



FUTURE DATA

FUTURE DATA GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE: 8229

2020

INTERIM REPORT



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

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

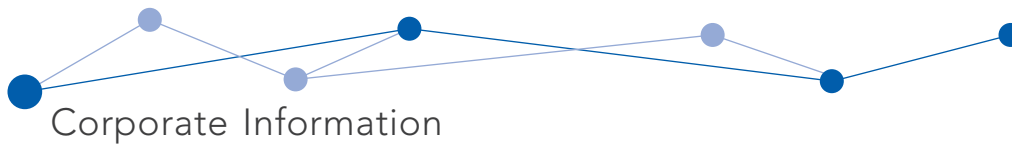
Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded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

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

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

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Suh Seung Hyun (*Chairman*)

Mr. Phung Nhuong Giang
(*Deputy Chairman*)

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

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

Independent Non-executive Directors

Mr. Wong Sik Kei

Mr. Sum Chun Ho

Mr. Yung Kai Tai

BOARD COMMITTEES

Audit Committee

Mr. Sum Chun Ho (*Chairman*)

Mr. Wong Sik Kei

Mr. Yung Kai Tai

Remuneration Committee

Mr. Wong Sik Kei (*Chairman*)

Mr. Sum Chun Ho

Mr. Yung Kai Tai

Nomination Committee

Mr. Yung Kai Tai (*Chairman*)

Mr. Sum Chun Ho

Mr. Wong Sik Kei

COMPLIANCE OFFICER

Mr. Lee Seung Han

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN KOREA

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

COMPANY SECRETARY

Ms. Chan Suet Lam

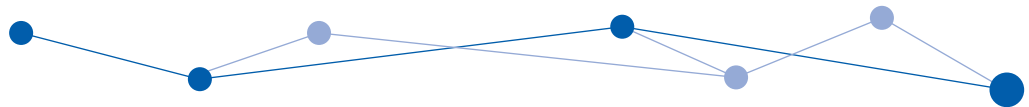
AUTHORISED REPRESENTATIVES

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



Corporate Information

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

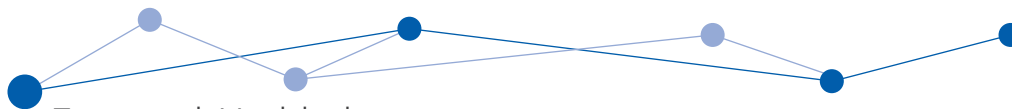
Woori Bank
51, Sogong-ro
Jung-gu
Seoul, 04632
Korea

COMPANY WEBSITE ADDRESS

www.futuredatagroup.com

STOCK CODE

8229



Financial Highlights

For the three and six months ended 30 June 2020

The Company announced financial results for its fiscal 2020 second quarter (“June Quarter”), and the first six months (“June Interim”) ended 30 June 2020 as follows:

- Posted revenue for the June Quarter of HK\$150.5 million, a sequential increase of HK\$36.8 million or 32.3% from the fiscal 2020 first quarter (“March Quarter”). As a result, June Interim revenue stood at HK\$264.2 million, an increase of HK\$31.5 million or 13.5%, from the year-ago period.
- Recorded profit after tax for the June Quarter of HK\$4.4 million, reversing the loss after tax position of the March Quarter. As a result, June Interim loss after tax was narrowed down to HK\$4.2 million, an improvement of approximately 51.0%, as compared to the year-ago period.
- Reported earnings per share for the June Quarter was a positive HK cents 1.20, representing an improvement from the loss per share for the March Quarter of HK cents 2.02.

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2020 (corresponding period in 2019: nil).



Interim Results

The board of directors (the “Board”) of the Company presents the June Quarter and June Interim results together with comparative figures in the next several pages following this page.

Condensed Consolidated Statement of Profit or Loss

For the three and six months ended 30 June 2020

	Notes	Three months ended 30 June		Six months ended 30 June	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Revenue	3	150,517	136,746	264,247	232,758
Cost of sales and services		(128,603)	(120,263)	(232,741)	(204,901)
Gross profit		21,914	16,483	31,506	27,857
Other income, net		379	1,244	753	4,115
Selling and administrative expenses		(15,816)	(21,771)	(34,536)	(40,172)
Finance costs		(157)	(400)	(427)	(772)
Profit/(loss) before income tax	4	6,320	(4,444)	(2,704)	(8,972)
Income tax (expense)/credit	5	(1,929)	804	(1,483)	422
Profit/(loss) after tax		4,391	(3,640)	(4,187)	(8,550)
Attributable to:					
– Owners of the Company		4,809	(3,400)	(3,271)	(8,310)
– Non-controlling interests		(418)	(240)	(916)	(240)
		4,391	(3,640)	(4,187)	(8,550)
Earnings/(loss) per share attributable to owners of the Company					
Basic and Diluted (HK cents)	6	1.20	(0.85)	(0.82)	(2.08)



Condensed Consolidated Statement of Comprehensive Income

For the three and six months ended 30 June 2020

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
	Notes HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Profit/(loss) for the period	4,391	(3,640)	(4,187)	(8,550)
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	1,409	(2,197)	(4,777)	(3,108)
Total comprehensive income for the period	5,800	(5,837)	(8,964)	(11,658)
Attributable to:				
– Owners of the Company	6,209	(5,597)	(8,057)	(11,418)
– Non-controlling interests	(409)	(240)	(907)	(240)
	5,800	(5,837)	(8,964)	(11,658)

Condensed Consolidated Statement of Financial Position

As at 30 June 2020

		As at 30 June 2020	As at 31 December 2019
	Notes	HK\$'000 (unaudited)	HK\$'000 (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		8,431	6,715
Intangible assets		11,430	13,854
Goodwill		7,534	7,534
Other financial assets	8	6,603	5,000
Guarantee deposits		3,518	4,671
Deferred tax assets		6,833	7,160
		44,349	44,934
Current assets			
Inventories	9	12,804	9,729
Trade and other receivables	10	89,526	89,794
Contract assets	11	22,237	21,623
Prepayments		8,463	10,748
Pledged bank deposits		–	3,372
Fixed bank deposits		8,126	4,316
Cash and cash equivalents		60,774	116,075
		201,930	255,657
Current liabilities			
Trade and other payables	12	51,513	115,966
Contract liabilities	11	41,435	30,443
Lease liabilities		1,085	993
Bank borrowings	13	27,858	20,582
Tax payable		560	239
Deferred tax liabilities		212	378
		122,663	168,601
Net current assets		79,267	87,056
Total assets less current liabilities		123,616	131,990
Non-current liabilities			
Lease liabilities		2,189	661
Defined benefit obligations		243	1,181
		2,432	1,842
Net assets		121,184	130,148
EQUITY			
Share capital		4,000	4,000
Reserves		117,070	125,127
Equity attributable to owners of the Company		121,070	129,127
Non-controlling interests		114	1,021
Total equity		121,184	130,148

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2020

	Attributable to equity holders of the Company									
	Share capital	Share premium*	Capital 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
At 1 January 2020 (audited)	4,000	35,718	13,855	3,674	(5,792)	1,995	75,677	129,127	1,021	130,148
Loss for the period	-	-	-	-	-	-	(3,271)	(3,271)	(916)	(4,187)
Exchange difference arising on translation of foreign operations	-	-	-	-	(4,786)	-	-	(4,786)	9	(4,777)
Total comprehensive income	-	-	-	-	(4,786)	-	(3,271)	(8,157)	(907)	(8,964)
Transferred from retained earnings upon declaration of final dividend from a subsidiary	-	-	-	-	-	496	(496)	-	-	-
At 30 June 2020 (unaudited)	4,000	35,718	13,855	3,674	(10,578)	2,491	71,910	121,070	114	121,184
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 9	-	-	-	-	-	-	(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
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)
Total comprehensive income	-	-	-	-	(3,108)	-	(8,310)	(11,418)	(240)	(11,658)
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	1,396	1,396
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

* 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 2020

	Six months ended 30 June	
	2020	2019
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net cash used in operating activities	(46,262)	(55,119)
Net cash used in investing activities	(11,585)	(5,937)
Net cash generated from financing activities	7,298	1,202
Net decrease in cash and cash equivalents	(50,549)	(59,854)
Cash and cash equivalents at beginning of the period	116,075	136,134
Effect of exchange rate changes on cash and cash equivalents	(4,752)	(3,234)
Cash and cash equivalents at the end of the period	60,774	73,046
Analysis of balances of cash and cash equivalents		
Cash and bank balances	60,774	73,046



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2020

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, whereas in Korea our principle place of business is located at Unit 801-809 & 822, Mullae SK V1 Center, 10, Seonyu-ro 9-gil, Yeongdeungpo-gu, Seoul, Korea.

The principal activity of the Company is investment holding. The Group is engaged in the provision of (i) system integration; (ii) maintenance services and (iii) cyber security services.

The functional currencies of the Company's principal operating subsidiaries in Korea and Hong Kong are South Korean Won ("KRW") and Hong Kong Dollars ("HK\$") respectively, while the condensed consolidated interim financial statements are presented in HK\$. 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. The amounts stated are rounded to the nearest HK\$1,000 unless otherwise stated.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated interim financial statements for the six months ended 30 June 2020 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 2020 are consistent with those adopted in the annual financial statements for the year ended 31 December 2019. The condensed consolidated interim financial statements for the six months ended 30 June 2020 should be read in conjunction with the annual financial statements for the year ended 31 December 2019.

On 1 January 2020, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), amendments and interpretations that are effective from that date and are relevant to its operations. The adoption of these new/revised HKFRSs, amendments and interpretations has no material effect on the results reported for the current or prior periods.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2020

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							
	2020				2019			
	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)
Total segment revenue	104,866	40,160	6,771	151,797	96,794	34,222	7,337	138,353
Inter-segment revenue	-	-	(1,280)	(1,280)	-	-	(1,607)	(1,607)
Revenue from external customers	104,866	40,160	5,491	150,517	96,794	34,222	5,730	136,746
Gross profit/segment results	7,810	13,462	642	21,914	8,031	7,005	1,447	16,483
Other income, net				379				1,244
Selling and administrative expenses				(15,816)				(21,771)
Finance costs				(157)				(400)
Profit/(loss) before income tax				6,320				(4,444)
Income tax (expense)/credit				(1,929)				804
Profit/(loss) for the period				4,391				(3,640)



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2020

	Six months ended 30 June							
	2020				2019			
	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)
Total segment revenue	178,523	74,297	15,964	268,784	159,478	63,133	11,754	234,365
Inter-segment revenue	-	-	(4,537)	(4,537)	-	-	(1,607)	(1,607)
Revenue from external customers	178,523	74,297	11,427	264,247	159,478	63,133	10,147	232,758
Gross profit/segment results	8,997	20,169	2,340	31,506	10,269	15,921	1,667	27,857
Other income, net				753				4,115
Selling and administrative expenses				(34,536)				(40,172)
Finance costs				(427)				(772)
Loss before income tax				(2,704)				(8,972)
Income tax (expense)/credit				(1,483)				422
Loss for the period				(4,187)				(8,550)

(b) Geographic segments:

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Korea	145,026	131,016	252,820	222,611
Hong Kong	5,491	5,730	11,427	10,147
Total	150,517	136,746	264,247	232,758

Notes to the Condensed Consolidated Interim Financial Statements

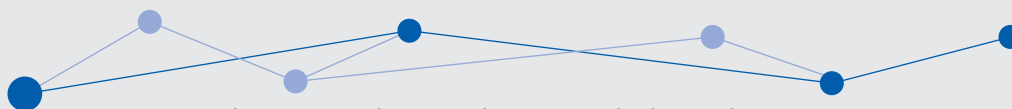
For the six months ended 30 June 2020

(c) Revenue analysis:

	Three months ended 30 June		Six months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
System integration:				
– Revenue from system integration services	104,866	96,794	178,523	159,478
Maintenance services:				
– Revenue from system maintenance services	40,160	34,222	74,297	63,133
Cyber security services:				
– Revenue from cyber security services	5,491	5,730	11,427	10,147
Total	150,517	136,746	264,247	232,758

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

	Three months ended 30 June							
	2020				2019			
Type of goods or services	System integration HK\$'000 (unaudited)	Maintenance services HK\$'000 (unaudited)	Cyber security services HK\$'000 (unaudited)	Total HK\$'000 (unaudited)	System integration HK\$'000 (unaudited)	Maintenance services HK\$'000 (unaudited)	Cyber security services HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
– Cloud infrastructure	96,077	38,677	–	134,754	68,016	32,890	–	100,906
– Security	8,789	1,483	5,491	15,763	28,778	1,332	5,730	35,840
Total revenue from contracts with customers	104,866	40,160	5,491	150,517	96,794	34,222	5,730	136,746
Type of customers								
– Public sector	40,347	25,112	–	65,459	49,314	19,441	–	68,755
– Private sector	64,519	15,048	5,491	85,058	47,480	14,781	5,730	67,991
Total revenue from contracts with customers	104,866	40,160	5,491	150,517	96,794	34,222	5,730	136,746
Type of contract duration								
– Within twelve months	104,214	4,723	4,576	113,513	96,651	27,308	5,544	129,503
– Over twelve months but less than twenty-four months	652	29,305	509	30,466	–	2,282	66	2,348
– Over twenty-four months	–	6,132	406	6,538	143	4,632	120	4,895
Total revenue from contracts with customers	104,866	40,160	5,491	150,517	96,794	34,222	5,730	136,746



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2020

	Six months ended 30 June							
	2020				2019			
	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	157,179	70,657	-	227,836	115,056	59,916	-	174,972
- Security	21,344	3,640	11,427	36,411	44,422	3,217	10,147	57,786
Total revenue from contracts with customers	178,523	74,297	11,427	264,247	159,478	63,133	10,147	232,758
Type of customers								
- Public sector	70,984	43,548	-	114,532	62,908	34,052	-	96,960
- Private sector	107,539	30,749	11,427	149,715	96,570	29,081	10,147	135,798
Total revenue from contracts with customers	178,523	74,297	11,427	264,247	159,478	63,133	10,147	232,758
Type of contract duration								
- Within twelve months	173,400	8,308	8,996	190,704	159,278	53,552	9,961	222,791
- Over twelve months but less than twenty-four months	5,123	54,841	1,595	61,559	57	2,604	66	2,727
- Over twenty-four months	-	11,148	836	11,984	143	6,977	120	7,240
Total revenue from contracts with customers	178,523	74,297	11,427	264,247	159,478	63,133	10,147	232,758

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2020

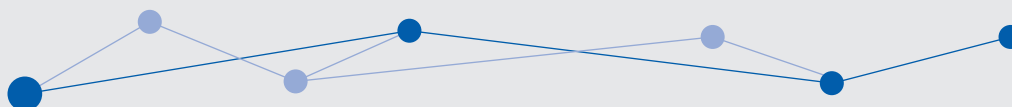
4. PROFIT/(LOSS) BEFORE INCOME TAX

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

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Costs of inventories recognised as expenses	107,004	97,647	189,671	167,065
Employee costs	21,290	21,940	43,569	43,272
Subcontracting costs	8,324	7,912	19,154	10,548
Net provision for impairment of trade receivables	991	2,689	1,708	3,947
Amortisation of intangible assets	1,212	916	2,424	1,765
Depreciation of property, plant and equipment	628	891	1,365	1,843
Depreciation of right-of-use assets	541	370	1,163	754
Research and development costs	1,607	983	2,780	1,700
Interest on lease liabilities	33	–	42	–
Short term lease expenses	89	66	335	109

5. INCOME TAX EXPENSE/(CREDIT)

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current tax				
– Korea	726	(569)	542	(239)
	726	(569)	542	(239)
Deferred Tax				
– Korea	310	(85)	(5)	(79)
– Hong Kong	893	(150)	946	(104)
	1,203	(235)	941	(183)
Total	1,929	(804)	1,483	(422)



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2020

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

- 11% on assessable profit up to the first KRW200 million (equivalent to approximately HK\$1.3 million);
- 22% on assessable profit in excess of KRW200 million (equivalent to approximately HK\$1.3 million) and up to KRW20 billion (equivalent to approximately HK\$128.0 million);
- 24.2% on assessable profit in excess of KRW20 billion (equivalent to approximately HK\$128.0 million).

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


For those entities which do not qualify for two-tiered profits tax rates, a profits tax rate of 16.5% on assessable profit shall remain in calculating Hong Kong profits tax.

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

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

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Profit/(loss) for the period attributable to owners of the Company	4,809	(3,400)	(3,271)	(8,310)

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
	Number'000	Number'000	Number'000	Number'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Weighted average number of ordinary shares	400,000	400,000	400,000	400,000



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2020

Weighted average of 400,000,000 shares for the six months ended 30 June 2020 represents the number of shares in issue throughout the period.

Diluted earnings/(loss) per share were the same as the basic earnings/(loss) per share as the Group had no potential dilutive ordinary shares during the three and six months ended 30 June 2020 and 2019.

7. DIVIDEND

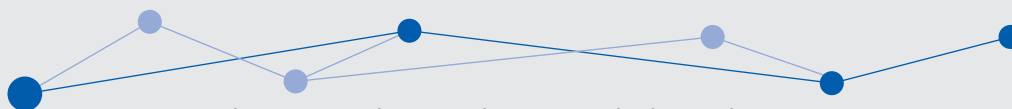
The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2020 (corresponding period in 2019: nil).

8. OTHER FINANCIAL ASSETS

	30 June 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (audited)
NON-CURRENT		
Financial assets measured at fair value through profit or loss ("FVTPL"):		
Unlisted equity securities		
– Korea Software Financial Cooperative ("KSFC")	4,389	2,799
– Korea Broadcasting & Communication Financial Cooperative ("KBCFC")	39	40
	4,428	2,839
Investment in insurance policy	2,175	2,161
	6,603	5,000

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 these insurance policies provided by insurance companies 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.



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2020

9. INVENTORIES

	30 June 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (audited)
Hardware and software	12,804	9,729

10. TRADE AND OTHER RECEIVABLES

	30 June 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (audited)
Trade receivables	99,354	106,064
Less: Provision for impairment	(21,035)	(20,234)
Trade receivables, net (<i>note (a)</i>)	78,319	85,830
Short-term loans to employees	1,272	236
Accrued interest	63	39
Rental and other deposits	9,849	2,330
Other receivables	23	1,359
	89,526	89,794

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

	30 June 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (audited)
0 – 90 days	63,388	81,594
91 – 180 days	3,659	930
181 – 365 days	10,936	2,577
1 – 2 years	336	643
Over 2 years	–	86
	78,319	85,830

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2020

The movement in the provision for impairment is as follows:

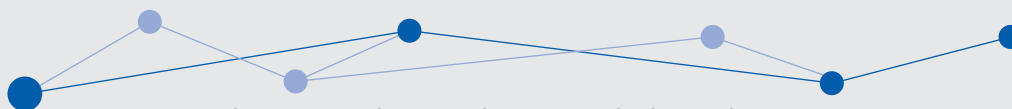
	30 June 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (audited)
Carrying amount at beginning of the period/year	20,234	12,852
Acquisition through business combination	–	138
Net impairment losses recognised during the period/year	1,708	7,637
Exchange realignment	(907)	(393)
Carrying amount at end of the period/year	21,035	20,234

11. CONTRACT ASSETS AND CONTRACT LIABILITIES

	30 June 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (audited)
Contract assets		
Arising from performance under system integration	20,699	19,232
Arising from provision of cyber security services	1,538	2,391
	22,237	21,623
Contract liabilities		
Arising from performance under system integration	32,573	22,108
Arising from provision of cyber security services	8,862	8,335
	41,435	30,443

12. TRADE AND OTHER PAYABLES

	30 June 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (audited)
Trade payables (note (a))	41,184	92,123
Accruals and other payables	9,828	16,334
Advances receipts	278	7,455
Value-added tax payables	223	54
	51,513	115,966



Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2020

- (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 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (audited)
0 – 30 days	23,201	78,296
31 – 60 days	11,787	5,643
61 – 90 days	1,288	3,238
91 – 180 days	3,534	4,167
181 – 365 days	830	83
Over 1 year	544	696
	41,184	92,123

13. BANK BORROWINGS

	30 June 2020 HK\$'000 (unaudited)	31 December 2019 HK\$'000 (audited)
Unsecured:		
– Bank loans repayable within one year	27,858	20,582

As at 30 June 2020, Korea Credit Guarantee Fund (“KCGF”), which is a public financial institution independent of the Group, provided foreign and local currency guarantees to certain banks in the amount of US\$320,000 and KRW400,000,000 (2019: US\$320,000 and KRW400,000,000) for import financing facilities and bank loans provided to Global Telecom.

14. REMUNERATION OF DIRECTORS AND EMOLUMENTS OF KEY MANAGEMENT

	Three months ended 30 June		Six months ended 30 June	
	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Remuneration of directors and other members of key management	1,923	2,255	3,966	4,312



Management Discussion and Analysis

Financial Review

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

	Three months ended				Six months ended			
	30 June 2020	31 March 2020	Change	Change	30 June 2020	30 June 2019	Change	Change
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000	%	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000	%
Revenue	150,517	113,730	36,787	32.3%	264,247	232,758	31,489	13.5%
Cost of sales and services	(128,603)	(104,138)	24,465	23.5%	(232,741)	(204,901)	27,840	13.6%
Gross profit	21,914	9,592	12,322	128.5%	31,506	27,857	3,649	13.1%
Other income, net	379	374	5	1.3%	753	4,115	(3,362)	(81.7%)
Selling and administrative expenses	(15,816)	(18,720)	(2,904)	(15.5%)	(34,536)	(40,172)	(5,636)	(14.0%)
Finance costs	(157)	(270)	(113)	(41.9%)	(427)	(772)	(345)	(44.7%)
Profit/(loss) before income tax	6,320	(9,024)	(15,344)	(170.0%)	(2,704)	(8,972)	(6,268)	(69.9%)
Income tax (expense)/credit	(1,929)	446	(2,375)	(532.5%)	(1,483)	422	(1,905)	(451.4%)
Profit/(loss) for the period	4,391	(8,578)	(12,969)	(151.2%)	(4,187)	(8,550)	(4,363)	(51.0%)

The Company announced financial results for June Quarter and June Interim as follows:

The Company posted revenue for the June Quarter of HK\$150.5 million, a sequential increase of HK\$36.8 million or 32.3% from the March Quarter. As a result, June Interim revenue stood at HK\$264.2 million, an increase of HK\$31.5 million or 13.5%, from the year-ago period. Below is our revenue analysis for June Interim 2020:

- The double-digit increase in revenue for June Interim 2020 was due to contribution from both Korea and Hong Kong operations. Korea operations contributed HK\$252.8 million in revenue for June Interim 2020, which is HK\$30.2 million or 13.6% increase compared to HK\$222.6 million a year ago. During the same period, Hong Kong operations contributed HK\$11.4 million in revenue, which is 12.6% increase compared to HK\$10.1 million a year ago.
- We also saw record increase in revenue contribution from system integration, cyber security service and maintenance services. Specifically, system integration posted HK\$178.5 million in revenue, which is HK\$19.0 million or 11.9% higher; cyber security services recorded HK\$11.4 million, which is 12.6% higher; and maintenance services delivered HK\$74.3 million in revenue, which is HK\$11.2 million or 17.7% higher in June Interim 2020 relative to that of year-ago period.
- Public sector contributed HK\$114.5 million in revenue, which is HK\$17.6 million or 18.1% increase; and private sector contributed HK\$149.7 million in revenue, which is HK\$13.9 million or 10.2% increase in June Interim 2020 as compared to year-ago period.



Management Discussion and Analysis

- The increase in revenue has been driven by strong demand for online activities in the Korea's market. As announced in March Quarter report, we have received a contract of KRW 3.2 billion (HK\$20.9 million) from a media foundation, a contract of KRW2.3 billion (HK\$15.0 million) from a Korean bank, and undisclosed amount being first 5G mobile contract win from a Korea's leading mobile operator. In the June Quarter, we won a KRW1.4 billion (HK\$9.1 million) contract from e-commerce arm of Korea's leading mobile operator, a KRW1.0 billion (HK\$6.5 million) contract from Korea's top search engine company, and a HK\$31.2 million contract from Korea's largest messaging app company.

June Quarter's gross profit surged to HK\$21.9 million from HK\$9.6 million recorded in March Quarter, representing a 128.5% increase quarter-by-quarter. This is the Company's best gross profit quarter so far. This lifted June Interim gross profit by 13.1% to HK\$31.5 million from HK\$27.9 million a year ago.

In June Quarter, we were able to lower selling and administrative expenses by HK\$2.9 million sequentially, from HK\$18.7 million in March Quarter to HK\$15.8 million as shown on the above presentation. This shows that our management team was able to control expenses

while delivering higher revenue for the Company. This causes the decrease of selling and administrative expenses for June Interim by HK\$5.6 million or 14.0% to HK\$34.5 million as compared to that of last year. The lower expenses were attributable to executive and staff cost control as well as lesser provision for impairment of trade receivables. Notably, we have reduced executive management salaries of the Group by 30% at the beginning of this year as a prudent measure against economic downturn as a result of the current pandemic.

As a result of the 128.5% surge in gross profit and 15.5% drop in selling and administrative expenses, our June Quarter's profit before tax made a historical record at HK\$6.3 million, showing a 170.0% reversal of a loss before tax of HK\$9.0 million in March Quarter. As a result of this excellent performance in June Quarter, we were able to narrow down the June Interim loss before tax to HK\$2.7 million.

After a provision of HK\$1.9 million for tax expenses, the Company posted profit before tax of HK\$4.4 million for June Quarter, an reversal of HK\$13.0 million, from loss position in March Quarter. As a result, our June Interim loss after tax is narrowed down to HK\$4.2 million.

Below is our analysis of pertinent information related to our Balance Sheet.



Management Discussion and Analysis

Financial Position

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	As at 30 June 2020 HK\$'000 (unaudited)	As at 31 December 2019 HK\$'000 (audited)	Change HK\$'000	Change %
Property, plant and equipments	8,431	6,715	1,716	25.6%
Intangible assets	11,430	13,854	(2,424)	(17.5%)
Goodwill	7,534	7,534	–	–%
Other financial assets	6,603	5,000	1,603	32.1%
Guarantee deposits	3,518	4,671	(1,153)	(24.7%)
Deferred tax assets	6,833	7,160	(327)	(4.6%)
Non-current assets	44,349	44,934	(585)	(1.3%)
Inventories	12,804	9,729	3,075	31.6%
Trade and other receivables	89,526	89,794	(268)	(0.3%)
Contract assets	22,237	21,623	614	2.8%
Prepayments	8,463	10,748	(2,285)	(21.3%)
Pledged bank deposits	–	3,372	(3,372)	(100.0%)
Fixed bank deposits	8,126	4,316	3,810	88.3%
Cash and cash equivalents	60,774	116,075	(55,301)	(47.6%)
Current assets	201,930	255,657	(53,727)	(21.0%)
Trade and other payables	51,513	115,966	(64,453)	(55.6%)
Contract liabilities	41,435	30,443	10,992	36.1%
Lease liabilities	1,085	993	92	9.3%
Bank borrowings	27,858	20,582	7,276	35.4%
Tax payable	560	239	321	134.3%
Deferred tax liabilities	212	378	(166)	(43.9%)
Current liabilities	122,663	168,601	(45,938)	(27.2%)
Lease liabilities	2,189	661	1,528	231.2%
Defined benefit obligations	243	1,181	(938)	(79.4%)
Non-current liabilities	2,432	1,842	590	32.0%
Net assets	121,184	130,148	(8,964)	(6.9%)



Management Discussion and Analysis

The Group recorded non-current assets of HK\$44.3 million as at 30 June 2020. This amount is comparable to that recorded as at 31 December 2019.

The Group's current assets stood at HK\$201.9 million as at 30 June 2020, which represented a decrease of approximately HK\$53.7 million relative to that recorded as at 31 December 2019. This is due to a lower cash and cash equivalents of HK\$55.3 million as compared to that of 31 December 2019.

In line with the reduction of current assets, our current liabilities were also decreased by approximately HK\$45.9 million as at 30 June 2020, from HK\$168.6 million as at 31 December 2019. Our trade and other payables reduced by HK\$64.5 million compared to that of 31 December 2019.

As a result, our Group recorded a decrease in net assets of approximately HK\$9.0 million from HK\$130.1 million as at the end of last year to HK\$121.2 million as at the end of June Interim 2020.

Liquidity and Financial Resources

As at 30 June 2020, the Group's net current assets were HK\$79.3 million showing a strong liquidity.

The Group expresses its gearing ratio as a percentage of total debt over total equity. As at 30 June 2020, the gearing ratio was 23.0% (as at 31 December 2019: 17.1%). The increase was mainly due to additional bank borrowings of approximately HK\$7.3 million. The liquidity ratio, represented by a ratio of current assets over current liabilities, was 1.65 times (as at 31 December 2019: 1.5 times), reflecting the sufficiency of financial resources.

As at 30 June 2020, the Group recorded cash and cash equivalents of approximately HK\$60.8 million (as at 31 December 2019: approximately HK\$116.1 million), which included approximately KRW8,906.1 million, HK\$1.9 million, US\$0.3 million and small amount of Singapore dollars.

As at 30 June 2020, the Group had variable rate bank borrowings of approximately US\$3.6 million, which was equivalent to approximately HK\$27.9 million (as at 31 December 2019: approximately HK\$20.6 million). Certain banking borrowings are guaranteed by KCGF which is a public financial institution independent of the Group.

Foreign Exchange Exposure

The Group's business in Korea is exposed to currency risk that mainly arose from the currency difference between our revenue receipts (which are denominated in KRW) and some of our payments for purchases (which are in US\$). In preparing the costing of our system integration project in which procurement of components in US\$ is required, we would add on a margin to the relevant cost items of the project as a cushion to safeguard against any unfavourable foreign exchange movement between the costing date and the relevant settlement date. During the six months period of 2020, we experienced an unfavourable foreign exchange movement, and hence, recorded an increase in cost of goods sold.

Charges on Group's Assets

Fixed deposits were pledged to KSFC for bidding, contract, defect, prepayment and payment guarantees provided by KSFC on behalf of the Group has been released during the six months ended 30 June 2020. Following the release, none of the Group's assets were charged as at 30 June 2020.



Management Discussion and Analysis

Material Investments and Capital Assets

On 14 May 2020, Global Telecom entered into an agreement with Korea Trust Company Limited, SK D&D Company Limited and Taeyoung Engineering and Construction Company Limited to purchase seventeen pre-sales permits for properties located at Seoul, Korea for a total purchase price of KRW1,253,283,000 (equivalent to approximately HK\$7.9 million as at the date of transaction). Details of this transaction were disclosed in our disclosable transaction announcement dated 7 July 2020.

The Group did not have other material investments and capital assets for the six months ended 30 June 2020.

The carrying amount of the Group's unlisted equity securities as at 30 June 2020 accounted for approximately 1.8% 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 2020 as well.

Significant Acquisitions and Disposals

Save for the abovesaid purchase of properties presale permits made on 14 May 2020, the Group had not made any significant acquisition or disposal for the six months ended 30 June 2020.

Contingent Liabilities

As at 30 June 2020, the Group did not have any significant contingent liabilities.

Capital commitment

As at 30 June 2020, the Group has outstanding capital commitments of KRW11,279,547,000 (equivalent to approximately HK\$72.7 million) mainly related to the agreement entered for properties purchase in Korea which is not provided for in the Group's financial statements.

Business Review

	HK\$'000
Opening backlog as at 1 January 2020	104,451
New booking during the period	235,024
Revenue recognised during the period	(264,247)
Closing backlog as at 30 June 2020	75,228



Management Discussion and Analysis

System integration business segment has been growing during the reporting period from which generated a revenue of HK\$178.5 million for the six months ended 30 June 2020, recorded an increase by HK\$19.0 million or 11.9% compared to the same corresponding period in last year. The increase was attributable to deployment of few sizable projects in our Korea operation. Revenue generated from maintenance services segment has increased by HK\$11.2 million from HK\$63.1 million for the six months ended 30 June 2019 to HK\$74.3 million for the six months ended 30 June 2020 resulting from the increase in number of maintenance contracts.

Cyber security services segment has recorded a slight increase in revenue during the reporting period. Compared to HK\$10.1 million for the six months ended 30 June 2019, revenue from this segment increased by HK\$1.3 million or 12.6% to HK\$11.4 million for the six months ended 30 June 2020, showing continuing growth since our acquisition of subsidiaries made last year.

Prospects

The Directors are pleased to report that the Group has achieved an excellent June Quarter, showing high profitability and revenue increase across all segments and geographies.

We are looking forward to a profitable fiscal year 2020 pending unforeseen circumstances resulting from the current pandemic.

Employees and Remuneration Policy

As at 30 June 2020, the Group had an aggregate of 219 (30 June 2019: 196) employees. Such increase represented the recruitment of more engineers to support sizeable 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\$43.6 million for the six months ended 30 June 2020 (six months ended 30 June 2019: approximately HK\$43.3 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 2020, no share option had been granted.

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



Management Discussion and Analysis

Use of Proceeds from the Placing

Below table summarises the use of net proceeds from the placing:

Use of proceeds	Planned use of net proceeds from 5 September 2017 up to 30 June 2020 (HK\$ million)	Actual use of net proceeds up to 30 June 2020 (HK\$ million)	Unutilised proceeds as at 30 June 2020 (HK\$ million)	Expected timeline for fully utilising the unutilised proceeds
1) Setting up new service points in the cities of Busan, Jeonju and Gangneung in Korea	12.9	–	12.9	Setting up offices were further prolonged to 2021 as the Group was not able to identify a suitable location during the six months ended 30 June 2020.
2) General working capital	1.5	1.5	–	N/A
3) Development of big data platform and cyber security software application capabilities				
– Acquiring software platform	12.0	12.0	–	The Group has bought the platforms totally in HK\$11.9 million and spent the remaining HK\$0.1 million on research and development of software application.
– Recruiting a team of security experts in Hong Kong	3.4	3.4	–	N/A
4) Setting up new office in Hong Kong	1.8	0.8	1.0	The remaining amount are pending for improvement of new office in Hong Kong.
	31.6	17.7	13.9	

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.



Corporate Governance and Other Information

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

As at 30 June 2020, 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	Approximately 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%, 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 2020 (i.e. 400,000,000 Shares).



Corporate Governance and Other Information

Save as disclosed above, as at 30 June 2020, 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

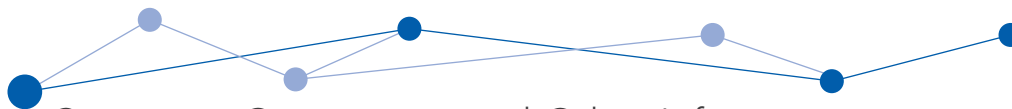
As at 30 June 2020, so far as known to the Directors, the following persons (not being Directors or chief executive of the Company) had or were deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions 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.



Corporate Governance and Other Information

- (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 2020 (i.e. 400,000,000 Shares).

Save as disclosed above, as at 30 June 2020, 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 2020.

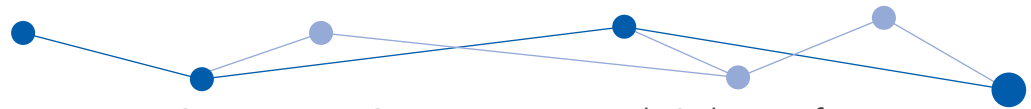
DIRECTORS' INTEREST IN COMPETING BUSINESS

During the six months ended 30 June 2020, 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.



Corporate Governance and Other Information

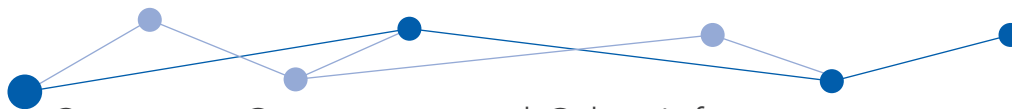
To the best knowledge of the Board, the Company had complied with the code provisions in the CG Code during the six months ended 30 June 2020.

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.

At the Board meeting of the Company held on 8 May 2020, it was approved that the annual salary of each of the following executive directors of the Company has been reduced by 30% with retrospective effect from 1 January 2020 as a prudent measure against economic downturn as a result of the current pandemic:

	Adjusted annual salary with effect from 1 January 2020 <i>HK\$</i>
Mr. Phung Nhung Giang	840,000
Mr. Suh Seung Hyun	210,000
Mr. Lee Seung Han	210,000



Corporate Governance and Other Information

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S SECURITIES

The Company did not redeem any of its Shares listed on GEM nor did the Company or any of its subsidiaries purchase or sell any such Shares during the six months ended 30 June 2020.

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 2020, the Audit Committee consists of three independent non-executive Directors namely, Mr. Wong Sik Kei, Mr. Yung Kai Tai and Mr. Sum Chun Ho. Mr. Sum Chun Ho possesses the appropriate professional accounting qualifications and serves as the chairman of the Audit Committee.

The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management systems and internal control systems and the internal audit function, audit plan and relationship with external auditors, and arrangement to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company. The Audit Committee had reviewed the unaudited interim results of the Company for the six months ended 30 June 2020.

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

Hong Kong, 7 August 2020