



**FUTURE DATA**

**FUTURE DATA GROUP LIMITED**

(Incorporated in the Cayman Islands with limited liability)

STOCK CODE: 8229

**INTERIM  
REPORT**

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## 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

## JOINT COMPANY SECRETARIES

Ms. Cheung Yuet Fan

Mr. Cheung Ting Pong

## AUTHORISED REPRESENTATIVES

Mr. Phung Nhuong Giang

Mr. Cheung Ting Pong

## 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**

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P.O. Box 2681  
Grand Cayman  
KY1-1111  
Cayman Islands

## **PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

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

## **HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

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

## **PRINCIPAL BANK**

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

## **COMPANY WEBSITE ADDRESS**

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

## **STOCK CODE**

8229

# Financial Highlights

For the six months ended 30 June 2021

- Unaudited revenue of the Group was HK\$341.4 million for the six months ended 30 June 2021, representing an increase of approximately HK\$77.1 million or 29.2%, as compared to the six months ended 30 June 2020.
- Unaudited profit for the period was HK\$10.6 million for the six months ended 30 June 2021, reversing from a loss for the period of HK\$4.2 million for the six months ended 30 June 2020.
- Unaudited basic and diluted earnings per share for the six months ended 30 June 2021 was HK cents 2.71 (unaudited basic and diluted loss per share for the six months ended 30 June 2020: HK cents 0.82).
- Cash and cash equivalents per share as at 30 June 2021 was HK cents 31.0 (As at 31 December 2020: HK cents 24.0).
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (for the six months ended 30 June 2020: Nil).

## Interim Results

The board of directors (the “Board”) of the Company presents the unaudited condensed consolidated interim results of the Group for the three months and six months ended 30 June 2021, together with comparative figures as follows.

### Condensed Consolidated Statement of Profit or Loss

For the three and six months ended 30 June 2021

	Notes	Three months ended 30 June		Six months ended 30 June	
		2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue	3	177,797	150,517	341,383	264,247
Cost of sales and services		(157,640)	(128,603)	(300,122)	(232,741)
<b>Gross profit</b>		<b>20,157</b>	<b>21,914</b>	<b>41,261</b>	<b>31,506</b>
Other income, net		1,228	379	2,740	753
Selling and administrative expenses		(14,307)	(15,816)	(31,671)	(34,536)
Finance costs		(171)	(157)	(421)	(427)
<b>Profit/(loss) before income tax</b>	4	<b>6,907</b>	<b>6,320</b>	<b>11,909</b>	<b>(2,704)</b>
Income tax credit/(expense)	5	185	(1,929)	(1,264)	(1,483)
<b>Profit/(loss) for the period</b>		<b>7,092</b>	<b>4,391</b>	<b>10,645</b>	<b>(4,187)</b>
Attributable to:					
– Owners of the Company		7,016	4,809	10,849	(3,271)
– Non-controlling interests		76	(418)	(204)	(916)
		7,092	4,391	10,645	(4,187)
<b>Earnings/(loss) per share attributable to owners of the Company</b>					
Basic and Diluted (HK cents)	6	1.75	1.20	2.71	(0.82)

# Condensed Consolidated Statement of Comprehensive Income

For the three and six months ended 30 June 2021

	Three months ended 30 June		Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Profit/(loss) for the period	7,092	4,391	10,645	(4,187)
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	136	1,409	(3,628)	(4,777)
Total comprehensive income for the period	7,228	5,800	7,017	(8,964)
Attributable to:				
– Owners of the Company	7,152	6,209	7,225	(8,057)
– Non-controlling interests	76	(409)	(208)	(907)
	7,228	5,800	7,017	(8,964)



# Condensed Consolidated Statement of Financial Position

As at 30 June 2021

	Notes	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		7,707	9,959
Intangible assets		6,061	8,095
Goodwill		7,534	7,534
Other financial assets	8	4,791	7,407
Loan to ultimate holding company		9,139	8,869
Deposits for acquisition of properties		15,619	10,498
Guarantee deposits		3,757	3,901
Deferred tax assets		8,125	8,500
		<b>62,733</b>	<b>64,763</b>
<b>Current assets</b>			
Inventories	9	14,982	15,812
Trade and other receivables	10	66,147	79,813
Contract assets	11	26,613	24,679
Prepayments		19,763	14,273
Other financial assets	8	2,631	–
Fixed bank deposits		5,237	4,536
Cash and cash equivalents		123,895	96,189
		<b>259,268</b>	<b>235,302</b>
<b>Current liabilities</b>			
Trade and other payables	12	85,338	96,698
Contract liabilities	11	25,467	23,960
Lease liabilities		1,831	2,398
Bank borrowings	13	45,555	24,722
Tax payable		187	916
		<b>158,378</b>	<b>148,694</b>
<b>Net current assets</b>		<b>100,890</b>	<b>86,608</b>
<b>Total assets less current liabilities</b>		<b>163,623</b>	<b>151,371</b>

# Condensed Consolidated Statement of Financial Position

As at 30 June 2021

	Notes	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
<b>Non-current liabilities</b>			
Lease liabilities		1,366	2,052
Bank borrowings	13	10,826	5,568
Defined benefit obligations		33	166
Deferred tax liabilities		1,013	217
		13,238	8,003
<b>Net assets</b>			
		150,385	143,368
<b>EQUITY</b>			
Share capital		4,000	4,000
Reserves		145,935	138,710
Equity attributable to owners of the Company		149,935	142,710
Non-controlling interests		450	658
<b>Total equity</b>		<b>150,385</b>	<b>143,368</b>

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2021

	Attributable to equity holders of the Company									Total equity HK\$'000
	Share capital HK\$'000	Share premium* HK\$'000	Capital reserve* HK\$'000	Research	Foreign exchange reserve* HK\$'000	Legal reserve* HK\$'000	Retained earnings* HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	
				and development reserve* HK\$'000						
At 1 January 2021 (audited)	4,000	35,718	13,855	3,674	741	2,490	82,232	142,710	658	143,368
Profit/(loss) for the period	-	-	-	-	-	-	10,849	10,849	(204)	10,645
Exchange difference arising on translation of foreign operations	-	-	-	-	(3,624)	-	-	(3,624)	(4)	(3,628)
Total comprehensive income	-	-	-	-	(3,624)	-	10,849	7,225	(208)	7,017
Transferred from retained earnings upon declaration of final dividend from a subsidiary	-	-	-	-	-	454	(454)	-	-	-
At 30 June 2021 (unaudited)	4,000	35,718	13,855	3,674	(2,883)	2,944	92,627	149,935	450	150,385
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)	(8,057)	(907)	(8,964)
Transferred from retained earnings upon declaration of final dividend from a subsidiary	-	-	-	-	-	495	(495)	-	-	-
At 30 June 2020 (unaudited)	4,000	35,718	13,855	3,674	(10,578)	2,490	71,911	121,070	114	121,184

\* 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 2021

	Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Net cash generated from/(used in) operating activities	17,556	(46,262)
Net cash used in investing activities	(6,978)	(11,585)
Net cash generated from financing activities	19,829	7,298
Net increase/(decrease) in cash and cash equivalents	30,407	(50,549)
Cash and cash equivalents at beginning of the period	96,189	116,075
Effect of exchange rate changes on cash and cash equivalents	(2,701)	(4,752)
Cash and cash equivalents at the end of the period	123,895	60,774
Analysis of balances of cash and cash equivalents		
Cash and bank balances	123,895	60,774



# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2021

## 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, Mullaek 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) integration of systems with network connectivity, cloud computing and security elements; (ii) maintenance services; and (iii) cyber security services in Korea and Hong Kong.

The functional currencies of the Company's principal operating subsidiaries 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\$ which is also the functional currency of the Company. As the Company's shares (the "Shares") are listed on GEM of the Stock Exchange, the Directors consider that it will be more appropriate to adopt HK\$ as the Group's presentation currency. The amounts stated are rounded to the nearest HK\$1,000 unless otherwise stated.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2021

## 2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated interim financial statements for the six months ended 30 June 2021 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 2021 are consistent with those adopted in the annual financial statements for the year ended 31 December 2020. The condensed consolidated interim financial statements for the six months ended 30 June 2021 should be read in conjunction with the annual financial statements for the year ended 31 December 2020.

On 1 January 2021, 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.

## 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.

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2021

Segment revenue and profit contribution are:

**(a) Business segments:**

	Three months ended 30 June							
	2021				2020			
	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	127,065	43,759	8,193	179,017	104,866	40,160	6,771	151,797
Inter-segment revenue	-	-	(1,220)	(1,220)	-	-	(1,280)	(1,280)
Revenue from external customers	127,065	43,759	6,973	177,797	104,866	40,160	5,491	150,517
Gross profit/segment results	8,030	9,610	2,517	20,157	7,810	13,462	642	21,914
Other income, net				1,228				379
Selling and administrative expenses				(14,307)				(15,816)
Finance costs				(171)				(157)
Profit before income tax				6,907				6,320
Income tax credit/(expense)				185				(1,929)
Profit for the period				7,092				4,391

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2021

	Six months ended 30 June							
	2021				2020			
	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	242,789	84,680	16,294	343,763	178,523	74,297	15,964	268,784
Inter-segment revenue	-	-	(2,380)	(2,380)	-	-	(4,537)	(4,537)
Revenue from external customers	242,789	84,680	13,914	341,383	178,523	74,297	11,427	264,247
Gross profit/segment results	17,744	19,768	3,749	41,261	8,997	20,169	2,340	31,506
Other income, net				2,740				753
Selling and administrative expenses				(31,671)				(34,536)
Finance costs				(421)				(427)
Profit/(loss) before income tax				11,909				(2,704)
Income tax expense				(1,264)				(1,483)
Profit/(loss) for the period				10,645				(4,187)



# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2021

## (b) Geographic information:

	Three months ended 30 June		Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Korea	170,824	145,026	327,469	252,820
Hong Kong	6,973	5,491	13,914	11,427
Total	177,797	150,517	341,383	264,247

## (c) Revenue analysis:

	Three months ended 30 June		Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Revenue from customers and recognised over time:				
– Revenue from system integration services	127,065	104,866	242,789	178,523
– Revenue from maintenance services	43,759	40,160	84,680	74,297
– Revenue from cyber security services	6,973	5,491	13,914	11,427
Total	177,797	150,517	341,383	264,247

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2021

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

	Three months ended 30 June							
	2021				2020			
	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	95,100	40,188	-	135,288	96,077	38,677	-	134,754
- Security	31,965	3,571	6,973	42,509	8,789	1,483	5,491	15,763
Total revenue from contracts with customers	127,065	43,759	6,973	177,797	104,866	40,160	5,491	150,517
Type of customers								
- Public sector	55,133	29,972	-	85,105	40,347	25,112	-	65,459
- Private sector	71,932	13,787	6,973	92,692	64,519	15,048	5,491	85,058
Total revenue from contracts with customers	127,065	43,759	6,973	177,797	104,866	40,160	5,491	150,517
Contract duration								
- Within twelve months	111,939	35,953	5,458	153,350	104,214	4,723	4,576	113,513
- Over twelve months but less than twenty-four months	15,126	4,417	404	19,947	652	29,305	509	30,466
- Over twenty-four months	-	3,389	1,111	4,500	-	6,132	406	6,538
Total revenue from contracts with customers	127,065	43,759	6,973	177,797	104,866	40,160	5,491	150,517

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2021

	Six months ended 30 June							
	2021				2020			
	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	185,941	78,673	–	264,614	157,179	70,657	–	227,836
– Security	56,848	6,007	13,914	76,769	21,344	3,640	11,427	36,411
Total revenue from contracts with customers	242,789	84,680	13,914	341,383	178,523	74,297	11,427	264,247
Type of customers								
– Public sector	85,878	52,964	–	138,842	70,984	43,548	–	114,532
– Private sector	156,911	31,716	13,914	202,541	107,539	30,749	11,427	149,715
Total revenue from contracts with customers	242,789	84,680	13,914	341,383	178,523	74,297	11,427	264,247
Contract duration								
– Within twelve months	227,145	68,805	11,120	307,070	173,400	8,308	8,996	190,704
– Over twelve months but less than twenty-four months	15,644	9,158	750	25,552	5,123	54,841	1,595	61,559
– Over twenty-four months	–	6,717	2,044	8,761	–	11,148	836	11,984
Total revenue from contracts with customers	242,789	84,680	13,914	341,383	178,523	74,297	11,427	264,247

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2021

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

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

	Three months ended 30 June		Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Costs of inventories recognised as expenses	130,927	107,004	249,621	189,671
Employee costs	24,049	21,290	47,385	43,569
Subcontracting costs	10,581	8,324	18,799	19,154
Net (reversal)/provision for impairment of trade receivables	(954)	991	(1,848)	1,708
Amortisation of intangible assets	1,016	1,212	2,033	2,424
Depreciation of property, plant and equipment	459	628	921	1,365
Depreciation of right-of-use assets	646	541	1,289	1,163
Research and development costs	1,336	1,607	2,614	2,780
Interest on lease liabilities	28	33	54	42
Short term lease expenses	97	89	271	335



# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2021

## 5. INCOME TAX (CREDIT)/EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Current tax				
– Korea	(1,075)	726	322	542
Deferred Tax				
– Korea	820	310	900	(5)
– Hong Kong	70	893	42	946
	890	1,203	942	941
Total	(185)	1,929	1,264	1,483

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\$1.4 million);
- 22% on assessable profit in excess of KRW200 million (equivalent to approximately HK\$1.4 million) and up to KRW20 billion (equivalent to approximately HK\$138.3 million); and
- 24.2% on assessable profit in excess of KRW20 billion (equivalent to approximately HK\$138.3 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 the subsidiary operating in Hong Kong which does 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 Interim Financial Statements

For the six months ended 30 June 2021

## 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	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Profit/(loss) for the period attributable to owners of the Company	7,016	4,809	10,849	(3,271)

	Three months ended 30 June		Six months ended 30 June	
	2021 Number '000 (unaudited)	2020 Number '000 (unaudited)	2021 Number '000 (unaudited)	2020 Number '000 (unaudited)
Weighted average number of ordinary shares	400,000	400,000	400,000	400,000

Weighted average of 400,000,000 shares for the six months ended 30 June 2021 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 2021 and 2020.

## 7. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (corresponding period in 2020: nil).

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2021

## 8. OTHER FINANCIAL ASSETS

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
<b>NON-CURRENT</b>		
Financial assets measured at fair value through profit or loss ("FVTPL"):		
Unlisted equity securities		
– Korea Software Financial Cooperative ("KSFC")	4,749	4,779
– Korea Broadcasting & Communication Financial Cooperative ("KBCFC")	42	42
	4,791	4,821
Investment in insurance policy	–	2,586
	4,791	7,407
<b>CURRENT</b>		
FVTPL		
Investment in insurance policy	2,631	–

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.

## 9. INVENTORIES

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Hardware and software	14,982	15,812

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2021

## 10. TRADE AND OTHER RECEIVABLES

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Trade receivables	83,785	95,078
Less: Provision for impairment of trade receivables	(18,577)	(20,571)
Trade receivables, net (note (a))	65,208	74,507
Bills receivables	–	2,380
Short-term loans to employees	241	248
Accrued interest	448	140
Rental and other deposits	207	2,360
Other receivables	43	178
	<b>66,147</b>	<b>79,813</b>

Note:

- (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:

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
0–90 days	60,982	72,315
91–180 days	4,065	1,558
181–365 days	161	516
1–2 years	–	118
	<b>65,208</b>	<b>74,507</b>

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2021

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

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Carrying amount at beginning of the period/year	20,571	20,234
Net reversal of impairment losses recognised during the period/year	(1,848)	(276)
Exchange realignment	(146)	613
Carrying amount at end of the period/year	18,577	20,571

## 11. CONTRACT ASSETS AND CONTRACT LIABILITIES

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
<b>Contract assets</b>		
Arising from performance under system integration	24,739	22,137
Arising from provision of cyber security services	1,874	2,542
	<b>26,613</b>	<b>24,679</b>
<b>Contract liabilities</b>		
Arising from performance under system integration	10,959	14,260
Arising from provision of cyber security services	14,508	9,700
	<b>25,467</b>	<b>23,960</b>

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2021

## 12. TRADE AND OTHER PAYABLES

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Trade payables (note (a))	67,787	72,478
Accruals and other payables	16,336	20,965
Advances receipts	458	2,683
Value-added tax payables	757	572
	<b>85,338</b>	<b>96,698</b>

Note:

- (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:

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
0–30 days	60,444	62,418
31–60 days	4,607	3,528
61–90 days	296	3,760
91–180 days	47	1,371
181–365 days	1,256	494
Over 1 year	1,137	907
	<b>67,787</b>	<b>72,478</b>

# Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2021

## 13. BANK BORROWINGS

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)
Unsecured:		
– Bank loans repayable within one year (note (a))	45,555	24,722
– Bank loans repayable after one year (note (b))	10,826	5,568
	<b>56,381</b>	<b>30,290</b>

Notes:

- (a) As at 30 June 2021, 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\$288,000 (31 December 2020: US\$288,000 and KRW400,000,000) for import financing facilities and bank loans provided to Global Telecom.
- (b) In accordance with the sales and purchase agreements of the acquisition of properties in Korea dated 14 May 2020, Global Telecom applied for loans from a financial institution designated by the vendor for the intermediate payments, and the interest on bank loans was borne by the vendor until the date of occupancy. The bank loans are denominated in KRW, interest bearing at 6-month COFIX plus 2.19% per annum, unsecured and due to be settled on or before 31 January 2023.

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

	Three months ended 30 June		Six months ended 30 June	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Remuneration of directors and other members of key management	3,104	2,793	5,613	4,836



# Management Discussion and Analysis

## FINANCIAL REVIEW

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three and six months ended 30 June 2021

	Three months ended		Change	Change	Six months ended		Change	Change
	30 June	31 March			30 June	30 June		
	2021	2021		%	2021	2020		%
	HK\$'000	HK\$'000	HK\$'000		HK\$'000	HK\$'000	HK\$'000	
	(unaudited)	(unaudited)			(unaudited)	(unaudited)		
Revenue	177,797	163,586	14,211	8.7%	341,383	264,247	77,136	29.2%
Cost of sales and services	(157,640)	(142,482)	15,158	10.6%	(300,122)	(232,741)	67,381	29.0%
<b>Gross profit</b>	<b>20,157</b>	<b>21,104</b>	<b>(947)</b>	<b>(4.5%)</b>	<b>41,261</b>	<b>31,506</b>	<b>9,755</b>	<b>31.0%</b>
Other income, net	1,228	1,512	(284)	(18.8%)	2,740	753	1,987	263.9%
Selling and administrative expenses	(14,307)	(17,364)	(3,057)	(17.6%)	(31,671)	(34,536)	(2,865)	(8.3%)
Finance costs	(171)	(250)	(79)	(31.6%)	(421)	(427)	(6)	(1.4%)
<b>Profit/(loss) before income tax</b>	<b>6,907</b>	<b>5,002</b>	<b>1,905</b>	<b>38.1%</b>	<b>11,909</b>	<b>(2,704)</b>	<b>(14,613)</b>	<b>(540.4%)</b>
Income tax credit/(expense)	185	(1,449)	(1,634)	(112.8%)	(1,264)	(1,483)	(219)	(14.8%)
<b>Profit/(loss) for the period</b>	<b>7,092</b>	<b>3,553</b>	<b>3,539</b>	<b>99.6%</b>	<b>10,645</b>	<b>(4,187)</b>	<b>(14,832)</b>	<b>(354.2%)</b>

## Management Discussion and Analysis

For the six months ended 30 June 2021, the Group posted a revenue of HK\$341.4 million represented an increase by HK\$77.1 million or 29.2% when compared to a revenue of HK\$264.2 million in the same corresponding period in 2020. An analysis on the Group's revenue is presented below:

- Korea and Hong Kong operation was expanding during the period. Korea contributed HK\$327.5 million for the six months ended 30 June 2021, surging by HK\$74.6 million or 29.5% compared to HK\$252.8 million a year ago. Business in Hong Kong contributed HK\$13.9 million, which was HK\$2.5 million or 21.8% higher compared to HK\$11.4 million a year ago.
- Segment revenue of system integration, maintenance services and cyber security services were HK\$242.8 million, HK\$84.7 million and HK\$13.9 million respectively which accounting for 71.1%, 24.8% and 4.1% of the Group's revenue for the six months ended 30 June 2021 (30 June 2020: 67.6%, 28.1% and 4.3%). Compared to six months ended 30 June 2020, all segments experienced revenue growth in this year.

- For the six months ended 30 June 2021, public sector contributed HK\$138.8 million in revenue, which is HK\$24.3 million or 21.2% increase; and private sector contributed HK\$202.5 million in revenue, which is HK\$52.8 million or 35.3% increase compared to a year ago.

The Group's gross profit increased by approximately HK\$9.8 million or 31.0% from HK\$31.5 million for the six months ended 30 June 2020 to HK\$41.3 million for the six months ended 30 June 2021. The rise was in line with revenue growth.

The Group's selling and administrative expenses were reduced by HK\$2.9 million or 8.3% to HK\$31.7 million for the six months ended 30 June 2021 compared to the same corresponding period a year ago (for the six months ended 30 June 2020: approximately HK\$34.5 million). The decrease was mainly attributable to no additional provision for impairment of trade receivable in the first half of 2021.

After a provision of HK\$1.3 million for tax expenses, the Group posted profit for the period of HK\$10.6 million for the six months ended 30 June 2021, a reversal from a loss position of HK\$4.2 million in 2020.

# Management Discussion and Analysis

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	As at 30 June 2021 HK\$'000 (unaudited)	As at 31 December 2020 HK\$'000 (audited)	Change HK\$'000	Change %
Property, plant and equipments	7,707	9,959	(2,252)	(22.6%)
Intangible assets	6,061	8,095	(2,034)	(25.1%)
Goodwill	7,534	7,534	–	–
Other financial assets	4,791	7,407	(2,616)	(35.3%)
Loan to ultimate holding company	9,139	8,869	270	3.0%
Deposits for acquisition of properties	15,619	10,498	5,121	48.8%
Guarantee deposits	3,757	3,901	(144)	(3.7%)
Deferred tax assets	8,125	8,500	(375)	(4.4%)
<b>Non-current assets</b>	<b>62,733</b>	<b>64,763</b>	<b>(2,030)</b>	<b>(3.1%)</b>
Inventories	14,982	15,812	(830)	(5.2%)
Trade and other receivables	66,147	79,813	(13,666)	(17.1%)
Contract assets	26,613	24,679	1,934	7.8%
Prepayments	19,763	14,273	5,490	38.5%
Other financial assets	2,631	–	2,631	100.0%
Fixed bank deposits	5,237	4,536	701	15.5%
Cash and cash equivalents	123,895	96,189	27,706	28.8%
<b>Current assets</b>	<b>259,268</b>	<b>235,302</b>	<b>23,966</b>	<b>10.2%</b>
Trade and other payables	85,338	96,698	(11,360)	(11.7%)
Contract liabilities	25,467	23,960	1,507	6.3%
Lease liabilities	1,831	2,398	(567)	(23.6%)
Bank borrowings	45,555	24,722	20,833	84.3%
Tax payable	187	916	(729)	(79.6%)
<b>Current liabilities</b>	<b>158,378</b>	<b>148,694</b>	<b>9,684</b>	<b>6.5%</b>
Lease liabilities	1,366	2,052	(686)	(33.4%)
Bank borrowings	10,826	5,568	5,258	94.4%
Defined benefit obligations	33	166	(133)	(80.1%)
Deferred tax liabilities	1,013	217	796	366.8%
<b>Non-current liabilities</b>	<b>13,238</b>	<b>8,003</b>	<b>5,235</b>	<b>65.4%</b>
<b>Net assets</b>	<b>150,385</b>	<b>143,368</b>	<b>7,017</b>	<b>4.9%</b>

# Management Discussion and Analysis

The Group's current assets stood at HK\$259.3 million as at 30 June 2021, which represented an increase of approximately HK\$24.0 million. This was mainly due to an increase in cash and cash equivalents resulted from the cash generated from financing activities. Current portion bank borrowing was enlarged to HK\$45.6 million as at 30 June 2021, mitigated by the decrease in trade and other payables, current liabilities stood at HK\$158.4 million representing an increase of approximately HK\$9.7 million or 6.5% compared to 31 December 2020.

As mentioned in the first quarterly results of 2021, Global Telecom, our Korean subsidiary, has obtained a banking facility to satisfy intermediate payments for buying properties in Seoul. During the period, Global Telecom has utilised this banking facility amounting to HK\$5.3 million. Non-current liabilities increased to HK\$13.2 million as at 30 June 2021.

As a result, our Group recorded an increase in net assets of approximately HK\$7.0 million to HK\$150.4 million as at 30 June 2021 from HK\$143.4 million as at 31 December 2020.

## Liquidity and Financial Resources

As at 30 June 2021, the Group's net current assets were HK\$100.9 million showing a strong liquidity.

The Group expresses its gearing ratio as a percentage of total debt over total equity. As at 30 June 2021, the gearing ratio was 37.5% (as at 31 December 2020: 21.1%). The increase was due to raise of new loans for business operations and properties purchase. The liquidity ratio, represented by a ratio of current assets over current liabilities, was 1.6 times (as at 31 December 2020: 1.6 times), reflecting the adequacy of financial resources.

As at 30 June 2021, the Group recorded cash and cash equivalents of approximately HK\$123.9 million (as at 31 December 2020: approximately HK\$96.2 million), which included approximately KRW16,084 million, HK\$5.4 million, US\$1.0 million and small amount of Singapore dollars.

As at 30 June 2021, the Group had variable rate bank borrowings in US\$ and KRW of approximately US\$5.9 million and KRW1,617 million respectively, which were equivalent to approximately HK\$56.4 million (as at 31 December 2020: approximately HK\$30.3 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 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.

Revenue and cost of our Hong Kong operation are both denominated in HK\$. Hence, there is no currency risk arising from it.

## Charges on Group's Assets

None of the Group's assets were charged as at 30 June 2021.

## Material Investments and Capital Assets

The Group did not have any material investments and capital assets for the six months ended 30 June 2021.

The carrying amount of the Group's unlisted equity securities as at 30 June 2021 accounted for approximately 1.5% 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 2021 as well.

## Significant Acquisitions and Disposals

For the six months ended 30 June 2021, the Group had not made any significant acquisition or disposal.

As at 30 June 2021, the Group was continuously seeking potential buyers for the remaining eleven properties. Having said that in the circular dated 25 January 2021 and the supplementary announcement dated 31 March 2021, since the properties are part of the government subsidised, the Directors consider that the prices of the properties will not have any downside risk. In the event that any of the eleven properties are not disposed of prior to the payment date for relevant intermediate payment(s) and/or remaining balance, the Company intends to satisfy these payable by bank borrowing in Korea. As at 30 June 2021, Global Telecom has obtained a banking facility amounting to KRW5,013,132,000 (equivalent to approximately HK\$34.5 million) to satisfy relevant intermediate payments.

## Contingent Liabilities

The Group did not have any significant contingent liabilities as at 30 June 2021.

## Capital Commitment

As at 30 June 2021, the Group has outstanding capital commitments of KRW5,498,570,000 (equivalent to approximately HK\$37.9 million) related to the agreements entered for properties purchase in Korea which is not provided for in the Group's financial statements.

# Management Discussion and Analysis

## BUSINESS REVIEW

	HK\$'000
Opening backlog as at 1 January 2021	166,124
New booking during the period	314,005
Revenue recognised during the period	(341,383)
Closing backlog as at 30 June 2021	138,746

Resulting from the successful market penetration strategy, more contracts awarded from system integration segment business. After a strong growth in the first quarter of 2021, revenue surge from this segment has been slowed down but the Group continuously awarded some sizeable contracts in the second quarter of 2021. Examples of these sizeable contracts included:

- A contract won from computer programming service provider amounting to KRW2.2 billion (equivalent to approximately HK\$15.2 million);
- A contract won from a network integration consultant company amounting to KRW1.5 billion (equivalent to approximately HK\$10.0 million); and
- A contract won from government amount to KRW1.2 billion (equivalent to approximately HK\$8.3 million).

Revenue from maintenance services segment has been growing during the six months ended 30 June 2021 to HK\$84.7 million from HK\$74.3 million for the same corresponding period in 2020. The growth was due to the increase in number of maintenance contracts.

Cyber security services segment was in growing trend. For the six months ended 30 June 2021, this segment recorded a revenue of HK\$13.9 million which represented an increase by HK\$2.5 million or 21.8% from HK\$11.4 million for the six months ended 30 June 2020.

## PROSPECTS

The Group has recorded HK\$10.6 million of profit which is the best interim results since we have successfully listed the Company's shares on GEM of the Stock Exchange in 2016.

The Directors are pleased with the results of the two consecutive of the first quarter and second quarter profits in 2021, which is encouraging under a challenging business environment caused by viral pandemic escalation.

As a result of a highly profitable first half of 2021, and a gradual global economic recovery, we are positive that the Group will be profitable in the full year of 2021, bearing unforeseen circumstances.

# Management Discussion and Analysis

## **EMPLOYEES AND REMUNERATION POLICY**

As at 30 June 2021, the Group had an aggregate of 225 (30 June 2020: 219) employees. Such increase represented to the recruitment of more engineers to support the growth in the Group's businesses.

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\$47.4 million for the six months ended 30 June 2021 (for the six months ended 30 June 2020: approximately HK\$43.6 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 2021, 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.

## **USE OF PROCEEDS FROM THE PLACING**

To better adapt and cope with the current market conditions and economic environment, the Board is of the view that the use of the net proceeds from the placing shall be approximately adjusted. The reasons for and benefits of reallocation and change in use of proceeds are presented in the announcement "Further reallocation and change in use of proceeds" dated 6 August 2021.



## 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 2021, the interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) held by the Directors and

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

#### Long Positions in the Shares

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

## Corporate Governance and Other Information

### 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. Suh, Mr. Lee, Mr. Phung, Mr. Park Hyeoung Jin ("Mr. Park"), Mr. Lee Sung Gue, Mr. Lee Je Eun and Ms. Marilyn Tang as to 25.34%, 22.71%, 18.14%, 14.03%, 3.40% and 2.35% respectively.
- (2) On 21 June 2016, four of the ultimate controlling shareholders of the Company, namely, Mr. Suh, Mr. Lee, Mr. Phung 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. Suh, Mr. Lee, Mr. Phung 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. Suh, Mr. Lee, Mr. Phung 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 2021 (i.e. 400,000,000 Shares).

Save as disclosed above, as at 30 June 2021, 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.

## Corporate Governance and Other Information

### SUBSTANTIAL SHAREHOLDERS' INTERESTS IN THE SHARES AND UNDERLYING SHARES

As at 30 June 2021, so far as known to the Directors, the following persons (not being Directors or chief executive of the Company) had or were deemed or taken to have an interest and/or short position in the Shares or

the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO who, are directly or indirectly interested in 5% or more of the Shares.

### Long Positions in the Shares

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

## 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 25.34% by Mr. Suh, 22.71% by Mr. Lee, 18.14% by Mr. Phung, 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. Suh, Mr. Lee, Mr. Phung 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. Suh, Mr. Lee, Mr. Phung 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. Suh, Mr. Lee, Mr. Phung and Mr. Park is deemed to be interested in approximately 65.73% interest in the share capital of the Company.
- (4) Ms. Marilyn Tang is the owner of approximately 2.35% of the issued shares of AMS and the spouse of Mr. Phung. Ms. Marilyn Tang is deemed to be interested in all the Shares in which Mr. Phung is interested under Part XV of the SFO.
- (5) Ms. Lee Kim Sinae is the spouse of Mr. Lee. Ms. Lee Kim Sinae is deemed to be interested in all the Shares in which Mr. Lee is interested under Part XV of the SFO.
- (6) Ms. Suh Kim Seong Ock is the spouse of Mr. Suh. Ms. Suh Kim Seong Ock is deemed to be interested in all the Shares in which Mr. Suh is interested under Part XV of the SFO.
- (7) Ms. Shin Hee Kum is the spouse of Mr. Park. Ms. Shin Hee Kum is deemed to be interested in all the Shares in which Mr. Park is interested under Part XV of the SFO.
- (8) The percentage of shareholding was calculated based on the Company's total number of issued Shares as at 30 June 2021 (i.e. 400,000,000 Shares).

Save as disclosed above, as at 30 June 2021, 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.

# Corporate Governance and Other Information

## 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 2021.

## DIRECTORS' INTEREST IN COMPETING BUSINESS

During the six months ended 30 June 2021, none of the Directors or the controlling shareholders or their respective associates (as defined in the GEM Listing Rules) of the Company had an interest in a business which competed with or might compete with the business of the Group.

## CORPORATE GOVERNANCE PRACTICES

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

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

To the best knowledge of the Board, the Company had complied with the code provisions in the CG Code during the six months ended 30 June 2021.

## 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 7 May 2021, it was approved that the annual salary of an executive Director of the Company, Mr. Phung Nhung Giang, has been resumed from HK\$840,000 to HK\$1,200,000 as the economic impact of the pandemic has receded. This adjustment should take effect retrospectively from 1 January 2021.

## 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 2021.

### **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 2021, 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 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 2021.

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

Hong Kong, 6 August 2021