



FUTURE DATA

FUTURE DATA GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE: 8229

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

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

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

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

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

CONTENTS

Corporate Information	2
Financial Highlights	4
Condensed Consolidated Statement of Comprehensive Income	5
Condensed Consolidated Statement of Financial Position	6
Condensed Consolidated Statement of Changes in Equity	7
Condensed Consolidated Statement of Cash Flows	8
Notes to the Condensed Consolidated Interim Financial Statements	9
Management Discussion and Analysis	22
Corporate Governance and Other Information	27

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Suh Seung Hyun (*Chairman*)

Mr. Phung Nhuong Giang
(*Deputy Chairman*)

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

Mr. Ryoo Seong Ryul

Independent Non-executive Directors

Mr. Wong Sik Kei

Mr. Sum Chun Ho

Mr. Yung Kai Tai

BOARD COMMITTEES

Audit Committee

Mr. Sum Chun Ho (*Chairman*)

Mr. Wong Sik Kei

Mr. Yung Kai Tai

Remuneration Committee

Mr. Wong Sik Kei (*Chairman*)

Mr. Phung Nhuong Giang

Mr. Yung Kai Tai

Nomination Committee

Mr. Yung Kai Tai (*Chairman*)

Mr. Phung Nhuong Giang

Mr. Wong Sik Kei

COMPLIANCE OFFICER

Mr. Lee Seung Han

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN KOREA

14/F-15/F, Deokmyeong Building

Samseong-dong

625, Teheran-ro

Gangnam-gu

Seoul

Korea

COMPANY SECRETARY

Ms. Cheung Yuet Fan

AUTHORISED REPRESENTATIVES

Mr. Phung Nhuong Giang

Ms. Cheung Yuet Fan

AUDITOR

BDO Limited

Certified Public Accountants

25/F, Wing On Centre

111 Connaught Road Central

Hong Kong

COMPLIANCE ADVISER

Shenwan Hongyuan Capital (H.K.) Limited

Level 19

28 Hennessy Road

Hong Kong

LEGAL ADVISERS TO OUR COMPANY

As to Hong Kong law:

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

As to Korean law:

Shin & Kim
Attorneys-at-law, Korea
8/F, State Tower Namsan
100 Toegye-ro, Jung-gu
Seoul, 04631, Korea

REGISTERED OFFICE IN THE CAYMAN ISLANDS

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANK

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

COMPANY WEBSITE ADDRESS

www.futuredatagroup.com

STOCK CODE

8229

Financial Highlights

For the six months ended 30 June 2018

- Unaudited revenue of the Group was HK\$203 million for the six months ended 30 June 2018, representing an increase of approximately HK\$6.6 million, or 3.3%, as compared to the six months ended 30 June 2017.
- Unaudited profit after tax was HK\$0.2 million for the six months ended 30 June 2018, representing a decrease of approximately HK\$1.8 million or 89% from profit after tax of approximately HK\$2.0 million for the six months ended 30 June 2017.
- Unaudited basic earnings per share was 0.05 HK cents for the six months ended 30 June 2018 compared to unaudited basic earnings per share of 0.51 HK cents for the six months ended 30 June 2017.
- The Board does not recommend the payment of interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: nil).

Interim Results

The board of directors (the "Board") of Future Data Group Limited (the "Company") presents the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively refer to as the "Group") for the three months and six months ended 30 June 2018, together with comparative figures as follows.

Condensed Consolidated Statement of Comprehensive Income

For the three and six months ended 30 June 2018

	Notes	Three months ended 30 June		Six months ended 30 June	
		2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)
Revenue	3	101,061	106,002	203,404	196,844
Cost of sales and services		(80,957)	(88,227)	(163,873)	(165,880)
Gross profit		20,104	17,775	39,531	30,964
Other income – net		263	34	1,337	1,725
Selling and administrative expenses		(18,228)	(14,677)	(39,472)	(28,931)
Finance costs		(301)	(174)	(490)	(262)
Profit before income tax	4	1,838	2,958	906	3,496
Income tax expense	5	(440)	(1,282)	(689)	(1,472)
Profit for the period		1,398	1,676	217	2,024
Other comprehensive income for the period					
<i>Items that will be reclassified subsequently to profit or loss:</i>					
Exchange differences arising on translation of foreign operations		(5,129)	(2,152)	(4,414)	650
Total other comprehensive (loss)/income		(5,129)	(2,152)	(4,414)	650
Total comprehensive (loss)/income for the period		(3,731)	(476)	(4,197)	2,674
Earnings per share					
Basic and Diluted (HK cents)	6	0.35	0.42	0.05	0.51

Condensed Consolidated Statement of Financial Position

As at 30 June 2018

		As at 30 June 2018 HK\$'000 (unaudited)	As at 31 December 2017 HK\$'000 (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		8,436	7,765
Intangible assets		11,938	11,698
Available-for-sale financial assets	8	4,628	4,690
Guarantee deposits		4,667	5,096
Deferred tax assets		3,285	3,604
		32,954	32,853
Current assets			
Inventories	9	14,373	7,854
Trade and other receivables	10	72,353	110,883
Tax recoverable		-	762
Amounts due from contract customers	11	16,950	9,525
Prepayments		4,690	4,127
Pledged bank deposits		3,522	3,663
Fixed bank deposits		5,423	5,275
Cash and cash equivalents		57,436	141,062
		174,747	283,151
Current liabilities			
Trade and other payables	12	41,549	158,493
Amounts due to contract customers	11	1,340	2,321
Bank borrowings	13	30,083	16,520
Tax payable		321	-
Deferred tax liabilities		308	280
		73,601	177,614
Net current assets		101,146	105,537
Total assets less current liabilities		134,100	138,390
Non-current liabilities			
Defined benefit obligations		91	184
		91	184
Net assets		134,009	138,206
EQUITY			
Share capital		4,000	4,000
Reserves		130,009	134,206
Total equity		134,009	138,206

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2018

	Share capital	Share premium*	Capital reserve*	Investment revaluation reserve*	Research and development reserve*	Foreign exchange reserve*	Legal reserve*	Retained earnings*	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2018 (audited)	4,000	41,598	13,855	532	3,674	2,979	1,995	69,573	138,206
Profit for the period	-	-	-	-	-	-	-	217	217
Exchange difference arising on translation of foreign operations	-	-	-	-	-	(4,414)	-	-	(4,414)
At 30 June 2018 (unaudited)	4,000	41,598	13,855	532	3,674	(1,435)	1,995	69,790	134,009
At 1 January 2017 (audited)	4,000	46,198	13,855	501	3,674	(9,804)	1,530	65,454	125,408
Profit for the period	-	-	-	-	-	-	-	2,024	2,024
Exchange difference arising on translation of foreign operations	-	-	-	-	-	650	-	-	650
At 30 June 2017 (unaudited)	4,000	46,198	13,855	501	3,674	(9,154)	1,530	67,478	128,082

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

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2018

	Six months ended 30 June	
	2018	2017
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net cash (used in)/generated from operating activities	(90,301)	8,412
Net cash used in investing activities	(5,123)	(4,530)
Net cash generated from financing activities	14,553	1,370
Net (decrease)/increase in cash and cash equivalents	(80,871)	5,252
Cash and cash equivalents at beginning of the period	141,062	77,970
Effect of exchange rate changes on cash and cash equivalents	(2,755)	2,598
Cash and cash equivalents at the end of the period	57,436	85,820
Analysis of balances of cash and cash equivalents		
Cash and bank balances	57,436	85,820

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 4 January 2016 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as revised and consolidated) of the Cayman Islands and its shares have been listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 8 July 2016 ("Listing Date"). The Company's registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's principle place of business in Hong Kong is located at Suite 1507-08, 15th Floor, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.

The principal places of the Group's business are located at 14th – 15th Floor, Deokmyeong Building, Samseong-dong, 625, Teheran-ro, Gangnam-gu, Seoul, Korea and at the aforementioned address in Hong Kong.

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

The functional currencies of the Company's principal operating subsidiaries, Global Telecom Company Limited ("Global Telecom") and Future Data Limited ("Future Data"), are South Korean Won ("KRW") and Hong Kong dollars ("HK\$") respectively, while the condensed consolidated interim financial statements are presented in HK\$. As the Company's shares (the "Shares") are listed on GEM of the Stock Exchange, the Directors consider that it is more appropriate to adopt HK\$ as the Group's presentation currency.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements for the six months ended 30 June 2018 have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the "GEM Listing Rules").

The accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated financial statements for the six months ended 30 June 2018 are consistent with those adopted in the annual financial statements for the year ended 31 December 2017. The unaudited condensed consolidated financial statements for the six months ended 30 June 2018 should be read in conjunction with the annual financial statements for the year ended 31 December 2017.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2018

On 1 January 2018, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”), amendments and interpretations that are effective from that date and are relevant to its operations. The adoption of these new/revised HKFRSs, amendments and interpretations does not result in changes to the Group’s accounting policies and has no material effect on the amounts reported for the current or prior period.

3. REVENUE AND SEGMENT INFORMATION

The Group’s business is organised into two segments:

- (i) system integration; and
- (ii) maintenance services

Segment revenue and profit contribution are:

(a) Business segments:

	Three months ended 30 June					
	2018			2017		
	System integration	Maintenance services	Total	System integration	Maintenance services	Total
	HK\$’000 (unaudited)	HK\$’000 (unaudited)	HK\$’000 (unaudited)	HK\$’000 (unaudited)	HK\$’000 (unaudited)	HK\$’000 (unaudited)
Total segment revenue	65,612	35,449	101,061	85,518	20,484	106,002
Gross profit/segment results	7,951	12,153	20,104	12,803	4,972	17,775
Other income – net			263			34
Selling and administrative expenses			(18,228)			(14,677)
Finance costs			(301)			(174)
Profit before income tax			1,838			2,958
Income tax expense			(440)			(1,282)
Profit for the period			1,398			1,676

	Six months ended 30 June					
	2018			2017		
	System integration	Maintenance services	Total	System integration	Maintenance services	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Total segment revenue	141,530	61,874	203,404	158,503	38,341	196,844
Gross profit/segment results	16,961	22,570	39,531	22,877	8,087	30,964
Other income – net			1,337			1,725
Selling and administrative expenses			(39,472)			(28,931)
Finance costs			(490)			(262)
Profit before income tax			906			3,496
Income tax expense			(689)			(1,472)
Profit for the period			217			2,024

(b) Geographic information:

	Three months ended		Six months ended	
	30 June		30 June	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Korea	94,203	106,002	189,983	196,006
Hong Kong	6,858	–	13,421	838
Total	101,061	106,002	203,404	196,844

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2018

(c) Revenue analysis:

	Three months ended		Six months ended	
	30 June		30 June	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
System integration:				
– Revenue from system integration services	65,612	85,518	141,530	157,665
– Revenue from sales of software license	–	–	–	838
	65,612	85,518	141,530	158,503
Maintenance services:				
– Revenue from system maintenance services	28,591	20,484	48,453	38,341
– Revenue from cyber security services	6,858	–	13,421	–
	35,449	20,484	61,874	38,341
Total	101,061	106,002	203,404	196,844

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

	Three months ended 30 June					
	2018			2017		
	System integration	Maintenance services	Total	System integration	Maintenance services	Total
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Types of goods or services						
- Cloud infrastructure	43,851	24,664	68,515	52,490	17,621	70,111
- Security	21,761	10,785	32,546	33,028	2,863	35,891
Total revenue from contracts with customers	65,612	35,449	101,061	85,518	20,484	106,002
Types of customers						
- Public sector	10,951	15,375	26,326	24,822	10,210	35,032
- Private sector	54,661	20,074	74,735	60,696	10,274	70,970
Total revenue from contracts with customers	65,612	35,449	101,061	85,518	20,484	106,002
Types of contract duration						
- Within twelve months	65,526	32,012	97,538	66,019	18,554	84,573
- Over twelve months but less than twenty-four months	-	406	406	3,797	406	4,203
- Over twenty-four months	86	3,031	3,117	15,702	1,524	17,226
Total revenue from contracts with customers	65,612	35,449	101,061	85,518	20,484	106,002

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2018

	Six months ended 30 June					
	2018			2017		
	System integration	Maintenance services	Total	System integration	Maintenance services	Total
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Types of goods or services						
– Cloud infrastructure	90,352	41,703	132,055	109,954	33,949	143,903
– Security	51,178	20,171	71,349	47,711	4,392	52,103
– Software license	–	–	–	838	–	838
Total revenue from contracts with customers	141,530	61,874	203,404	158,503	38,341	196,844
Types of customers						
– Public sector	25,045	23,167	48,212	56,565	17,142	73,707
– Private sector	116,485	38,707	155,192	101,938	21,199	123,137
Total revenue from contracts with customers	141,530	61,874	203,404	158,503	38,341	196,844
Types of contract duration						
– Within twelve months	141,363	55,945	197,308	113,939	34,601	148,540
– Over twelve months but less than twenty-four months	–	944	944	6,775	699	7,474
– Over twenty-four months	167	4,985	5,152	37,789	3,041	40,830
Total revenue from contracts with customers	141,530	61,874	203,404	158,503	38,341	196,844

4. PROFIT BEFORE INCOME TAX

Profit before income tax is arrived at after charging:

	Three months ended		Six months ended	
	30 June		30 June	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Costs of inventories recognised as expenses	71,311	68,045	142,822	137,605
Employee costs	20,761	15,264	41,147	29,386
Subcontracting costs	4,248	6,375	5,979	11,130
Agency commission	–	–	3,000	–
Depreciation of property, plant and equipment	1,029	1,236	2,030	2,183
Research and development costs	750	718	1,444	1,361
Amortisation of intangible assets	714	–	1,387	–
Minimum lease payments in respect of rented premises	521	613	1,044	1,044

5. INCOME TAX EXPENSE

	Three months ended		Six months ended	
	30 June		30 June	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current tax				
– Korea	(65)	1,113	342	1,165
	(65)	1,113	342	1,165
Deferred Tax				
– Korea	477	169	319	307
– Hong Kong	28	–	28	–
	505	169	347	307
Total	440	1,282	689	1,472

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2018

Our Korean subsidiary is subject to Korean Corporate Income Tax which comprised national and local taxes. Korean Corporate Income Tax, including local income tax, is charged at the progressive rate from 11% to 24.2% on the estimated assessable profit of our Korean subsidiary during each of the periods presented.

Our Hong Kong subsidiary is subject to Hong Kong Profits Tax. From 1 April 2018 onwards, the two-tiered profits tax rates regime is implemented. For the six months ended 30 June 2018, the first HK\$2 million of assessable profits will be subject to the tax rate of 8.25% and assessable profits above that amount will continue to be subject to the tax rate of 16.5%. For the six months ended 30 June 2017, the profits of our Hong Kong subsidiary were subject to the flat rate of 16.5%.

6. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit of approximately HK\$217,000 for the six months ended 30 June 2018 (for the six months ended 30 June 2017: profit of approximately HK\$2,024,000) attributable to owners of the Company and on the basis that 400,000,000 (for the six months ended 30 June 2017: 400,000,000) ordinary shares had been in issue during the period.

Diluted earnings per share were the same as the basic earnings per share as the Group had no potential dilutive ordinary shares during the periods.

7. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2018 (corresponding period in 2017: nil).

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS – NON – CURRENT

	30 June 2018 HK\$'000 (unaudited)	31 December 2017 HK\$'000 (audited)
Unlisted equity securities:		
Korea Software Financial Cooperative ("KSFC")	2,828	2,942
Korea Broadcasting & Communication Financial Cooperative ("KBCFC")	34	35
	2,862	2,977
Investment in insurance policies	1,766	1,713
	4,628	4,690

During the insured periods covered by the insurance policies, Global Telecom can earn interest income which is linked to the then prevailing market saving interest rates. The Directors consider that the account values of these insurance policies provided by insurance companies approximate their fair values.

The account values of the insurance policies are grouped under Level 2 of the fair value hierarchy under HKFRS 13. There were no transfers between the three levels during each of the periods presented.

9. INVENTORIES

	30 June 2018 HK\$'000 (unaudited)	31 December 2017 HK\$'000 (audited)
Hardware and software	14,373	7,854

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2018

10. TRADE AND OTHER RECEIVABLES

	30 June 2018 HK\$'000 (unaudited)	31 December 2017 HK\$'000 (audited)
Trade receivables	81,248	104,832
Less: Provision for impairment of trade receivables	(9,591)	(9,813)
Trade receivables, net (<i>note (a)</i>)	71,657	95,019
Retention money receivable	–	15,014
Short-term loans to employees	493	513
Accrued interest	62	36
Rental and other deposits	–	154
Other receivables	141	147
	72,353	110,883

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

	30 June 2018 HK\$'000 (unaudited)	31 December 2017 HK\$'000 (audited)
0 – 90 days	50,072	72,532
91 – 180 days	6,118	9,178
181 – 365 days	11,261	8,835
1 – 2 years	4,138	3,061
Over 2 years	68	1,413
	71,657	95,019

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

	30 June 2018 HK\$'000 (unaudited)	31 December 2017 HK\$'000 (audited)
Carrying amount at beginning of the period/year	9,813	8,115
Impairment losses recognised	–	531
Reversal of allowance for impairment	(263)	–
Exchange realignment	41	1,167
Carrying amount at end of the period/year	9,591	9,813

11. AMOUNTS DUE FROM/(TO) CONTRACT CUSTOMERS

	30 June 2018 HK\$'000 (unaudited)	31 December 2017 HK\$'000 (audited)
Contracts in progress at the end of each reporting period:		
Contract costs incurred plus recognised profits less recognised losses	83,624	275,381
Less: Progress billings	(68,014)	(268,177)
	15,610	7,204
Analysed for reporting purposes as:		
Amounts due from contract customers	16,950	9,525
Amounts due to contract customers	(1,340)	(2,321)
	15,610	7,204

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2018

12. TRADE AND OTHER PAYABLES

	30 June 2018 HK\$'000 (unaudited)	31 December 2017 HK\$'000 (audited)
Trade payables (note (a))	32,479	145,046
Accruals and other payables	5,710	7,783
Advance receipts	691	28
Value-added tax payables	2,669	5,636
	41,549	158,493

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

	30 June 2018 HK\$'000 (unaudited)	31 December 2017 HK\$'000 (audited)
0 – 30 days	19,935	105,133
31 – 60 days	4,233	16,359
61 – 90 days	1,467	14,359
91 – 180 days	5,228	4,736
181 – 365 days	915	3,661
Over 1 year	701	798
	32,479	145,046

13. BANK BORROWINGS

	30 June 2018 HK\$'000 (unaudited)	31 December 2017 HK\$'000 (audited)
Unsecured:		
– Bank loans	26,682	16,520
Guaranteed:		
– Bills payable	3,401	–
Total borrowings due for repayment within one year	30,083	16,520

As at 30 June 2018, Korea Credit Guarantee Fund (“KCGF”), which is a public financial institution independent of the Group, provided foreign and local currency guarantees to certain banks in the amount of US\$500,000 and KRW488,000,000 (2017: US\$500,000 and KRW488,000,000) for import financing facilities and bank loans provided to Global Telecom.

14. REMUNERATION OF DIRECTORS AND EMOLUMENTS OF KEY MANAGEMENT

	Three months ended		Six months ended	
	30 June		30 June	
	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Remuneration of directors and other members of key management	2,062	2,131	4,157	4,085

Management Discussion and Analysis

Financial Review

For the six months ended 30 June 2018, the Group recorded a revenue of approximately HK\$203 million, which represented an increase of HK\$6.6 million or 3.3% compared to the same period last year. The increase in revenue was mainly due to the cyber security business in Hong Kong which has contributed a revenue of HK\$13 million to the Group. The revenue from our Korea subsidiary decreased slightly by HK\$6.9 million but the number of projects completed for the six months ended 30 June 2018 (341 projects) was higher compared to the projects completed for the six months ended 30 June 2017 (284 projects). The increase was attributable to the workforce occupied by our notable project at Incheon International Airport Corporation has been unleashed for less complex projects.

The Group's gross profit increased by approximately HK\$8.6 million or 28% from HK\$31 million for the six months ended 30 June 2017 to HK\$40 million for the six months ended 30 June 2018. The main reason for such increase was attributable to high margin in cyber security business from Hong Kong operation of approximately HK\$8.8 million.

Selling and administrative expenses were approximately HK\$39 million for the six months ended 30 June 2018, (for the six months ended 30 June 2017: approximately HK\$29 million) representing an increase of HK\$10 million or 36% mainly attributable to amortisation cost of our software platform intangible asset and agency commission paid, so as to increase the market share and acquire more revenue for cyber security business in Hong Kong operation.

The increase in gross profit was lower than the increase in selling and administrative expenses. As a result, profit after tax for the six months ended 30 June 2018 decreased by HK\$1.8 million or 89% compared to six months ended 30 June 2017.

Financial Position

The Group recorded non-current assets of HK\$33 million as at 30 June 2018. This amount is comparable to that recorded as at 31 December 2017.

The Group's current assets were HK\$175 million as at 30 June 2018, which represented a decrease of approximately HK\$108 million relative to that recorded as at 31 December 2017. In line with the reduction of current assets, our current liabilities were also decreased by approximately HK\$104 million as at 30 June 2018, from HK\$178 million as at 31 December 2017. As a result, our Group recorded a decrease in net current asset of approximately HK\$4.4 million. The decrease was mainly due to decrease in trade and other receivables and decrease in cash and cash equivalent totaling HK\$122 million has exceeded the decrease in trade and other payables of HK\$117 million.

Non-current liabilities were not significant as it only includes our Korean employee's long term benefits (also known as employee's superannuation). Our Group has yet to incur any employee's superannuation related to Hong Kong subsidiary in this reporting period.

As a result, our Group recorded a decrease in total equity to approximately HK\$4.2 million as at 30 June 2018, from approximately HK\$138 million as at 31 December 2017.

Liquidity and Financial Resources

As at 30 June 2018, the Group's net current assets were HK\$101 million showing a strong liquidity.

The Group expresses its gearing ratio as a percentage of total debt over total equity. As at 30 June 2018, the gearing ratio was 22% (as at 31 December 2017: 12%). The increase was mainly due to additional bank borrowings of approximately HK\$14 million. The liquidity ratio, represented by a ratio of current assets over current liabilities, was 2.4 times (as at 31 December 2017: 1.6 times), reflecting the adequacy of financial resources.

As at 30 June 2018, the Group recorded cash and cash equivalents of approximately HK\$57 million (as at 31 December 2017: approximately HK\$141 million), which included approximately KRW6,687 million, HK\$4.3 million and US\$0.8 million.

As at 30 June 2018, the Group had variable rate bank borrowings of approximately US\$4.0 million, which was equivalent to approximately HK\$30 million (as at 31 December 2017: approximately HK\$17 million). Certain banking borrowings are guaranteed by KCGF which is a public financial institution independent of the Group.

Foreign Exchange Exposure

The Group's exposures to currency risk mainly arise 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. In view of the relatively limited size of each individual US\$ denominated purchase transaction, we do not find beneficial and justifiable to enter into foreign exchange hedging transaction for each of such purchases, and as a result, we decided the timing of purchasing US\$ to settle such purchases at our own discretion.

Charges on Group's Assets

As at 30 June 2018, fixed deposits amounting to HK\$3.5 million were pledged to KSFC for bidding, contract, defect, prepayment and payment guarantees provided by KSFC on behalf of the Group.

Material Investments and Capital Assets

The Group did not have any material investments and capital assets for the six months ended 30 June 2018.

The carrying amount of the Group's unlisted equity securities as at 30 June 2018 accounted for approximately 1.4% of the Group's total assets and is not significant. The unlisted equity securities mainly represent the investment in KSFC (a cooperative established pursuant to the Software Industry Promotion Act with the purpose of promoting the development of the IT industry in Korea) for its membership. Depending on the amount of investment in KSFC, a member of KSFC is granted a certain amount of guarantee limit by KSFC for use in its operation.

Management Discussion and Analysis

The Group did not have any plan for material investments or capital asset as at 30 June 2018 as well.

Significant Acquisitions and Disposals

For the six months ended 30 June 2018, the Group had not made any significant acquisition or disposal.

Business Review

Set out below are the details of the movement of the number of system integration projects up to 30 June 2018.

Number of projects at 1 January 2018	31
Number of new projects awarded	434
Number of projects completed during period	(341)
Number of projects as at 30 June 2018	124

The segment profit of system integration segment decreased by approximately 26% from HK\$23 million for the six months ended 30 June 2017 to HK\$17 million for the six months ended 30 June 2018. Such decrease was mainly due to our management selection of quality deals where we are positive to collect monies from the projects as soon as they are ended. On the other hand, the segment profit of maintenance services increased by approximately HK\$14 million or 179% from HK\$8.1 million for the six months ended 30 June 2017 to HK\$23 million for the six months ended 30 June 2018. Such increase was mainly due to the commencement of cyber security business from Hong Kong's subsidiary from September 2017. For the six months ended 30 June 2018, cyber security business contributed a gross profit of HK\$8.8 million to maintenance services segment.

Contingent Liabilities

As at 30 June 2018, the Group did not have any significant contingent liabilities.

Prospects

Denuclearisation in North Korea strengthens the market confidence in Korea. On the other side, the trade war between China and the United States caused market instability and threatened the global economy. The Directors believe that the business environment in Korea will not be significantly improved in the near future. The Directors will regularly review the situation so as to develop the best business strategy to fit for the ever-changing economic environment.

Employees and Remuneration Policy

As at 30 June 2018, the Group had an aggregate of 171 (30 June 2017: 156) employees. Such increase represented to the recruitment of security specialists to carry out the cyber security business in Hong Kong.

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\$41 million for the six months ended 30 June 2018 (six months ended 30 June 2017: approximately HK\$29 million).

Mr. Ho Kam Shing, Peter ("Mr. Ho") has resigned from the position of strategic adviser on his own accord on 30 April 2018. His resignation did not affect the cyber security business and the operation of Hong Kong office. During the employment period, he has successfully started up the cyber security business in Hong Kong. The Board would like to take this opportunity to express its gratitude to Mr. Ho for his valuable contribution to the Group during his tenure of service as a strategic adviser to the Board.

The Group has adopted a share option scheme for the purpose of providing incentives and rewards to eligible persons who contributed to the success of the Group's operation. Up to 30 June 2018, no share option had been granted.

Use of Proceeds from the Placing

In response to changing business environment and business development requirement of the Group, the Board has resolved to revise the proposed use of the proceeds for development of the cyber security capabilities.

The Board is of the view that the extension of cyber security capabilities will generate additional profit to the Group in long run. The Group has commenced to recruit cyber security experts and acquired software platforms. As at 30 June 2018, the proceeds of approximately HK\$14 million was utilised on the development of big data platform and cyber security software application capabilities.

Along with the ease of military tension between South and North Korea, Korean peninsula take a leap towards a future of peace and prosperity. The Board holds optimistic about the prospect of Korea's economy. The intended use of proceeds for setting up new service points in Korea will not be changed.

The Group is in constant review of the situation, in the event that the business plans of the Group does not materialise or proceed as planned, the Directors will carefully evaluate the situation and may change or modify plans so long as the Directors consider it to be in the best interest of the Company and the shareholders taken as a whole.

Management Discussion and Analysis

The net proceeds from the placing from Listing Date to 30 June 2018 were used as follows:

Use of proceeds	Planned use of net proceeds up to 30 June 2018 (HK\$ million)	Actual use of net proceeds up to 30 June 2018 (HK\$ million)
1) Setting up new service points in the cities of Busan, Jeonju and Gangneung in Korea	12.9	–
2) General working capital	1.5	1.0
3) Development of big data platform and cyber security software application capabilities		
– Acquiring software platforms	12.0	11.9
– Recruiting a team of security experts in Hong Kong	3.4	2.2
4) Setting up new office in Hong Kong	1.8	0.8
Total:	31.6	15.9

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

As at 30 June 2018, the interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) held by the Directors and

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

Long Positions in the Shares

Name of Director	Capacity/Nature of interest	Number of Shares held	Approximate percentage of issued share capital ^(Note 4)
Mr. Phung Nhuong Giang ^(Notes 1, 2 and 3) ("Mr. Phung")	Interest held jointly with other persons/ Interest in controlled corporation/ Interest of spouse	262,917,327	65.73%
Mr. Suh Seung Hyun ^(Notes 1 and 2) ("Mr. Suh")	Interest held jointly with other persons/ Interest in controlled corporation	262,917,327	65.73%
Mr. Lee Seung Han ^(Notes 1 and 2) ("Mr. Lee")	Interest held jointly with other persons/ Interest in controlled corporation	262,917,327	65.73%

Notes:

- (1) LiquidTech Limited ("LiquidTech") held 262,917,327 Shares, representing 65.73% of the issued Shares. LiquidTech is wholly owned by Asia Media Systems Pte. Ltd. ("AMS") which is owned by Mr. Phung, Mr. Suh, Mr. Lee, Mr. Park Hyeoung Jin ("Mr. Park"), Mr. Lee Sung Gue, Mr. Lee Je Eun and Ms. Marilyn Tang as to 26.14%, 25.34%, 14.71%, 14.03%, 14.03%, 3.40% and 2.35% respectively.
- (2) On 21 June 2016, four of the ultimate controlling shareholders of the Company, namely, Mr. Phung, Mr. Suh, Mr. Lee and Mr. Park, entered into the acting in concert confirmation and undertaking to acknowledge and confirm, among other things, that they were parties acting in concert of each of the members of the Group. As such, Mr. Phung, Mr. Suh, Mr. Lee and Mr. Park together control approximately 65.73% interest in the share capital of the Company through AMS and LiquidTech. As a result, each of Mr. Phung, Mr. Suh, Mr. Lee and Mr. Park is deemed to be interested in approximately 65.73% interest in the share capital of the Company.
- (3) Ms. Marilyn Tang is the owner of approximately 2.35% of the issued shares of AMS and the spouse of Mr. Phung. Mr. Phung is deemed to be interested in all the Shares in which Ms. Marilyn Tang is interested under Part XV of the SFO.
- (4) The percentage of shareholding was calculated based on the Company's total number of issued Shares as at 30 June 2018 (i.e. 400,000,000 Shares).

Corporate Governance and Other Information

Save as disclosed above, as at 30 June 2018, 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 30 June 2018, so far as known to the Directors, the following persons (not being Directors or chief executive of the Company) had or were deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO who, are directly or indirectly interested in 5% or more of the Shares.

Long Positions in the Shares

Name of Shareholder	Capacity/Nature of interest	Number of Shares held	Approximate percentage of issued share capital ^(Note 8)
LiquidTech ^(Note 1)	Beneficial owner	262,917,327	65.73%
AMS ^(Notes 1, 2 and 3)	Interest in controlled corporation	262,917,327	65.73%
Mr. Park ^(Notes 2 and 3)	Interest held jointly with other persons/ Interest in controlled corporation	262,917,327	65.73%
Ms. Marilyn Tang ^(Notes 2, 3 and 4)	Interest held jointly with other persons/ Interest in controlled corporation/ Interest of spouse	262,917,327	65.73%
Ms. Lee Kim Sinae ^(Note 5)	Interest of spouse	262,917,327	65.73%
Ms. Suh Kim Seong Ock ^(Note 6)	Interest of spouse	262,917,327	65.73%
Ms. Shin Hee Kum ^(Note 7)	Interest of spouse	262,917,327	65.73%

Notes:

- (1) LiquidTech is wholly-owned by AMS. AMS is deemed to be interested in all the Shares in which LiquidTech is interested under Part XV of the SFO.
- (2) AMS is owned as to approximately 26.14% by Mr. Phung, 25.34% by Mr. Suh, 14.71% by Mr. Lee, 14.03% by Mr. Park, 14.03% by Mr. Lee Sung Gue, 3.40% by Mr. Lee Je Eun and 2.35% by Ms. Marilyn Tang.
- (3) On 21 June 2016, four of the ultimate controlling shareholders of the Company, namely, Mr. Phung, Mr. Suh, Mr. Lee and Mr. Park, entered into the acting in concert confirmation and undertaking to acknowledge and confirm, among other things, that they were parties acting in concert of each of the members of the Group. As such, Mr. Phung, Mr. Suh, Mr. Lee and Mr. Park together control approximately 65.73% interest in the share capital of the Company through AMS and LiquidTech. As a result, each of Mr. Phung, Mr. Suh, Mr. Lee and Mr. Park is deemed to be interested in approximately 65.73% interest in the share capital of the Company.
- (4) Ms. Marilyn Tang is the owner of approximately 2.35% of the issued shares of AMS and the spouse of Mr. Phung. Ms. Marilyn Tang is deemed to be interested in all the Shares in which Mr. Phung is interested under Part XV of the SFO.
- (5) Ms. Lee Kim Sinae is the spouse of Mr. Lee. Ms. Lee Kim Sinae is deemed to be interested in all the Shares in which Mr. Lee is interested under Part XV of the SFO.
- (6) Ms. Suh Kim Seong Ock is the spouse of Mr. Suh. Ms. Suh Kim Seong Ock is deemed to be interested in all the Shares in which Mr. Suh is interested under Part XV of the SFO.
- (7) Ms. Shin Hee Kum is the spouse of Mr. Park. Ms. Shin Hee Kum is deemed to be interested in all the Shares in which Mr. Park is interested under Part XV of the SFO.
- (8) The percentage of shareholding was calculated based on the Company's total number of issued Shares as at 30 June 2018 (i.e. 400,000,000 Shares).

Save as disclosed above, as at 30 June 2018, 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.

SHARE OPTION SCHEME

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

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its securities dealing code ("Securities Dealing Code") which is no less exacting than the required standard of dealings regarding securities transactions by the Directors as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Further, the Company had made specific enquiry with all Directors and each of them has confirmed his compliance with the Securities Dealing Code during the six months ended 30 June 2018.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the six months ended 30 June 2018, none of the Directors or the controlling shareholders or their respective associates (as defined in the GEM Listing Rules) of the Company had an interest in a business which competed with or might compete with the business of the Group.

CORPORATE GOVERNANCE PRACTICES

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

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

To the best knowledge of the Board, the Company had complied with the code provisions in the CG Code during the six months ended 30 June 2018.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S SECURITIES

The Company did not redeem any of its Shares listed on GEM nor did the Company or any of its subsidiaries purchase or sell any such Shares during the six months ended 30 June 2018.

INTERESTS OF THE COMPLIANCE ADVISER

As at the date of this report, neither Shenwan Hongyuan Capital (H.K.) Limited, the compliance adviser of the Company, nor any of its directors, employees or close associates has any interests in the securities of the Company or any other companies of the Group (including options or rights to subscribe for such securities) pursuant to Rule 6A.32 of the GEM Listing Rules.

AUDIT COMMITTEE

The Company established an audit committee ("Audit Committee") with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and paragraph C.3 of the CG Code. For the six months ended 30 June 2018, the Audit Committee consists of three independent non-executive Directors namely, Mr. Wong Sik Kei, Mr. Yung Kai Tai and Mr. Sum Chun Ho. Mr. Sum Chun Ho possesses the appropriate professional accounting qualifications and serves as the chairman of the Audit Committee.

The primary duties of the Audit Committee are to assist the Board in providing an independent review of the effectiveness of our Group's internal audit function, financial reporting process, internal control and risk management systems, and to oversee the audit process. The Audit Committee had reviewed the unaudited interim results of the Company for the six months ended 30 June 2018.

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

Hong Kong, 8 August 2018