



FUTURE DATA

FUTURE DATA GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE: 8229

2020

THIRD QUARTERLY 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.

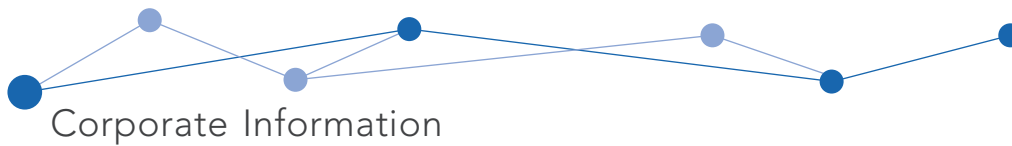
Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded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

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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

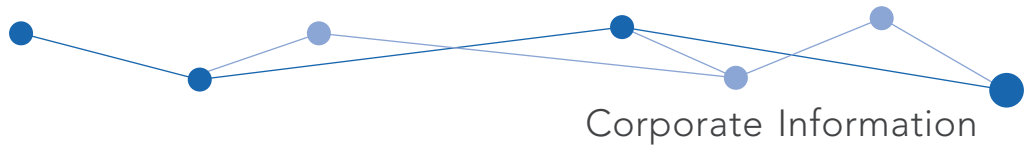
AUTHORISED REPRESENTATIVES

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



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

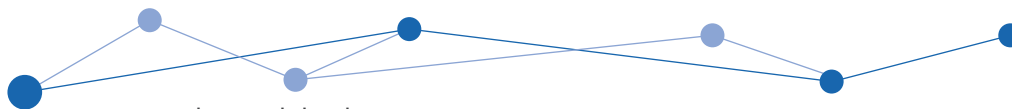
Woori Bank
51, Sogong-ro
Jung-gu
Seoul, 04632
Korea

COMPANY WEBSITE ADDRESS

www.futuredatagroup.com

STOCK CODE

8229



Financial Highlights

For the nine months ended 30 September 2020

*The Company announced financial results for its fiscal 2020 third quarter ("**September Quarter**"), and the nine months ended 30 September 2020 ("**September Interim**") as follows:*

- Posted revenue for the September Quarter of HK\$157.3 million, a sequential increase of HK\$6.8 million or 4.5% from the fiscal 2020 second quarter ("**June Quarter**"), resulted in an increase of HK\$17.7 million or 4.4% from the year-ago nine-month period.
- Recorded profit after tax for the September Quarter of HK\$7.2 million, a consecutive profitable quarter, and a profit after tax of HK\$3.0 million for the September Interim, reversing the loss after tax position for the six months ended 30 June 2020 ("**June Interim**").
- Reported earnings per share for the September Quarter and September Interim were HK cents 1.72 and HK cents 0.91 respectively.
- The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2020 (for the nine months ended 30 September 2019: Nil).



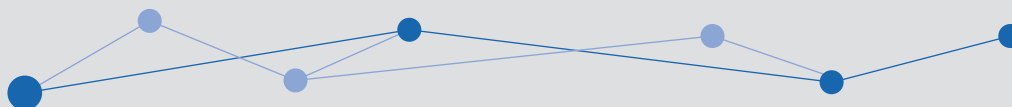
Quarterly Results

The board of directors (the “**Board**”) of the Company presents the September Quarter and September Interim results together with comparative figures in the following:

Condensed Consolidated Statement of Profit or Loss

For the three and nine months ended 30 September 2020

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)
Revenue	3	157,274	171,016	421,521	403,774
Cost of sales and services		(136,051)	(149,972)	(368,792)	(354,873)
Gross profit		21,223	21,044	52,729	48,901
Other income, net		1,339	222	2,092	4,337
Selling and administrative expenses		(12,802)	(20,750)	(47,338)	(60,922)
Finance costs		(142)	(360)	(569)	(1,132)
Profit/(loss) before income tax	4	9,618	156	6,914	(8,816)
Income tax (expense)/credit	5	(2,385)	113	(3,868)	535
Profit/(loss) for the period		7,233	269	3,046	(8,281)
Attributable to:					
– Owners of the Company		6,894	484	3,623	(7,826)
– Non-controlling interests		339	(215)	(577)	(455)
		7,233	269	3,046	(8,281)
Earnings/(loss) per share attributable to owners of the Company					
Basic and Diluted (HK cents)	6	1.72	0.12	0.91	(1.96)



Condensed Consolidated Statement of Comprehensive Income

For the three and nine months ended 30 September 2020

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Profit/(loss) for the period	7,233	269	3,046	(8,281)
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	2,999	(3,293)	(1,778)	(6,401)
Total comprehensive income for the period	10,232	(3,024)	1,268	(14,682)
Attributable to:				
– Owners of the Company	9,898	(2,809)	1,841	(14,227)
– Non-controlling interests	334	(215)	(573)	(455)
	10,232	(3,024)	1,268	(14,682)

Condensed Consolidated Statement of Changes in Equity

For the nine months ended 30 September 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
Profit for the period	-	-	-	-	-	-	3,623	3,623	(577)	3,046
Exchange difference arising on translation of foreign operations	-	-	-	-	(1,782)	-	-	(1,782)	4	(1,778)
Total comprehensive income	-	-	-	-	(1,782)	-	3,623	1,841	(573)	1,268
Transferred from retained earnings upon declaration of final dividend from a subsidiary	-	-	-	-	-	496	(496)	-	-	-
At 30 September 2020 (unaudited)	4,000	35,718	13,855	3,674	(7,574)	2,491	78,804	130,968	448	131,416
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
Loss for the period	-	-	-	-	-	-	(7,826)	(7,826)	(455)	(8,281)
Exchange difference arising on translation of foreign operations	-	-	-	-	(6,401)	-	-	(6,401)	-	(6,401)
Total comprehensive income	-	-	-	-	(6,401)	-	(7,826)	(14,227)	(455)	(14,682)
Dividend paid in respect of the previous year	-	(5,880)	-	-	-	-	-	(5,880)	-	(5,880)
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	1,396	1,396
At 30 September 2019 (unaudited)	4,000	35,718	13,855	3,674	(8,772)	1,995	65,039	115,509	941	116,450



Notes to the Condensed Consolidated Financial Statements

For the nine months ended 30 September 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 principal places 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 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 financial statements for the nine months ended 30 September 2020 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") 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 financial statements for the nine months ended 30 September 2020 are consistent with those adopted in the annual financial statements for the year ended 31 December 2019. The condensed consolidated financial statements for the nine months ended 30 September 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 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 Financial Statements

For the nine months ended 30 September 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 September							
	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	113,783	36,035	8,796	158,614	134,235	29,863	11,549	175,647
Inter-segment revenue	-	-	(1,340)	(1,340)	-	-	(4,631)	(4,631)
Revenue from external customers	113,783	36,035	7,456	157,274	134,235	29,863	6,918	171,016
Gross profit/segment results	8,573	9,888	2,762	21,223	10,321	8,166	2,557	21,044
Other income, net				1,339				222
Selling and administrative expenses				(12,802)				(20,750)
Finance costs				(142)				(360)
Profit before income tax				9,618				156
Income tax (expense)/credit				(2,385)				113
Profit for the period				7,233				269



Notes to the Condensed Consolidated Financial Statements

For the nine months ended 30 September 2020

	Nine months ended 30 September							
	2020				2019			
	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	292,306	110,332	24,760	427,398	293,713	92,996	23,303	410,012
Inter-segment revenue	-	-	(5,877)	(5,877)	-	-	(6,238)	(6,238)
Revenue from external customers	292,306	110,332	18,883	421,521	293,713	92,996	17,065	403,774
Gross profit/segment results	17,570	30,057	5,102	52,729	20,590	24,087	4,224	48,901
Other income, net				2,092				4,337
Selling and administrative expenses				(47,338)				(60,922)
Finance costs				(569)				(1,132)
Profit/(loss) before income tax				6,914				(8,816)
Income tax (expense)/credit				(3,868)				535
Profit/(loss) for the period				3,046				(8,281)

(b) Geographic information:

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Korea	149,818	164,098	402,638	386,709
Hong Kong	7,456	6,918	18,883	17,065
Total	157,274	171,016	421,521	403,774

Notes to the Condensed Consolidated Financial Statements

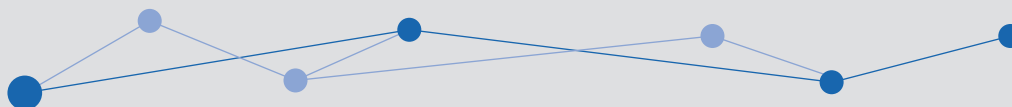
For the nine months ended 30 September 2020

(c) Revenue analysis:

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue from customers and recognised over time:				
– Contract revenue from provision of system integration	113,783	134,235	292,306	293,713
– Contract revenue from provision of maintenance services	36,035	29,863	110,332	92,996
– Contract revenue from provision of cyber security services	7,456	6,918	18,883	17,065
	157,274	171,016	421,521	403,774

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


	Three months ended 30 September							
	2020				2019			
	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	80,976	34,418	–	115,394	116,772	28,687	–	145,459
– Security	32,807	1,617	7,456	41,880	17,463	1,176	6,918	25,557
Total revenue from contracts with customers	113,783	36,035	7,456	157,274	134,235	29,863	6,918	171,016
Type of customers								
– Public sector	46,459	21,664	–	68,123	43,606	16,225	–	59,831
– Private sector	67,324	14,371	7,456	89,151	90,629	13,638	6,918	111,185
Total revenue from contracts with customers	113,783	36,035	7,456	157,274	134,235	29,863	6,918	171,016
Contract duration								
– Within twelve months	96,858	13,308	5,441	115,607	133,540	20,192	5,397	159,129
– Over twelve months but less than twenty-four months	16,925	18,896	853	36,674	695	4,150	615	5,460
– Over twenty-four months	–	3,831	1,162	4,993	–	5,521	906	6,427
Total revenue from contracts with customers	113,783	36,035	7,456	157,274	134,235	29,863	6,918	171,016



Notes to the Condensed Consolidated Financial Statements

For the nine months ended 30 September 2020

	Nine months ended 30 September							
	2020				2019			
	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	238,155	105,075	-	343,230	231,828	88,603	-	320,431
- Security	54,151	5,257	18,883	78,291	61,885	4,393	17,065	83,343
Total revenue from contracts with customers	292,306	110,332	18,883	421,521	293,713	92,996	17,065	403,774
Type of customers								
- Public sector	117,443	65,212	-	182,655	106,514	50,277	-	156,791
- Private sector	174,863	45,120	18,883	238,866	187,199	42,719	17,065	246,983
Total revenue from contracts with customers	292,306	110,332	18,883	421,521	293,713	92,996	17,065	403,774
Contract duration								
- Within twelve months	270,258	21,616	14,437	306,311	292,818	73,744	15,358	381,920
- Over twelve months but less than twenty-four months	22,048	73,737	2,448	98,233	752	6,754	681	8,187
- Over twenty-four months	-	14,979	1,998	16,977	143	12,498	1,026	13,667
Total revenue from contracts with customers	292,306	110,332	18,883	421,521	293,713	92,996	17,065	403,774



Notes to the Condensed Consolidated Financial Statements

For the nine months ended 30 September 2020

4. PROFIT/(LOSS) BEFORE INCOME TAX

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

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Costs of inventories recognised as expenses	116,128	129,355	305,799	296,420
Employee costs	21,176	20,968	64,745	64,240
Subcontracting costs	7,711	7,276	26,865	17,824
Net provision for impairment of trade receivables	(1,651)	3,068	57	7,038
Amortisation of intangible assets	1,213	1,011	3,637	2,776
Depreciation of property, plant and equipment	467	793	1,832	2,636
Depreciation of right-of-use assets	568	365	1,731	1,119
Research and development costs	1,214	806	3,994	2,506
Interest on lease liabilities	20	–	62	–
Short term lease expenses	95	194	430	303

5. INCOME TAX (EXPENSE)/CREDIT

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current tax				
– Korea	(1,838)	158	(2,380)	397
	(1,838)	158	(2,380)	397
Deferred Tax				
– Korea	(378)	320	(373)	399
– Hong Kong	(169)	(365)	(1,115)	(261)
	(547)	(45)	(1,488)	138
Total	(2,385)	113	(3,868)	535



Notes to the Condensed Consolidated Financial Statements

For the nine months ended 30 September 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\$130.5 million);
- 24.2% on assessable profit in excess of KRW20 billion (equivalent to approximately HK\$130.5 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.



Notes to the Condensed Consolidated Financial Statements

For the nine months ended 30 September 2020

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 September		Nine months ended 30 September	
	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	6,894	484	3,623	(7,826)

	Three months ended 30 September		Nine months ended 30 September	
	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

Weighted average of 400,000,000 shares for the nine months ended 30 September 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 nine months ended 30 September 2020 and 2019.

7. DIVIDEND

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

8. REMUNERATION OF DIRECTORS AND EMOLUMENTS OF KEY MANAGEMENT

	Three months ended 30 September		Nine months ended 30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Remuneration of directors and other members of key management	2,971	3,213	6,937	7,525



Management Discussion and Analysis

Financial Review

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the nine months ended 30 September 2020

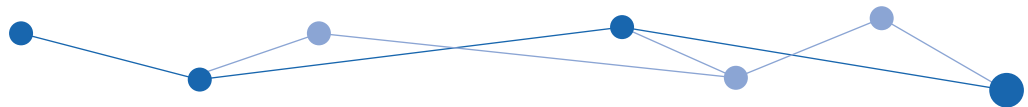
	Three months ended			Nine months ended				
	30 September 2020	30 June 2020	Change	Change	30 September 2020	30 September 2019	Change	Change
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000	%	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000	%
Revenue	157,274	150,517	6,757	4.5%	421,521	403,774	17,747	4.4%
Cost of sales and services	(136,051)	(128,603)	7,448	5.8%	(368,792)	(354,873)	13,919	3.9%
Gross profit	21,223	21,914	(691)	(3.2%)	52,729	48,901	3,828	7.8%
Other income, net	1,339	379	960	253.3%	2,092	4,337	(2,245)	(51.8%)
Selling and administrative expenses	(12,802)	(15,816)	(3,014)	(19.1%)	(47,338)	(60,922)	(13,584)	(22.3%)
Finance costs	(142)	(157)	(15)	(9.6%)	(569)	(1,132)	(563)	(49.7%)
Profit/(loss) before income tax	9,618	6,320	3,298	52.2%	6,914	(8,816)	15,730	178.4%
Income tax (expenses)/credit	(2,385)	(1,929)	456	23.6%	(3,868)	535	4,403	823.0%
Profit/(loss) for the period	7,233	4,391	2,842	64.7%	3,046	(8,281)	11,327	136.8%

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

The Company recorded revenue for the September Quarter of HK\$157.3 million, another revenue expanding quarter in 2020. As a result, September Interim revenue stood at HK\$421.5 million, representing an increase of HK\$17.7 million or 4.4% when compared to corresponding period in last year. Below is our revenue analysis for September Interim:

- The increase in revenue for September Interim was due to contribution from both Korea and Hong Kong operations. Korea operations contributed HK\$402.6 million in revenue, which was HK\$15.9 million or 4.1% increase compared to HK\$386.7 million a year ago. During the same period, Hong Kong operations contributed HK\$18.9 million in revenue, which was HK\$1.8 million or 10.7% increase compared to HK\$17.1 million a year ago.

- Except a slight decrease in revenue from system integration segment arising from the currency translation of Korean Won, the Group recorded an increase in revenue contributed from maintenance services and cyber security services. Considering the amount in its original currency, revenue from system integration segment increased by KRW1.8 billion or 4.1% to KRW45.3 billion in September Interim and revenue from maintenance services segment increased by KRW3.3 billion or 24.0% to KRW17.1 billion in September Interim compared to year-ago period. Cyber security services recorded HK\$18.9 million in revenue, which was HK\$1.8 million or 10.7% higher than that of year-ago period.



Management Discussion and Analysis

- Public sector contributed HK\$182.6 million in revenue, which was HK\$25.9 million or 16.5% increase; and private sector contributed HK\$238.9 million in revenue, which was HK\$8.1 million decrease in September Interim as compared to year-ago period.
- The increase in revenue has been driven by strong demand for online activities in the Korea's market. As announced in previous quarterly reports, we have received contracts from certain major enterprises in Korea. In the September Quarter, we have received a contract of KRW2.6 billion (HK\$17.0 million) from a finance corporation and a contract of KRW1.0 billion (HK\$6.8 million) from a global bank.

September Interim's gross profit margin of 12.5% was comparable to the gross profit margin of 12.1% in last year. The surge of gross profit to HK\$52.7 million from HK\$48.9 million, representing a HK\$3.8 million or 7.8% increase, was attributable to double-digit growth in service types profitable businesses.

In September Interim, we were able to lower selling and administrative expenses by HK\$13.6 million or 22.3% from HK\$60.9 million a year ago. The decrease was mainly attributable to substantially lower of impairment of trade receivable and exchange losses. Comparing to June Quarter, selling and administrative expenses further decreased in this quarter by HK\$3.0 million or 19.1% mainly resulting from a reversal of impairment of trade receivables. Our management team remains rigid cost control measures against the economic downturn triggered by current pandemic.

After a provision of HK\$2.4 million for tax expenses, the Group posted profit for the period of HK\$7.2 million in September Quarter which turned the loss position in June Interim of HK\$4.2 million to a profit of HK\$3.0 million in September Interim.

Liquidity and Financial Resources

As at 30 September 2020, the Group's net current assets were HK\$90.5 million showing a strong liquidity.

The Group expresses its gearing ratio as a percentage of total debt over total equity. As at 30 September 2020, the gearing ratio was 19.5% (as at 31 December 2019: 17.1%). The increase was mainly due to increase in lease liabilities of approximately HK\$3.0 million. The liquidity ratio, represented by a ratio of current assets over current liabilities, was 1.79 times (as at 31 December 2019: 1.5 times), reflecting the adequacy of financial resources.

As at 30 September 2020, the Group recorded cash and cash equivalents of approximately HK\$77.8 million (as at 31 December 2019: approximately HK\$116.1 million), which included approximately KRW8,937.9 million, HK\$4.0 million, US\$1.9 million and small amount of Singapore dollars.

As at 30 September 2020, the Group had variable rate bank borrowings of approximately US\$2.8 million, which was equivalent to approximately HK\$22.0 million (as at 31 December 2019: approximately HK\$20.6 million). Certain banking borrowings are guaranteed by Korea Credit Guarantee Fund 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 between the costing date and the relevant settlement date. During the nine months period of 2020, 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 operations are mainly denominated in HK\$. There is no significant currency risk arising from it.

Charges on Group's Assets

As at 30 September 2020, the Group did not have any charges on its assets.

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 properties located at Seoul, Korea for a total purchase price of KRW12,532,830,000 (equivalent to approximately HK\$79.0 million as at the date of transaction). As at 30 September 2020, Global Telecom has paid an initial payment of KRW1,253,283,000 represented 10% of total purchase amount. Details of this transaction were disclosed in our disclosable transaction announcement and supplementary announcement respectively dated 7 July 2020 and 10 August 2020.

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

The carrying amount of the Group's unlisted equity securities as at 30 September 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 Korea Software Financial Cooperative ("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 September 2020 as well.

Significant Acquisitions and Disposals

Saved for the abovesaid purchase of properties made on 14 May 2020, the Group had not made any significant acquisition or disposal for the nine months ended 30 September 2020.

Contingent Liabilities

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

Capital Commitment

As at 30 September 2020, the Group has outstanding capital commitment 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.



Management Discussion and Analysis

Event after reporting date

On 15 October 2020, Global Telecom entered into a loan agreement with Asia Media Systems Pte. Ltd. (“AMS”) for provision of a loan facility of US\$1,150,000 (equivalent to approximately HK\$8,912,500) to AMS for a term of two years

at an interest rate of 6.9% per annum, which constitutes a connected transaction on the part of the Company under Chapter 20 of the GEM Listing Rules. The details of this transaction were disclosed in the announcement dated 15 October 2020 of the Company.

Business Review

	HK\$'000
Opening backlog as at 1 January 2020	104,451
New booking during the period	389,812
Revenue recognised during the period	(451,522)
Closing backlog as at 30 September 2020	42,741

Revenue from system integration business segment for the nine months ended 30 September 2020 stood at HK\$292.3 million, comparable to HK\$293.7 million for the same corresponding period in last year. The revenue was mainly attributed to a few sizable projects serving Korea’s leading mobile operator, banks and messaging app company.

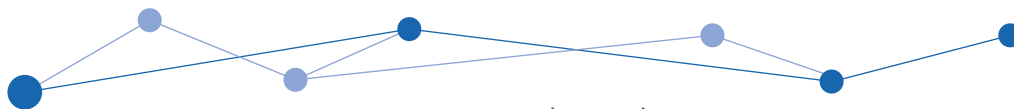
Revenue from maintenance services segment has been growing during the nine months ended 30 September 2020 and increased to HK\$110.3 million resulting from the increase in number of maintenance contracts, representing an increase by HK\$17.3 million or 18.6% when compared to HK\$93.0 million for the nine months ended 30 September 2019.

Cyber security services segment has recorded an increase in revenue during the first three quarters in 2020. Compared to HK\$17.1 million for the nine months ended 30 September 2019, revenue from this segment increased by HK\$1.8 million or 10.6% to HK\$18.9 million for the nine months ended 30 September 2020, showing continuing growth since our acquisition of subsidiaries made in last year.

Prospects

The Directors are pleased to report that the Group has reversed the loss after tax position in the June Interim to a profit after tax in September Interim, showing revenue and profit growth across all segments and geographies.

Given the risk associated with the current pandemic, the management team wishes to diversify the Group’s business and explores business opportunities in other geographies including in China.



Management Discussion and Analysis

Employees and Remuneration Policy

As at 30 September 2020, the Group had an aggregate of 220 (30 September 2019: 193) 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\$64.7 million for the nine months ended 30 September 2020 (for the nine months ended 30 September 2019: approximately HK\$64.2 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 September 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.



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

Notes:

- (1) LiquidTech Limited ("LiquidTech") held 262,917,327 Shares, representing 65.73% of the issued Shares. LiquidTech is wholly owned by Asia Media Systems Pte. Ltd. ("AMS") which is owned by Mr. Phung, Mr. Suh, Mr. Lee, Mr. Park Hyeoung Jin ("Mr. Park"), Mr. Lee Sung Gue, Mr. Lee Je Eun and Ms. Marilyn Tang as to 26.14%, 25.34%, 14.71%, 14.03%, 14.03%, 3.40% and 2.35% respectively.
- (2) On 21 June 2016, four of the ultimate controlling shareholders of the Company, namely, Mr. Phung, Mr. Suh, Mr. Lee and Mr. Park, entered into the acting in concert confirmation and undertaking to acknowledge and confirm, among other things, that they were parties acting in concert of each of the members of the Group. As such, Mr. Phung, Mr. Suh, Mr. Lee and Mr. Park together control approximately 65.73% interest in the share capital of the Company through AMS and LiquidTech. As a result, each of Mr. Phung, Mr. Suh, Mr. Lee and Mr. Park is deemed to be interested in approximately 65.73% interest in the share capital of the Company.
- (3) Ms. Marilyn Tang is the owner of approximately 2.35% of the issued shares of AMS and the spouse of Mr. Phung. Mr. Phung is deemed to be interested in all the Shares in which Ms. Marilyn Tang is interested under Part XV of the SFO.
- (4) The percentage of shareholding was calculated based on the Company's total number of issued Shares as at 30 September 2020 (i.e. 400,000,000 Shares).



Corporate Governance and Other Information

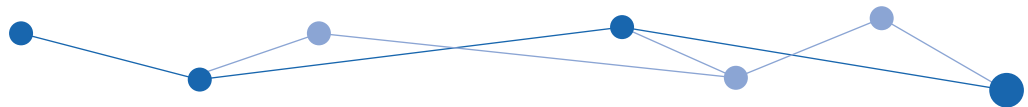
Save as disclosed above, as at 30 September 2020, none of the Directors and chief executive of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations that was notified to the Company and the Stock Exchange pursuant 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 September 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 <i>(Note 8)</i>
LiquidTech <i>(Note 1)</i>	Beneficial owner	262,917,327	65.73%
AMS <i>(Notes 1, 2 and 3)</i>	Interest in controlled corporation	262,917,327	65.73%
Mr. Park <i>(Notes 2 and 3)</i>	Interest held jointly with other persons/ Interest in controlled corporation	262,917,327	65.73%
Ms. Marilyn Tang <i>(Notes 2, 3 and 4)</i>	Interest held jointly with other persons/ Interest in controlled corporation/Interest of spouse	262,917,327	65.73%
Ms. Lee Kim Sinae <i>(Note 5)</i>	Interest of spouse	262,917,327	65.73%
Ms. Suh Kim Seong Ock <i>(Note 6)</i>	Interest of spouse	262,917,327	65.73%
Ms. Shin Hee Kum <i>(Note 7)</i>	Interest of spouse	262,917,327	65.73%



Corporate Governance and Other Information

Notes:

- (1) LiquidTech is wholly-owned by AMS. AMS is deemed to be interested in all the Shares in which LiquidTech is interested under Part XV of the SFO.
- (2) AMS is owned as to approximately 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 September 2019 (i.e. 400,000,000 Shares).

Save as disclosed above, as at 30 September 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

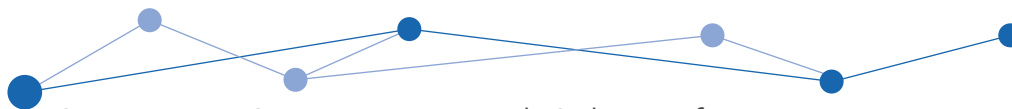
The Company has a share option scheme (the "Share Option Scheme") which was approved and adopted by the written resolutions of the then sole shareholder of the Company passed on 21 June 2016. No share option has been granted under the Share Option Scheme since its adoption.

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 nine months ended 30 September 2020.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the nine months ended 30 September 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 and Other Information

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 nine months ended 30 September 2020.

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 nine months ended 30 September 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 nine months ended 30 September 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 quarterly results of the Company for the nine months ended 30 September 2020.

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

Hong Kong, 6 November 2020