of the above are set out in the Company's announcements dated 27 October 2023.

(b) On 2 November 2023, the Company entered into a non-legally binding letter of intent ("**LOI**") with Huaao Technology Holding Group Company Limited(華奧科技控股集團有限公司)("**Huaao**") to establish a strategic cooperation to carry out the business in relation to the artificial intelligence computing power integration platform. The entering into of the LOI with Huaao is in line with the Company's strategic plan and needs for business development. Further details of the above are set out in the Company's announcement dated 2 November 2023.

(c) On 27 December 2023, the Company entered into a non-legally binding LOI with Beijing Shuyue Mingjin Technology Co., Ltd.*(北京數悦銘金科技有限公司)("**Beijing Shuyue**") to establish a strategic cooperation to carry out the business in relation to the data hosting and provision. The Group will cooperate with Beijing Shuyue to strengthen the Group's data custody platform, with the intention to build and operate Future Data Space Limited within the "Belt and Road" countries and regions, aiming to provide safe and cost-effective data solutions for the "Belt and Road" countries and regions.

Since both the Company and Beijing Shuyue have complementary advantages in the fields of data infrastructure construction and operation, data capitalization and other fields and are confident in the market prospects of the "Belt and Road" data space, they are aiming to work together to promote the flow of data elements in countries and regions along the "Belt and Road".

* *For identification purpose only*

With the support of Beijing Shuyue's PeopleData Open Source Project, the rich software and tools not only can strengthen the Group's data custody platform, but also can facilitate the Group to further broadening and expanding of the business segment in the field of data custody to those "Belt and Road" markets. The entering into of the LOI with Beijing Shuyue is in line with the Company's strategic plan and needs for business development. Further details of the above are set out in the Company's announcement dated 27 December 2023.

Looking forward, the management team of the Group is closely monitoring the market conditions and seeking for opportunity to carry out new projects and transactions which could bring economic value and benefit to our shareholders. Accordingly, the Group will continuously ride on its comparative advantage of software, network and system development to further explore and cooperate with appropriate business partners in Asian countries. Besides, we will enhance our ability and knowledge relating to the digital assets for exploring new opportunities as the Group is ready to participate in the rapidly developing digital assets industry in the world.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Ms. Tao Hongxia (陶虹遐) ("**Ms. Tao**"), aged 50, was appointed as an executive Director and Chairlady of our Board on 31 October 2022.

Ms. Tao is also a sole beneficial owner and a sole director of Gorgeous Real Investment Holding Limited. She is the sister of Mr. Tao Guolin, who is the Group general manager and substantial shareholder of the Company. Ms. Tao obtained her bachelor's degree from Southwest Institute of Technology* (西南工學院) (currently known as Southwest University of Science and Technology* (西南科技大學)) in Chongqing of the People's Republic of China (the "**PRC**") in June 1996. Ms. Tao has extensive experience in supply chain-related and real estate-related multi-industry management. She had served in a number of companies, including Jinke Property Group Co., Ltd (金科地產集團股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 000656)) with her last position being the person in charge of the procurement centre, Chongqing Hongtao Culture Media Co., Ltd.* (重慶虹淘文化傳媒有限公司) as the chairlady of the board of directors, Chongqing Hongtai Real Estate Co., Limited*（重慶市宏泰房地產公司）as the cooperative resources general manager, Chongqing Jianglong Construction Group* (重慶市江龍建設集團) as the general manager of the cost control department and Chongqing City Hongtao Investment Company Limited* (重慶市虹淘投資股份有限公司) as the chairlady of the board of directors.

Ms. Tao was the executive director, general manager and legal representative of Chongqing Hongtao Network Technology Co., Ltd.* (重慶虹淘網絡科技有限公司) ("**Chongqing Hongtao Network**"), a company established in the PRC with limited liability which principally engaged in computer network technology development and technical consultancy services, immediately prior to its dissolution by voluntary deregistration on 20 June 2019 as the company was inactive.

Ms. Tao confirmed that there was no wrongful act on her part leading to the dissolution of Chongqing Hongtao Network and she is not aware of any actual or potential claim that has been or will be made against her as a result of the dissolution of Chongqing Hongtao Network as at the date of this annual report.

Mr. Lee Seung Han (李承翰) ("**Mr. Lee**"), aged 53, is the co-founder of our Group, he was appointed as an executive Director and the Chief Executive Officer of our Group on 8 July 2016.

Mr. Lee is also a director of Global Telecom Company Limited ("**Global Telecom**"), Future Data Limited (both of them are indirect wholly-owned subsidiaries of the Company) and SuperChips Limited. Mr. Lee is mainly responsible for the overall management with focus on business development of our Group. In particular, Mr. Lee is responsible for the formulation of corporate strategy and the supervision and management of the business development of our Group.

Mr. Lee obtained a bachelor's degree in computer science from The University of Suwon in Korea in February 1996.

Mr. Lee has over 27 years of experience in the information and communications technology industry. Prior to co-founding our Group, Mr. Lee started his career in ShinLa Information Communications Co., Ltd., a company principally engaged in network infrastructure business in Korea, in December 1995 and left in March 1997.

Mr. Cheung Ting Pong（張霆邦）（"**Mr. Cheung**"), aged 44, was appointed as an executive Director, a member of each of the remuneration committee and the nomination committee, a joint company secretary of the Company on 16 May 2023, and a director of the Company's wholly owned subsidiaries, namely Future Data China Holdings Limited, Future Data Space Limited and Future A.I. Technology Limited; the director of the Company's indirect wholly owned subsidiaries, namely Future Data Custody Limited, Future Data Space Technology Limited, Data Space Investment Limited, Digital Development Holdings Limited, Future Innovation Technology Holdings Limited, Future Interactive Technology Holdings Limited, 未來數融科技（佛山）有限公司 and 未來數融技術（深圳）有限公司; the director of the Company's indirect subsidiaries, namely Hunter Digital Limited and Prosper Long Limited.

Mr. Cheung has over 17 years of experience in financial operations. He obtained a bachelor's degree in business administration (accountancy) from the City University of Hong Kong and a master's degree in business administration from the University of Manchester in the United Kingdom. He is a fellow member of the Institute of Chartered Accountants in England and Wales, and a fellow member of Hong Kong Institute of Certified Public Accountants.

Mr. Cheung is also (i) an independent non-executive director, the chairman of each of the audit committee and the nomination committee and a member of the remuneration committee of Longhui International Holdings Limited (stock code: 1007); and (ii) an independent non-executive director and a member of the audit committee of AVIC Joy Holdings (HK) Limited (stock code: 260). He was a joint company secretary and an authorised representative of the Company (for the purpose of Rule 5.24 of the Rules Governing the GEM Listing Rules) from July 2021 to August 2021; an the independent non-executive director, the chairman of the audit committee and a member of the nomination committee of Hope Life International Holdings Limited (stock code: 1683) from 1 February 2021 to 17 October 2023; the finance and investor relations director and a joint company secretary of Dalipal Holdings Limited (stock code: 1921) from September 2021 to December 2021; an executive director and a non-executive director of Sanbase Corporation Limited (stock code: 8501) from July 2017 to May 2018 and from May 2018 to October 2019; the company secretary of Munsun Capital Group Limited (currently known as Bay Area Gold Group Limited) (stock code: 1194) from November 2016 to January 2017; and an executive director, chief financial officer and company secretary of Modern Dental Group Limited (stock code: 3600) from June 2015 to October 2016, March 2011 to October 2016 and September 2014 to October 2016, respectively. The issued shares of the above-mentioned companies are listed on the Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Kin Ming (陳建明) ("**Mr. Chan**"), aged 35, was appointed as our independent non-executive Director, the chairman of our audit committee, a member of each of our remuneration committee and our nomination committee on 31 October 2022.

Mr. Chan has over 10 years of experience in auditing and finance. Mr. Chan was the company secretary of China Environmental Energy Investment Limited (中國環保能源投資有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 986) from May 2018 to July 2023.

Mr. Chan worked for an international audit firm with his last position being an audit manager and has experience in performing audits for listed companies. Mr. Chan is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and holds a Bachelor's degree in Accounting from the Edinburgh Napier University.

Mr. Lam Chi Cheung Albert (林智祥) ("**Mr. Lam**"), aged 46, was appointed as our independent non-executive Director, the chairman of our remuneration committee and a member of each of our audit committee and nomination committee on 31 October 2022.

Mr. Lam has approximately 24 years of experience in the information and communication technology industry. Mr. Lam is a co-founder and the chief marketing officer of NOVELTE ROBOTICS LIMITED, a company incorporated in Hong Kong which principally engages in the provision of robotics solutions and computer vision technology. He was the chief executive officer of EMBRAZZ DIGITAL TECHNOLOGY LIMITED* (北京啟熚數碼科技有限公司) , a company established in the PRC with limited liability which principally engages in the design and development of online applications, from July 2017 to December 2019. From 2013 to 2017, Mr. Lam worked at PricewaterhouseCoopers with his last position being an associate director and was responsible for technology innovation and project planning. From August 2009 to August 2013, Mr. Lam worked at TOUCHMEDIA, a digital design house, with his last position being the general manager.

Mr. Lam obtained a degree of Master of Science in China Business Studies from The Hong Kong Polytechnic University in November 2004. In December 1999, Mr. Lam obtained a degree of Bachelor of Engineering in Industrial Management and Manufacturing Systems Engineering from The University of Hong Kong.

* *For identification purposes only*

Mr. Leung Louis Ho Ming (梁浩鳴) ("**Mr. Leung**"), aged 41, was appointed as our independent non-executive Director, the chairman of our nomination committee and a member of our audit committee on 16 May 2023.

Mr. Leung obtained a bachelor's degree of science in quantitative finance from the Chinese University of Hong Kong in 2004. He is currently a member of the Hong Kong Institute of Certified Public Accountant and has over 10 years of experience in accounting and auditing for Hong Kong listed and private companies.

Mr. Leung is (i) an independent non-executive director and the chairman of the audit committee of Mabpharm Limited, a company listed on the Main Board of the Stock Exchange (stock code: 2181); and (ii) an independent non-executive director, a member of the audit committee and nomination committee, and the chairman of the remuneration committee of GR Properties Limited, a company listed on the Main Board of the Stock Exchange (stock code: 108). Mr. Leung was the company secretary and authorised representative (for the purpose of Rule 5.24 of the GEM Listing Rules) of AL Group Limited, a company listed on GEM of the Stock Exchange (stock code: 8360) from September 2019 to May 2022, the chief financial officer and company secretary of China Child Care Corporation Limited (currently known as Prosperous Future Holdings Limited), a company listed on the Main Board of the Stock Exchange (stock code: 1259) from June 2017 to May 2019 and from January 2018 to May 2019 respectively.

Disclosure required under Rule 17.50(2) of the GEM Listing Rules

As at the date of this annual report, each of our Directors confirms that save for the information shown on the Section "Corporate Information" of this annual report and save as disclosed above: (i) he/she has not held directorships in the past three years in other public companies the securities of which are listed on any securities market in Hong Kong or overseas; (ii) save as disclosed in the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" in the Report of the Directors of this annual report, he/she does not have any interests in the shares within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("**SFO**"); (iii) there was no information that should be disclosed pursuant to Rule 17.50(2) of the GEM Listing Rules; and (iv) to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there was no other matter with respect to the appointment of the Directors that needs to be brought to the attention of the shareholders of the Company.

SENIOR MANAGEMENT

Mr. Tao Guolin (陶國林) ("**Mr. Tao**"), aged 56, was appointed as the executive Director of our Group from 25 August 2021 to 5 December 2023. Mr. Tao is the group general manager since 31 October 2022. He is the elder brother of Ms. Tao Hongxia.

Mr. Tao obtained his bachelor's degree in business administration, majoring in marketing, from Beijing University of Technology (北京工業大學) in Beijing of the PRC in July 2001. Mr. Tao has extensive experience in trading and commerce as well as the real estate industry. He served as a deputy head of the supervisory committee of Jinke Property Group Co., Ltd (金科地產集團股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000656), from April 2019 to July 2021. Mr. Tao has been working as a supervisor of Chongqing Xinshili Investment Company Limited* (重慶新實力投資有限公司) since August 2014 and is principally responsible for overseeing its strategic planning and management. He has been the president of Chongqing Home Furnishing Industry Chamber of Commerce* (重慶市家居行業商會) since December 2015. Mr. Tao has a broad business network in the PRC. The significant business development experience and the broad business network that Mr. Tao possesses would be conducive to the Group's development of its cybersecurity software business as well as exploration of business opportunities in the Asian region, especially in the PRC.

* *For identification purpose only*

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE CULTURE AND VALUE

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that the Shareholders' wealth will be maximised in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit.

Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

– satisfactory and sustainable returns to Shareholders;

– that the interests of those who deal with the Company are safeguarded;

– that overall business risk is understood and managed appropriately;

– the delivery of high-quality products and services to the satisfaction of customers; and

– that high standards of ethics are maintained.

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

The Company is committed to achieving high standards of corporate governance to safeguard the interest of 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 Part 2 of Appendix C1 to 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, 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.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS

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 throughout the Year.

The Company has also adopted the Securities Dealing Code for securities transactions by relevant employees of the Group who are likely to possess inside information in relation to the Company or its securities. No incidence of non-compliance of the Securities Dealing Code by the relevant employees was noted by the Company throughout the Year.

BOARD OF DIRECTORS

The Company is headed by an effective Board which assumes responsibility for its leadership and control and be collectively responsibility for promoting the Company's success by directing and supervising the Company's affairs. Directors take decisions objectively in the best interests of the Company.

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and regularly reviews the contribution required from a Director to perform his responsibilities to the Company and whether the Director is spending sufficient time performing them that are commensurate with their role and the Board responsibilities. The Board includes a balanced composition of executive Directors and independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

Board Composition

The Board currently comprises six members, consisting of three executive Directors and three independent non-executive Directors. During the Year, the Board composition has the following changes:

Executive Directors:

Ms. Tao Hongxia *(Chairlady)*
Mr. Lee Seung Han *(Chief Executive Officer)*
Mr. Cheung Ting Pong
(appointed on 16 May 2023)
(a member of the remuneration committee and the nomination committee)
Mr. Tao Guolin
(Group General Manager)
(resigned on 5 December 2023)

Independent non-executive Directors:

Mr. Chan Kin Ming
(the chairman of the audit committee and a member of the remuneration committee and the nomination committee)

Mr. Lam Chi Cheung Albert
(the chairman of the remuneration committee and a member of the audit committee and the nomination committee)

Mr. Leung Louis Ho Ming
(appointed on 16 May 2023)
(the chairman of the nomination committee and a member of the audit committee)

Mr. Yu Wing Chung
(resigned on 16 May 2023)

During the Year, the newly appointed Directors Mr. Cheung Ting Pong and Mr. Leung Louis Ho Ming had obtained the legal advice referred to in Rule 5.02D of the GEM Listing Rules on 16 May 2023 respectively, and confirmed that they understood their obligations as a director of the Company.

The relationships between the Directors and biographical information of the Directors are set out under the section headed "BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT" in this annual report.

Save as disclosed under the section headed "BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT", to the best knowledge of the Company, there are no other financial, business, family or other material/relevant relationships among the members of the Board.

Chairman and Chief Executive Officer

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and the chief executive should be clearly established and set out in writing.

The position of Chairlady is held by Ms. Tao Hongxia and she provides leadership and is responsible for the overall strategic planning and development of the Group and the effective functioning and leadership of the Board. The position of Chief Executive Officer is held by Mr. Lee Seung Han and he is responsible for the Company's business development and daily management and operations generally.

Independent non-executive Directors

During the Year, the Company had met the requirements of the GEM Listing Rules relating to the appointment of at least three independent non-executive Directors, representing at least one-third of the Board, with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 5.09 of the GEM Listing Rules. The Company considers all independent non-executive Directors are independent.

Board Independence Evaluation

The Company has established a Board Independence Evaluation Mechanism during the Year which sets out the processes and procedures to ensure a strong independent element on the Board, which allows the Board effectively exercises independent judgment to better safeguard Shareholders' interests.

The objectives of the evaluation are to improve Board effectiveness, maximise strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

Pursuant to the Board Independence Evaluation Mechanism, the Board will conduct annual review on its independence. The Board Independence Evaluation Report will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate.

During the Year, all Directors has completed the independence evaluation in the form of a questionnaire individually and supplemented by individual interviews. The Board Independence Evaluation Report was presented to the Board and the evaluation results were satisfactory.

During the Year, the Board reviewed the implementation and effectiveness of the Board Independence Evaluation Mechanism and the results were satisfactory.

Appointment and Re-election of Directors

Code provision B.2.2 of the CG Code states that every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

Each of the executive Directors has entered into a service agreement with the Company for a specific term of two to three years, subject to renewal after the expiry of the then current term or termination by not less than three months' notice in writing served by either party on the other.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company with a term of one year, subject to termination in certain circumstances as stipulated in the relevant letters of appointment.

Each of the Directors is subject to re-election at the annual general meeting of the Company ("**AGM**") after his/her appointment pursuant to the articles of association of the Company ("**Articles**"). The term of offices of every Director is also subject to retirement by rotation at the AGM at least once every three years pursuant to the Articles.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Board makes decisions objectively in the interests of the Company.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The Directors have timely access to the information of the Company as well as the services and advice from the joint company secretaries and senior management of the Company. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to its management team.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its Shareholders at all times.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

Continuous Professional Development of Directors

Directors keep abreast of responsibilities as a director of the Company and of the conduct, business activities and development of the Company.

Every newly appointed Director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the GEM Listing Rules and relevant statutory requirements. The induction materials, including directors' manual and legal and regulatory update have been provided to the Directors upon appointment.

Directors should participate in appropriate continuous professional development and training courses to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally-facilitated briefings for Directors will be arranged and reading material on relevant topics will be issued to Directors where appropriate.

The Directors have participated in the following trainings during the Year:

	Types of training
Executive Directors	
Ms. Tao Hongxia	A, B
Mr. Lee Seung Han	A, B
Mr. Cheung Ting Pong [(1)]	A, B
Mr. Tao Guolin [(2)]	A, B
Independent non-executive Directors	
Mr. Chan Kin Ming	A, B
Mr. Lam Chi Cheung Albert	A, B
Mr. Leung Louis Ho Ming [(3)]	A, B
Mr. Yu Wing Chung [(4)]	A, B

A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops.

B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications.

Notes:

(1) Mr. Cheung Ting Pong was appointed as an executive Director with effect from 16 May 2023.

(2) Mr. Tao Guolin has resigned as an executive Director with effect from 5 December 2023.

(3) Mr. Leung Louis Ho Ming was appointed as an independent non-executive Director with effect from 16 May 2023.

(4) Mr. Yu Wing Chung has resigned as an independent non-executive Director with effect from 16 May 2023.

BOARD COMMITTEES AND CORPORATE GOVERNANCE FUNCTIONS

The Board has established three committees, namely, the audit committee, remuneration committee and nomination committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to the Shareholders upon request.

All of the members of each Board committee are independent non-executive Directors and executive Director as well as the list of the chairman and members of each Board committee is set out under the section headed "Corporate Information" in this annual report.

Audit Committee

The Company established the audit committee on 21 June 2016 with written terms of reference in compliance with the CG Code.

On 31 December 2018, the Board adopted the revised terms of reference of the audit committee by a resolution passed on the same date. Such revised terms of reference is posted on the websites of the Stock Exchange and of the Company.

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 auditor, and arrangements 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 comprises three independent non-executive Directors, namely Mr. Chan Kin Ming, Mr. Lam Chi Cheung Albert and Mr. Leung Louis Ho Ming. Mr Chan Kin Ming is the chairman of the audit committee, who has appropriate professional qualifications or accounting or related financial management expertise.

During the Year, the audit committee held four meetings, to review the remuneration, terms of engagement and independence of the Company's external auditor, review the risk management and internal control systems and internal audit function, the arrangements for employees to raise concerns about possible improprieties, the Group's annual financial results and report for the year ended 31 December 2022; quarterly financial results and reports for the three months and nine months ended 31 March 2023 and 30 September 2023 respectively; interim financial results and report for the six months ended 30 June 2023 before submission to the Board for approval; and change of the Company's external auditor.

The audit committee met the external auditor twice a year without the presence of the executive Directors.

The audit committee has in conjunction with management of the Company reviewed the accounting principles and practices adopted by the Group and discussed risk management and internal control systems and financial reporting matters including a review of the audited consolidated financial statements of the Group for the Year and the independent auditor's report thereon.

Remuneration Committee

The Company established the remuneration committee on 21 June 2016 with written terms of reference in compliance with the CG Code. On 21 June 2016, the Board adopted the revised terms of reference of the remuneration committee by a resolution passed on the same date. Such revised terms of reference is posted on the websites of the Stock Exchange and of the Company.

The primary functions of the remuneration committee include determining, with delegated responsibility, the specific remuneration packages of all executive Directors and senior management, reviewing and making recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration and to ensure that no Director or any of his associates will participate in deciding his own remuneration.

The remuneration committee currently consists of three members, Mr. Lam Chi Cheung Albert, Mr. Chan Kin Ming and Mr. Cheung Ting Pong, both Mr. Lam Chi Cheung Albert and Mr. Chan Kin Ming are independent non-executive Directors and Mr. Cheung Ting Pong is the executive Director. Mr. Lam Chi Cheung Albert is the chairman of the remuneration committee.

The remuneration committee shall report to the Board after each meeting of the remuneration committee.

During the Year, the Remuneration Committee held seven meetings, to review the remuneration packages of newly appointed and existing Directors and senior management, the Company's policy and structure for the remuneration of Directors and senior management; and review matters relating to share scheme under chapter 23 of the GEM Listing Rules.

Nomination Committee

The Company established the nomination committee on 21 June 2016 with written terms of reference in compliance with the CG Code. The principal duties of the nomination committee include reviewing the Board structure, size, composition and diversity, making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of independent non-executive Directors.

The nomination committee currently consists of four members, Mr. Lam Chi Cheung Albert, Mr. Chan Kin Ming and Mr. Leung Louis Ho Ming, all of whom are independent non-executive Directors, and Mr. Cheung Ting Pong, who is the executive Director. Mr. Leung Louis Ho Ming is the chairman of the nomination committee.

In assessing the Board composition, the nomination committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The nomination committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

After discussions and consideration, the nomination committee was of the view that the structure, number of members and composition of the Board in 2023 were reasonable and in consistence with the strategies of the Group.

In identifying and selecting suitable candidates for directorships, the nomination committee would consider the candidate's character, qualifications, experience, independence, time commitment and other relevant criteria as set out in the Director Nomination Policy that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

The nomination committee shall report to the Board after each meeting of the nomination committee.

During the Year, the nomination committee held three meetings, to review the structure, size and composition of the Board, the Board Diversity Policy and the independence of the independent non-executive Directors, and to consider the qualifications of the retiring Directors standing for election at the AGM. The nomination committee considered that an appropriate balance of diversity perspectives of the Board is maintained.

Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board. The Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

The nomination committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile.

In relation to reviewing and assessing the Board composition, the nomination committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

An analysis of the Board's current composition based on the measurable objectives is set out below:

Gender

Male: 5 Directors
Female: 1 Director

Age Group

31–40: 1 Director
41–50: 4 Directors
51–60: 1 Director

Designation

Executive Directors: 3
Independent non-executive Directors: 3

Educational Background

Business Administration: 1 Director
Account and Finance: 3 Directors
Computer Science and Engineering: 2 Directors

Nationality

Korean: 1 Director
Chinese: 5 Directors

Business Experience

Accounting and Finance: 3 Directors
Information and Communication Technology: 2 Directors
Real Estate: 1 Director

The nomination committee and the Board are of the view that the current composition of the Board has achieved the objectives set in the Board Diversity Policy.

The nomination committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

Gender Diversity

The Company values gender diversity across all levels of the Group. The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management as at the date of this annual report:

	Female	Male
Board	16.67%	83.33%
Senior Management	–%	100%

In considering the Board's succession, the nomination committee will help to identify potential candidates for Directors, as and when appropriate and the Board will continue to take opportunities to increase the proportion of female members over time as and when suitable candidates are identified so as to develop a pipeline of potential successors to the Board as well as enhance gender diversity across the Board and the workforce.

The Board considers that the above current gender diversity is satisfactory.

Director Nomination Policy

The Board has delegated its responsibilities to the nomination committee for identification and selection of candidates to stand for election as Directors. The Company has adopted a Director Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The nomination process set out in the Director Nomination Policy is as follows:

Appointment of New Director

(i) The nomination committee and/or the Board may select candidates for directorship from various channels, including but not limited to internal promotion, re-designation, referral by other member of the management and external recruitment agents.

(ii) The nomination committee and/or the Board should, upon receipt of the proposal on appointment of new Director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

(iii) If the process yields one or more desirable candidates, the nomination committee and/or the Board should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).

(iv) The nomination committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.

(v) For any person that is nominated by a shareholder for election as a Director at the general meeting of the Company, the nomination committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

Where appropriate, the Board should make recommendation to Shareholders in respect of the proposed election of Director at the general meeting.

Re-election of Director at General Meeting

(i) The nomination committee and the Board should review the overall contribution and service to the Company of the retiring Director and the level of participation and performance on the Board.

(ii) The nomination committee and the Board should also review and determine whether the retiring Director continues to meet the criteria as set out above.

(iii) The Board should then make recommendation to Shareholders in respect of the proposed re-election of Director at the general meeting.

Where the board proposes a resolution to elect or re-elect a candidate as Director at the general meeting, the relevant information of the candidate will be disclosed in the circular to Shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the GEM Listing Rules and/or applicable laws and regulations.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- Diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, professional experience, skills, knowledge and length of service;
- Requirements of independent non–executive Directors on the Board and independence of the proposed independent non-executive Directors in accordance with the GEM Listing Rules; and
- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

During the Year, the Nomination Committee recommended to the Board the appointment of a new executive Director, namely Mr. Cheung Ting Pong and one independent non-executive Director, namely Mr. Leung Louis Ho Ming. The appointments were subject to a stringent nomination process in accordance with the Director Nomination Policy and the Board Diversity Policy, to ensure the Board possesses the necessary skills, experience and knowledge in alignment with the Company's strategy.

The Nomination Committee will conduct regular review on the Director Nomination Policy, as appropriate, to ensure its effectiveness.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the required standard of dealings by directors of securities transactions and the Company's Securities Dealing Code, as well as the Company's compliance with the CG Code and disclosure in this corporate governance report.

REMUNERATION BANDS OF MEMBERS OF SENIOR MANAGEMENT

The remuneration band of the member of senior management who are not Directors for the Year are as follows:

Remuneration bands	Number of Individuals
HK$ Nil to HK$1,000,000	1

ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

The attendance record of each Director at the Board and Board committee meetings and the general meetings of the Company held during the Year is set out in the table below:

	Attendance/Number of Meetings					
	Board	Audit Committee	Remuneration Committee	Nomination Committee	AGM	Extraordinary general meeting ("EGM")
Executive Directors						
Ms. Tao Hongxia	28/28	N/A	N/A	N/A	1/1	0/1
Mr. Lee Seung Han	28/28	N/A	N/A	N/A	1/1	1/1
Mr. Cheung Ting Pong [(1)]	17/17	N/A	3/3	1/1	N/A	1/1
Mr. Tao Guolin [(2)]	26/26	N/A	N/A	N/A	1/1	0/1
Independent Non-Executive Directors						
Mr. Chan Kin Ming	28/28	4/4	7/7	3/3	1/1	0/1
Mr. Lam Chi Cheung Albert	28/28	4/4	7/7	3/3	1/1	0/1
Mr. Leung Louis Ho Ming [(3)]	17/17	2/2	N/A	1/1	N/A	1/1
Mr. Yu Wing Chung [(4)]	10/11	2/2	4/4	2/2	1/1	N/A

Notes:

1. Mr. Cheung Ting Pong was appointed as an executive Director with effect from 16 May 2023.

2. Mr. Tao Guolin has resigned as an executive Director with effect from 5 December 2023.

3. Mr. Leung Louis Ho Ming was appointed as an independent non-executive Director with effect from 16 May 2023.

4. Mr. Yu Wing Chung has resigned as an independent non-executive Director with effect from 16 May 2023.

Regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors.

During the Year, 28 regular board meetings were held, including four regular board meetings.

On 28 March 2023, the Chairlady of the Board held a meeting with the independent non-executive Directors without the presence of other Directors.

Independent non-executive Directors have attended the AGM held in 2023 to gain and develop a balanced understanding of the view of Shareholders.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The risk management process of our Group is coordinated and facilitated by our compliance officer. The objectives of risk management are to, inter alia, enhance our Company's governance and corporate management processes as well as to safeguard our Group against unacceptable levels of risks and losses. The risk management process of our Group will involve, inter alia, (i) an annual risk identification exercise which involves assessment of the consequence and likelihood of risks (including documenting those of potentially high impact) and the development and/or review of risk management plans for mitigating such risks; (ii) testing of documented risk management procedures at approval intervals; and (iii) ensuring that our staff and other stakeholders have access to appropriate information and training in the area of risk management.

An internal audit function is set up to examine key issues in relation to the financial and operational matters/practices and to provide its findings and any recommendations for improvement to the audit committee. As the Group is relatively simple corporate and operation structure, the Board is assisted by its own internal audit function to manage the risks exposed to the Group. During the year, the Group engaged an independent internal control consultant, APEC RISK MANAGEMENT LIMITED ("**Apec**"), to reassess existing internal control policies and to give recommendations to make any enhancement.

With a view to identifying, handling and disseminating inside information, procedures have been implemented by the Group to ensure that unauthorised access and use of information are strictly prohibited.

During the Year, the Board, as supported by the audit committee, our compliance officer and Apec, reviewed the risk management and internal control systems, including the capital expenditure management and human resources and payroll management for the mentioned period, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources as well as our Environmental, Social and Governance ("**ESG**") performance and reporting.

The Company has in place the Whistleblowing Policy and system for employees of the Company and those who deal with the Company to raise concerns, in confidence and anonymity, with the audit committee about possible improprieties in any matters related to the Company.

The Company has also in place the Anti-Corruption Policy to safeguard against corruption and bribery within the Company. The Company has an internal reporting channel that is open and available for employees of the Company to report any suspected corruption and bribery. Employees can also make anonymous reports to the internal audit function, which is responsible for investigating the reported incidents and taking appropriate measures. The Company continues to carry out anti-corruption and anti-bribery activities to cultivate a culture of integrity, and actively organizes anti-corruption training and inspections to ensure the effectiveness of anti-corruption and anti-bribery.

During the Year, there were no non-compliance cases in relation to bribery and corruption.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the Year.

The Directors have prepared the financial statements in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants. Appropriate accounting policies have also been used and applied consistently except the adoption of revised standards, amendments to standards and interpretation.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The report of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 59 to 68.

AUDITOR'S REMUNERATION

During the Year, the remuneration paid or payable to the Company's auditor, RSM Hong Kong ("**RSM**"), in respect of their audit and non-audit services was as follows:

Service rendered	Remuneration paid/payable HK$'000
Audit services – 2023 annual audit	1,100
Non-audit services	100
Total	1,200

The amount of fee incurred for the non-audit services represented HK$100,000 of service fee paid to RSM in relation to an agreed-upon procedures engagement.

JOINT COMPANY SECRETARIES

On 16 May 2023, Mr. Cheung Ting Pong, the executive Director of the Company, has been appointed as the joint company secretaries of the Company. Together with Ms. Cheung Yuet Fan ("**Ms. Cheung**"), the existing company secretary of the Company, Mr. Cheung and Ms. Cheung are the joint company secretaries of the Company.

Ms. Cheung of Tricor Services Limited, a global professional services provider specialising in integrated business, corporate and investor services, has been appointed as the company secretary of the Company with effect from 29 January 2021.

Ms. Cheung's primary contact person at the Company is Ms. Tao Hongxia, Chairlady of the Company.

Ms. Cheung is responsible for providing advice to the Company on corporate governance matters and relevant updates on applicable laws, rules and regulations so as to uphold good corporate governance practices of the Company. All Directors have access to the advice and services of the company secretary on corporate governance and board practices and matters.

During the Year, both Mr. Cheung and Ms. Cheung have undertaken not less than 15 hours of relevant professional training respectively in compliance with the GEM Listing Rules.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at Shareholders' meetings, including the election of individual Directors. All resolutions put forward at Shareholders' meetings of the Company will be voted on by poll pursuant to the GEM Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each Shareholders' meeting of the Company.

Convening an Extraordinary General Meeting by Shareholders and Putting Forward Proposals at General Meetings

- Any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company (the "**Eligible Shareholder(s)**") shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an EGM to be called by the Board for the transaction of any business specified in such requisition, including making proposals or moving a resolution at the EGM.

- Eligible Shareholders who wish to convene an EGM for the purpose of making proposals or moving a resolution at the EGM must deposit a written requisition (the "**Requisition**") signed by the Eligible Shareholder(s) concerned to the principal place of business of the Company in Hong Kong at Room 1703, 17/F., Office Tower, Convention Plaza, No. 1 Harbour Road, Wan Chai, Hong Kong, for the attention of the Chairlady of the Board.

- The Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene an EGM, the agenda proposed to be included, the details of the business(es) proposed to be transacted in the EGM, signed by the Eligible Shareholder(s) concerned.

- The Company will check the Requisition and the identity and the shareholding of the Eligible Shareholders will be verified with the Company's branch share registrar. If the Requisition is found to be proper and in order, the Chairman of the Board will ask the Board to convene an EGM within 2 months and/or include the proposal or the resolution proposed by the Eligible Shareholder(s) at the EGM after the deposit of the Requisition. On the contrary, if the Requisition has been verified as not in order, the Eligible Shareholder(s) concerned will be advised of this outcome and accordingly, the Board will not call for an EGM and/or include the proposal or the resolution proposed by the Eligible Shareholder(s) at the EGM.

- If within 21 days of the deposit of the Requisition the Board has not advised the Eligible Shareholder(s) of any outcome to the contrary and fails to proceed to convene such EGM, the Eligible Shareholder(s) himself/herself/themselves may do so in accordance with the Memorandum and Articles of Association of the Company, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) concerned by the Company.

Putting Forward Enquiries to the Board and Contact Details

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Shareholders may send their enquiries as mentioned above to the following:

Address:	Room 1703, 17/F., Office Tower, Convention Plaza, No. 1 Harbour Road, Wan Chai, Hong Kong
Email:	info@futuredatagroup.com
Fax:	(852) 3568 2576

SHAREHOLDERS' COMMUNICATION AND INVESTOR RELATIONS

a. The Company places great emphasis on investor relations. The Company office (office of the Board) is responsible for communicating with investors in compliance with regulatory requirements through meetings with, site visits by and setting up email accounts for investors, which enhanced communications with investors.

b. During the Year, for each substantially separate issue at a general meeting, a separate resolution was proposed. All resolutions were voted by poll to safeguard the interests of all Shareholders. A meeting notice was delivered to each shareholder at least 14 days (exclusive of the day of the meeting) prior to shareholders' meetings.

c. The Company attaches great importance to the communication with Shareholders to ensure that Shareholders can obtain the information of the Company equally and timely, so that Shareholders can exercise their rights and allow Shareholders to actively participate in the affairs of the company. The communication with Shareholders is mainly through the Company's website, Company mailbox, financial reports, annual general meeting and other potential extraordinary general meetings, and other disclosure materials submitted to the Hong Kong Stock Exchange. Shareholders can reach the Company via telephone (+852 3622 1452) or email (info@futuredatagroup.com) to express opinions on various matters of the Company. The Chairlady of the Board hosted the general meetings as the chairperson of such meeting. Members of the Board and the senior management also attended shareholders meetings, answered questions raised by Shareholders and listened to suggestions of the Shareholders. The Company has reviewed the implementation of the policies related to shareholder communication during the Year, and is of the opinion that the relevant policies are appropriate and effective.

SHAREHOLDERS' COMMUNICATION POLICY

The Company has in place a Shareholders' Communication Policy to ensure that Shareholders' views and concerns are appropriately addressed. The Board reviewed the implementation and effectiveness of the Shareholders' Communication Policy and the results were satisfactory.

DIVIDEND POLICY

The Company has adopted a policy on payment of dividends, which sets out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of dividends to the Shareholders.

In recommending the declaration and payment of dividend, the Board shall consider all relevant internal and external factors which include, but not limited to, financial results, liquidity position, capital requirements, general market and economic conditions, as well as our Shareholders' interests.

The recommendation of any final dividend for a financial year will be subject to Shareholders' approval at general meeting of the Company.

CONSTITUTIONAL DOCUMENTS

During the Year, the Shareholders have approved certain amendments to the Company's Articles of Association at the annual general meeting held on 9 May 2023 for the purpose of, among others, (i) reflect certain amendments in the applicable laws of the Cayman Islands and the GEM Listing Rules; (ii) update references to the existing name of the Company to include "未來數據集團有限公司" to reflect the new dual foreign name in Chinese of the Company subsequent to the proposed adoption of Chinese name; and (iii) make other consequential and housekeeping changes. Except for the above, there were no other significant change in the Company's Memorandum and Articles of Association which are available on both the Stock Exchange's website and the Company's website.

REPORT OF THE DIRECTORS

The Directors are pleased to present the report and the audited consolidated financial statements for the Year.

PRINCIPAL ACTIVITIES

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.

REVENUE AND SEGMENT INFORMATION

The revenue and segment information of the Group for the year are set forth in the consolidated financial statements on pages 101 to 107 of this annual report.

RESULTS AND DIVIDENDS

The results of the Group for the year and the financial position of the Company and of the Group as at 31 December 2023 are set forth in the consolidated financial statements on pages 69 to 169 of this annual report.

The Board does not recommend the payment of a final dividend for the Year (2022: Nil).

BUSINESS REVIEW

A review of the business of the Group for the Year, a discussion on the Group's business development and an analysis of the Group's performance using key financial performance indicators are provided in the section headed "Management Discussion and Analysis" in this annual report. In addition, discussions on the principal risks and uncertainties facing the Group, the Group's environmental policies and performance, the Group's compliance with the relevant laws and regulations that have a significant impact on the Group, particulars of important events affecting the Group since the financial year ended 31 December 2023 and key relationships with its stakeholders are contained in this "Report of the Directors".

PRINCIPAL RISK AND UNCERTAINTIES

Our Group's financial position, results of operations and business prospects may be affected by a number of risks and uncertainties directly and indirectly pertaining to our Group's business. The following are the key risks and uncertainties identified by our Group.

Our integrated systems are provided on a project basis. Such projects are not recurring in nature and our future business depends on our continuing success in securing contracts

For the Year, approximately HK$301.4 million (2022: approximately HK$427.5 million) of our revenue was generated from our system integration projects, representing approximately 62.5% (2022: 69.2%) of our total revenue. Our Directors believe that the competition in the system integration industry is intense and our ability to secure contracts is one of the critical factors that is important to our success. Our success requires us to maintain good relationships with our existing customers and to develop new relationship with potential customers. Our integrated systems are provided on a project basis and our customers may subsequently engage us in enhancement works or conducting upgrades for the systems integrated by us in previous projects. Our customers may also engage us to integrate new systems after the retirement of outdated systems. However, there is no assurance that the customers will continue to provide us with the new businesses after completion of our projects. In the event that we are unable to succeed in securing existing customers and obtaining sufficient number of recurring and/or new system integration contracts, our competitive advantage may be weakened.

We may not be able to keep up with rapid technological changes and may be driven out of competition

The system integration industry is characterised by rapidly changing technology, evolving industry standards, frequent introductions and enhancements of new products and services, and changing customer demands.

The introduction of new technology and the emergence of new industry standards may render our services to be obsolete and uncompetitive. Accordingly, our future success will depend on our ability to adapt to rapidly changing technologies and continually improving the know-how of our staff in response to evolving demands of the market place. Failing to adapt to such changes would have a material adverse effect on our business.

ENVIRONMENTAL POLICY

Environmental policy is set out in the "Environmental, Social and Governance Report" ("**ESG Report**"), which will be published on the websites of the Company and of the Stock Exchange by the end of April 2024.

COMPLIANCE WITH LAWS AND REGULATIONS

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, our Group has complied in all material respects with the relevant laws and regulations that have a significant impact on the business and operation of our Group during the Year.

KEY RELATIONSHIPS

Employees

Our Group recognises employees as our valuable assets. We provide competitive remuneration package to attract, motivate and retain appropriate and suitable personnel to serve our Group. We have also adopted an annual review system to assess the performance of our staff, which forms the basis of our decisions with respect to salary raises and promotions.

Customers

Owing to the fact that our system integration can be applied to various industries, we have a diverse base of customers ranging from small and medium enterprises to multinational corporations and government-owned entities. We will therefore endeavor to accommodate their demands for our services to the extent our resources allow in order to capture more opportunities for larger scale projects in the future.

Suppliers and subcontractors

Our Group encompasses working relationships with suppliers and subcontractors to meet our customers' needs in an effective and efficient manner. Our Group has set up an approved list of suppliers and we select suppliers based on our past experience working with them, their reputation in the industry, specification of their hardware and software components, and quality of their after sales service and price.

MAJOR CUSTOMERS, SUPPLIERS AND SUBCONTRACTORS

For the Year, our largest customer accounted for approximately 13.0% (2022: 7.3%) of our total revenue, while the percentage of our total revenue attributable to our five largest customers in aggregate was approximately 32.3% (2022: 28.3%).

For the Year, our largest supplier accounted for approximately 15.4% (2022: 21.7%) of our total costs of hardware and software component incurred, while the percentage of our total costs of hardware and software component incurred attributable to our five largest suppliers in aggregate was approximately 27.3% (2022: 43.3%).

For the Year, our largest subcontractor amounted to approximately 35.6% (2022: 41.8%) of our total subcontracting charges incurred, while the percentage of our subcontracting charges incurred attributable to our five largest subcontractors in aggregate was approximately 51.2% (2022: 60.0%).

As far as the Company is aware, as at the date of this annual report, none of the Directors, their close associates nor any Shareholders (which to the knowledge of the Directors own more than 5% of the Company's share capital) had any interest in the Group's customers and suppliers as disclosed above.

EMOLUMENT POLICY

The Remuneration Committee will review and determine the remuneration and compensation packages of the Directors with reference to their responsibilities, workload, time devoted to our Group and the performance of our Group. The Directors may also receive options to be granted under the Scheme.

EQUITY-LINKED AGREEMENTS

Save for the share option scheme as set out in this report, no equity-linked agreements were entered into by the Group, or existed during the Year.

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results, assets, liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements is set out on page 170 of this annual report. This summary does not form part of the consolidated financial statements for the Year.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in note 16 to the consolidated financial statements.

INVESTMENT PROPERTIES

Details of investment properties are set out in note 17 to the consolidated financial statements.

INTANGIBLE ASSETS

Details of movements in intangible assets of the Group during the year are set out in note 18 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in note 31 to the consolidated financial statements.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to Shareholders by reason of their holding of the Company's securities.

RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out in note 35 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

PRE-EMPTIVE RIGHTS

There are no provision for pre-emptive rights under the Articles or the laws of the Cayman Islands, being the jurisdiction in which the Company is incorporated, which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

DISTRIBUTABLE RESERVES

As at 31 December 2023, the Company had no retained profit available for distribution to Shareholders of the Company. However, in accordance with the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and the Articles, the share premium account of the Company of HK$103,862,000 is subject to solvency test, available for distribution to Shareholders.

SHARE OPTION SCHEME

The Group has adopted a Scheme for the purpose of providing incentives and rewards to eligible persons who contributed to the success of the Group's operation. On 3 April 2023, 16 May 2023 and 5 October 2023, the Company offered to grant a total of 19,200,000 share options, a total of 4,800,000 share options and a total of 5,800,000 share options, respectively, to grantees who are employees and a Director under the Scheme since its adoption. Further details of the above grant of share options are set out in the Company's announcements as dates aforementioned.

Details of the Scheme are as follows:

1.	Purpose of the Scheme	To provide an incentive or a reward to eligible participants for their contribution to the Group and/or to enable the Group to recruit and retain high calibre employees and attract human resources that are valuable to the Group or any entity in which the Group holds any equity interest.
2.	Eligible participants to the Scheme	Any employee (full-time or part-time), director, supplier and customer of the Group or any invested entity; any consultant, adviser, manager, officer or entity that provides research, development or other technological support to the Group or any invested entity; and any person (who in the sole discretion of the Board) has contributed or may contribute to the Group or any invested entity.
3.	Total number of shares available for issue under the Scheme and percentage to the issued shares as at the date of this annual report	40,000,000 shares (equivalent to 10% of the total number of shares of the Company ("**Shares**") in issue on the listing date of the Company, being 8 July 2016.
4.	Maximum entitlement of each participant under the Scheme	Not exceeding 1% of the total number of Shares in issue for the time being in any 12-month period. Any further grant of share option in excess of such limit must be separately approved by the Shareholders in general meeting.
5.	The period within which the option may be exercised by the grantee under the Scheme	A period which shall not be more than ten (10) years after the offer date and subject to the provisions for early termination as contained in the Scheme.
6.	The vesting period of options granted under the Scheme	Unless otherwise determined by the Board in accordance with the provisions of Chapter 23 of the GEM Listing Rules, the vesting period for options granted shall not be less than 12 months.
7.	The amount payable on application or acceptance of the option and the period within which payments or calls must be made	The payment or remittance of HK$1.00 within 21 days from the offer date or within such other period of time as may be determined by the Board pursuant to the GEM Listing Rules.
8.	The basis of determining the exercise price	Being determined by the Board and shall be at least the highest of: (a) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheet on the offer date; (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five consecutive business days immediately preceding the offer date; and (c) the nominal value of a Share on the offer date.
9.	The remaining life of the Scheme	The Scheme is valid and effective for a period of ten (10) years commencing on 21 June 2016 (being the date of adoption of the Scheme). Accordingly, the remaining life of the Scheme is approximately 2 years.

The number of options available for grant under the existing Scheme limit as at 1 January 2024 and 31 December 2024 and the maximum number of Shares which may be issued upon exercise of all options that may be granted under the existing Scheme limit is 40,000,000 Shares, representing approximately 7.32% of the Company's issued share capital as at the date of this annual report.

As at 31 December 2023, the details of the specific categories of options are as follows:

Date of grant	Vesting period	Exercise period	Exercise price per share HK$	Number of share options granted
Director				
16 May 2023	16 May 2023 to 15 May 2024	16 May 2024 to 15 May 2033	0.810	4,800,000
Employees				
3 April 2023	3 April 2023 to 2 April 2024	3 April 2024 to 2 April 2033	0.656	19,200,000
5 October 2023	5 October 2023 to 4 October 2024	5 October 2024 to 4 October 2033	0.840	5,800,000

There is no performance target attached to the above share options granted.

As at 31 December 2023, the details of the movement of share options during the period are as follows:

Grantees	Date of grant	Exercise price per share HK$	Number of options outstanding at 1 January 2023	Granted during the period	Exercised during the period	Lapsed during the period	Number of options outstanding at December 2023
Director	16 May 2023	0.810	–	4,800,000	–	–	4,800,000
Employees	3 April 2023	0.656	–	19,200,000	–	(12,000,000)	7,200,000
Employees	5 October 2023	0.840	–	5,800,000	–	–	5,800,000
			–	29,800,000	–	(12,000,000)	17,800,000

Above options being granted to a Director on 16 May 2023 will be vested on 15 May 2024; for those being granted to employees on 3 April 2023 will be vested on 2 April 2024, and for those being granted to employees on 5 October 2023 will be vested on 4 October 2024.

During the Year, there were a total of 12,000,000 share options lapsed. As at 31 December 2023, no share option was exercisable (31 December 2022: Nil).

Further details of the Scheme are set out in note 33 to the consolidated financial statements.

DIRECTORS

The Board during the Year and up to the date of this report are as follows:

Executive Directors

Ms. Tao Hongxia *(Chairlady)*
Mr. Lee Seung Han
(Chief Executive Officer)
Mr. Cheung Ting Pong
(appointed on 16 May 2023)
Mr. Tao Guolin *(Group General Manager)*
(resigned on 5 December 2023)

Independent non-executive Directors

Mr. Chan Kin Ming
Mr. Lam Chi Cheung Albert
Mr. Leung Louis Ho Ming
(appointed on 16 May 2023)
Mr. Yu Wing Chung
(resigned on 16 May 2023)

Mr. Cheung Ting Pong, who is the executive Director and has entered into a service contract with the Company for an initial term of two years commencing from 16 May 2023, which is renewable for successive terms of two years upon expiry (subject to retirement by rotation and re-election in accordance with the Articles).

Mr. Leung Louis Ho Ming, who is the independent non-executive Director and has entered into a letter of appointment with the Company for an initial term of one year commencing on 16 May 2023 (subject to retirement by rotation and re-election in accordance with the Articles).

In accordance with the Articles, at each annual general meeting one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Shareholders after his/her appointment and shall be subject to re-election at such general meeting. Any Director appointed by the Board as an addition to the Board shall hold office until the next following annual general meeting and shall be eligible for re-election.

In accordance with Articles 84(1) and 84(2) of the Articles, Ms. Tao Hongxia and Mr. Lam Chi Cheung Albert shall retire at the forthcoming AGM. In addition, each of Mr. Cheung Ting Pong and Mr. Leung Louis Ho Ming who have been appointed by the Board on 16 May 2023 shall hold office until the conclusion of the forthcoming AGM pursuant to Article 83(3) of the Articles. All of the above retiring Directors, being eligible, will offer themselves for re-election at the AGM.

DIRECTORS' SERVICE CONTRACTS

None of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out under the section headed "BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT in this annual report.

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and the five highest paid individuals of the Group are set out in note 15 to the consolidated financial statements.

No forfeited contribution under retirement benefit schemes is available to reduce the contribution payable in future years.

DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save for amount due to a shareholder and a shareholder of a subsidiary disclosed in note 26 and loans from shareholders disclosed in note 25 to the consolidated financial statements, no Director had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Year.

MANAGEMENT CONTRACTS

During the Year, the Company did not enter into or have any management and administration contracts in respect of the whole or any substantial part of the business of the Company.

DIRECTORS' RIGHT TO ACQUIRE SHARES

Other than as disclosed in the paragraph headed "Disclosure of Interests" below and "Share Option Scheme" in note 33 to the consolidated financial statements, at no time during the Year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or chief executives of the Company (including their spouses or children under 18 years of age) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate.

DISCLOSURE OF INTERESTS

Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 31 December 2023, the interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the 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 (4)
Ms. Tao Hongxia (1) ("**Ms. Tao**")	Interest in controlled corporation	192,411,750	35.20%
Mr. Lee Seung Han (2) ("**Mr. Lee**")	Interest held jointly with other persons/ Interest in controlled corporation	14,000,000	2.56%
Mr. Cheung Ting Pong (3) ("**Mr. Cheung**")	Beneficial owner	4,800,000	0.88%

Notes:

(1) Gorgeous Real Investment Holding Limited ("**Gorgeous Real**") held 192,411,750 shares of the Company and which is wholly owned by Ms. Tao. On 11 September 2023, Gorgeous Real has acquired 50,000,000 shares of the Company from Variant Wealth Investment Development Limited ("**Variant Wealth**").

(2) Mr. Lee is the 22.71% ultimate shareholder of LiquidTech Limited ("**LiquidTech**") whose in turn held 14,000,000 Shares, representing 2.56% of the issued share capital of the Company. LiquidTech is wholly owned by Asia Media Systems Pte. Ltd which is owned by Mr. Lee as to 22.71%.

(3) As at 31 December 2023, Mr. Cheung directly held options under the Scheme which entitled him to subscribe for 4,800,000 Shares.

(4) The percentage of shareholding was calculated based on the Company's total number of issued Shares as at 31 December 2023 (i.e. 546,680,000 Shares).

Save as disclosed above, as at 31 December 2023, none of the Directors and chief executive of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations that was notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or was required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

Substantial Shareholders' Interests in the Shares and Underlying Shares

As at 31 December 2023, 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 [4]
Gorgeous Real [1]	Beneficial owner	192,411,750	35.20%
Variant Wealth [2]	Beneficial owner	50,000,000	9.15%
Mr. Tao Guolin [2] ("**Mr. Tao**")	Beneficial owner/Interest in controlled corporation	72,917,327	13.34%
Ms. Han Lerong [3] ("**Ms. Han**")	Interest of spouse	72,917,327	13.34%

Notes:

(1) Gorgeous Real held 192,411,750 shares of the Company and which is wholly owned by Ms. Tao. On 11 September 2023, Gorgeous Real has acquired 50,000,000 shares of the Company from Variant Wealth.

(2) Variant Wealth held 50,000,000 shares of the Company and which is wholly owned by Mr. Tao. Mr. Tao is deemed to be interested in 50,000,000 shares of the Company held by Variant Wealth.

(3) Ms. Han is the spouse of Mr. Tao. Ms. Han is deemed to be interested in all the Shares in which Mr. Tao is interested under Part XV of the SFO.

(4) The percentage of shareholding was calculated based on the Company's total number of issued Shares as at 31 December 2023 (i.e. 546,680,000 Shares).

Save as disclosed above, as at 31 December 2023, the Directors were not aware of any other persons who had any interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO, who are directly or indirectly interested in 5% or more of the Shares.

INTEREST IN COMPETING BUSINESS

During the Year, none of the Directors or the controlling Shareholders or their respective close 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.

CONNECTED TRANSACTION

During the Year, the Group has not entered into any connected transactions.

RELATED PARTY TRANSACTION

Details of the related party transactions undertaken in the ordinary course of business by the Group during the Year are set out in note 38 to the consolidated financial statements.

The Company has complied with the applicable requirements under Chapter 20 of the GEM Listing Rules in respect of such connected transaction.

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

During the Year, 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.

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 and up to the date of this annual report.

CONTRACTS AND RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

During the Year, no contract of significance or contract of significance for the provision of services was entered into among the Company or any of its subsidiaries and the Controlling Shareholders or any of their subsidiaries.

CLOSURE OF REGISTER OF MEMBERS

For attending and voting at the annual general meeting

The register of members of the Company will be closed from Thursday, 13 June 2024 to Tuesday, 18 June 2024 (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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 12 June 2024.

USE OF PROCEEDS FROM THE PLACING

Placing of New Shares under General Mandate Took Place on 17 February 2023

As disclosed in the Company's announcements dated 26 January 2023 and 17 February 2023 respectively, the conditions set out in the placing agreement have been fulfilled and completion of the placing took place on 17 February 2023, where all the 80,000,000 placing shares have been successfully placed by the placing agent to not less than six placees at the placing price of HK$0.22 per placing share pursuant to the terms and conditions of the placing agreement.

The net proceeds from the placing (after deduction of commission and other expenses of the placing) amounted to approximately HK$17.2 million and were used as follows:

	Planned use of net proceeds from 17 February 2023 up to 31 December 2023 HK$ million	Actual use of net proceeds up to 31 December 2023 HK$ million
Repayment of the Group's indebtedness	10.0	10.0
Replenishing the working capital of the Group to support its business operations	7.2	7.2
Total	17.2	17.2

Placing of New Shares under General Mandate Took Place on 24 August 2023

As disclosed in the Company's announcements dated 6 July 2023, 27 July 2023 and 24 August 2023 respectively, the conditions set out in the placing agreement have been fulfilled and completion of the placing took place on 24 August 2023, where all the 66,005,000 placing shares have been successfully placed by the placing agent to not less than six placees at the placing price of HK$0.79 per placing share pursuant to the terms and conditions of the placing agreement. The net proceeds from the placing (after deduction of commission and other expenses of the placing) amounted to approximately HK$51.70 million and were used as follows:

	Planned use of net proceeds from 24 August 2023 up to 31 December 2023 HK$ million	Actual use of net proceeds up to 31 December 2023 HK$ million
Repayment of the Group's indebtedness	15.00	15.00
Exploring business opportunities and/or investment in business(es) or the latest technologies should suitable opportunities arise	32.70	27.60
Replenishing the working capital of the Group to support its business operations	4.00	1.20
Total	51.70	43.80

The intended use of the unutilised net proceeds of HK$7.9 million is exploring business opportunities and/or investment in business(es) or the latest technologies should suitable opportunities arise.

Subscription of New Shares under General Mandate Took Place on 25 October 2023

On 12 October 2023, the Company entered into the Subscription Agreement with Mr. Lo Yik Kan Ricky (the "**Subscriber**"), pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue an aggregate of 675,000 Subscription Shares at the Subscription Price of HK$0.74 per Subscription Share (the "**Subscription**"). The net proceeds from the Subscription were approximately HK$480,000 (after deduction of commission and other expenses of the Subscription). The Group intended to use the net proceeds for general working capital of the Company and there was a discount of approximately 3.90% to the closing price of HK$0.77 per Share as quoted on the Stock Exchange on 12 October 2023. The Conditions set out in the Subscription Agreement have been fulfilled and the Subscription has been completed on 25 October 2023 (the "**Completion**"). The 675,000 Subscription Shares represent 0.12% of the existing issued share capital of the Company immediately before the Completion and approximately 0.12% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares immediately upon the Completion. The net proceeds from the Subscription amounted to approximately HK$480,000 (after deduction of commission and other expenses of the Subscription), the Directors intended to be applied as general working capital of the Company.

Further details of the Subscription are set out in the Company's announcements dated 12 October 2023 and 25 October 2023, respectively.

The actual use of net proceeds up to 31 December 2023 is HK$480,000 for the general working capital of the Company.

PERMITTED INDEMNITY PROVISIONS

Under the Articles, every Director shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, cost, charges, losses, damages and expenses incurred or sustained by him as a Director provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty attached to him. The Company has arranged appropriate insurance cover in respect of legal action against the Directors.

ENVIRONMENTAL AND SOCIAL RESPONSIBILITIES

As a data technology service provider in Korea and Hong Kong, the Group actively adheres to the enterprises' environmental and social responsibilities. We are mindful of our social responsibility and commitment in engaging our stakeholders to build a greener future.

Discussions on the Company's environmental, social, and governance practices, relationships with stakeholders and compliance with relevant laws and regulations which have a significant impact on the Company are contained in the sustainability review in the ESG Report, which will be published on the websites of the Company and of the Stock Exchange by the end of April 2024.

AUDITOR

BDO Limited ("**BDO**") has resigned as auditor of the Company with effect from 13 June 2023 and the Company has resolved to appoint RSM Hong Kong ("**RSM**") as the new auditor of the Company with effect from 30 June 2023 to fill the casual vacancy following the resignation of BDO and to hold office until the conclusion of next AGM of the Company.

The Consolidated Financial Statements have been audited by RSM, who retire and, being eligible, offer themselves for re-appointment.

A resolution will be proposed at the forthcoming AGM for the re-appointment of RSM as the auditor of the Company.

CHANGES IN DIRECTORS' INFORMATION

The changes in Directors' information which were required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules are as follows:

1. Mr. Tao Guolin, has resigned as the executive Director of the Company on 5 December 2023.

2. Mr. Yu Wing Chung, independent non-executive Director, has resigned as independent non-executive Director, a member of each of the audit committee and the nomination committee with effect from 16 May 2023.

3. Mr. Cheung Ting Pong has resigned as the independent non-executive director, the chairman of the audit committee and a member of the nomination committee of Hope Life International Holdings Limited (stock code: 1683) with effect from 17 October 2023.

4. Mr. Chan Kin Ming has resigned as the company secretary of China Environmental Energy Investment Limited (中國環保能源投資有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 986) with effect from July 2023.

EVENT AFTER THE REPORTING DATE

(i) On 24 January 2024, an indirect wholly-owned subsidiary of the Company, Future Data Limited entered into the Sale and Purchase Agreement (the "**Agreement**") with an independent third party. Pursuant to the Agreement, the Company conditionally agreed to sell 48,000 shares of Maximus Group Consulting Limited, which is a company incorporated under the laws of British Virgin Islands, and has two wholly-owned subsidiaries, namely Maximus Consulting (Hong Kong) Limited and MXC Security (Singapore) Pte Limited, at a consideration of HK$1,820,000.

    As none of the applicable percentage ratios set out in Rule 19.07 of the GEM Listing Rules in respect of the Transaction is more than 5%, the Transaction does not constitute a discloseable transaction on the part of the Company and is not subject to the reporting and announcement requirements under the GEM Listing Rules.

On Behalf of the Board

Tao Hongxia
Chairlady

27 March 2024

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TO THE SHAREHOLDERS OF FUTURE DATA GROUP LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Future Data Group Limited (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages 69 to 169, which comprise the consolidated statement of financial position as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's "**Code of Ethics for Professional Accountants**" (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we identified are:

1. Revenue recognition from contracts for system integration and cyber security services;
2. Impairment assessment on trade receivables and contract assets;
3. Business combination arising from the acquisition of Prosper Long Limited; and
4. Impairment assessment of goodwill.

Key Audit Matter	How our audit addressed the Key Audit Matter
1. Revenue recognition from contracts for system integration and cyber security services *Refer to notes 4(k), 5, 6 and 7 to the consolidated financial statements* The Group recognised revenue of approximately HK$329,652,000 related to the Group's revenue from contracts for system integration and cyber security services for the year ended 31 December 2023. Revenue from contracts for system integration and cyber security services involves a number of projects and is recognised under the input method which requires estimation made by management for each project based on the following: – Budgeted contract costs; and – Expected cost to complete the contracts	Our procedures included: – Understanding and evaluating the design and implementation of key controls over revenue recognition, and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors; – Assessing the appropriateness of the Group's revenue recognition policy under the requirements of HKFRS 15 by inspecting a sample of representative contracts with customers;

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
1. **Revenue recognition from contracts for system integration and cyber security services (Continued)** We have identified this as a key audit matter because revenue is one of the key performance indicators of the Group and because of its significance to the consolidated financial statements and the judgement required in applying the input method for recognising revenue from contracts for system integration and cyber security services.	– Selecting a sample of incomplete contracts as at year end and checked calculation of significant components of budgeted contract costs to supporting documents such as purchase orders of equipment and contracts with subcontractors; – Selecting a sample of completed contracts during the year and checked the historical reliability of the budgeted contract costs; and – Re-performing on a sample basis the calculation of revenue recognised during the year based on the input method.

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
2. Impairment assessment on trade receivables and contract asset *Refer to notes 4(i), 5, 22, 23(a) and 42(a) to the consolidated financial statements* The Group's gross trade receivables and contract assets and its related impairment allowances amounted to approximately of HK$67,544,000 and HK$15,551,000 respectively as at 31 December 2023. In performing an impairment assessment on trade receivables, management considers the credit history including default or delay in payments, settlement records, subsequent settlements and ageing analysis of the trade receivables, and also forward-looking analysis. The Group determined the expected credit loss rates of contract assets based on those rates applied to trade receivables as contract assets and trade receivables are from the same customer bases. We have identified this as a key audit matter because the assessment of impairment for trade receivables and contract assets involves significant management judgements and estimates on the amount of expected credit losses at the reporting date.	Our procedures included: – Understanding and evaluating the design and implementation of key controls which govern credit control, debt collection and estimate of expected credit losses, and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors; – Obtaining an understanding of the Group's credit risk management and practices, and assessed the Group's impairment provision policy in accordance with the requirements of HKFRS 9; – Assessing, on a sample basis, whether items in the trade and bills receivables ageing report were classified within the appropriate ageing bracket by comparing individual items in the report with the relevant invoices; and – Assessing the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information and examining the actual losses recorded during the current financial year and assessing whether there was an indication of management bias when recognising loss allowances.

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
3. Business combination arising from the acquisition of Prosper Long Limited *Refer to notes 4(a) and 32 to the consolidated financial statements* The Group had completed a number of acquisitions during the year ended 31 December 2023. Among those acquisitions, the acquisition of Prosper Long Limited is considered to be significant. Management engaged external valuers to value the assets and liabilities acquired in the acquisition, including the identification and valuation of intangible assets as of the acquisition date, based on which, management performed a purchase price allocation for the acquisition, which resulted in recognition of intangible assets of HK$11,148,000 being the Metaverse technologies.	Our procedures included: – Understanding and evaluating the design and implementation of key controls over the assessment process of purchase price allocation for the business combination, and assessing the inherent risk of material misstatement by considering the degree of uncertainty and level of other inherent risk factors; – Obtaining and reviewing relevant contracts related to the acquisition and evaluated management's process to identify intangible assets; – Assessing the competence, capabilities and objectivity of management's external valuers; – Obtaining the valuation report and discussed with the external valuers on the methodologies and key assumptions used; – Engaging an auditor's expert to evaluate the methodologies used to determine the fair values of assets and liabilities recognised (including the valuation of intangible assets acquired), and benchmarked the discount rates applied to other comparable companies in the same industry;

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
3. Business combination arising from the acquisition of Prosper Long Limited (Continued) Accounting for the acquisitions is an area of focus because of (a) the significance of the acquisition, (b) critical accounting estimates and judgements involved in the identification and valuation of intangible assets acquired, and (c) valuation of the assets and liabilities that are recognised. When determining the fair value of assets and liabilities recognised in the acquisition, valuations based on discounted cash flow model were primarily used. Key assumptions used include discount rates, revenue growth rates and gross margins. Any significant changes in these key assumptions may give rise to material changes in the fair value of the acquired assets and liabilities including intangible assets, which directly impact the goodwill recognised.	– Assessing the reasonableness of key assumptions such as revenue growth rates and gross margins applied by management by comparing them with economic and industry forecasts to assess the reasonableness of management forecasts; – Evaluating the reasonableness of the sensitivity analysis performed by management on the key assumptions to understand the impact of reasonable changes in key assumptions on the identified intangible assets and goodwill; and – Testing the mathematical accuracy of the calculation of the fair value of the identified intangible assets and goodwill.

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
4. Impairment assessment of goodwill *Refer to notes 4(c) and 19 to the consolidated financial statements* As at 31 December 2023, the Group had gross goodwill of approximately HK$23,500,000, of which HK$7,534,000 and HK$15,191,000 is allocated to the cash-generating units ("CGUs") of the provision of cyber security services in the Hong Kong (the "Cyber Security CGU") and the provision of Metaverse related services (the "Metaverse CGU"), respectively. Goodwill is tested for impairment annually and whenever indications of impairment was identified. Management had assessed goodwill for potential impairment by comparing the carrying amount of the CGU to which goodwill has been allocated with the recoverable amount determined by assessing the value-in-use by preparing a discounted cash flow forecast. An impairment loss on goodwill allocated to the Cyber Security CGU of approximately HK$7,534,000 and no impairment loss on goodwill allocated to the Metaverse CGU were recognised during the year ended 31 December 2023.	Our procedures included: – Understanding and evaluating the design and implementation of key controls for the impairment assessment process for goodwill allocated to the Cyber Security CGU and the Metaverse CGU, and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and other inherent risk factors; – Evaluating the outcome of prior period assessment of impairment to assess the effectiveness of management's estimation process; – Evaluating management's cash flow forecast by comparing the assumptions adopted by management and by comparing key assumptions and estimates with relevant underlying documentation, which included comparing future revenue growth and operating profit with historical data of CGU and comparing components of the discount rate with market data; – Engaging an auditor's expert to assess the appropriateness of the valuation approach and methodology, the accuracy of the calculations in the valuation models; and the discount rate applied in the cash flow forecast was within the range adopted by other companies in the same industry; and

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
4. Impairment assessment of goodwill (Continued) Assessment of potential impairment of goodwill as a key audit matter because the carrying value of goodwill is material to the consolidated financial statements and the preparation of discounted cash flow forecast involves the exercise of significant management judgement, in particular in forecasting revenue growth and operating profit and in determining an appropriate discount rate.	– Performing sensitivity analysis on the discount rate and terminal growth rate applied by management in the cash flow forecast to assess the impact of changes in these key assumption on the conclusion reached in management's impairment assessment and considering whether there were any indicators of management bias in the assumption adopted.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ms. Ng Wai Kwun.

RSM Hong Kong
Certified Public Accountants

27 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Note	2023 HK$'000	2022 HK$'000
Revenue	7	482,008	617,641
Cost of services		(421,682)	(559,320)
Gross profit		60,326	58,321
Other income	8	4,001	2,855
(Provision for)/reversal of impairment of trade receivables, net	42(a)	(754)	761
Impairment of goodwill	19	(7,534)	–
Selling and administrative expenses		(74,049)	(63,073)
Finance costs	9	(3,030)	(1,317)
Loss before income tax	10	(21,040)	(2,453)
Income tax credit/(expense)	12	1,926	(1,516)
Loss for the year		(19,114)	(3,969)
Other comprehensive (expense)/income for the year			
Item that will not be reclassified subsequently to profit or loss:			
Remeasurement effects of defined benefit obligations		(3,957)	3,026
Deferred tax credit/(expense)	28	827	(666)
Recognition of actuarial (losses)/gains on defined benefit obligations	29	(3,130)	2,360
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(3,412)	(7,093)
Total other comprehensive expense, net of tax		(6,542)	(4,733)
Total comprehensive expense for the year		(25,656)	(8,702)
Loss for the year attributable to:			
Owners of the Company		(16,367)	(3,346)
Non-controlling interests		(2,747)	(623)
		(19,114)	(3,969)
Total comprehensive expense attributable to:			
Owners of the Company		(22,909)	(8,079)
Non-controlling interests		(2,747)	(623)
		(25,656)	(8,702)
Loss per share attributable to owners of the Company			
Basic and diluted (HK cents per share)	14	(3.32)	(0.77)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	2023 HK$'000	2022 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	16	32,438	41,394
Investment properties	17	–	14,780
Intangible assets	18	10,591	1,174
Goodwill	19	15,966	7,534
Other financial assets	20	4,412	4,416
Rental and other deposits		1,154	722
Prepayments	22	2,070	685
Defined benefit assets	29	652	3,089
Deferred tax assets	28	4,879	6,750
		72,162	80,544
Current assets			
Inventories	21	3,327	12,675
Trade and other receivables	22	54,257	111,174
Contract assets	23(a)	7,684	6,150
Prepayments	22	4,565	5,273
Fixed bank deposits		11,216	1,857
Cash and cash equivalents		122,708	122,561
		203,757	259,690
Current liabilities			
Trade and other payables	24	67,472	116,655
Contract liabilities	23(b)	13,594	21,894
Loan from a shareholder	25	–	5,000
Amount due to a shareholder	26	1,376	1,376
Amount due to a shareholder of a subsidiary	26	188	–
Lease liabilities	30(b)	2,050	1,723
Bank borrowings	27	–	41,809
Tax payable		84	879
		84,764	189,336
Net current assets		118,993	70,354
Total assets less current liabilities		191,155	150,898

	Note	2023 HK$'000	2022 HK$'000
Non-current liabilities			
Lease liabilities	30(b)	2,508	2,879
Loans from shareholders	25	5,648	14,684
		8,156	17,563
Net assets		182,999	133,335
EQUITY			
Share capital	31	5,467	4,000
Reserves	35	176,637	127,860
Equity attributable to owners of the Company		182,104	131,860
Non-controlling interests	37	895	1,475
Total equity		182,999	133,335

Approved by the Board of Directors on 27 March 2024 and are signed on its behalf by:

Ms. Tao Hongxia
Director

Mr. Cheung Ting Pong
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Share capital (note 31) HK$'000	Share premium* (note 35(a)) HK$'000	Share-based payment reserve* (note 35(f)) HK$'000	Capital reserve* (note 35(b)) HK$'000	Research and development reserve* (note 35(c)) HK$'000	Foreign exchange reserve* (note 35(d)) HK$'000	Legal reserve* (note 35(e)) HK$'000	Retained earnings* HK$'000	Equity attributable to owners of the Company HK$'000	Non-controlling interests (note 37) HK$'000	Total equity HK$'000
At 1 January 2022	4,000	35,718	–	13,855	3,674	(9,482)	2,913	89,261	139,939	2,098	142,037
Loss for the year	–	–	–	–	–	–	–	(3,346)	(3,346)	(623)	(3,969)
Recognition of actuarial gains on defined benefit obligations	–	–	–	–	–	–	–	2,360	2,360	–	2,360
Exchange differences arising on translation of foreign operations	–	–	–	–	–	(7,093)	–	–	(7,093)	–	(7,093)
Total comprehensive expense	–	–	–	–	–	(7,093)	–	(986)	(8,079)	(623)	(8,702)
Appropriation	–	–	–	–	–	–	211	(211)	–	–	–
At 31 December 2022 and 1 January 2023	4,000	35,718	–	13,855	3,674	(16,575)	3,124	88,064	131,860	1,475	133,335
Loss for the year	–	–	–	–	–	–	–	(16,367)	(16,367)	(2,747)	(19,114)
Recognition of actuarial losses on defined benefit obligations	–	–	–	–	–	–	–	(3,130)	(3,130)	–	(3,130)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	(3,412)	–	–	(3,412)	–	(3,412)
Total comprehensive expense	–	–	–	–	–	(3,412)	–	(19,497)	(22,909)	(2,747)	(25,656)
Recognition of equity-settled share-based payments	–	–	3,542	–	–	–	–	–	3,542	–	3,542
Placing and allotment of shares, net	1,467	68,144	–	–	–	–	–	–	69,611	–	69,611
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	2,167	2,167
At 31 December 2023	5,467	103,862	3,542	13,855	3,674	(19,987)	3,124	68,567	182,104	895	182,999

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Note	2023 HK$'000	2022 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(21,040)	(2,453)
Adjustments for:			
Amortisation of intangible assets	10	1,731	2,916
Depreciation of property, plant and equipment	10	4,244	4,575
Depreciation of investment properties	10	223	37
Loss/(gain) on lease modifications	10	3	(5)
Exchange loss, net	10	1,773	1,892
Fair value gain on other financial assets	10	(108)	(115)
Finance costs	9	3,030	1,317
Gain on disposal of property, plant and equipment	8	(660)	(160)
Gain on disposal of investment properties	8	(2,202)	–
Impairment of goodwill	19	7,534	–
Interest income	8	(610)	(601)
Net loss on disposal of other financial assets	10	–	61
Provision for/(reversal of) impairment of inventories	10	1,579	(545)
Provision for/(reversal of) impairment of trade receivables, net	42(a)	754	(761)
Equity-settled share-based payments		3,542	–
Operating (loss)/profit before working capital changes		(207)	6,158
Decrease in inventories		7,769	1,059
Decrease/(increase) in rental and other deposits and trade and other receivables		49,187	(5,115)
(Increase)/decrease in contract assets		(1,534)	20,664
(Increase)/decrease in prepayments		(677)	12,573
(Decrease)/increase in trade and other payables		(51,608)	36,140
Decrease in contract liabilities		(8,300)	(10,755)
Decrease in net defined benefit assets		(1,617)	(306)
Cash (used in)/generated from operations		(6,987)	60,418
Income taxes refunded/(paid)		1,129	(2,844)
Interest received		610	117
Net cash (used in)/generated from operating activities		(5,248)	57,691

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	Note	2023 HK$'000	2022 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(4,470)	(21,878)
Purchases of investment properties		–	(8,869)
Proceeds from disposals of property, plant and equipment		10,520	160
Proceeds from disposals of investment properties		16,300	–
Net cash outflow arising on acquisitions of subsidiaries		(23,310)	–
Decrease in fixed bank deposits		–	2,063
Decrease in loan to a shareholder/ultimate holding company		–	5,394
Net cash used in investing activities		(960)	(23,130)
CASH FLOWS FROM FINANCING ACTIVITIES	39		
Proceeds from bank borrowings		964	184,497
Repayments of bank borrowings		(40,955)	(225,482)
Interest paid		(3,030)	(1,317)
Repayment of principal portion of the lease liabilities		(1,940)	(2,518)
Repayment of shareholders loans		(15,000)	–
Increase in loans from shareholders		–	14,684
Increase in amount due to a shareholder		–	1,376
Proceeds from placing and allotment of shares		69,611	–
Net cash generated from/(used in) financing activities		9,650	(28,760)
NET INCREASE IN CASH AND CASH EQUIVALENTS		3,442	5,801
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		122,561	123,088
Effect of exchange rate changes		(3,295)	(6,328)
CASH AND CASH EQUIVALENTS AT END OF YEAR		122,708	122,561
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances		122,708	122,561

1. GENERAL INFORMATION

Future Data Group Limited (the "Company") was incorporated in the Cayman Islands on 4 January 2016 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as revised and consolidated) of the Cayman Islands and its shares are listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company's registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's principal place of business is located at Room 1703, 17/F., Office Tower, Convention Plaza, No. 1 Harbour Road, Wan Chai, Hong Kong.

The principal place of the business of Global Telecom Company Limited ("Global Telecom"), the Company's indirect wholly-owned subsidiary, is located at Units A1304–1310, 13/F., 150 Yeongdeungpo-ro, Yeongdeungpo-gu, Seoul, Korea.

The principal activity of the Company is investment holding. The Company and its subsidiaries (together 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.

In the opinion of the directors of the Company, Gorgeous Real Investment Holding Limited, a company incorporated in the British Virgin Islands ("BVI"), is the immediate and ultimate holding company of the Company. Ms. Tao Hongxia ("Ms. Tao") is the ultimate controlling party of the Company.

2. 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 "HKFRS") issued by the HKICPA and the disclosure requirements of the Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange (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 disclosed in the material accounting policy information in note 4.

2. BASIS OF PREPARATION (CONTINUED)

(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") and 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.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new and amended HKFRSs

The Group has applied the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2023 for the preparation of the consolidated financial statements:

Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules – Amendments to HKAS 12
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (CONTINUED)

(b) Revised HKFRSs in issue but not yet effective

The Group has not early applied the following amendments to standards and interpretation that have been issued but are not yet effective:

	Effective for accounting periods beginning on or after
Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1 – Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16 – Lease Liability in a Sale and Leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKAS 7 and HKFRS 7 – Supplier Finance Arrangements	1 January 2024
Amendments to HKAS 21 – Lack of Exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

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

4. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive processes and whether the acquired set has the ability to produce outputs.

The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(a) Business combination and basis of consolidation (Continued)

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

When the Group loses control of a subsidiary, the gain or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for on the same basis as would be required if the relevant assets or liabilities were disposed of.

(b) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: (i) power over the investee, (ii) exposure, or rights, to variable returns from the investee, and (iii) the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the notes to the consolidated financial statements that disclose the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(c) Goodwill

Goodwill represents the excess of the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree over the fair value of the identifiable assets and liabilities measured as at the acquisition date.

Where the fair value of identifiable assets and liabilities exceed the aggregate of the fair value of consideration paid, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of the acquirer's previously held equity interest in the acquiree, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units that are expected to benefit from the synergies of the acquisition. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, by comparing its carrying amount with its recoverable amount (see below), and whenever there is an indication that the unit may be impaired.

For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro-rata on the basis of the carrying amount to each asset in the unit. However, the loss allocated to each asset will not reduce the individual asset's carrying amount to below its fair value less cost of disposal (if measurable) or its value in use (if determinable), whichever is the higher. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance, are recognised as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost over their estimated useful lives on a straight-line basis. The useful lives and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Buildings 40 years	40 years
Leasehold improvements	Over the shorter of lease terms or 5 years
Equipment	4 to 5 years
Furniture and fixtures	5 years
Motor vehicles	5 years

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(e) Investment properties

Investment properties are properties held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. Depreciation is charged so as to write off the cost of investment properties net of expected residual value over the estimated useful live using straight-line method. The useful live, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives of the investment properties are 40 years.

(f) Leases

The Group as a lessee

All leases are required to be capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term of less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset is initially recognised at cost and would comprise:

(i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability);

(ii) any lease payments made at or before the commencement date, less any lease incentives received;

(iii) any initial direct costs incurred by the lessee; and

(iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(f) Leases (Continued)

The Group as a lessee (Continued)

Right-of-use asset (Continued)

The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. Right-of-use assets are depreciated over the shorter period of the lease term and the useful life of the underlying assets on a straight-line basis.

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments:

(i) fixed lease payments less any lease incentives receivable;

(ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date;

(iii) amounts expected to be payable by the lessee under residual value guarantees;

(iv) exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and

(v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(f) Leases (Continued)

Lease liability (Continued)

Subsequent to the commencement date, the Group measures the lease liability by:

(i) increasing the carrying amount to reflect interest on the lease liability;

(ii) reducing the carrying amount to reflect the lease payments made; and

(iii) remeasuring the carrying amount to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payments.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases, an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

When the Group renegotiates the contractual terms of a lease with the lessor, if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease, in all other cases, where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(g) Intangible assets (other than goodwill)

(i) Intangible assets acquired separately and in a business combination

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is its fair value at the date of acquisition. Subsequently, intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses. Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

The amortisation expense is recognised in profit or loss and included in administrative expenses. The useful lives and amortisation method are reviewed, and adjusted if appropriate, at the end of each reporting period. Amortisation is provided on a straight-line basis over their useful lives as follows:

Metaverse technology	5 years
Software platforms	5 years
Reacquired rights	2 years

(ii) Internally generated intangible assets (research and development costs)

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to sell the product;
- sale of the product will generate future economic benefits; and
- expenditure on the project can be measured reliably.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(g) Intangible assets (other than goodwill) (Continued)

(ii) Internally generated intangible assets (research and development costs) (Continued)

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed. The amortisation expense is recognised in profit or loss and included in selling and administrative expenses.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in profit or loss as incurred.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iv) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(h) Impairment of assets (other than financial assets)

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment (including right-of-use assets);
- investment properties;
- intangible assets with finite lives (other than goodwill); and
- investments in subsidiaries

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(h) Impairment of assets (other than financial assets) (Continued)

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Value in use is based on the estimated future cash flows expected to be derived from the asset, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the impairment loss is treated as a revaluation decrease under that HKFRS. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the reversal of the impairment loss is treated as a revaluation increase under that HKFRS.

(i) Financial instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(i) Financial instruments (Continued)

(i) Financial assets (Continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There is one measurement category into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. All the Group's other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit loss ("ECLs") on trade and bills receivables, contract assets and financial assets measured at amortised cost. The ECLs are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and

- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(i) Financial instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group measured loss allowances for trade and bills receivables and contract assets using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other financial assets at amortised cost, ECLs are based on lifetime ECLs except when there has not been a significant increase in credit risk since initial recognition, in which case the allowance will be based on the 12-month ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and geographical location of the debtor.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(i) Financial instruments (Continued)

(ii) Impairment loss on financial assets (Continued)

The Group considers a financial asset to be credit-impaired when:

- the debtor is in significant financial difficulty;
- a breach of contract, such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(i) Financial instruments (Continued)

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. All the Group's financial liabilities are at amortised costs which are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(j) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in-first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(k) Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

(i) provides all of the benefits received and consumed simultaneously by the customer;

(ii) creates or enhances an asset that the customer controls as the Group performs; or

(iii) does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(k) Revenue recognition (Continued)

Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method.

For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Provision of system integration and cyber security services

The Group provides system integration and cyber security services based on contracts entered into with customers before the commencement of the system integration or cyber security projects (the "Projects"). The Projects involve the Group to source and integrate suitable hardware and software components and configure them into a compatible system in accordance with the requirements of the customers. Such projects comprise a single performance obligation because the project implementation by the Group to deliver the required system specified by the customers involve a number of processes each of which are highly interdependent and highly interrelated to each other. Since the project implementation is carried out in the customers' sites, the customers have control over the projects. These contracts therefore satisfy the criteria for category (ii) for recognising revenue over time during the project implementation. Accordingly, the revenue generated from the Projects is recognised over time using the input method (i.e. percentage of completion is established by reference to the costs incurred up to the reporting date as compared to the total costs to be incurred under the contracts except where this would not be representative of the stage of completion). The directors of the Company consider that input method would faithfully depict the Group's performance towards complete satisfaction of these performance obligations under HKFRS 15.

Contract costs incurred comprise cost of hardware and software sourced from outside vendors, engineer cost and other costs of personnel directly engaged in the contracts and where applicable subcontracting cost and attributable overheads.

For warranty included in the system integration contracts, the Group accounts for the warranty in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets unless the warranty provides the customer with a service in addition to the assurance that the system integration work complies with the agreed-upon specifications.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(k) Revenue recognition (Continued)

Provision of system integration and cyber security services (Continued)

If at any time the unavoidable costs of meeting contractual obligations are estimated to exceed the remaining amount of the economic benefits expected to be received under the contract, then a provision is recognised in accordance with the policy set out in "Onerous contracts" below.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Provision of maintenance services

The Group provides maintenance services based on contracts entered with customers. Under the terms of the contracts, the customers simultaneously receive and consume the benefits as and when the Group provides these services. Accordingly, the Group recognises revenue from maintenance services over time on a straight-line basis over the terms of the maintenance contracts.

Contract assets and liabilities

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(k) Revenue recognition (Continued)

Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

(l) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income tax.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill not deductible for tax purposes and initial recognition of assets and liabilities that are not part of the business combination which affect neither accounting nor taxable profits and does not give rise to equal taxable and deductible temporary difference, taxable temporary differences arising on investments in subsidiaries, where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised, provided that the deductible temporary differences are not arises from initial recognition of assets and liabilities in a transaction other than in a business combination that affects neither taxable profit nor the accounting profit. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period, and reflects any uncertainty related to income taxes.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(l) Income taxes (Continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

(m) Foreign currency

Transactions entered into by Group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. HK$) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(n) Employee benefits

Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

Defined contribution retirement plans

The employees of Global Telecom are required to participate in a National Pension Scheme which is a defined contribution plan operated by the local municipal government. The contributions are charged to profit or loss as they become payable in accordance with the rules of the National Pension Scheme.

Future Data Limited ("Future Data") and Maximus (Hong Kong) Consulting Limited ("Maximus (HK)") (together the "Hong Kong subsidiaries") operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Company in an independently administered fund. The Hong Kong subsidiaries' employer contributions vest fully with the employees when contributed into the MPF Scheme.

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees. For forfeited contributions that are not vest fully, if any, may be used to reduce the existing level of contributions.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(n) Employee benefits (Continued)

Defined benefit plan

In addition to the contributions under the National Pension Scheme, Global Telecom operates a defined benefit plan covering its employees in Korea. The cost of providing benefits is determined using the projected unit credit method. Remeasurements of the net defined benefit liability, which include actuarial gains and losses and the return on plan assets (excluding interest) are recognised immediately in other comprehensive income. The net interest expense on the net defined benefit liability is determined by applying the discount rate used to measure the defined benefit obligations at the beginning of the annual period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and service cost are recognised in profit or loss.

The amount recognised in the consolidated statement of financial position represents the present value of the defined benefit obligations as reduced by the fair value of plan assets.

(o) Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at the fair value (excluding the effect of non-market based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Equity-settled share-based payments to directors and employees are measured at the fair value (excluding the effect of non-market based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

(p) Cash and cash equivalents

Cash and cash equivalents include cash at banks and in hand and bank deposits with an original maturity of three months or less.

4. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(q) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable and the amounts are included in other income.

(r) Share capital

Ordinary shares are classified as equity. Share capital is determined using the nominal value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

(s) Borrowing costs

Borrowing costs, other than those directly attributable to the acquisition, construction or production of qualifying assets, are recognised in profit or loss in the period in which they are incurred.

(t) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reliably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(u) Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Contracts for system integration and cyber security services

Revenue from contracts for system integration and cyber security services are recognised under the input method which requires estimation made by management. The Group's management estimates the contract costs, outcome and expected cost to complete the contacts based on the budgets prepared for the contracts. Because of the nature of the activities, management reviews and revises the estimates of both contract outcome and expected costs to complete in the budget prepared for each contract as the contract progresses. Any revisions to estimates of contract outcome and expected costs to completion would affect contract revenue recognition. Should expected costs to complete exceed contract revenue, a provision for contract loss would be recognised.

Estimated impairment of trade and other receivables and contract assets

The impairment allowances for trade and other receivables and contract assets are based on assumptions about risk of default and ECLs rates. The Group adopts judgement in making these assumptions and selecting inputs for computing such impairment loss, broadly based on the available customers' historical data, existing market conditions including forward looking estimates at the end of each reporting period.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Estimated current tax and deferred tax

Significant judgement is required in determining the amount of the provision for tax and the timing of payment of the related tax. Where the final tax outcomes are different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the periods in which such determination is made.

6. 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 profit or loss and other 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.

6. SEGMENT INFORMATION (CONTINUED)

The segment results are as follows:

(a) Business segments

For the year ended 31 December 2023

	System integration HK$'000	Maintenance services HK$'000	Cyber security services HK$'000	Total HK$'000
Total segments revenue	301,375	152,356	37,277	491,008
Inter-segment revenue	–	–	(9,000)	(9,000)
Revenue from external customers	301,375	152,356	28,277	482,008
Gross profit/segment results	23,973	29,133	7,220	60,326
Other income				4,001
Provision for impairment of trade receivables, net				(754)
Impairment of goodwill				(7,534)
Selling and administrative expenses				(74,049)
Finance costs				(3,030)
Loss before income tax				(21,040)
Income tax credit				1,926
Loss for the year				(19,114)

6. SEGMENT INFORMATION (CONTINUED)

(a) Business segments (Continued)

For the year ended 31 December 2022

	System integration HK$'000	Maintenance services HK$'000	Cyber security services HK$'000	Total HK$'000
Total segments revenue	427,481	159,964	35,236	622,681
Inter-segment revenue	–	–	(5,040)	(5,040)
Revenue from external customers	427,481	159,964	30,196	617,641
Gross profit/segment results	21,787	29,670	6,864	58,321
Other income				2,855
Reversal of impairment of trade receivables, net				761
Selling and administrative expenses				(63,073)
Finance costs				(1,317)
Loss before income tax				(2,453)
Income tax expense				(1,516)
Loss for the year				(3,969)

6. SEGMENT INFORMATION (CONTINUED)

(b) Geographical information

The following table provides an analysis of the Group's revenue from external customers and non-current assets excluding other financial assets, rental and other deposits, defined benefit assets and deferred tax assets ("specified non-current assets").

	Revenue from external customers (by customers location)		Specified non-current assets	
	2023 HK$'000	2022 HK$'000	2023 HK$'000	2022 HK$'000
Hong Kong	28,277	30,196	32,552	13,246
Korea	453,731	587,445	27,582	52,321
	482,008	617,641	60,134	65,567

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.

(c) Revenue from major customers

Revenue from major customer who have individually contributed to 10% or more of the total revenue of the Group are disclosed as follow:

	2023 HK$'000	2022 HK$'000
System integration and maintenance services segment Customer a	62,624	*

* This customer individually contributed less than 10% of the total revenue from the Group's system integration, maintenance services and cyber security services segment during the year ended 31 December 2022.

7. 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 2023 and 2022 were as follows:

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

	2023 HK$'000	2022 HK$'000
Revenue from customers and recognised over time		
– Contract revenue from provision of system integration	301,375	427,481
– Contract revenue from provision of maintenance services	152,356	159,964
– Contract revenue from provision of cyber security services	28,277	30,196
	482,008	617,641

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 receivables, contract assets and contract liabilities from contracts with customers:

	2023 HK$'000	2022 HK$'000
Trade receivables (net of impairment) (note 22)	44,309	107,290
Contract assets (note 23(a))	7,684	6,150
Contract liabilities (note 23(b))	13,594	21,894

7. REVENUE (CONTINUED)

(b) Disaggregation of revenue

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

	2023				2022			
	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 services								
– Cloud infrastructure	294,730	148,168	–	442,898	321,627	154,321	–	475,948
– Security	6,645	4,188	28,277	39,110	105,854	5,643	30,196	141,693
Total revenue from contracts with customers	301,375	152,356	28,277	482,008	427,481	159,964	30,196	617,641
Type of customers								
– Public sector	143,458	122,377	–	265,835	121,137	115,337	–	236,474
– Private sector	157,917	29,979	28,277	216,173	306,344	44,627	30,196	381,167
Total revenue from contracts with customers	301,375	152,356	28,277	482,008	427,481	159,964	30,196	617,641
Contract duration								
– Within 12 months	265,379	59,701	25,477	350,557	397,675	96,722	26,451	520,848
– Over 12 months but less than 24 months	32,637	28,816	1,142	62,595	29,691	34,776	1,426	65,893
– Over 24 months	3,359	63,839	1,658	68,856	115	28,466	2,319	30,900
Total revenue from contracts with customers	301,375	152,356	28,277	482,008	427,481	159,964	30,196	617,641

(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:

	2023 HK$'000	2022 HK$'000
Provision of system integration	101,159	81,088
Provision of maintenance services	86,321	67,320
Provision of cyber security services	15,227	13,291
	202,707	161,699

7. REVENUE (CONTINUED)

(c) Transaction price allocated to the remaining performance obligations (Continued)

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$202,707,000 (2022: HK$161,699,000) allocated to the contracts under system integration, maintenance services and cyber security services as at 31 December 2023 will be recognised as revenue on or before 31 December 2026 (2022: on or before 28 February 2026).

8. OTHER INCOME

	2023 HK$'000	2022 HK$'000
Interest income	610	601
Fair value gain on other financial assets	108	115
Gain on disposal of investment properties	2,202	–
Gain on disposal of property, plant and equipment	660	160
Miscellaneous gains	421	1,979
	4,001	2,855

9. FINANCE COSTS

	2023 HK$'000	2022 HK$'000
Interest on borrowings	2,760	1,207
Interest on lease liabilities (note 30(c))	270	110
	3,030	1,317

10. LOSS BEFORE INCOME TAX

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

	2023 HK$'000	2022 HK$'000
Cost of inventories recognised as expenses	306,211	448,747
Provision for/(reversal of) impairment of inventories	1,579	(545)
Employee costs (note 11)	93,343	86,774
Depreciation charge (note 16):		
– Owned property, plant and equipment	2,501	1,940
– Right-of-use assets	1,743	2,635
	4,244	4,575
Depreciation of investment properties (note 17)	223	37
Amortisation of intangible assets (note 18)	1,731	2,916
Auditor's remuneration		
– Audit services	1,100	1,200
– Non-audit services	100	150
	1,200	1,350
Research and development costs	5,174	4,869
Subcontracting costs	59,748	54,534
Provision for/(reversal of) impairment of trade receivables, net (note 42(a))	754	(761)
Interest on lease liabilities (note 9)	270	110
Net loss on disposal of other financial assets	–	61
Fair value gain on other financial assets (note 8)	(108)	(115)
Net loss on foreign exchange	1,773	1,892
Loss/(gain) on lease modifications	3	(5)
Short-term leases expenses (note 30(c))	427	342
Low-value assets leases expenses (note 30(c))	370	20

Research and development costs included employee costs of approximately HK$2,833,000 (2022: HK$2,896,000) for the year ended 31 December 2023 as disclosed above.

11. EMPLOYEE BENEFITS EXPENSE

	2023 HK$'000	2022 HK$'000
Employee costs (including directors) comprise:		
Wages and salaries		
– Charged to profit or loss	76,460	74,112
Contributions to defined contribution retirement plans	2,420	2,425
Defined benefit costs (note 29)	3,501	4,620
Equity-settled share-based payments	3,542	–
Other benefits	7,420	5,617
	93,343	86,774

12. INCOME TAX (CREDIT)/EXPENSE

The amount of taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2023 HK$'000	2022 HK$'000
Current tax – Korea		
Provision for the year	1,735	2,224
Overprovision in prior years	(3,641)	–
	(1,906)	2,224
Deferred tax (note 28)		
Korea	(648)	(427)
Hong Kong	628	(281)
	(20)	(708)
Income tax (credit)/expense	(1,926)	1,516

12. INCOME TAX (CREDIT)/EXPENSE (CONTINUED)

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 9.9% to 23.1% (2022: 11% to 24.2%) on the estimated assessable profit of Global Telecom derived worldwide during the year ended 31 December 2023. The Korea Corporate Income Tax rates applicable to Global Telecom for the year ended 31 December 2023 are as follows:

- 9.9% (2022: 11%) on assessable profit up to the first KRW200 million (equivalent to approximately HK$1.2 million for the year ended 31 December 2023 (2022: KRW200 million (equivalent to approximately HK$1.2 million).

- 20.9% (2022: 22%) on assessable profit in excess of KRW200 million (equivalent to approximately HK$1.2 million) for the year ended 31 December 2023 (2022: KRW200 million (equivalent to approximately HK$1.2 million)) and up to KRW20 billion (equivalent to approximately HK$119.8 million) for the year ended 31 December 2023 (2022: KRW20 billion (equivalent to approximately HK$121.3 million)); and

- 23.1% (2022: 24.2%) on assessable profit in excess of KRW20 billion (equivalent to approximately HK$119.8 million for the year ended 31 December 2023 (2022: KRW20 billion (equivalent to approximately HK$121.3 million)).

The Hong Kong subsidiaries 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 Hong Kong subsidiaries 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.

12. INCOME TAX (CREDIT)/EXPENSE (CONTINUED)

The income tax (credit)/expense for the year can be reconciled to the loss before income tax expense in the consolidated statement of profit or loss and other comprehensive income as follows:

	2023 HK$'000	2022 HK$'000
Loss before income tax	(21,040)	(2,453)
Tax thereon at domestic rates applicable to profit or loss in the jurisdictions concerned	(2,009)	420
Tax effect of expenses not deductible for tax purposes	3,204	1,641
Tax effect of revenue not taxable for tax purposes	(21)	–
Tax effect of temporary differences not recognised	(158)	(129)
Tax effect of tax losses not recognised	1,023	317
Utilisation of tax losses previously recognised	–	121
Withholding tax on dividend declared by a subsidiary	–	(186)
Overprovision in prior years	(3,641)	–
Tax credit	(709)	(916)
Others	385	248
Income tax (credit)/expense	(1,926)	1,516

13. DIVIDENDS

The directors do not recommend the payment of a final dividend for the years ended 31 December 2023 and 2022.

14. BASIC AND DILUTED LOSS PER SHARE

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

	2023 HK$'000	2022 HK$'000
Loss		
Loss for the year attributable to owners of the Company	(16,367)	(3,346)

	2023 Number '000	2022 Number '000
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating diluted loss per share	492,931	431,891

The computation of diluted loss per share did not assume the exercise of the Company's outstanding share options as the exercise price of those share options was higher than the average market price for shares for the year ended 31 December 2023. Diluted loss per share was the same as the basic loss per share for the year ended 31 December 2023.

There were no dilutive potential ordinary shares for the year ended 31 December 2022. Diluted loss per share was the same as the basic loss per share for the year ended 31 December 2022.

15. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

Directors' emoluments are disclosed as follows:

For the year ended 31 December 2023

	Note	Fees HK$'000	Basic salaries, allowances and other benefits in kind HK$'000	Contribution to pension schemes HK$'000	Discretionary bonuses HK$'000	Share-based payments HK$'000	Total emoluments HK$'000
Executive directors:							
Mr. Lee Seung Han	(vi)	–	2,092	123	3	–	2,218
Mr. Tao Guolin		560	–	–	–	–	560
Ms. Tao		580	–	–	–	–	580
Mr. Cheung Ting Pong	(iii)	896	304	–	–	1,590	2,790
Total		2,036	2,396	123	3	1,590	6,148
Independent non-executive directors:							
Mr. Chan Kin Ming		120	–	–	–	–	120
Mr. Lam Chi Cheung Albert		120	–	–	–	–	120
Mr. Leung Louis Ho Ming	(v)	75	–	–	–	–	75
Mr. Yu Wing Chung	(iv)	45	–	–	–	–	45
Total		360	–	–	–	–	360

15. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

(a) Directors' emoluments (Continued)

For the year ended 31 December 2022

	Note	Fees HK$'000	Basic salaries, allowances and other benefits in kind HK$'000	Contribution to pension schemes HK$'000	Discretionary bonuses HK$'000	Total emoluments HK$'000
Executive directors:						
Mr. Suh Seung Hyun	(i)	–	1,679	131	6	1,816
Mr. Phung Nhuong Giang	(i)	–	1,000	–	480	1,480
Mr. Lee Seung Han	(vi)	–	2,137	162	6	2,305
Mr. Ryoo Seong Ryul	(i)	–	831	71	6	908
Mr. Tao Guolin		720	–	–	–	720
Ms. Tao	(i)	200	–	–	–	200
Total		920	5,647	364	498	7,429
Independent non-executive directors:						
Mr. Chan Kin Ming	(ii)	20	–	–	–	20
Mr. Lam Chi Cheung Albert	(ii)	20	–	–	–	20
Mr. Yu Wing Chung	(ii)	20	–	–	–	20
Mr. Wong Sik Kei	(ii)	110	–	–	–	110
Mr. Sum Chun Ho	(ii)	110	–	–	–	110
Mr. Yung Kai Tai	(ii)	110	–	–	–	110
Total		390	–	–	–	390

15. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

(a) Directors' emoluments (Continued)

Notes:

(i) Mr. Suh Seung Hyun, Mr. Phung Nhuong Giang and Mr. Ryoo Seong Ryul have resigned from office as executive directors of the Company and Ms. Tao has been appointed as an executive director of the Company on 31 October 2022.

(ii) Mr. Wong Sik Kei, Mr. Sum Chun Ho and Mr. Yung Kai Tai have resigned as independent non-executive directors of the Company and Mr. Chan Kin Ming, Mr. Lam Chi Cheung Albert and Mr. Yu Wing Chung have been appointed to fill up the vacancy on 31 October 2022.

(iii) Mr. Cheung Ting Pong has been appointed as an executive director of the Company on 16 May 2023.

(iv) Mr. Yu Wing Chung has resigned from office as an independent non-executive director of the Company on 16 May 2023.

(v) Mr. Leung Louis Ho Ming has been appointed as an independent non-executive director of the Company on 16 May 2023.

(vi) Mr. Lee Seung Han is also the chief executive of the Company and his emoluments disclosed above included those for services rendered by him as chief executive.

(vii) Salaries, allowances and other benefits paid to or for the executive directors are generally emoluments in respect of those persons' other services in connection with the management of the affairs of the Company and its subsidiaries.

(b) Directors' termination benefits

None of the directors of the Company received any termination benefits during the year ended 31 December 2023 (2022: Nil).

(c) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2023, the Company did not pay considerations to any third parties for making available directors' services (2022: Nil).

(d) Directors' material interests in transactions, arrangements and contracts

No significant transactions, arrangements and contracts to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2022: Nil).

15. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

Five highest paid individuals

For the year ended 31 December 2023, the five individuals whose emoluments were the highest in the Group include 2 (2022: 4) directors. The emoluments paid to the remaining 3 (2022:1) individuals are as follows:

	2023 HK$'000	2022 HK$'000
Salaries and other benefits	4,438	1,730
Contribution to pension schemes	259	18
	4,697	1,748

The emoluments of the above individuals with the highest emoluments are within the following bands:

	2023 Number of individuals	2022 Number of individuals
HK$1,000,001 to HK$1,500,000	2	–
HK$1,500,001 to HK$2,000,000	–	1
HK$2,000,001 to HK$2,500,000	1	–

No emoluments were paid or payable by the Group to these employees or directors as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, none of the directors waived or agreed to waive any emoluments during the year (2022: Nil).

15. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

Senior management emoluments

Emoluments paid or payable to members of senior management who are not directors were within the following bands:

	2023 Number of individuals	2022 Number of individuals
Nil to HK$1,000,000	1	5
HK$1,000,001 to HK$1,500,000	–	1
HK$1,500,001 to HK$2,000,000	–	1

16. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets HK$'000	Freehold land and buildings HK$'000	Leasehold improvements HK$'000	Equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost							
At 1 January 2022	10,301	–	1,346	14,974	873	1,540	29,034
Additions	4,421	31,617	558	1,014	204	800	38,614
Disposals	–	–	–	(43)	–	(1,014)	(1,057)
Effect of lease modifications	(345)	–	–	–	–	–	(345)
Exchange realignment	(449)	637	(34)	(808)	(26)	(90)	(770)
At 31 December 2022 and 1 January 2023	13,928	32,254	1,870	15,137	1,051	1,236	65,476
Additions	1,519	265	1,866	287	344	1,708	5,989
Disposals	–	(9,557)	(498)	(945)	(310)	(405)	(11,715)
Effect of lease modifications	161	–	–	–	–	–	161
Exchange realignment	(210)	(895)	(4)	(363)	(11)	(35)	(1,518)
At 31 December 2023	15,398	22,067	3,234	14,116	1,074	2,504	58,393
Accumulated depreciation							
At 1 January 2022	7,153	–	949	11,453	597	1,540	21,692
Charge for the year	2,635	80	164	1,414	170	112	4,575
Written back on disposals	–	–	–	(43)	–	(1,014)	(1,057)
Effect of lease modifications	(116)	–	–	–	–	–	(116)
Exchange realignment	(290)	2	(10)	(595)	(14)	(105)	(1,012)
At 31 December 2022 and 1 January 2023	9,382	82	1,103	12,229	753	533	24,082
Charge for the year	1,743	477	557	1,087	165	215	4,244
Written back on disposals	–	(170)	(291)	(679)	(310)	(405)	(1,855)
Effect of lease modifications	(4)	–	–	–	–	–	(4)
Exchange realignment	(180)	–	(7)	(301)	(8)	(16)	(512)
At 31 December 2023	10,941	389	1,362	12,336	600	327	25,955
Carrying amount							
At 31 December 2023	4,457	21,678	1,872	1,780	474	2,177	32,438
At 31 December 2022	4,546	32,172	767	2,908	298	703	41,394

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Note:

As the 31 December 2023, the Group's freehold land and buildings consist of total 5 (2022: 7) office units, in relation to properties located at Think Factory Industrial Cluster Dangsan, Seoul, South Korea, to be occupied by the Group in the ordinary course of business.

The construction of the 7 office units were completed on 25 October 2022 and the ownership has been transferred to the Group on 10 November 2022. Accordingly, an addition of HK$31,617,000, which comprise deposits previously paid for acquisition of these properties of HK$30,788,000 and transaction cost of HK$829,000, was capitalised during the year ended 31 December 2022.

On 15 December 2023, Global Telecom, an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Leehanns Co., Ltd., an independent third party, pursuant to which Global Telecom agreed to sell to Leehanns Co., Ltd. two office units located at #A-1309 and #A-1310 of Think Factory Industrial Cluster Dangsan, Seoul, South Korea, at a consideration of KRW1,668,155,000 (approximately of HK$10,047,000).

RIGHT-OF-USE ASSETS

	Properties leased for own use HK$'000	Motor vehicles HK$'000	Total HK$'000
At 1 January 2022	2,090	1,058	3,148
Additions	3,525	896	4,421
Depreciation (note 30(c))	(2,271)	(364)	(2,635)
Effect of lease modifications	–	(229)	(229)
Exchange realignment	(106)	(53)	(159)
At 31 December 2022 and 1 January 2023	3,238	1,308	4,546
Additions	884	635	1,519
Depreciation (note 30(c))	(1,234)	(509)	(1,743)
Effect of lease modifications	165	–	165
Exchange realignment	2	(32)	(30)
At 31 December 2023	3,055	1,402	4,457

17. INVESTMENT PROPERTIES

	2023 HK$'000	2022 HK$'000
At 1 January	14,780	–
Additions	–	14,525
Depreciation	(223)	(37)
Disposals	(14,098)	–
Exchange realignment	(459)	292
At 31 December	–	14,780

On 15 December 2023, Global Telecom entered into a sale and purchase agreement with Leehanns Co., Ltd., an independent third party, pursuant to which Global Telecom agreed to sell and Leehanns Co., Ltd agreed acquire one office unit from Global Telecom, in relation to properties located at #A-L152 of Think Factory Industrial Cluster Dangsan, Seoul, South Korea at a consideration of KRW368,919,000 (approximately of HK$2,222,000).

On the same day, Global Telecom entered into another sale and purchase agreement with i-Cloud Co., Ltd., an independent third party, pursuant to which Global Telecom agreed to sell and i-Cloud Co., Ltd. agreed to acquire three office units from Global Telecom, in relation to properties located at #A-1311, #A-1312 and #A-1313, of Think Factory Industrial Cluster Dangsan, Seoul, South Korea, at a consideration of KRW2,337,352,000 (approximately of HK$14,078,000).

18. INTANGIBLE ASSETS

	Metaverse technology (note (iii)) HK$'000	Reacquired right of software HK$'000	Software platforms (notes (i) and (ii)) HK$'000	Total HK$'000
Cost				
At 1 January 2022, 31 December 2022 and 1 January 2023	–	1,950	20,268	22,218
Arising on acquisition of a subsidiary (note 32)	11,148	–	–	11,148
At 31 December 2023	11,148	1,950	20,268	33,366
Accumulated amortisation and impairment				
At 1 January 2022	–	1,550	16,578	18,128
Amortisation for the year	–	400	2,516	2,916
At 31 December 2022 and 1 January 2023	–	1,950	19,094	21,044
Amortisation for the year	557	–	1,174	1,731
At 31 December 2023	557	1,950	20,268	22,775
Carrying amount				
At 31 December 2023	10,591	–	–	10,591
At 31 December 2022	–	–	1,174	1,174

Notes:

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

(ii) As at 31 December 2023, an accumulated impairment of HK$911,000 (2022: HK$911,000) 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.

(iii) Metaverse technology refers to the metaverse platform and related cloud computing technologies arising on acquisition of Prosper Long Limited, a non-wholly owned subsidiary of the Company, during the year ended 31 December 2023 and the amortisation period of metaverse technology is 5 years.

19. GOODWILL

	2023 HK$'000	2022 HK$'000
Cost		
At 1 January	7,534	7,534
Arising on acquisitions of subsidiaries (note 32)	15,966	–
At 31 December	23,500	7,534
Accumulated impairment loss		
At 1 January	–	–
Impairment loss	7,534	–
At 31 December	7,534	–
Carrying amount	15,966	7,534

Impairment testing on goodwill

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

	2023 HK$'000	2022 HK$'000
Provision of cyber security services in Hong Kong by Maximus Group Consulting Limited (the "Cyber Security CGU")	7,534	7,534
Provision of digital assets related services by Hunter Digital Limited (the "Digital Assets CGU")	775	–
Provision of Metaverse related services by Prosper Long Limited (the "Metaverse CGU")	15,191	–
	23,500	7,534

19. GOODWILL (CONTINUED)

Impairment testing on goodwill (Continued)

The recoverable amount of respective CGU has been determined from value in use calculations based on cash flow projections from formally approved budgets covering a five-year period. The pre-tax discount rates and long-term growth rates applied for CGUs that are material to the Group are as below:

	Metaverse CGU %	Cyber Security CGU %
2023		
Discount rate (pre-tax)	19.81	12.10
Long-term growth rate (note)	3.00	3.00
2022		
Discount rate (pre-tax)	–	12.70
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 respective CGU. Long-term growth rates beyond the first five years are based on economic data pertaining to the region concerned which is estimated by the directors of the Company based on past performance of the CGU and their expectations of market development and the rate does not exceed the average long-term growth rate for the relevant markets. Forecast sales growth rates and operating profits are based on past experience adjusted for the strategic decisions made in respect of the CGU.

As at 31 December 2023, the carrying amount of goodwill of HK$7,534,000 was allocated to Cyber Security CGU. Due to the slowdown of cyber security business in Hong Kong, the Group has revised its cash flow forecasts for this CGU and it has been reduced to its recoverable amount of HK$399,000. The carrying value of this CGU exceeded its recoverable amount by HK$7,534,000 and therefore an impairment loss on goodwill of HK$7,534,000 is recognised.

As at 31 December 2023, the carrying amount of goodwill of HK$15,191,000 was allocated to Metaverse CGU. The recoverable amount calculated based on value in use exceeded carrying value by HK$1,769,000, and hence the goodwill allocated to this CGU was not regarded as impaired.

19. GOODWILL (CONTINUED)

Impairment testing on goodwill (Continued)

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 Metaverse CGU as of the dates indicated.

The headroom (the recoverable amount of the CGU would exceed the carrying amount of the CGU) has been presented as of the end of each year by applying a 1% increase or decrease in long-term growth rate and pre-tax discount rate. Although none of the hypothetical fluctuation ratios applied in this sensitivity analysis equals actual historical fluctuations, the directors of the Company 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, and therefore it does not take into account the correlation between the key assumptions.

	Metaverse CGU 2023 HK$'000
Long-term growth rate (decrease)/increase	
(1)%	(1,192)
1%	1,343
Pre-tax discount rate (decrease)/increase	
(1)%	1,993
1%	(1,759)

20. OTHER FINANCIAL ASSETS – NON-CURRENT

	2023 HK$'000	2022 HK$'000
Financial assets measured at FVTPL		
– Unlisted equity securities	4,412	4,416

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

	2023 HK$'000	2022 HK$'000
Korea Software Financial Cooperative ("KSFC")	4,376	4,379
Korea Broadcasting & Communication Financial Cooperative ("KBCFC")	36	37
	4,412	4,416

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.

20. OTHER FINANCIAL ASSETS – NON-CURRENT (CONTINUED)

As at 31 December 2023, KSFC provided the following guarantees on behalf of Global Telecom:

	2023 HK$'000	2022 HK$'000
Description of guarantees which are related to projects of Global Telecom		
– Bidding guarantees	1,743	34
– Contract guarantees	39,874	41,022
– Defect guarantees	17,781	20,026
– Prepayment guarantees	29,346	55,892
	88,744	116,974

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 statements.

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 2023 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 2023. 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.

21. INVENTORIES

	2023 HK$'000	2022 HK$'000
Hardware and software	3,327	12,675

During the year ended 31 December 2023, a provision of impairment of HK$1,579,000 (2022: reversal of impairment of HK$545,000) made against the carrying value of inventories.

22. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2023 HK$'000	2022 HK$'000
Trade receivables	59,860	122,466
Less: Provision for impairment	(15,551)	(15,176)
Trade and bills receivables, net (note (a))	44,309	107,290
Accrued interest	100	33
Rental and other deposits	9,327	3,587
Other receivables	521	264
Total trade and other receivables (note (b))	54,257	111,174
Prepayments (note (c))		
– Non-current	2,070	685
– Current	4,565	5,273
	6,635	5,958

22. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

Notes:

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

	2023 HK$'000	2022 HK$'000
0 to 90 days	39,117	102,855
91 to 180 days	4,490	2,095
181 to 365 days	311	2,256
1 to 2 years	391	84
	44,309	107,290

(b) The Group recognised impairment, if any, of trade and bills receivables and other receivables for the years ended 31 December 2023 and 2022 based on the accounting policy stated in note 4(i). Further details are set out in note 42(a).

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

23. CONTRACT ASSETS/CONTRACT LIABILITIES

(a) Contract assets

	2023 HK$'000	2022 HK$'000
Contract assets		
Arising from performance under		
– system integration	6,656	2,824
– cyber security services	1,028	3,326
	7,684	6,150

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.

23. CONTRACT ASSETS/CONTRACT LIABILITIES (CONTINUED)

(a) Contract assets (Continued)

Contract assets are related to unbilled work in progress which have substantially the same characteristics as the trade and bills receivables for the same types of contract.

The Group has concluded that the ECLs rate for trade and bills 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 amount of ECLs of contract assets is assessed to be minimal.

No impairment loss has been recognised on contract assets for the years ended 31 December 2023 and 2022 based on the accounting policy stated in note 4(i). Further details are set out in note 42(a).

(b) Contract liabilities

	2023 HK$'000	2022 HK$'000
Contract liabilities		
Billings in advance of performance under system integration	3,823	13,140
Billings in advance of performance under cyber security services	9,771	8,754
	13,594	21,894

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

	2023 HK$'000	2022 HK$'000
Movements in contract liabilities		
At 1 January	21,894	34,120
Decrease as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(20,829)	(26,799)
Increase as a result of billing in advance of revenue recognition of system integration and cyber security services	12,930	16,044
Exchange realignment	(401)	(1,471)
At 31 December	13,594	21,894

24. TRADE AND OTHER PAYABLES

	2023 HK$'000	2022 HK$'000
Trade payables	48,899	93,318
Accruals and other payables	11,826	14,573
Advance receipts	295	393
Value-added tax payables	6,452	8,371
	67,472	116,655

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:

	2023 HK$'000	2022 HK$'000
0 to 30 days	44,441	79,340
31 to 60 days	2,967	1,941
61 to 90 days	240	1,241
91 to 180 days	695	9,559
181 to 365 days	26	370
Over 1 year	530	867
	48,899	93,318

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.

25. LOANS FROM SHAREHOLDERS

	2023 HK$'000	2022 HK$'000
Current	–	5,000
Non-current	5,648	14,684
Total loans from shareholders	5,648	19,684

25. LOANS FROM SHAREHOLDERS (CONTINUED)

Terms of loans from shareholders denominated in respective original currency are as follows:

2023

Terms of loan/ name of shareholder	Mr. Phung (notes (a) and (c))
Loan amount:	US$700,000
Repayment term:	On 2 January 2025
Interest rate:	3.88% per annum
Security:	Unsecured

2022

Terms of loan/ name of shareholder	Mr. Phung (notes (a) and (c))	Mr. Tao (notes (b) and (c))	Ms. Tao (notes (b) and (c))
Loan amount:	US$600,000	HK$5,000,000	HK$10,000,000
Repayment term:	On 2 January 2025	On 29 November 2023	On 11 December 2024
Interest rate:	3.88% per annum	Interest-free	Interest-free
Security:	Unsecured	Unsecured	Unsecured

Notes:

(a) Future Data has entered into a loan agreement dated 30 November 2022 with Mr. Phung, one of the shareholders and predecessor executive director of the Company, pursuant to which Mr. Phung agreed to provide Future Data a loan for the purpose of supporting Future Data's business development.

As at 31 December 2023, the Company has drawn down total amount of US$700,000 (equivalent to HK$5,468,000).

(b) The Company has entered into two loan agreements dated 18 November 2021 and 6 December 2022 with Mr. Tao and Ms. Tao respectively, the shareholders and executive directors of the Company, pursuant to which Mr. Tao and Ms. Tao agreed to provide the Company a loan for the purpose of supporting the Group's business development. As at 31 December 2023, the carrying amount of loans from Mr. Tao and Ms. Tao amounted to Nil (2022: HK$15,000,000).

(c) The loans from shareholders/a shareholder constituted connected transactions under Chapter 20 of the GEM Listing Rules.

26. AMOUNT DUE TO A SHAREHOLDER/A SHAREHOLDER OF A SUBSIDIARY

The amount is unsecured, interest free, repayable on demand and constituted connected transactions under Chapter 20 of the GEM Listing Rules.

27. BANK BORROWINGS

	2023 HK$'000	2022 HK$'000
Current – unsecured:		
– Bank loans (note (b))	–	41,809

(a) Bank loans are carried at amortised cost.

(b) Details of the bank loans denominated in respective original currency are stated below:

	Amount	Interest rate	Repayable in
2022			
Bank A	KRW5,800,000,000	3 month CD[1] plus 1.23% per annum	November 2023
Bank A	US$321,277	SOFR[2] plus 1.48% per annum	September 2023
Bank B	US$432,539	SOFR[2] plus 0.75% per annum	March 2023

1. Certificate of Deposit ("CD")
2. Secured Overnight Financing Rate ("SOFR")

28. DEFERRED TAX ASSETS/(LIABILITIES)

Details of the deferred tax assets/(liabilities) recognised and movements during the current and prior years are as follows:

	Amortisation of intangible assets HK$'000	Accelerated tax depreciation HK$'000	Provision for impairment of trade receivables HK$'000	Provision for incentive bonus HK$'000	Provision for impairment of inventories HK$'000	Tax losses carried forward (note a) HK$'000	Undistributed profits of foreign operation (note b) HK$'000	Others HK$'000	Total HK$'000
At 1 January 2022	(675)	19	3,517	1,346	1,418	1,781	(660)	346	7,092
Credited/(charged) to profit or loss for the year (note 12)	481	(45)	(306)	(472)	(174)	(121)	660	685	708
Charged to equity for the year	–	–	–	–	–	–	–	(666)	(666)
Exchange realignment	–	(10)	(200)	(104)	(83)	–	–	13	(384)
At 31 December 2022	(194)	(36)	3,011	770	1,161	1,660	–	378	6,750
At 1 January 2023	(194)	(36)	3,011	770	1,161	1,660	–	378	6,750
Credited/(charged) to profit or loss for the year (note 12)	286	3	212	113	326	(918)	–	(2)	20
Credited to equity for the year	–	–	–	–	–	–	–	827	827
Acquisition of subsidiaries	(1,839)	–	–	–	–	–	–	–	(1,839)
Exchange realignment	–	(5)	(473)	(177)	(239)	–	–	15	(879)
At 31 December 2023	(1,747)	(38)	2,750	706	1,248	742	–	1,218	4,879

The following is the analysis of deferred tax balances for financial reporting purposes:

	2023 HK$'000	2022 HK$'000
Deferred tax assets	4,879	6,750

Notes:

(a) As at 31 December 2023, the Group had tax losses arising in Hong Kong of HK$4,497,000 (2022: HK$10,060,000) that are available indefinitely for offsetting against future taxable profits of the company in which the losses arose. Deferred tax assets of approximately HK$742,000 (2022: HK$1,660,000) have been recognised for tax losses arising from Future Data as management expects that availability of future profit streams is highly probable in the foreseeable future.

(b) According to Korean Corporate Income Tax, the Group is subject to a withholding tax at 22%, unless reduced by tax treaties or arrangements, for dividends distributed by a Korean enterprise to its immediate holding company outside Korea. Since, the Group controls the dividend policy of Global Telecom, deferred tax liability arising from the undistributed profits of Global Telecom is only provided to the extent that such profits are expected to be distributed in the foreseeable future.

28. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

As at 31 December 2023, deferred tax liability of HK$31,900,000 (2022: HK$30,400,000) has not been recognised on temporary differences relating to the remaining undistributed earnings of a foreign subsidiary in Korea because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

29. DEFINED BENEFIT OBLIGATIONS

The Group operates a defined benefit plan (the "Plan") under the Employee Retirement Benefit Security Act ("ERBSA") legislation covering the employees of Global Telecom. The Plan is administered by the independent trustee and the Plan assets are held separately from those of the Group. The Plan provides lump sum benefits when a member ceases employment with Global Telecom. The amount is based on a formula linking final average salary (averaged over three months) and years of service.

Global Telecom must carry out a funding valuation using a prescribed method each year and if the fair value of the plan assets is below 95% of the present value of defined benefit obligation which is the standard required reserve under ERBSA as at 31 December 2023 and 2022, Global Telecom must develop a financial stabilisation plan to make up the deficiency within three years.

The Plan exposes Global Telecom to actuarial risks, such as interest rate risk and longevity risk.

As a result of the Plan characteristics, Global Telecom does not use any asset-liability matching strategies involving annuities or other techniques.

The Plan is funded by contributions from the Group with reference to an independent actuary's recommendation based on annual actuarial valuation. The latest independent actuarial valuation of the Plan was as at 31 December 2023 and prepared by qualified staff of Towers Watson, who is a member of Society of Actuaries and a member of Institute of Actuaries of Korea, using the projected unit credit method. The actuarial valuations as at 31 December 2023 indicate that the Group's obligations under the Plan are approximately 102% (2022: 110%) covered by the Plan assets held by the trustee as at the respective reporting date.

29. DEFINED BENEFIT OBLIGATIONS (CONTINUED)

The amounts recognised in the consolidated statement of financial position are as follows:

	2023 HK$'000	2022 HK$'000
Present value of defined benefit obligations	35,177	30,661
Fair value of plan assets	(35,829)	(33,750)
Defined benefit assets as at 31 December	(652)	(3,089)

A portion of the above liability is expected to be settled after more than one year. However, it is not practicable to segregate this amount from the amounts payable in the next twelve months, as future contributions will also relate to future services rendered and future changes in actuarial assumptions and market conditions. The Group expects to pay approximately HK$5,089,000 in contributions to the Plan in 2024.

The Group's contributions for the year ended 31 December 2023 amounted to approximately HK$5,118,000 (2022: HK$4,926,000).

The principal financial assumptions used in the actuarial valuation as at 31 December 2023 for the purpose of the accounting disclosures were as follows:

	2023	2022
Discount rate	3.75%	5.25%
Rate of salary increase	6.00%	5.00%

For purpose of determining the defined benefit obligations, the following participant data has been applied as at 31 December 2023:

	2023	2022
Number of staff	181	142
Total annual plan salary	HK$54,481,000	HK$46,576,000
Average annual plan salary	HK$301,000	HK$328,000
Average age (count weighted)	40.99 years	41.13 years
Average credited services (count weighted)	4.09 years	4.62 years

29. DEFINED BENEFIT OBLIGATIONS (CONTINUED)

Amounts recognised in the consolidated statement of profit or loss and other comprehensive income in respect of the Plan are as follows:

	2023 HK$'000	2022 HK$'000
Current service costs	3,657	4,612
Administration costs	100	132
Interest on assets	(1,629)	(909)
Interest costs	1,373	785
Total amount recognised in profit or loss (note 11)	3,501	4,620
Actuarial loss/(gains) (net of tax) recognised in other comprehensive income	3,130	(2,360)
Total defined benefit costs	6,631	2,260

The current service costs, administration costs and the net interest on net defined benefit liability are recognised in the following line items in the consolidated statement of profit or loss and other comprehensive income:

	2023 HK$'000	2022 HK$'000
Cost of services	2,368	3,095
Selling and administrative expenses	1,133	1,525
	3,501	4,620

29. DEFINED BENEFIT OBLIGATIONS (CONTINUED)

Movements in the present value of the defined benefit obligations are as follows:

	2023 HK$'000	2022 HK$'000
At 1 January	30,661	37,630
Pension costs charged to profit or loss:		
Service costs	3,657	4,612
Net interest	1,373	785
Sub-total	35,691	43,027
Benefits paid	(3,221)	(6,691)
Actuarial changes arising from changes in financial assumptions	3,127	(3,202)
Actuarial changes arising from experience adjustments	331	(291)
Exchange realignment	(751)	(2,182)
At 31 December	35,177	30,661

The weighted average duration of the defined benefit obligations is 3.8 years (2022: 3.7 years).

Changes in the fair values of the Plan assets are as follows:

	2023 HK$'000	2022 HK$'000
At 1 January	33,750	37,303
Pension costs charged to profit or loss:		
Administrative costs	(100)	(132)
Net interest	1,629	909
Sub-total	35,279	38,080
Benefits paid	(3,221)	(6,691)
Actuarial changes arising from changes in financial assumptions	(499)	(467)
Contribution from employer	5,118	4,926
Exchange realignment	(848)	(2,098)
At 31 December	35,829	33,750

29. DEFINED BENEFIT OBLIGATIONS (CONTINUED)

The assets of the Plan are as follows:

	2023 HK$'000	2022 HK$'000
Term deposit	**35,829**	33,750

Sensitivity analysis on actuarial assumptions used in determining defined benefit obligations for the Plan as at 31 December 2023 are set out as follows:

	Percentage change	2023 HK$'000	2022 HK$'000
Discount rate	+0.25%/+1%	**(1,259)**	(1,041)
	-0.25%/-1%	**1,283**	1,060
Rate of salary increases	+0.25%/+1%	**1,428**	1,201
	-0.25%/-1%	**(1,408)**	(1,184)

The above sensitivity analysis is based on the assumption that changes in actuarial assumptions are not correlated and therefore it does not take into account the correlations between the actuarial assumptions.

30. LEASES

The Group as a lessee

Nature of leasing activities

The Group leases a number of properties and vehicle in Korea and Hong Kong. Lease contracts are typically made for a fixed period which ranged from 2 to 5 years.

(a) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	2023 HK$'000	2022 HK$'000
Properties leased for own use, carried at depreciated cost	3,055	3,238
Motor vehicles, carried at depreciated cost	1,402	1,308

(b) Lease liabilities

	Properties leased for own use HK$'000	Motor vehicles HK$'000	Total HK$'000
At 1 January 2022	2,026	1,068	3,094
Additions	3,518	896	4,414
Lease payments	(2,241)	(387)	(2,628)
Interest expense	73	37	110
Effect of lease modifications	–	(234)	(234)
Exchange realignment	(101)	(53)	(154)
At 31 December 2022 and 1 January 2023	3,275	1,327	4,602
Additions	859	639	1,498
Lease payments	(1,385)	(555)	(1,940)
Interest expense	201	69	270
Effect of lease modifications	168	–	168
Exchange realignment	(1)	(39)	(40)
At 31 December 2023	3,117	1,441	4,558

30. LEASES (CONTINUED)

The Group as a lessee (Continued)

Nature of leasing activities (Continued)

(b) Lease liabilities (Continued)

Future lease payments are due as follows:

2023

	Minimum lease payments HK$'000	Interest HK$'000	Present value HK$'000
Within one year	2,286	236	2,050
More than one year, but not exceeding two years	1,908	103	1,805
More than two years, but not exceeding five years	741	38	703
Present value of lease obligations	4,935	377	4,558

2022

	Minimum lease payments HK$'000	Interest HK$'000	Present value HK$'000
Within one year	1,893	170	1,723
More than one year, but not exceeding two years	1,697	102	1,595
More than two years, but not exceeding five years	1,336	52	1,284
Present value of lease obligations	4,926	324	4,602

30. LEASES (CONTINUED)

The Group as a lessee (Continued)

Nature of leasing activities (Continued)

(b) Lease liabilities (Continued)

The present value of future lease payments are analysed as:

	2023 HK$'000	2022 HK$'000
Current liabilities	2,050	1,723
Non-current liabilities	2,508	2,879
	4,558	4,602

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2023 HK$'000	2022 HK$'000
Interest on lease liabilities (note 9)	270	110
Depreciation charge of right-of-use assets (note 16)	1,743	2,635
Short-term leases expenses (note 10)	427	342
Low-value assets leases expenses (note 10)	370	20
Loss/(gain) on lease modifications (note 10)	3	(5)

31. SHARE CAPITAL

	No. of ordinary shares '000	Amount HK$'000
Authorised		
Ordinary shares of HK$0.01 each		
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	5,000,000	50,000
Ordinary shares, issued and fully paid		
At 1 January 2022, 31 December 2022 and 1 January 2023	400,000	4,000
Placing and allotment of shares (note (a), (b) and (c))	146,680	1,467
At 31 December 2023	546,680	5,467

Notes:

(a) On 17 February 2023, the Company placed 80,000,000 new shares to not less than six placees at the placing price of HK$0.22 per placing share with total gross proceeds of HK$17,600,000 and the related issue expenses were approximately HK$352,000.

(b) On 24 August 2023, the Company placed 66,005,000 new shares to not less than six placees at the placing price of HK$0.79 per placing share with total gross proceeds of HK$52,144,000 and the related issue expenses were approximately HK$261,000.

(c) On 25 October 2023, the Company issued 675,000 subscription shares to an employee at the subscription price of HK$0.74 per share with total gross proceeds of HK$500,000 and the related issue expenses were approximately HK$20,000.

32. BUSINESS COMBINATIONS

On 25 July 2023, the Group subscribed for 2,081,633 shares in Hunter Digital Limited at HK$2,081,000, representing 51% of the enlarged issued share capital of Hunter Digital Limited. Hunter Digital Limited was engaged in development of technology in relation to non-fungible token ("Digital Assets") and the distribution of such Digital Assets through their self-developed point of sale system during the year. The acquisition is for the purpose of entering business of these latest trend of technologies in relation to Digital Assets for the potential markets of China and Hong Kong; and widen the Group's business scope to the latest trend of technologies. The goodwill arising on the business combination of Hunter Digital Limited is attributable to the anticipated new source of income to the Group and future operating segments from the combination.

32. BUSINESS COMBINATIONS (CONTINUED)

On 27 September 2023, the Group acquired 90% of the issued share capital of Prosper Long Limited for at a consideration of HK$23,400,000. Prosper Long Limited was engaged in the provision of metaverse and digital asset technology services and solutions that helps its clients to, inter alia, build virtual spaces, venues and properties on the Metaverse platforms and create digital assets such as non-fungible tokens for event management and marketing purposes, by using the proprietary technologies and applications developed. The acquisition is for the purpose of entering new business of Digital Assets in the market in Southeast Asia region and China; and to enhance its revenue streams and build up synergies with the Group's existing businesses. The goodwill arising on the business combination of Prosper Long Limited is attributable to the anticipated new markets opened up to the Group and future operating synergies from the combination.

The fair value of the identifiable assets and liabilities of Hunter Digital Limited and Prosper Long limited acquired as at the date of acquisition are as follows:

Net assets acquired:	Hunter Digital Limited HK$'000	Prosper Long Limited HK$'000	Total HK$'000
Other receivables	2,471	–	2,471
Cash and cash equivalents	90	–	90
Other payables	–	(188)	(188)
Intangible assets	–	11,148	11,148
Deferred tax liabilities	–	(1,839)	(1,839)
	2,561	9,121	11,682
Non-controlling interests	(1,255)	(912)	(2,167)
Goodwill	775	15,191	15,966
	2,081	23,400	25,481
Satisfied by:			
Cash	–	23,400	23,400
Subscription of shares	2,081	–	2,081
	2,081	23,400	25,481
Net cash outflow arising on acquisition:			
Cash consideration paid	–	23,400	23,400
Cash and cash equivalents acquired	(90)	–	(90)
	(90)	23,400	23,310

32. BUSINESS COMBINATIONS (CONTINUED)

Hunter Digital Limited contributed no revenue to the Group's revenue for the year for the period between the date of business combination and the end of the reporting period. Hunter Digital Limited contributed approximately HK$597,000 to the Group's loss for the year for the period between the date of business combination and the end of the reporting period. If the business combination had been completed on 1 January 2023, total Group's revenue for the year would have been unchanged, and loss for the year would have been approximately HK$19,104,000.

Prosper Long Limited contributed no revenue to the Group's revenue for the year for the period between the date of business combination and the end of the reporting period. Prosper Long Limited contributed approximately HK$498,000 to the Group's loss for the year for the period between the date of business combination and the end of the reporting period. If the business combination had been completed on 1 January 2023, total Group's revenue for the year would have been unchanged, and loss for the year would have been approximately HK$26,900,000.

The proforma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the business combinations been completed on 1 January 2023, nor is intended to be a projection of future results.

33. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

A share option scheme was approved and adopted by the Company on 21 June 2016 (the "Scheme"), for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants include the full-time and part-time employees, executives, officers, directors, business consultants, agents, legal and financial advisers of the Company and the Company's subsidiaries.

The Scheme is effective for a period of 10 years commencing on the listing date of 8 July 2016 of the Company. Under the Scheme, the board of directors may in its absolute discretion determine at the time of grant of the relevant option but the subscription price shall not be less than whichever is the highest of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of the granting of the option; (ii) the average closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of the granting of the option; and (iii) the nominal value of a share. An offer of grant of an option may be accepted by a participant within the date as specified in the offer letter issued by the Company, being a date not later than 21 days from the date upon which it is made, by which the participant must accept the offer or be deemed to have declined it, provided that such date shall not be more than 10 years after the date of adoption of the Scheme. A consideration of HK$1.00 is payable on acceptance of the offer of grant of an option.

33. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

The period as the board of directors may in its absolute discretion determine and specify in relation to any particular option holder in his option agreement during which the option may be exercised (subject to such restriction on exercisability specified therein), which shall be not greater than the period prescribed by the GEM Listing Rules from time to time (which is, as at the date of adoption of the Scheme, a period of 10 years from the date of the granting of the option).

The limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes must not exceed 30% of the shares in issue from time to time. No options may be granted under any schemes of the Company if this will result in the limit being exceeded. The total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other schemes of the Company must not in aggregate exceed 10% of the shares in issue. Options lapsed in accordance with the terms of the Scheme or any other schemes will not be counted for the purpose of calculating the 10% limit.

Share options do not confer rights on the holder to dividends or to vote at shareholders' meetings.

Details of the specific categories of share options are as follows:

Date of grant	Vesting period	Exercise period	Exercise price per share HK$	Number of share options granted
Director				
16 May 2023	16 May 2023 to 15 May 2024	16 May 2024 to 15 May 2033	0.810	4,800,000
Employees				
3 April 2023	3 April 2023 to 2 April 2024	3 April 2024 to 2 April 2033	0.656	19,200,000
5 October 2023	5 October 2023 to 4 October 2024	5 October 2024 to 4 October 2033	0.840	5,800,000

33. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

Details of the movement of share options during the year are as follows:

	Date of grant	Exercise price per share HK$	As at 1 January 2023	Granted during the year	Exercised during the year	Forfeited during the year	As at 31 December 2023
Director	16 May 2023	0.810	–	4,800,000	–	–	4,800,000
Employees	3 April 2023	0.656	–	19,200,000	–	(12,000,000)	7,200,000
Employees	5 October 2023	0.840	–	5,800,000	–	–	5,800,000
			–	29,800,000	–	(12,000,000)	17,800,000
Weighted average exercise price			–	HK$0.720	–	HK$0.656	HK$0.760

The options outstanding at the end of the year have a weighted average remaining contractual life of 9.46 years.

The estimated fair values of the share options granted on 3 April 2023, 16 May 2023 and 5 October 2023 amounted to approximately of HK$5,385,000, HK$2,524,000 and HK$2,132,000 respectively.

These fair values were calculated using Binomial Option Pricing Model. The inputs into the model were as follows:

Date of grant	3 April 2023	16 May 2023	5 October 2023
Share price	0.640	0.810	0.810
Exercise price per option	0.656	0.810	0.826
Expected volatility	78.66% – 84.71%	84.54%	87.18%
Expected life	10 years	10 years	10 years
Risk-free rate	3.17% – 3.33%	3.02%	4.30%
Expected dividend yield	0.00%	0.00%	0.00%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 2 years. The expected life used in the model has been adjusted, based on the Group's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised equity-settled share-based payments of approximately HK$3,542,000 for the year ended 31 December 2023 in relation to share options granted by the Company.

34. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION

	Note	At 31 December 2023 HK$'000	2022 HK$'000
Non-current assets			
Property, plant and equipment		3,243	2,302
Interests in subsidiaries		58,029	57,639
Rental deposits		169	169
		61,441	60,110
Current assets			
Deposits and prepayments		7,839	302
Amounts due from subsidiaries		36,718	7,870
Cash and cash equivalents		13,834	10,680
		58,391	18,852
Current liabilities			
Accruals and other payables		2,947	3,708
Loan from a shareholder		–	5,000
Amount due to a shareholder		1,376	1,376
Lease liabilities		634	611
		4,957	10,695
Net current assets		53,434	8,157
Total assets less current liabilities		114,875	68,267
Non-current liabilities			
Loan from a shareholder		–	10,000
Lease liabilities		387	1,030
		387	11,030
Net assets		114,488	57,237
Capital and reserves			
Share capital	31	5,467	4,000
Reserves	35	109,021	53,237
Total equity		114,488	57,237

On behalf of the board of directors

Ms. Tao Hongxia
Director

Mr. Cheung Ting Pong
Director

35. RESERVES

Details of the movements in the Group's reserves are as set out in the consolidated statement of changes in equity in these consolidated financial statements. The natures and purposes of reserves within equity are as follows:

(a) Share premium account of the Company represents the excess of the proceeds received over the nominal value of the Company's shares issued.

(b) Capital reserve represents (i) the difference between the nominal value of the share capital of the subsidiaries acquired and the nominal value of the shares of the Company issued in exchange thereof pursuant to the group reorganisation and (ii) the effect of capitalisation of loan from the former ultimate holding company of approximately HK$10,171,000.

(c) Pursuant to the Special Tax Treatment Control Law in Korea, Global Telecom is allowed to appropriate retained earnings as a reserve for research and manpower development. This reserve is not available for the payment of Dividends but to be used for specified purposes or reversed back to retained earnings.

(d) The foreign exchange reserve comprises all foreign exchange differences arising from the translation of financial statements of foreign operations from KRW to the presentation currency, HK$.

(e) In accordance with the Korean Commercial Code, an amount equal to at least 10% of cash dividends is required to be appropriated as a legal reserve until the reserve equals 50% of issued capital. The legal reserve may not be utilised for cash dividend but may only be used to offset a deficit, if any, or be transferred to capital.

(f) The share-based payment reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Group recognised in accordance with the accounting policy adopted for equity-settled share-based payments in note 4(o) to the consolidated financial statements.

35. RESERVES (CONTINUED)

Details of the movements on the Company's reserves are as follows:

	Share premium HK$'000	Contributed surplus HK$'000	Share-based payment HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2022	35,718	57,639	–	(32,671)	60,686
Loss for the year	–	–	–	(7,449)	(7,449)
At 31 December 2022 and 1 January 2023	35,718	57,639	–	(40,120)	53,237
Loss for the year	–	–	–	(15,902)	(15,902)
Recognition of equity-settled share-based payments	–	–	3,542	–	3,542
Placing and allotment of shares, net	68,144	–	–	–	68,144
At 31 December 2023	103,862	57,639	3,542	(56,022)	109,021

Note: The contributed surplus of the Company represented the difference between the net asset value of the subsidiaries acquired and the nominal value of the shares of the Company issued in exchange thereof pursuant to the group reorganisation.

36. INTERESTS IN SUBSIDIARIES

Name	Place of incorporation and operation/Kind of legal entity	Issued and fully paid share capital/ Registered capital*	% of ownership interest 2023	% of ownership interest 2022	Principal activities
SuperChips Limited	BVI/Limited liability company	50,000 shares of United States Dollars ("US$") of 1 each	Directly 100%	Directly 100%	Investment holding
Future Data China Holdings Limited	BVI/Limited liability company	50,000 shares of US$1 each	Directly 100%	–	Investment holding
Future Data Space Limited	BVI/Limited liability company	50,000 shares of US$1 each	Directly 100%	–	Investment holding
Maximus Group Consulting Limited ("Maximus Group")	BVI/Limited liability company	74,000 shares of US$1 each	Indirectly 64.86% (note 45)	Indirectly 64.86%	Investment holding
Global Telecom	Republic of Korea/ Limited liability company	190,000 shares of KRW5,000 each	Indirectly 100%	Indirectly 100%	Provision of system integration and maintenance services
Future Data	Hong Kong/Limited liability company	HK$21,251,460	Indirectly 100%	Indirectly 100%	Provision of cyber security services

36. INTERESTS IN SUBSIDIARIES (CONTINUED)

Name	Place of incorporation and operation/Kind of legal entity	Issued and fully paid share capital/ Registered capital*	% of ownership interest 2023	% of ownership interest 2022	Principal activities
Maximus (HK)	Hong Kong/Limited liability company	HK$10,000	Indirectly 64.86% (note 45)	Indirectly 64.86%	Provision of cyber security services
MXC Security (Singapore) Pte Ltd ("MXC (Singapore)")	Singapore/Limited liability company	Singapore Dollar ("SGD") 1	Indirectly 64.86% (note 45)	Indirectly 64.86%	Provision of cyber security services
Hunter Digital Limited	Hong Kong/Limited liability company	HK$2,208,163	Indirectly 51%	–	Development and distribution of non-fungible token ("Digital Assets")
中福數融(廣州)技術有限公司	The People's Republic of China (the "PRC")/Wholly foreign-owned entity	Renminbi ("RMB") 1,000,000*	Indirectly 51%	–	Provision of software and information technology services
中福數融(福州)技術有限公司	The PRC/Wholly foreign-owned entity	RMB1,000,000*	Indirectly 51%	–	Provision of software and information technology services
Future A.I. Technology Limited	Hong Kong/Limited liability company	HK$1,000,000	Indirectly 100%	–	Investment holding
Prosper Long Limited	BVI/Limited liability company	USD50,000 *	Indirectly 90%	–	Metaverse business
Digital Development Holdings Limited	Hong Kong/Limited liability company	HK$1,000,000	Indirectly 100%	–	Investment holding
Future Innovation Technology Holdings Limited	Hong Kong/Limited liability company	HK$1,000,000	Indirectly 100%	–	Investment holding
Future Interactive Technology Holdings Limited	Hong Kong/Limited liability company	HK$1,000,000	Indirectly 100%	–	Investment holding
未來數融技術(深圳)有限公司	The PRC/Wholly foreign-owned entity	RMB5,000,000*	Indirectly 100%	–	Provision of technology promotion and application service
未來數融技術(佛山)有限公司	The PRC/Wholly foreign-owned entity	RMB20,000,000*	Indirectly 100%	–	Provision of software and information technology services
未來時代互動(北京)科技有限公司	The PRC/Wholly foreign-owned entity	RMB20,000,000*	Indirectly 100%	–	Provision of technology promotion and application service

37. NON-CONTROLLING INTERESTS

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation/ principal place of business	Proportion of ownership interest and held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2023	2022	2023 HK$'000	2022 HK$'000	2023 HK$'000	2022 HK$'000
Maximus Group	Hong Kong/ Hong Kong	64.86%	64.86%	(2,119)	(623)	(644)	1,475
Individually immaterial subsidiaries with non-controlling interests				(628)	–	1,539	–
				(2,747)	(623)	895	1,475

The following table shows information on the subsidiaries that have non-controlling interests material to the Group. The summarised financial information represents amounts before inter-company eliminations.

37. NON-CONTROLLING INTERESTS (CONTINUED)

	Maximus Group and its subsidiaries	
	2023 HK$'000	2022 HK$'000
For the year ended 31 December		
Revenue	28,277	30,196
Loss for the year	(6,031)	(1,773)
Loss allocated to non-controlling interests	(2,119)	(623)
For the year ended 31 December		
Cash (used in)/generated from operating activities	(4,025)	3,021
Cash used in investing activities	–	(675)
Cash used in financing activities	(592)	(621)
Net cash (outflows)/inflows	(4,617)	1,725
As at 31 December		
Current assets	10,367	15,917
Non-current assets	1,700	2,214
Current liabilities	(13,210)	(12,982)
Non-current liabilities	(688)	(952)
Net (liabilities)/assets	(1,831)	4,197
Accumulated non-controlling interests	(644)	1,475

38. RELATED PARTY TRANSACTIONS

(a) In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the year:

Related party identity	Type of transaction	2023 HK$'000	2022 HK$'000
Asia Media Systems Pte. Ltd. (former ultimate holding company)	Interest income	–	462

(b) Compensation of key management personnel

The remuneration of directors and other members of key management for the year are set out in note 15.

39. NOTES SUPPORTING STATEMENT OF CASH FLOWS

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.

	Loans from shareholders (note 25) HK$'000	Amount due to a shareholder (note 26) HK$'000	Bank borrowings (note 27) HK$'000	Lease liabilities (note 30(b)) HK$'000
At 1 January 2022	5,000	–	83,832	3,094
Changes from financing cash flows:				
Increase in loans from shareholders	14,684	–	–	–
Increase in amount due to a shareholder	–	1,376	–	–
Proceeds from bank borrowings	–	–	184,497	–
Repayment of bank borrowings	–	–	(225,482)	
Interest paid	–	–	(1,207)	(110)
Repayment of principal portion of the lease liabilities	–	–	–	(2,518)
Total changes from financing cash flows	14,684	1,376	(42,192)	(2,628)
Other changes:				
Additions to leases liabilities	–	–	–	4,414
Finance costs	–	–	1,207	110
Effect of lease modifications	–	–	–	(234)
Exchange realignment	–	–	(1,038)	(154)
Total other changes	–	–	169	4,136
At 31 December 2022 and 1 January 2023	19,684	1,376	41,809	4,602
Changes from financing cash flows:				
Increase in loans from shareholders	964	–	–	–
Repayment of bank borrowings		–	(40,735)	–
Repayment of loans from shareholders	(15,000)		–	–
Interest paid	–	–	(2,760)	(270)
Repayment of principal portion of the lease liabilities	–	–	–	(1,940)
Total changes from financing cash flows	(14,036)	–	(43,495)	(2,210)
Other changes:				
Additions to leases liabilities	–	–	–	1,498
Finance costs	–	–	2,760	270
Effect of lease modifications	–	–	–	168
Exchange realignment	–	–	(1,074)	230
Total other changes	–	–	1,686	2,166
At 31 December 2023	5,648	1,376	–	4,558

40. CAPITAL COMMITMENTS

	2023 HK$'000	2022 HK$'000
Capital commitments contracted for at the end of the reporting period but not yet incurred are as follows:		
Commitment for office renovation	–	1,516

41. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts presented in the consolidated statement of financial position relate to the following categories of financial assets and financial liabilities:

	2023 HK$'000	2022 HK$'000
Financial assets:		
Non-current		
Financial assets at FVTPL		
Unlisted equity securities	4,412	4,416
Financial assets at amortised cost		
Rental and other deposits	1,154	722
	5,566	5,138
Current		
Financial assets at amortised cost		
Trade and other receivables	54,257	111,174
Fixed bank deposits	11,216	1,857
Cash and cash equivalents	122,708	122,561
	188,181	235,592
Financial liabilities:		
Non-current		
Financial liabilities at amortised cost		
Loans from shareholders	5,648	14,684
Lease liabilities	2,508	2,879
	8,156	17,563
Current		
Financial liabilities at amortised cost		
Trade and other payables	60,725	107,891
Bank borrowings	–	41,809
Loans from shareholders	–	5,000
Amount due to a shareholder of a subsidiary	188	–
Amount due to a shareholder	1,376	1,376
Lease liabilities	2,050	1,723
	64,339	157,799

41. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (CONTINUED)

Note: The carrying amounts of the financial assets and financial liabilities included above approximate their fair values due to their short term nature.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks which result from the use of financial instruments in its ordinary course of operations. The financial risks include market risks (mainly foreign currency risk and interest rate risk), credit risk and liquidity risk. Details of these financial instruments are disclosed in the notes below. The Group's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The directors meet regularly to identify and evaluate risks and to formulate strategies to manage financial risks on timely and effective manner. The risks associated with these financial instruments and the policies applied by the Group to mitigate these risks are set out below.

(a) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligations under the terms of the financial instrument and cause a financial loss to the Group.

Cash and cash equivalents and deposits with banks are normally placed at financial institutions that have sound credit rating and the Group considers the credit risk to be insignificant. The directors consider the credit risk on bills receivables is low since the banks which guarantee payments of bills receivables are of high credit rating.

Trade and bills receivables and contract assets

The Group measures the loss allowance for trade and bills receivables at an amount equal to lifetime ECLs. To measure the ECLs, the trade and bills receivables have been grouped based on shared credit risk characteristics (i.e. usually by locations) and the days past due. The ECLs on trade and bills receivables are estimated using a provision matrix by reference to past default experience of the debtor, current market condition in relation to each debtor's exposure. The ECLs also incorporated forward looking information with reference to general macroeconomic conditions that may affect the ability of the debtors to settle receivables.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (Continued)

Trade and bills receivables and contract assets (Continued)

The Group determined the ECLs rates of contract assets based on those rates applied to trade and bills receivables as contract assets and trade and bills receivables are from the same customer bases.

As at each reporting period, the provision made respectively against the gross amount of trade and bills receivables is as follows:

2023

	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000	Net carrying amount HK$'000
Collective assessment:				
Current (not past due)	0.15%	39,176	60	39,116
0 – 90 days past due	0.62%	4,518	28	4,490
91–180 days past due	2.21%	271	6	265
181–365 days past due	23.93%	234	56	178
Over 1 year past due	80.54%	1,336	1,076	260
		45,535	1,226	44,309
Individual assessment:	100%	14,325	14,325	–
		59,860	15,551	44,309

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (Continued)

Trade and bills receivables and contract assets (Continued)

2022

	Expected loss rate %	Gross carrying amount HK$'000	Loss allowance HK$'000	Net carrying amount HK$'000
Collective assessment:				
Current (not past due)	0.04%	102,473	38	102,435
0 – 90 days past due	0.28%	2,495	7	2,488
91–180 days past due	0.71%	1,980	14	1,966
181–365 days past due	8.03%	436	35	401
Over 1 year past due	100%	657	657	–
		108,041	751	107,290
Individual assessment:	100%	14,425	14,425	–
		122,466	15,176	107,290

ECLs are based on actual loss experience over the past 3 (2022: 3) years. These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (Continued)

Trade and bills receivables and contract assets (Continued)

Movements in the loss allowance account in respect of trade and bills receivables and contract assets during the year are as follows:

	2023 HK$'000	2022 HK$'000
At 1 January	15,176	16,874
Provision for/(reversal of) impairment recognised during the year, net	754	(761)
Exchange realignment	(379)	(937)
At 31 December	15,551	15,176

As at 31 December 2023 and 2022, no provision was made against the gross amount of contract assets because the Group has concluded that the ECLs rate for trade and bills 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 amount of ECLs of contract assets is assessed to be minimal.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (Continued)

Other receivables

ECLs model for other receivables is summarised below:

Other receivables that are not credit-impaired on initial recognition are classified in "Stage 1" and have their credit risk continuously monitored by the Group. The ECLs is measured on a 12-month basis.

– If a significant increase in credit risk (as define below) since initial recognition is identified, the financial instrument is moved to "Stage 2" but it is not yet deemed to be credit-impaired. The ECLs is measured on lifetime basis.

– If the financial instrument is credit-impaired, the financial instrument is then moved to "Stage 3". The ECLs is measured on lifetime basis.

– At Stages 1 and 2, interest income is calculated on the gross carrying amount (without deducting the loss allowance). If a financial instrument subsequently becomes credit-impaired (Stage 3), the Group is required to calculate the interest income by applying the effective interest method in subsequent reporting periods to the amortised cost of the financial asset (the gross carrying amount net of loss allowance) rather than the gross carrying amount.

As at 31 December 2023 and 2022, no provision was made against the gross amount of other receivables because the Group considered the impact of the impairment of other receivables to be insignificant based on past credit history and the nature of the other receivables.

The credit policies have been consistently applied and are considered to be effective in managing the Group's exposure.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of trade and other payables, bank borrowings, loans from shareholders and amounts due to a shareholder and shareholders of non-controlling interests and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

The liquidity policy has been followed by the Group during the year and is considered by the directors to have been effective in managing liquidity risks.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the respective reporting date) and the earliest date the Group can be required to pay.

2023

	Carrying amount HK$'000	Total contractual undiscounted cash flows HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000
Non-derivatives:					
Trade and other payables	60,725	60,725	60,725	–	–
Loans from shareholders	5,648	5,831	–	5,831	–
Amount due to a shareholder of a subsidiary	188	188	188	–	–
Amount due to a shareholder	1,376	1,376	1,376	–	–
Lease liabilities	4,558	4,935	2,286	1,908	741
	72,495	73,055	64,575	7,739	741

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (Continued)

2022

	Carrying amount HK$'000	Total contractual undiscounted cash flows HK$'000	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000
Non-derivatives:					
Trade and other payables	107,891	107,891	107,891	–	–
Bank borrowings	41,809	43,601	43,601	–	–
Loans from shareholders	19,684	20,054	5,000	15,054	–
Amount due to a shareholder	1,376	1,376	1,376	–	–
Lease liabilities	4,602	4,926	1,893	1,697	1,336
	175,362	177,848	159,761	16,751	1,336

(c) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk relates principally to its bank deposits and interest-bearing bank borrowings . The Group's policy is to minimise interest rate risk exposure. To achieve this, the Group regularly assesses and monitors its needs for cash with reference to its business plans and day-to-day operations. The interest rates and terms of interest-bearing bank borrowings, the lease of own-use properties and motor vehicles of the Group are disclosed in notes 27 and 30 respectively. The Group currently does not have an interest rate hedging policy.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Interest rate risk (Continued)

In respect of cash flow interest rate risk, the following table illustrates the sensitivity of the Group's loss for the year, and other components of equity at the dates indicated due to a possible change in interest rates on its floating rate bank deposits and interest-bearing bank borrowings with all other variables held constant at the end of the reporting period:

	2023 HK$'000	2022 HK$'000
(Decrease)/increase in loss for the year and (increase)/ decrease in retained earnings		
Increase/decrease in basis points		
+0.5%	(44)	156
-0.5%	44	(156)

The above sensitivity analysis is prepared based on the assumption that the bank deposits and interest-bearing banks borrowings as at reporting dates existed throughout the whole financial year.

The assumed changes in interest rates are considered to be reasonably possible based on observation of current market conditions and represents management's assessment of a reasonably possible change in interest rates over the next twelve months.

(d) Foreign currency risk

Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposures to currency risk principally arise from Global Telecom's overseas purchases which are denominated in US$ whereas the functional currency of Global Telecom is KRW.

To mitigate the Group's financial loss from exposure to unfavourable foreign exchange rate movement in KRW and US$, the Group added on a margin in the costing of the relevant part of the system integration projects which required purchases of hardware and software components to be settled in US$. The margin was supposed to be a cushion to safeguard against any unfavourable foreign exchange rate movement in KRW and US$ between the costing date and the relevant settlement date. In view of the limited size of each US$ denominated purchase, it is considered that it is not justifiable on a cost and benefit analysis to enter into foreign exchange hedging transactions for such purchases.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Foreign currency risk (Continued)

In respect of the business operation in Hong Kong, the transactions are primarily denominated in HK$ and US$. Since US$ is pegged to HK$, the corresponding foreign currency risk exposure is considered as minimal. Accordingly, the analysis below is prepared based on Global Telecom's foreign currency risk exposure only.

Summary of exposure

Global Telecom's financial assets and liabilities denominated in US$, translated into HK$ at the closing rates, are as follows:

	2023 HK$'000	2022 HK$'000
Cash and cash equivalents	1,097	3,637
Trade payables	(303)	(4,415)
Bank borrowings	–	(5,912)
Gross exposure from recognised financial assets and liabilities	794	(6,690)

The following table illustrates the sensitivity of the Group's loss for the year and equity in response to a 5% depreciation in Global Telecom's functional currency against US$. The 5% is the rate used when reporting foreign currency risk internally to key management personnel and represents management's best assessment of the possible change in foreign exchange rates.

The sensitivity analysis of the Group's exposure to foreign currency risk at the end of the reporting period has been determined based on the assumed percentage changes in foreign currency exchange rates taking place at the beginning of the financial year and held constant throughout the year.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Foreign currency risk (Continued)

Summary of exposure (Continued)

	2023 HK$'000	2022 HK$'000
(Decrease)/increase in loss for the year and (increase)/ decrease in retained earnings KRW (weakened)/ strengthened against US$ by:		
-5%	24	(253)
+5%	(24)	253

The sensitivity analysis for the year ended 31 December 2022 has been prepared on the same basis.

Exposures to foreign exchange rates vary during the year depending on the volume of foreign currency transactions. Nevertheless, the analysis above is considered to be representative of the Group's exposure to foreign currency risk.

43. FAIR VALUE MEASUREMENTS

Fair values of the Group's financial assets and liabilities at amortised cost are not materially different from their carrying amounts as explained in note 41.

Financial instruments measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the reporting date on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13 Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date;
- Level 2: Fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available;
- Level 3: Fair value measured using significant unobservable inputs (i.e. not derived from market data).

The following table presents the Group's assets that are measured at fair value:

Description	Fair value measurements using: Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total 2023 HK$'000
Financial assets at FVTPL (Non-current)				
Unlisted equity securities	–	4,412	–	4,412

Description	Fair value measurements using: Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total 2022 HK$'000
Financial assets at FVTPL (Non-current)				
Unlisted equity securities	–	4,416	–	4,416

43. FAIR VALUE MEASUREMENTS (CONTINUED)

Financial instruments measured at fair value (Continued)

Fair value hierarchy (Continued)

The fair value of the unlisted equity securities mainly representing investment in KSFC is determined by the redemption price provided by KSFC as at the reporting date.

At 31 December 2023, the Group's unlisted equity securities are grouped under Level 2 (2022: Level 2) category.

There were no transfers between levels during the year.

44. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged for the year.

The Group sets the amount of capital in proportion to its overall financing structure. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debts.

The capital structure of the Group consists of debts, which includes loans from shareholders, amount due to a shareholder, amount due to a shareholder of a subsidiary, bank borrowings and lease liabilities disclosed in notes 25, 26, 27 and 30(b) and equity of the Group, comprising share capital and reserves. The Group's risk management reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

44. CAPITAL MANAGEMENT (CONTINUED)

The gearing ratios which are determined as total borrowings to total equity of the Group as at 31 December 2023 are as follows:

	2023 HK$'000	2022 HK$'000
Lease liabilities	4,558	4,602
Bank borrowings	–	41,809
Amount due to a shareholder of a subsidiary	188	–
Loans from shareholders	5,648	19,684
Amount due to a shareholder	1,376	1,376
Total borrowings	11,770	67,471
Total equity	182,999	133,335
Gearing ratio	6.4%	51%

45. SUBSEQUENT EVENTS

On 15 January 2024, the Company resolved to grant a total of 4,800,000 share options under the Scheme to a grantee who is an employee of the Company (the "Grantee"), subject to the acceptance by the Grantee. The Grantee is entitled, subject to the terms and conditions of the grant and upon exercise, to subscribe for total of 4,800,000 ordinary shares of the Company (the "Shares") at a price of HK$0.60 per Share. Further details of the share options are set out in the Company's announcements dated 15 January 2024.

On 24 January 2024, the Company, as vendor, entered into a sale and purchase agreement with an independent third party, as purchaser, to dispose of its 64.86% equity interests in Maximus Group and its subsidiaries, including Maximus (HK) and MXC (Singapore), at a cash consideration of HK$1,820,000. The completion of the disposal took place on the same date.

SUMMARY OF FINANCIAL INFORMATION

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the five years ended 31 December 2023, as extracted from the audited consolidated financial statements, is set out below:

	Year ended 31 December				
	2023	2022	2021	2020	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Results					
Revenue	**482,008**	617,641	720,569	679,053	646,470
Net (loss) profit for the year	**(19,114)**	(3,969)	8,690	7,513	4,041

	As at 31 December				
	2023	2022	2021	2020	2019
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets and Liabilities					
Total assets	**275,919**	340,234	354,078	300,065	300,591
Total liabilities	**92,920**	206,899	212,041	156,697	170,443
Total equity	**182,999**	133,335	142,037	143,368	130,148