

# 2019 INTERIM REPORT



## 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 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 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	<b>2</b>
Financial Highlights	<b>4</b>
Condensed Consolidated Statement of Profit or Loss	<b>5</b>
Condensed Consolidated Statement of Comprehensive Income	<b>6</b>
Condensed Consolidated Statement of Financial Position	<b>7</b>
Condensed Consolidated Statement of Changes in Equity	<b>8</b>
Condensed Consolidated Statement of Cash Flow	<b>9</b>
Notes to the Condensed Consolidated Interim Financial Statements	<b>10</b>
Management Discussion and Analysis	<b>23</b>
Corporate Governance and Other Information	<b>29</b>

---

---

## Corporate Information

### BOARD OF DIRECTORS

#### Executive Directors

Mr. Suh Seung Hyun (*Chairman*)

Mr. Phung Nhuong Giang  
(*Deputy Chairman*)

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

Mr. Ryoo Seong Ryul  
(*Chief Financial Officer*)

#### 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. Chan Suet Lam

### AUTHORISED REPRESENTATIVES

Mr. Phung Nhuong Giang

Ms. Chan Suet Lam

### AUDITOR

BDO Limited

Certified Public Accountants

25/F, Wing On Centre

111 Connaught Road Central

Hong Kong

## LEGAL ADVISERS TO OUR COMPANY

*As to Hong Kong law:*

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

*As to Korean law:*

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

## REGISTERED OFFICE IN THE CAYMAN ISLANDS

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

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

## PRINCIPAL BANK

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

## COMPANY WEBSITE ADDRESS

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

## STOCK CODE

8229

---

## Financial Highlights

For the six months ended 30 June 2019

- Unaudited revenue of the Group was HK\$232.8 million for the six months ended 30 June 2019, representing an increase of approximately HK\$29.4 million or 14.4%, as compared to the six months ended 30 June 2018.
- Unaudited loss after tax was HK\$8.6 million for the six months ended 30 June 2019, representing a decrease in profit of approximately HK\$8.8 million from profit after tax of approximately HK\$0.2 million for the six months ended 30 June 2018.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

## Interim Results

The board of directors (the "Board") of the Company presents the unaudited condensed consolidated interim results of the Company and its subsidiaries for the three months and six months ended 30 June 2019, together with comparative figures as follows.

### Condensed Consolidated Statement of Profit or Loss

For the three and six months ended 30 June 2019

	Notes	Three months ended 30 June		Six months ended 30 June	
		2019	2018	2019	2018
		HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Revenue	3	136,746	101,061	232,758	203,404
Cost of sales and services		(120,263)	(80,957)	(204,901)	(163,873)
<b>Gross profit</b>		<b>16,483</b>	<b>20,104</b>	<b>27,857</b>	<b>39,531</b>
Other income, net		1,244	263	4,115	1,337
Selling and administrative expenses		(21,771)	(18,228)	(40,172)	(39,472)
Finance costs		(400)	(301)	(772)	(490)
<b>(Loss)/profit before income tax</b>	4	<b>(4,444)</b>	<b>1,838</b>	<b>(8,972)</b>	<b>906</b>
Income tax credit/(expense)	5	804	(440)	422	(689)
<b>(Loss)/profit for the period</b>		<b>(3,640)</b>	<b>1,398</b>	<b>(8,550)</b>	<b>217</b>
<b>Attributable to:</b>					
– Owners of the Company		(3,400)	1,398	(8,310)	217
– Non-controlling interests		(240)	–	(240)	–
		(3,640)	1,398	(8,550)	217
<b>(Loss)/earnings per share attributable to owners of the Company</b>					
Basic and Diluted (HK cents)	6	(0.85)	0.35	(2.08)	0.05

# Condensed Consolidated Statement of Comprehensive Income

For the three and six months ended 30 June 2019

	Three months ended 30 June		Six months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
<b>(Loss)/profit for the period</b>	<b>(3,640)</b>	<b>1,398</b>	<b>(8,550)</b>	<b>217</b>
<b>Other comprehensive income for the period</b>				
<i>Items that will be reclassified subsequently to profit or loss:</i>				
Exchange differences arising on translation of foreign operations	(2,197)	(5,129)	(3,108)	(4,414)
<b>Total comprehensive income for the period</b>	<b>(5,837)</b>	<b>(3,731)</b>	<b>(11,658)</b>	<b>(4,197)</b>
<b>Attributable to:</b>				
– Owners of the Company	(5,597)	(3,731)	(11,418)	(4,197)
– Non-controlling interests	(240)	–	(240)	–
	<b>(5,837)</b>	<b>(3,731)</b>	<b>(11,658)</b>	<b>(4,197)</b>



# Condensed Consolidated Statement of Financial Position

As at 30 June 2019

		As at 30 June 2019 HK\$'000 (unaudited)	As at 31 December 2018 HK\$'000 (audited)
	Notes		
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		7,707	6,858
Intangible assets		12,893	12,319
Goodwill		11,372	–
Other financial assets	8	4,883	4,810
Guarantee deposits		4,676	4,531
Deferred tax assets		6,060	6,053
		47,591	34,571
<b>Current assets</b>			
Inventories	9	12,465	6,337
Trade and other receivables	10	54,280	131,133
Amount due from ultimate holding company		–	5,874
Contract assets	11	21,168	21,595
Prepayments		5,150	6,438
Pledged bank deposits		3,382	3,486
Fixed bank deposits		5,141	4,461
Cash and cash equivalents		73,046	136,134
		174,632	315,458
<b>Current liabilities</b>			
Trade and other payables	12	61,268	180,721
Contract liabilities	11	9,845	5,563
Bank borrowings	13	29,929	23,224
Obligation under finance lease		180	–
Tax payable		–	3,893
Deferred tax liabilities		532	–
		101,754	213,401
<b>Net current assets</b>		<b>72,878</b>	<b>102,057</b>
<b>Total assets less current liabilities</b>		<b>120,469</b>	<b>136,628</b>
<b>Non-current liabilities</b>			
Obligation under finance lease		719	–
Defined benefit obligations		276	942
		995	942
<b>Net assets</b>		<b>119,474</b>	<b>135,686</b>
<b>EQUITY</b>			
Share capital		4,000	4,000
Reserves		115,474	131,686
<b>Total equity</b>		<b>119,474</b>	<b>135,686</b>

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2019

## Attributable to equity holders of the Company

	Share capital	Share premium*	Capital reserve*	Investment revaluation reserve*	Research and development reserve*	Foreign exchange reserve*	Legal reserve*	Retained earnings*	Total	Non-controlling interest*	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2019 (audited)	4,000	41,598	13,855	-	3,674	(2,371)	1,995	72,935	135,686	-	135,686
Initial application of HKFRS 16	-	-	-	-	-	-	-	(70)	(70)	-	(70)
Restated balance at 1 January 2019	4,000	41,598	13,855	-	3,674	(2,371)	1,995	72,865	135,616	-	135,616
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	1,396	1,396
Loss for the period	-	-	-	-	-	-	-	(8,310)	(8,310)	(240)	(8,550)
Exchange difference arising on translation of foreign operations	-	-	-	-	-	(3,108)	-	-	(3,108)	-	(3,108)
	4,000	41,598	13,855	-	3,674	(5,479)	1,995	64,555	124,198	1,156	125,354
Dividends paid in respect of the previous year	-	(5,880)	-	-	-	-	-	-	(5,880)	-	(5,880)
At 30 June 2019 (unaudited)	4,000	35,718	13,855	-	3,674	(5,479)	1,995	64,555	118,318	1,156	119,474
At 1 January 2018 (audited)	4,000	41,598	13,855	532	3,674	2,979	1,995	69,573	138,206	-	138,206
Initial application of HKFRS 9	-	-	-	(532)	-	-	-	(1,151)	(1,683)	-	(1,683)
Restated balance at 1 January 2018	4,000	41,598	13,855	-	3,674	2,979	1,995	68,422	136,523	-	136,523
Profit for the period	-	-	-	-	-	-	-	217	217	-	217
Exchange difference arising on translation of foreign operations	-	-	-	-	-	(4,414)	-	-	(4,414)	-	(4,414)
At 30 June 2018 (unaudited)	4,000	41,598	13,855	-	3,674	(1,435)	1,995	68,639	132,326	-	132,326

\* 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 2019

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net cash used in operating activities	(55,119)	(90,301)
Net cash used in investing activities	(5,937)	(5,123)
Net cash generated from financing activities	1,202	14,553
Net decrease in cash and cash equivalents	(59,854)	(80,871)
Cash and cash equivalents at beginning of the period	136,134	141,062
Effect of exchange rate changes on cash and cash equivalents	(3,234)	(2,755)
Cash and cash equivalents at the end of the period	73,046	57,436
Analysis of balances of cash and cash equivalents		
Cash and bank balances	73,046	57,436

---

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

## 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 since 8 July 2016. The Company's registered office is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company's principle place of business in Hong Kong is located at Suite 1507-08, 15th Floor, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.

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; (ii) maintenance services and (iii) cyber security 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 condensed consolidated interim financial statements for the six months ended 30 June 2019 have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

The accounting policies and methods of computation used in the preparation of the condensed consolidated interim financial statements for the six months ended 30 June 2019 are consistent with those adopted in the annual financial statements for the year ended 31 December 2018. The condensed consolidated interim financial statements for the six months ended 30 June 2019 should be read in conjunction with the annual financial statements for the year ended 31 December 2018.

On 1 January 2019, 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. Except for the adoption of HKFRS 16, the adoption of other new/revised HKFRSs, amendments and interpretations has no material effect on the results reported for the current or prior periods.

The Group has applied HKFRS 16 using the modified retrospective approach. The cumulative effect of initial application will be recognised as an adjustment to the opening of equity as at 1 January 2019 and will not restate the comparative information.

The following table summarise the impact of adopting HKFRS 16 on the balances as at 1 January 2019 and 31 December 2018 of the Group’s consolidated statement of financial position.

At 31 December 2018

	As previously reported	Adjustments	As restated
	HK\$'000	HK\$'000	HK\$'000
Property, plant and equipment	6,858	1,790	8,648
Others	343,171	–	343,171
<b>Total assets</b>	<b>350,029</b>	<b>1,790</b>	<b>351,819</b>
Trade and other payables	180,721	1,860	182,581
Others	33,622	–	33,622
<b>Total liabilities</b>	<b>214,343</b>	<b>1,860</b>	<b>216,203</b>
Retained earnings	72,935	(70)	72,865
Others	62,751	–	62,751
<b>Total equity</b>	<b>135,686</b>	<b>(70)</b>	<b>135,616</b>

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

## 3. REVENUE AND SEGMENT INFORMATION

The Group's business is organised into three segments:

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

Segment revenue and profit contribution are:

### (a) Business segments:

	Three months ended 30 June							
	2019			2018				
	System integration	Maintenance services	Cyber security services	Total	System integration	Maintenance services	Cyber security services	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Total segment revenue	96,794	34,222	7,337	138,353	65,612	28,591	6,858	101,061
Inter-segment revenue	-	-	(1,607)	(1,607)	-	-	-	-
Revenue from external customers	96,794	34,222	5,730	136,746	65,612	28,591	6,858	101,061
Gross profit/segment results	8,031	7,005	1,447	16,483	7,951	8,963	3,190	20,104
Other income, net				1,244				263
Selling and administrative expenses				(21,771)				(18,228)
Finance costs				(400)				(301)
(Loss)/profit before income tax				(4,444)				1,838
Income tax credit/(expense)				804				(440)
(Loss)/profit for the period				(3,640)				1,398

	Six months ended 30 June							
	2019				2018			
	System integration	Maintenance services	Cyber security services	Total	System integration	Maintenance services	Cyber security services	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Total segment revenue	159,478	63,133	11,754	234,365	141,530	48,453	13,421	203,404
Inter-segment revenue	-	-	(1,607)	(1,607)	-	-	-	-
Revenue from external customers	159,478	63,133	10,147	232,758	141,530	48,453	13,421	203,404
Gross profit/segment results	10,269	15,921	1,667	27,857	16,961	14,996	7,574	39,531
Other income, net				4,115				1,337
Selling and administrative expenses				(40,172)				(39,472)
Finance costs				(772)				(490)
(Loss)/profit before income tax				(8,972)				906
Income tax credit/(expense)				422				(689)
(Loss)/profit for the period				(8,550)				217

(b) Geographic information:

	Three months ended		Six months ended	
	30 June		30 June	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Korea	131,016	94,203	222,611	189,983
Hong Kong	5,730	6,858	10,147	13,421
Total	136,746	101,061	232,758	203,404

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

## (c) Revenue analysis:

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue from customers and recognised over time:				
– Revenue from system integration	96,794	65,612	159,478	141,530
– Revenue from system maintenance services	34,222	28,591	63,133	48,453
– Revenue from cyber security services	5,730	6,858	10,147	13,421
<b>Total</b>	<b>136,746</b>	<b>101,061</b>	<b>232,758</b>	<b>203,404</b>

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

	Three months ended 30 June							
	2019				2018			
	System integration	Maintenance services	Cyber security services	Total	System integration	Maintenance services	Cyber security services	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Type of goods or services								
– Cloud infrastructure	68,016	32,890	–	100,906	43,851	24,664	–	68,515
– Security	28,778	1,332	5,730	35,840	21,761	3,927	6,858	32,546
<b>Total revenue from contracts with customers</b>	<b>96,794</b>	<b>34,222</b>	<b>5,730</b>	<b>136,746</b>	<b>65,612</b>	<b>28,591</b>	<b>6,858</b>	<b>101,061</b>
Type of customers								
– Public sector	49,314	19,441	–	68,755	10,951	15,375	–	26,326
– Private sector	47,480	14,781	5,730	67,991	54,661	13,216	6,858	74,735
<b>Total revenue from contracts with customers</b>	<b>96,794</b>	<b>34,222</b>	<b>5,730</b>	<b>136,746</b>	<b>65,612</b>	<b>28,591</b>	<b>6,858</b>	<b>101,061</b>
Type of contract duration								
– Within twelve months	96,651	27,308	5,544	129,503	65,526	25,154	6,858	97,538
– Over twelve months but less than twenty-four months	–	2,282	66	2,348	–	406	–	406
– Over twenty-four months	143	4,632	120	4,895	86	3,031	–	3,117
<b>Total revenue from contracts with customers</b>	<b>96,794</b>	<b>34,222</b>	<b>5,730</b>	<b>136,746</b>	<b>65,612</b>	<b>28,591</b>	<b>6,858</b>	<b>101,061</b>



	Six months ended 30 June							
	2019				2018			
	System integration	Maintenance services	Cyber security services	Total	System integration	Maintenance services	Cyber security services	Total
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Type of goods or services								
- Cloud infrastructure	115,056	59,916	-	174,972	90,352	41,703	-	132,055
- Security	44,422	3,217	10,147	57,786	51,178	6,750	13,421	71,349
Total revenue from contracts with customers	159,478	63,133	10,147	232,758	141,530	48,453	13,421	203,404
Type of customers								
- Public sector	62,908	34,052	-	96,960	25,045	23,167	-	48,212
- Private sector	96,570	29,081	10,147	135,798	116,485	25,286	13,421	155,192
Total revenue from contracts with customers	159,478	63,133	10,147	232,758	141,530	48,453	13,421	203,404
Type of contract duration								
- Within twelve months	159,278	53,552	9,961	222,791	141,363	42,524	13,421	197,308
- Over twelve months but less than twenty-four months	57	2,604	66	2,727	-	944	-	944
- Over twenty-four months	143	6,977	120	7,240	167	4,985	-	5,152
Total revenue from contracts with customers	159,478	63,133	10,147	232,758	141,530	48,453	13,421	203,404

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

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

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

	Three months ended		Six months ended	
	30 June		30 June	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Costs of inventories recognised as expenses	97,647	71,311	167,065	142,822
Employee costs	21,940	20,761	43,272	41,147
Subcontracting costs	7,912	4,248	10,548	5,979
Agency commission	–	–	–	3,000
Amortisation of intangible assets	916	714	1,765	1,387
Depreciation of property, plant and equipment	891	1,029	1,843	2,030
Research and development costs	983	750	1,700	1,444
Depreciation of right-of-use assets	370	–	754	–
Operating lease expenses in respect of rented premises	66	521	109	1,044

## 5. INCOME TAX (CREDIT)/EXPENSE

	Three months ended		Six months ended	
	30 June		30 June	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current tax				
– Korea	(569)	(65)	(239)	342
	(569)	(65)	(239)	342
Deferred Tax				
– Korea	(85)	477	(79)	319
– Hong Kong	(150)	28	(104)	28
	(235)	505	(183)	347
Total	(804)	440	(422)	689

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

- 11% on assessable profit up to the first KRW200 million (equivalent to approximately HK\$1.4 million);
- 22% on assessable profit in excess of KRW200 million (equivalent to approximately HK\$1.4 million) and up to KRW20 billion (equivalent to approximately HK\$136.9 million);
- 24.2% on assessable profit in excess of KRW20 billion (equivalent to approximately HK\$136.9 million).

Future Data is subject to Hong Kong profits tax. Hong Kong profits tax is calculated at two-tiered rates on the estimated assessable profits arising in Hong Kong.

- 8.25% on assessable profits up to HK\$2 million and 16.5% on any part of assessable profits over HK\$2 million.

## 6. (LOSS)/EARNINGS PER SHARE

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

	Six months ended 30 June	
	2019	2018
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
(Loss)/profit for the period	(8,310)	217

	Six months ended 30 June	
	2019	2018
	Number'000	Number'000
	(unaudited)	(unaudited)
Weighted average number of ordinary shares	400,000	400,000

Weighted average of 400,000,000 shares for the six months ended 30 June 2019 represents the number of shares in issue throughout the period.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

Diluted (loss)/earnings per share were the same as the basic (loss)/earnings per share as the Group had no potential dilutive ordinary shares during the six months ended 30 June 2019 and 2018.

## 7. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019 (corresponding period in 2018: Nil).

## 8. OTHER FINANCIAL ASSETS

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Financial assets measured at fair value through profit or loss:		
Unlisted equity securities		
– Korea Software Financial Cooperative (“KSFC”)	2,856	2,840
– Korea Broadcasting & Communication Financial Cooperative (“KBCFC”)	38	38
	2,894	2,878
Investment in insurance policy	1,989	1,932
	4,883	4,810

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

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

## 9. INVENTORIES

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Hardware and software	12,465	6,337

## 10. TRADE AND OTHER RECEIVABLES

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Trade receivables	67,984	141,453
Less: Provision for impairment of trade receivables	(16,799)	(12,852)
Trade receivables, net (note (a))	51,185	128,601
Short-term loans to employees	395	488
Accrued interest	85	41
Rental and other deposits	2,219	2,003
Other receivables	396	–
	54,280	131,133

- (a) The credit term granted by the Group to its trade customers is normally ranged from 30 days to 90 days. Based on the invoice date, the ageing analysis of the Group's trade receivables net of impairment provision is as follows:

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
0 – 90 days	39,550	111,725
91 – 180 days	4,481	4,577
181 – 365 days	1,214	2,818
1 – 2 years	5,569	8,679
Over 2 years	371	802
	51,185	128,601

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

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Carrying amount at beginning of the period/year	12,852	9,813
Initial application of HKFRS 9	–	2,096
	12,852	11,909
Impairment losses recognised	3,970	1,489
Exchange realignment	(23)	(546)
Carrying amount at end of the period/year	16,799	12,852

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

## 11. CONTRACT ASSETS AND CONTRACT LIABILITIES

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Contract assets		
Arising from performance under system integration	19,106	21,595
Arising from provision of cyber security services	2,062	–
	21,168	21,595
Contract liabilities		
Arising from performance under system integration	2,404	5,563
Arising from provision of cyber security services	7,441	–
	9,845	5,563

## 12. TRADE AND OTHER PAYABLES

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Trade payables (note (a))	46,799	160,473
Accruals and other payables	10,366	16,398
Advances receipts	21	110
Lease liabilities	1,037	–
Value-added tax payables	3,045	3,740
	61,268	180,721

(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 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
0 – 30 days	29,293	138,800
31 – 60 days	8,582	15,663
61 – 90 days	5,935	696
91 – 180 days	260	4,121
181 – 365 days	2,156	611
Over 1 year	573	582
	46,799	160,473

### 13. BANK BORROWINGS

	30 June 2019 HK\$'000 (unaudited)	31 December 2018 HK\$'000 (audited)
Unsecured:		
– Bank loans	29,929	21,307
– Bills payable	–	1,917
Total borrowings due for repayment within one year	29,929	23,224

As at 30 June 2019, 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\$400,000 and KRW440,000,000 (2018: US\$400,000 and KRW440,000,000) for import financing facilities and bank loans provided to Global Telecom.

### 14. BUSINESS COMBINATION

On 3 June 2019, a wholly owned subsidiary of the Group acquired 64.86% of the issued shares of Maximus Group Consulting Limited (“Target Company”) for consideration at maximum of HK\$12,000,000. The Group makes use of the resources and expertise of the newly acquired company and its subsidiary, (collectively as “Target Group”) to capture more opportunities for larger scale projects.

Details of the purchase consideration, the net assets/(liabilities) acquired and goodwill are as follows:

Consideration shall be satisfied by:

	HK\$
Cash	6,000,000
Setting off against service fee receivable	4,000,000
Contingent consideration ( <i>note</i> )	2,000,000
Total purchase consideration	12,000,000

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2019

Note:

Consideration shall be adjusted in the following manner:

- i) if the audited earning before interest expense, income tax, depreciation and amortisation (“EBITDA”) of the Target Group in 2019 is equal to or greater than HK\$8 million, there shall not be any adjustment and the amount shall remain as HK\$2 million;
- ii) if the audited EBITDA of the Target Group in 2019 is less than HK\$8 million but more than or equal to HK\$4 million, the amount shall be downward adjusted to HK\$500,000; and
- iii) if the audited EBITDA of the Target Group in 2019 is less than HK\$4 million, the amount shall be downward adjusted to zero.

The assets and liabilities recognised as a result of the acquisition are as follows:

	HK\$'000
Property, plant and equipment	168
Intangible asset	911
Trade and other receivables	8,630
Contract assets	2,412
Cash and bank balances	3,157
Trade and other payables	(6,427)
Contract liabilities	(6,295)
Deferred tax liability	(532)
Net identifiable assets acquired	2,024
Less: non-controlling interest	(1,396)
Add: goodwill	11,372
Total purchase consideration	12,000

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

	Three months ended		Six months ended	
	30 June		30 June	
	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Remuneration of directors and other members of key management	2,255	2,062	4,312	4,157



## Financial Review

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2019

	Six months ended 30 June		Change HK\$'000	Change %
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)		
Revenue	232,758	203,404	29,354	14.4%
Cost of sales and services	(204,901)	(163,873)	41,028	25.0%
Gross profit	27,857	39,531	(11,674)	(29.5%)
Other income, net	4,115	1,337	2,778	207.8%
Selling and administrative expenses	(40,172)	(39,472)	700	1.8%
Finance costs	(772)	(490)	282	57.6%
(Loss)/profit before income tax	(8,972)	906	(9,878)	(1,090.3%)
Income tax credit/(expense)	422	(689)	(1,111)	(161.2%)
(Loss)/profit for the period	(8,550)	217	(8,767)	(4,040.1%)

Despite the challenging business environment in the first six months of this calendar year due to trade wars between United States – China and Korea – Japan, the Group recorded a considerable increase in revenue by HK\$29.4 million or 14.4% to HK\$232.8 million for the six months ended 30 June 2019 compared to HK\$203.4 million achieved in the same period last year. The increase in revenue was mainly due to the implementation of large system integration projects for Korea Industrial Complex Corporation, Korea Polytechnics University and Kangwon Land, Inc.. As a result, revenue for the six months ended 30 June 2019 generated from our Korea subsidiary increased by HK\$32.6 million or 17.2% when compared to the revenue for the six months ended 30 June 2018. On the other hand, revenue generated from our Hong Kong operation decreased from HK\$13.4 million for the six months ended 30 June 2018 to HK\$10.1 million for the six months ended 30 June 2019. This adverse trend has been improved as the variance of revenue between the three months ended 30 June 2018 and 2019 narrowed down to HK\$1.1 million.

The Group's gross profit decreased by approximately HK\$11.7 million or 29.5% from HK\$39.5 million for the six months ended 30 June 2018 to HK\$27.9 million for the

six months ended 30 June 2019. The main reasons for such decrease were 1) unfavorable exchange rate leading to higher cost of goods sold; 2) lower margin on new products to penetrate and win market share and 3) lesser high margin public sector projects due to government delay of budget spending into second half of the year.

Other income for the six months ended 30 June 2019 mainly represented the write-back of a provision made for litigation cases during the year of 2018.

Selling and administrative expenses were approximately HK\$40.2 million for the six months ended 30 June 2019 (for the six months ended 30 June 2018: approximately HK\$39.5 million), representing a small increase of HK\$0.7 million or 1.8% showing management ability to control costs.

Although the Group has achieved a 14.4% increase in revenue and manage its operating expenses very well, the Group recorded HK\$9.0 million loss before tax, due to the 25.0% increase in cost of sales and services. After a tax credit of HK\$0.4 million, our loss after tax stood at HK\$8.6 million for the six months ended 30 June 2019.

# Management Discussion and Analysis

## Financial Position

### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	As at 30 June 2019 HK\$'000 (unaudited)	As at 31 December 2018 HK\$'000 (audited)	Change HK\$'000	Change %
Property, plant and equipment	7,707	6,858	849	12.4%
Intangible assets	12,893	12,319	574	4.7%
Goodwill	11,372	–	11,372	100.0%
Other financial assets	4,883	4,810	73	1.5%
Guarantee deposits	4,676	4,531	145	3.2%
Deferred tax assets	6,060	6,053	7	0.1%
<b>Non-current assets</b>	<b>47,591</b>	<b>34,571</b>	<b>13,020</b>	<b>37.7%</b>
Inventories	12,465	6,337	6,128	96.7%
Trade and other receivables	54,280	131,133	(76,853)	(58.6%)
Amount due from ultimate holding company	–	5,874	(5,874)	(100.0%)
Contract assets	21,168	21,595	(427)	(2.0%)
Prepayments	5,150	6,438	(1,288)	(20.0%)
Pledged bank deposits	3,382	3,486	(104)	(3.0%)
Fixed bank deposits	5,141	4,461	680	15.2%
Cash and cash equivalents	73,046	136,134	(63,088)	(46.3%)
<b>Current assets</b>	<b>174,632</b>	<b>315,458</b>	<b>(140,826)</b>	<b>(44.6%)</b>
Trade and other payables	61,268	180,721	(119,453)	(66.1%)
Contract liabilities	9,845	5,563	4,282	77.0%
Bank borrowings	29,929	23,224	6,705	28.9%
Obligation under finance lease	180	–	180	100.0%
Tax payable	–	3,893	(3,893)	(100.0%)
Deferred tax liabilities	532	–	532	100.0%
<b>Current liabilities</b>	<b>101,754</b>	<b>213,401</b>	<b>(111,647)</b>	<b>(52.3%)</b>
Obligation under finance lease	719	–	719	100.0%
Defined benefit obligations	276	942	(666)	(70.7%)
<b>Non-current liabilities</b>	<b>995</b>	<b>942</b>	<b>53</b>	<b>5.6%</b>
<b>Net assets</b>	<b>119,474</b>	<b>135,686</b>	<b>(16,212)</b>	<b>(11.9%)</b>

The Group recorded non-current assets of HK\$45.5 million as at 30 June 2019. This increase was mainly attributable to the goodwill arising from the acquisition of Maximus Group Consulting Limited on 3 June 2019. The details of acquisition are disclosed in our announcements published on 2 April 2019 and 3 June 2019.

The Group's current assets were HK\$174.6 million as at 30 June 2019, recorded a decrease of approximately HK\$140.8 million when compared with that as at 31 December 2018. In line with the reduction of current assets, our current liabilities were also decreased by approximately HK\$111.6 million as at 30 June 2019, from HK\$213.4 million as at 31 December 2018. As a result, our Group recorded a decrease in net current asset of approximately HK\$18.3 million. The decrease was mainly due to decrease in trade and other receivables and decrease in cash and cash equivalents totaling HK\$139.9 million has exceeded the decrease in trade and other payables of HK\$119.5 million.

Non-current liabilities were not significant as it includes our Korean employee's long term benefits (also known as employee's superannuation) and a new finance lease for purchase of corporate vehicle. Our Group has yet to incur any employee's superannuation related to Hong Kong subsidiaries in this reporting period.

As a result, our Group recorded a decrease in total equity of approximately HK\$16.2 million as at 30 June 2019, from approximately HK\$135.7 million as at 31 December 2018.

## Liquidity and Financial Resources

As at 30 June 2019, the Group's net current assets were HK\$72.9 million showing a strong liquidity.

The Group expresses its gearing ratio as a percentage of total debt over total equity. As at 30 June 2019, the gearing ratio was 25.8% (as at 31 December 2018: 17.1%). The increase was due to additional bank borrowings of approximately HK\$6.7 million while the Group's total equity decreased by HK\$16.2 million. The liquidity ratio, represented by a ratio of current assets over current liabilities, was 1.7 times (as at 31 December 2018: 1.5 times), reflecting the adequacy of financial resources.

As at 30 June 2019, the Group recorded cash and cash equivalents of approximately HK\$73.0 million (as at 31 December 2018: approximately HK\$136.1 million), which included approximately KRW9,566 million, HK\$3.0 million and US\$0.6 million.

As at 30 June 2019, the Group had variable rate bank borrowings of approximately US\$3.8 million, which was equivalent to approximately HK\$29.9 million (as at 31 December 2018: approximately HK\$23.2 million). Certain bank borrowings are guaranteed by KCGF which is a public financial institution independent of the Group.

---

## Management Discussion and Analysis

### Foreign Exchange Exposure

The Group's business in Korea was exposed to currency risk that mainly arose from the currency difference between our revenue receipts (which are denominated in KRW) and some of our payments for purchases (which are in US\$). In preparing the costing of our system integration project in which procurement of components in US\$ is required, we would add on a margin to the relevant cost items of the project as a cushion to safeguard against any unfavourable foreign exchange movement in KRW against US\$ between the costing date and the relevant settlement date. During the first half of 2019, we experienced an unfavourable foreign exchange movement in the Korea operation, and hence, recorded an increase in cost of goods sold.

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

### Charges on Group's Assets

As at 30 June 2019, fixed deposits amounting to HK\$3.4 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 2019.

The carrying amount of the Group's unlisted equity securities as at 30 June 2019 accounted for approximately 1.3% 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.

The Group did not have any plan for material investments or capital asset as at 30 June 2019 as well.

### Significant Acquisitions and Disposals

Saved for the acquisition of Maximus Group Consulting Limited completed on 3 June 2019, the Group had not made any significant acquisition or disposal for the six months ended 30 June 2019.

### Contingent Liabilities

As at 30 June 2019, the Group did not have any significant contingent liabilities.

## Business Review

Set out below are the details of the movement of the number of system integration projects up to 30 June 2019.

Number of projects at 1 January 2019	47
Number of new projects awarded	404
Number of projects completed during period	(385)
Number of projects as at 30 June 2019	66

System integration business segment is growing during the reporting period from which generated a revenue of HK\$159.5 million for the six months ended 30 June 2019, recorded an increase by HK\$17.9 million or 12.7% compared to the same corresponding period in last year. The increase was attributable to three sizable projects, each of these projects contributed over HK\$7 million revenue to our Korea operation. Revenue generated from maintenance services segment has increased by HK\$14.7 million from HK\$48.5 million for the six months ended 30 June 2018 to HK\$63.1 million for the six months ended 30 June 2019, resulting from the increase in number of maintenance contracts entered into with customers.

As at 30 June 2019, the Group completed the acquisition of Maximus Group Consulting Limited and its subsidiary, Maximus Consulting (Hong Kong) Limited. Making use of the resources and expertise of these new subsidiaries, the Group may deepen the penetration into cyber security services market and capture more opportunities for larger scale projects, such as a three-year contract signed with one of the largest stock brokerage firms in Hong Kong mentioned in our announcement dated 17 July 2019. Revenue from cyber security services segment was not as good as the same corresponding period in last year but was in an improving trend to narrow down the variance to HK\$1.1 million when comparing the revenue for the three months ended 30 June 2019 with the revenue for the three months ended 30 June 2018. For the six months ended 30 June 2019, the Group recorded a revenue of HK\$10.1 million in cyber security services segment.

---

## Management Discussion and Analysis

### Prospects

The short-term macroeconomic environment in Korea and Hong Kong, where the Group operates, are challenging, in the light of escalation of trade wars between the United States-China and Korea-Japan and unabated protests in Hong Kong. However, the Group strives to win more businesses in the second half of 2019 and conclude this year with positive profit.

In the long-term, the Group sees opportunities to derive revenue from digital security projects in the one-belt-one-road initiative and hence is taking steps to position ourselves as a leading player in this new and exciting market. Digital security encompasses physical security, CCTV surveillance security and cyber security for which the Group has the necessary know-how and experience in Korea market in the past and in Hong Kong market recently.

### Employees and Remuneration Policy

As at 30 June 2019, the Group had an aggregate of 196 (30 June 2018: 171) employees. Such increase represented the recruitment of more engineers deploying sizable government projects in Korea.

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\$43.3 million for the six months ended 30 June 2019 (six months ended 30 June 2018: approximately HK\$41.1 million).

The Group has adopted a share option scheme for the purpose of providing incentives and rewards to eligible persons who contributed to the success of the Group's operation. Up to 30 June 2019, no share option had been granted.

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

### 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 2019, the interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) held by the Directors and

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

#### Long Positions in the Shares

Name of Director	Capacity/Nature of interest	Number of Shares held	Approximate percentage of issued share capital <sup>(Note 4)</sup>
Mr. Phung Nhuong Giang <sup>(Notes 1,2 and 3)</sup> ("Mr. Phung")	Interest held jointly with other persons/Interest in controlled corporation/ Interest of spouse	262,917,327	65.73%
Mr. Suh Seung Hyun <sup>(Notes 1 and 2)</sup> ("Mr. Suh")	Interest held jointly with other persons/Interest in controlled corporation	262,917,327	65.73%
Mr. Lee Seung Han <sup>(Notes 1 and 2)</sup> ("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 2019 (i.e. 400,000,000 Shares).

## Corporate Governance and Other Information

Save as disclosed above, as at 30 June 2019, 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 2019, so far as known to the Directors, the following persons (not being Directors or chief executive of the Company) had or were deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO who, are directly or indirectly interested in 5% or more of the Shares.

### Long Positions in the Shares

Name of Shareholder	Capacity/Nature of interest	Number of Shares held	Approximate percentage of issued share capital <sup>(Note 8)</sup>
LiquidTech <sup>(Note 1)</sup>	Beneficial owner	262,917,327	65.73%
AMS <sup>(Notes 1, 2 and 3)</sup>	Interest in controlled corporation	262,917,327	65.73%
Mr. Park <sup>(Notes 2 and 3)</sup>	Interest held jointly with other persons/ Interest in controlled corporation	262,917,327	65.73%
Ms. Marilyn Tang <sup>(Notes 2, 3 and 4)</sup>	Interest held jointly with other persons/ Interest in controlled corporation/ Interest of spouse	262,917,327	65.73%
Ms. Lee Kim Sinae <sup>(Note 5)</sup>	Interest of spouse	262,917,327	65.73%
Ms. Suh Kim Seong Ock <sup>(Note 6)</sup>	Interest of spouse	262,917,327	65.73%
Ms. Shin Hee Kum <sup>(Note 7)</sup>	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 2019 (i.e. 400,000,000 Shares).

Save as disclosed above, as at 30 June 2019, 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 2019.

## DIRECTORS' INTEREST IN COMPETING BUSINESS

During the six months ended 30 June 2019, 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 2019.

### CHANGES IN DIRECTORS' BIOGRAPHICAL DETAILS

Changes in directors' biographical details which are required to be disclosed pursuant to Rules 17.50(2) and 17.50A of the GEM Listing Rules are set out below:

Mr. Phung Nhuong Giang, executive Director of the Company, has been appointed as director of Maximus Group Consulting Limited and its subsidiary, Maximus Consulting (Hong Kong) Limited, which were newly acquired by a wholly owned subsidiary of the Group, with effect from 3 June 2019.

### 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 2019.

### 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 2019, 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, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board. The Audit Committee had reviewed the unaudited interim results of the Company for the six months ended 30 June 2019.

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

Hong Kong, 9 August 2019