



FUTURE DATA

FUTURE DATA GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8229)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016**

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

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, 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 announcement 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 the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement 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 announcement misleading.

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2016

The Group's revenue for the year ended 31 December 2016 was approximately HK\$524.0 million representing an increase of approximately 1.6% as compared to that of approximately HK\$515.7 million in 2015.

Profit attributable to owners of the Company for the year ended 31 December 2016 was approximately HK\$3.7 million representing a decrease of approximately 54.3% as compared to that of approximately HK\$8.1 million in 2015.

Earnings per share for the year ended 31 December 2016 was HK\$0.011 (Earnings per share for 2015: HK\$0.027).

The board of Directors recommends the payment of a final dividend of HK cents 1.15 per share for the year ended 31 December 2016 (2015: Nil).

ANNUAL RESULTS

The board of Directors of the Company (the “**Board**”) is pleased to present the audited results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2016, together with comparative audited figures for the corresponding year in 2015 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

		2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
	<i>Notes</i>		
Revenue	5	524,021	515,704
Cost of sales		<u>(440,914)</u>	<u>(442,632)</u>
Gross profit		83,107	73,072
Other income		681	1,930
Listing expenses		(10,403)	(6,529)
Selling and administrative expenses		(66,090)	(56,805)
Finance costs		<u>(339)</u>	<u>(193)</u>
Profit before income tax	6	6,956	11,475
Income tax expense	7	<u>(3,248)</u>	<u>(3,344)</u>
Profit for the year		3,708	8,131
Other comprehensive income for the year			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Recognition of actuarial losses on defined benefit obligations		(1,057)	(1,350)
<i>Items that will be reclassified subsequently to profit or loss:</i>			
Net change in fair value of available-for-sale financial assets		501	–
Realised fair value gain on disposal of available-for-sale financial assets		–	(44)
Exchange differences arising on translation of foreign operations		<u>(2,466)</u>	<u>(5,078)</u>
Total other comprehensive income		<u>3,022</u>	<u>(6,472)</u>
Total comprehensive income for the year		<u>686</u>	<u>1,659</u>
Earnings per share – Basic and Diluted (HK\$)	9	<u>0.011</u>	<u>0.027</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Notes	2016 HK\$'000	2015 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		9,333	12,612
Available-for-sale financial assets	10	4,029	5,914
Guarantee deposits		4,484	4,423
Deferred tax assets		3,521	3,054
		<u>21,367</u>	<u>26,003</u>
Current assets			
Inventories	11	7,038	8,326
Trade and other receivables	12	86,255	97,318
Loan to ultimate holding company		1,765	–
Amounts due from contract customers	13	27,677	8,658
Prepayments		4,266	5,786
Pledged bank deposit		3,214	–
Fixed bank deposits		5,850	4,815
Cash and cash equivalents		77,970	71,243
		<u>214,035</u>	<u>196,146</u>
Current liabilities			
Trade and other payables	14	90,468	133,476
Amounts due to contract customers	13	1,140	2,305
Amount due to ultimate holding company		–	6,341
Bank borrowings		16,266	11,887
Obligations under finance leases		31	77
Tax payable		1,576	2,576
		<u>109,481</u>	<u>156,662</u>
Net current assets		<u>104,554</u>	<u>39,484</u>
Total assets less current liabilities		<u>125,921</u>	<u>65,487</u>
Non-current liabilities			
Defined benefit obligations		513	1,102
Obligations under finance leases		–	32
		<u>513</u>	<u>1,134</u>
Net assets		<u>125,408</u>	<u>64,353</u>
EQUITY			
Share capital	15	4,000	3,684
Reserves		121,408	60,669
Total equity		<u>125,408</u>	<u>64,353</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 principal place of business is located at Unit 1002, 10/F, Tung Wai Commercial Building, 109-111 Gloucester Road, Hong Kong. The principal place of the Group's business is located at 14th – 15th Floor, Deokmyeong Building, Samseong-dong, 625, Teheran-ro, Gangnam-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 and (ii) maintenance service (the “**Business**”) in Korea.

As at 31 December 2016, the Directors of the Company consider the immediate holding company to be LiquidTech Limited (“**LiquidTech**”), incorporated in the British Virgin Islands, and the ultimate holding company to be Asia Media Systems Pte. Ltd. (“**AMS**”) incorporated in Singapore.

2. BASIS OF PRESENTATION AND GROUP REORGANISATION

In preparation of the listing of the Company's shares on GEM (the “**Listing**”), the Group underwent a corporate reorganisation (“**Reorganisation**”) to rationalise its group structure. Prior to the Reorganisation, the Company's principal operating subsidiary, Global Telecom Company Limited (“**Global Telecom**”), was wholly-owned by a corporate shareholder, AMS. The controlling shareholders of AMS are Mr. Phung Nhung Giang, Mr. Lee Seung Han, Mr. Suh Seung Hyun and Mr. Park Hyeoung Jin. Pursuant to the Reorganisation as more fully explained in the paragraph headed “Reorganisation” under the section headed “History, Reorganisation and Corporate Structure” in the prospectus dated 29 June 2016 (the “**Prospectus**”), the Company has since 20 June 2016 become the holding company of its subsidiaries now comprising the Group. Immediately prior to the completion of the Reorganisation, the Business has been conducted through Global Telecom. Pursuant to the Reorganisation, Global Telecom is transferred to and held by the Company indirectly through SuperChips Limited (“**SuperChips**”). Upon completion of the Reorganisation, the Company has become a subsidiary of LiquidTech which is wholly-owned by AMS. The Company has not been involved in any business prior to the Reorganisation. The Reorganisation is merely a reorganisation of the structure of the Group with no change in management of the Business and has not resulted in any change of economic substance with continuous common control by controlling shareholders of AMS. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity.

The consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the years ended 31 December 2016 and 2015 have been prepared to present the results and cash flows of the companies now comprising the Group, as if the current group structure had been in existence throughout the years ended 31 December 2016 and 2015 or since their respective dates of incorporation, whichever is the shorter period. The consolidated statement of financial position of the Group as at 31 December 2015 has been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence, at that date, taken into account the respective dates of incorporation.

3. BASIS OF PREPARATION

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations (hereinafter collectively referred to as the “**HKFRS**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the GEM Listing Rules.

3.2 Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis except for certain available-for-sale financial assets which are stated at fair value.

3.3 Functional and presentation currency

The functional currency of the Company’s principal operating subsidiary, Global Telecom, is South Korean Won (“**KRW**”), while the consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”). As the Company’s shares are listed on the 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.

4. APPLICATION OF NEW AND REVISED HKFRSs

In the current year, the Group has applied, for the first time, the following new and revised standards, amendments and interpretations (“**new and revised HKFRSs**”) issued by the HKICPA, which are effective for the Group’s financial year beginning on or after 1 January 2016.

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception

The application of the above new and revised HKFRSs in the current year has no impact on these consolidated financial statements. In particular, the treatment under Annual Improvements 2012-2014 Cycle is consistent with the manner which the Group has previously dealt with the discount rate used to determine post-employment benefit obligations under HKAS 19.

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 7	Statement of Cash Flows ¹
Amendments to HKAS 12	Income Taxes ¹
Amendments to HKFRS 2	Share-Based Payment ²
HKFRS 9	Financial Instruments ²
HKFRS 15	Revenue from Contracts with Customers ²
Amendments to HKFRS 15	Revenue from Contracts with Customers ²
HKFRS 16	Leases ³

¹ Effective for annual periods beginning on or after 1 January 2017

² Effective for annual periods beginning on or after 1 January 2018

³ Effective for annual periods beginning on or after 1 January 2019

The Directors anticipate that the application of HKFRS 9 may result in early recognition of credit losses of the Group's trade and other receivable, if any. The Directors are in the process of assessing the quantitative effect of the requirements of HKFRS 9 and are not yet in a position to provide a reasonable estimate of the quantitative effect until the assessment has been completed.

The Directors have preliminarily assessed that the adoption of HKFRS 15 will not have a material impact on the amount of revenue recognised from the contracts for system integration and maintenance service. However, there will be far more extensive disclosure regarding revenue in the Group's financial statements. The Directors are still in the process of assessing the full impact of the application of HKFRS 15 on the Group's financial statements and it is not practicable to provide a reasonable financial estimate of the effect until the Directors complete the detailed review. As a result, the above preliminary assessment is subject to change.

Based on current leasing patterns, the Group expects the adoption of HKFRS 16 as compared with the current accounting policy would not significantly impact the Group's financial performance but it is expected that certain portion of the operating lease commitments would be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

The Directors have preliminarily assessed that the adoption of other new and revised HKFRSs will not have a material impact on the Group's financial performance and position.

5. REVENUE AND SEGMENT INFORMATION

The executive directors of the Company are the Group's chief operating decision-markers. Management has determined the operating segments based on the information reviewed by the executive directors for the purposes of allocating resources and assessing performance.

The executive directors review the performance of the Group mainly from the service perspective. The Group is organised into two segments engaged in:

- (i) System integration
- (ii) Maintenance service

The executive directors assess the performance of the operating segments based on a measure of gross profit of each segment, which is consistent with that of the consolidated financial statements. The revenue reported to the executive directors is measured in a manner consistent with that in the consolidated statement of comprehensive income.

There was no information regarding segment assets and liabilities provided to the executive directors as they do not use such information for the purpose of allocation of resources and segment performance assessment.

The segment results are as follows:

2016

	System integration HK\$'000	Maintenance service HK\$'000	Total HK\$'000
Total segment revenue	<u>428,289</u>	<u>95,732</u>	<u>524,021</u>
Gross profit/segment results	48,580	34,527	83,107
Other income			681
Listing expenses			(10,403)
Selling and administrative expenses			(66,090)
Finance costs			<u>(339)</u>
Profit before income tax			6,956
Income tax expense			<u>(3,248)</u>
Profit for the year			<u>3,708</u>

2015

	System integration HK\$'000	Maintenance service HK\$'000	Total HK\$'000
Total segment revenue	<u>439,732</u>	<u>75,972</u>	<u>515,704</u>
Gross profit/segment results	46,908	26,164	73,072
Other income			1,930
Listing expenses			(6,529)
Selling and administrative expenses			(56,805)
Finance costs			<u>(193)</u>
Profit before income tax			11,475
Income tax expense			<u>(3,344)</u>
Profit for the year			<u>8,131</u>

For the year ended 31 December 2016, one customer contributed to 15% of the Group's revenue. No customer contributed more than 10% of the Group's revenue during the year ended 31 December 2015.

During each of the years ended 31 December 2016 and 2015, the entire Group's revenue is derived from Korea based on the location of the headquarters of the Group's customers. As at 31 December 2016 and 2015, all non-current assets were located in Korea.

The Company is an investment holding company and the principal place of the Group's operation is in Korea. For the purpose of segment information disclosures under HKFRS 8, the Group regarded Korea as its place of domicile.

6. PROFIT BEFORE INCOME TAX

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

	2016 HK\$'000	2015 HK\$'000
Carrying amount of inventories sold	354,835	375,754
Net (reversal)/provision for impairment of inventories	<u>(36)</u>	<u>302</u>
Costs of inventories recognised as expenses	354,799	376,056
Employee costs	69,012	61,449
Subcontracting costs	50,684	38,095
Provision for impairment of trade receivables	1,741	1,371
Provision for impairment of loan to employee	65	–
Provision for impairment of prepayments	387	–
Depreciation of property, plant and equipment	4,072	3,623
Auditor's remuneration	1,106	492
Research and development costs	2,387	2,394
Net loss/(gain) on disposal of available-for-sale financial assets	20	(116)
Net (gain)/loss on foreign exchange	(115)	329
Loss on disposal of property, plant and equipment	–	107
Minimum lease payments in respect of rented premises	<u>1,639</u>	<u>1,609</u>

7. INCOME TAX EXPENSE

The amount of taxation in the consolidated statement of comprehensive income represents:

	2016 HK\$'000	2015 HK\$'000
Current tax		
Tax for the year	3,956	4,475
Under-provision in respect of prior year	<u>–</u>	<u>161</u>
Deferred tax	3,956	4,636
Current year	<u>(708)</u>	<u>(1,292)</u>
Total	<u>3,248</u>	<u>3,344</u>

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% to 24.2% on the estimated assessable profit of Global Telecom derived worldwide during the year ended 31 December 2016. No Hong Kong Profits Tax has been provided as the Group did not have assessable profits which are subject to tax in Hong Kong during the year.

8. DIVIDENDS

The Directors have recommended a final dividend of HK cents 1.15 per ordinary share (2015: Nil), totalling HK\$4,600,000, which is to be approved at the forthcoming annual general meeting. The proposed dividend is not reflected as dividend payable in the consolidated financial statements.

9. BASIC AND DILUTED EARNINGS PER SHARE

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Earnings		
Profit attributable to owners of the Company	<u>3,708</u>	<u>8,131</u>

	2016 <i>Number'000</i>	2015 <i>Number'000</i>
Number of shares		
Weighted average number of ordinary shares (<i>note</i>)	<u>348,220</u>	<u>300,000</u>

Note: Weighted average of 300,000,000 ordinary shares for the year ended 31 December 2015, being the number of ordinary shares in issue immediately after the completion of capitalisation issue in July 2016, deemed to have been issued throughout the year ended 31 December 2015 and up to 7 July 2016, immediately before the completion of the placing of the Company's new ordinary shares.

Weighted average of 348,220,000 ordinary shares for the year ended 31 December 2016, includes the weighted average of 100,000,000 ordinary shares issued immediately after the completion of placing, in addition to the aforementioned 300,000,000 ordinary shares for the year ended 31 December 2015.

Diluted earnings per share were the same as the basic earnings per share as the Group had no potential dilutive ordinary shares during the years ended 31 December 2016 and 2015.

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Unlisted equity securities, at cost (<i>note (a)</i>)	29	2,008
Unlisted equity securities, at fair value (<i>note (a)</i>)	2,545	–
Investment in insurance policies (<i>note (b)</i>)	<u>1,455</u>	<u>3,906</u>
	<u>4,029</u>	<u>5,914</u>

- (a) The investment represents Global Telecom's equity interests in two cooperatives all of which are below 20% in Korea:

	2016 HK\$'000	2015 <i>HK\$'000</i>
Korea Software Financial Cooperative	2,545	1,979
Korea Broadcasting & Communication Financial Corporate	<u>29</u>	<u>29</u>
	<u>2,574</u>	<u>2,008</u>

Korea Software Financial Cooperative ("KSFC") was established pursuant to the Software Industry Promotion Act of Korea. KSFC provides to its members, (i) loans and investments necessary to develop software, upgrade technologies and stabilise the management, (ii) guarantees for liabilities of any software business operator who intends to obtain loans from financial institutions for the purpose of developing software, upgrading technologies and stabilising his/her business management, (iii) performance guarantees necessary for business.

Korea Broadcasting & Communication Financial Cooperative ("KBCFC"), formerly known as Korea Communications Industry Cooperative, was established under the provisions of the Small and Medium Enterprise Cooperatives Act of Korea with aims of promoting sound development of information communication industry and welfare of its members to encourage their independent economic activities for the improvement of their economic status and the balanced development of the national economy. Small and medium enterprises engaging in manufacturing telecommunication and broadcasting apparatuses and industrial cooperatives engaging in an identical or related type of business are eligible for membership in KBCFC.

- (b) The Group invested in two types of savings-type insurance policies as detailed below:

	Type A		Type B	
	2016 HK\$'000	2015 <i>HK\$'000</i>	2016 HK\$'000	2015 <i>HK\$'000</i>
Account value as at 31 December	<u>224</u>	<u>2,915</u>	<u>1,231</u>	<u>991</u>
Insurance policy type	Accident insurance plan		Life insurance plan	
Insured	Employees		Mr. Suh Seung Hyun	
Insured sum	HK\$284,560 for each employee		HK\$106,710	
Premium period	3 years		10 years	

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

11. INVENTORIES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Hardware and software	<u>7,038</u>	<u>8,326</u>

12. TRADE AND OTHER RECEIVABLES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade debtors	84,239	100,991
Less: Provision for impairment of trade receivables	<u>(8,115)</u>	<u>(6,611)</u>
Trade receivables, net	76,124	94,380
Retention money receivable	7,214	2,275
Short-term loans to employees	565	633
Accrued interest	59	30
Rental and other deposits	2,235	–
Other receivables	<u>58</u>	<u>–</u>
	<u>86,255</u>	<u>97,318</u>

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
0 – 90 days	63,185	72,119
91 – 180 days	6,265	14,532
181 – 365 days	4,243	6,260
1 – 2 years	2,103	399
Over 2 years	<u>328</u>	<u>1,070</u>
	<u>76,124</u>	<u>94,380</u>

13. AMOUNTS DUE FROM/(TO) CONTRACT CUSTOMERS

	2016 HK\$'000	2015 HK\$'000
Contracts in progress at the end of reporting period:		
Contract costs incurred plus recognised profits less recognised losses	163,512	67,401
Less: Progress billings	<u>(136,975)</u>	<u>(61,048)</u>
	<u>26,537</u>	<u>6,353</u>
Analysed for reporting purposes as:		
Amounts due from contract customers	27,677	8,658
Amounts due to contract customers	<u>(1,140)</u>	<u>(2,305)</u>
	<u>26,537</u>	<u>6,353</u>

14. TRADE AND OTHER PAYABLES

	2016 HK\$'000	2015 HK\$'000
Trade payables	81,338	111,583
Accruals and other payables	7,441	14,479
Advance receipts	13	3,509
Value-added tax payables	<u>1,676</u>	<u>3,905</u>
	<u>90,468</u>	<u>133,476</u>

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

	2016 HK\$'000	2015 HK\$'000
0 – 30 days	54,476	72,813
31 – 60 days	18,195	12,857
61 – 90 days	4,914	2,408
91 – 180 days	2,792	17,726
181 – 365 days	359	5,403
Over 1 year	<u>602</u>	<u>376</u>
	<u>81,338</u>	<u>111,583</u>

15. SHARE CAPITAL

	Notes	Number '000	2016 HK\$'000
Authorised:			
Initial authorised share capital upon incorporation	(b)	38,000	380
Increase in authorised share capital upon capitalisation	(d)	4,962,000	49,620
		<u>5,000,000</u>	<u>50,000</u>
		Number '000	2016 HK\$'000
At 1 January 2016	(a)	–	3,684
Issue of one ordinary share upon incorporation and for Reorganisation	(b)	–	–
Effects of Reorganisation	(c)	1	(3,684)
Issue of ordinary shares upon capitalisation	(e)	299,999	3,000
Issue of ordinary shares upon placing of shares	(f)	100,000	1,000
At 31 December 2016		<u>400,000</u>	<u>4,000</u>

- (a) The issued capital of the Group as at 1 January 2016 represented the aggregate amount of the share capital of Global Telecom and Future Data Limited as the Company had not been incorporated and the Reorganisation was not completed.

The following changes in the share capital of the Company took place during the period from 4 January 2016 (date of incorporation) to 31 December 2016:

- (b) The Company was incorporated on 4 January 2016 in the Cayman Islands with an authorised share capital of HK\$380,000 divided into 38,000,000 ordinary shares of HK\$0.01 each. Upon incorporation, one nil-paid ordinary share was allotted and, issued to an initial subscriber, which was then transferred to LiquidTech on the same date at nil consideration.
- (c) As part of the Reorganisation, AMS transferred the entire issued share capital of Global Telecom to SuperChips at the consideration of HK\$75.6 million, which was satisfied by (i) the Company allotting and issuing 999 ordinary shares to LiquidTech credited as fully paid; and (ii) the crediting of the 1 nil-paid ordinary share, which was registered in the name of LiquidTech, as fully paid.
- (d) Pursuant to the written resolutions of the shareholders dated 21 June 2016, the Company increased its authorised share capital from HK\$380,000 to HK\$50,000,000 by the creation of an additional 4,962,000,000 ordinary shares.
- (e) Pursuant to written resolutions passed on 5 July 2016, the directors were authorised to capitalise HK\$2,999,990 from the amount to be standing to the credit of the share premium account of the Company upon the placing of ordinary shares and applied such amount to pay up in full at par of 299,999,000 ordinary shares.
- (f) On 8 July 2016, 100,000,000 ordinary shares of HK\$0.01 each of the Company were issued at a price of HK\$0.58 by way of placing. On the same date, the Company's ordinary shares were listed on the Stock Exchange. The proceeds of HK\$1,000,000 representing the par value of the ordinary shares of the Company, were credited to the Company's share capital. The remaining proceeds of HK\$57,000,000, before issuing expenses of approximately HK\$7,802,000, were credited to share premium account.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

Revenue

For the year ended 31 December 2016, the Group recorded revenue of HK\$524.0 million, all of which was contributed from our Korea's operating subsidiary, Global Telecom. Revenue comprised of revenue from integrated systems and maintenance service. The Group's revenue increased by HK\$8.3 million, or 1.6%, from approximately HK\$515.7 million for the year 2015 to approximately HK\$524.0 million for the year 2016. The increase was primarily attributable to the increases in revenue from maintenance service from HK\$76.0 million in 2015 to that of HK\$95.7 million in 2016.

Gross profit and gross profit margin

The Group's gross profit increased by 13.7%, from HK\$73.1 million for the year ended 31 December 2015 to HK\$83.1 million for the year ended 31 December 2016. The Group's gross profit margin slightly increased from 14.2% for the year ended 31 December 2015 to 15.9% for the year ended 31 December 2016. Such increase was mainly due to change in revenue mix with a higher proportion of revenue from maintenance service in 2016.

Listing expenses

The Group recorded Listing expenses of HK\$10.4 million for the year ended 31 December 2016. Total Listing expenses were HK\$24.7 million, of which approximately HK\$7.8 million was available for offsetting against the Company's share premium account.

Selling and administrative expenses

Selling and administrative expenses for the year ended 31 December 2016 was HK\$66.1 million, (31 December 2015: HK\$56.8 million) representing an increase of HK\$9.3 million or 16.4% mainly due to increase in employee costs, professional fees and provision for impairment of trade receivables, loans to employees and prepayments.

Profit for the year

The profit for the year decreased by 54.3% from HK\$8.1 million for the year ended 31 December 2015 to HK\$3.7 million for the year ended 31 December 2016. Such decrease was primarily due to the increase of Listing expenses from HK\$6.5 million in 2015 to that of HK\$10.4 million in 2016.

Business Review

The Group is an IT services provider based in Korea, with a focus on provision of integrated systems and maintenance service. Revenue comprised of revenue from integrated systems and maintenance service amounted to HK\$524.0 million and HK\$515.7 million for the years ended 31 December 2016 and 2015 respectively. Majority of the Group's revenue is derived from the provision of integrated system, which mainly integrates suitable hardware and software components, and configure them into a compatible system according to the requirements of our customers. The revenue from system integration service slightly decreased by 2.6% from HK\$439.7 million for the year ended 31 December 2015 to that of HK\$428.3 million for the year ended 31 December 2016. The segment profit of system integration increased by approximately 3.6% from HK\$46.9 million for the year ended 31 December 2015 to HK\$48.6 million for the year ended 31 December 2016. Such increase was due to higher margin for large-scale system integration projects.

Set out below are the details of the movement of the number of system integration projects up to 31 December 2016.

Number of projects as at 1 January 2016	36
Number of new projects awarded during the year	568
Number of projects completed during the year	<u>(572)</u>
Number of projects as at 31 December 2016	<u><u>32</u></u>

The Group also provides maintenance service to customers to ensure that their systems are running properly, and, in the event of system failures, to identify the fault and repair the relevant part of their systems to minimise disruption to our customers' operations. The revenue from maintenance service increased by 26.0% from HK\$76.0 million for the year ended 31 December 2015 to HK\$95.7 million for the year ended 31 December 2016. Such increase was primarily due to revenue generated from three large-scale maintenance service projects in 2016. The segment profit of maintenance service increased by 32.0% from HK\$26.2 million for the year ended 31 December 2015 to HK\$34.5 million for the year ended 31 December 2016. Such percentage increase was almost in line with the percentage increase in the revenue of maintenance service.

Liquidity and Financial Resources

Before the Listing, the Group's operations were mainly financed by external financing and internal resources. Following the placing and the Listing, the Group's operations will be financed by a combination of internal resources, external financing and net proceeds from the placing, and this enables the Group to expand in accordance with its business directions. As at 31 December 2016, total equity of the Group amounted to HK\$125.4 million, and the current assets amounted to HK\$214.0 million. The total debt of the Group amounted to approximately HK\$16.3 million, and its current liabilities amounted to HK\$109.5 million.

The Group expresses its gearing ratio as a percentage of total debt over total equity. As at 31 December 2016, the gearing ratio was 13.0% (2015: 28.5%). The decrease in gearing ratio was mainly due to the capitalisation of the amount due to ultimate holding company and the increase in reserves. The liquidity ratio of the Group, represented by a ratio of current assets over current liabilities, was 2.0 times (2015: 1.3 times), reflecting the adequacy of financial resources.

As at 31 December 2016, the Group had total cash and cash equivalents of HK\$78.0 million (as at 31 December 2015: approximately HK\$71.2 million), which included cash and cash equivalents in KRW of KRW6,648.2 million, in US dollars (“US\$”) of US\$0.2 million, and in HK\$33.0 million.

As at 31 December 2016, the Group had variable rate bank borrowings of approximately US\$2.1 million, which was equivalent to approximately HK\$16.3 million (as at 31 December 2015: approximately HK\$11.9 million).

Future Prospects

After the Listing, the Group is in a stronger financial and liquidity position. The Group is continuing its focus on its core business and utilising its available resources to engage in its current business.

In 2016, our Group derived all the revenue and profit from Korea market. Given the risks associated with the political turmoil of the presidential scandal in Korea, which could have an adverse impact on the local economy, the Group shall strive to explore potential opportunities to develop its core businesses in and outside Korea, and if appropriate, explore selective acquisition and partnership in order to strengthen its revenue base and maximise both the return to the shareholders and the value of the Group.

Foreign Exchange Exposure

The Group’s exposures to currency risk mainly arise from the currency difference between our revenue receipts (which are denominated in KRW) and some of our payments for purchases (which are denominated in US\$). In preparing the costing of our system integration project for which procurement of components in US\$ is required, we would add on a margin to the relevant cost items of the project as a cushion to safeguard against any unfavourable foreign exchange movement in KRW against US\$ between the costing date and the relevant settlement date. In view of the relatively limited size of each individual US\$ denominated purchase transaction, we do not find it, on a cost and benefit analysis, justifiable to enter into foreign exchange hedging transaction for each of such purchases, and as a result, we decided the timing of purchasing US\$ to settle such purchases at our discretion.

Charges on Group’s Assets

As at 31 December 2016, a fixed deposit amounting to HK\$3.2 million was pledged to KSFC for bidding, contract, defect, prepayment and payment guarantees provided by KSFC on behalf of the Group.

Future Plan for Material Investments and Capital Assets

Save as disclosed in the section headed “Business objectives and future plans” in the Prospectus, the Group did not have other concrete plans for material investment or capital assets as at 31 December 2016.

Material Acquisitions and Disposals

Save for the Reorganisation, during the year ended 31 December 2016, the Group did not have any material acquisition and disposal.

Contingent Liabilities

As at 31 December 2016, the Group did not have any significant contingent liabilities.

Capital Commitments

As at 31 December 2016, the Group did not have any significant capital commitments.

Significant Investments

Save for the equity investments in KSFC and KBCFC as set out in note 10, the Group did not have any significant investments as at 31 December 2016.

Employees and Remuneration Policy

As at 31 December 2016, the Group had an aggregate of 156 (31 December 2015: 155) employees. 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 staff costs, including Directors’ emoluments, amounted to approximately HK\$69.0 million for the year ended 31 December 2016 (31 December 2015: approximately HK\$61.4 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 31 December 2016, no share option had been granted.

CORPORATE GOVERNANCE PRACTICES

The Group has applied the principles and adopted all code provisions, where applicable, of the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) as contained in Appendix 15 to the GEM Listing Rules as its own code of corporate governance.

The Directors consider that since the Listing of the shares on GEM on 8 July 2016 and up to 31 December 2016, the Group has complied with all the code provisions as set out in the CG Code.

PURCHASE, REDEMPTION OR SALE OF THE LISTED SECURITIES OF THE COMPANY

During the year, the Company did not redeem its listed securities, nor did the Company or any of its subsidiaries purchase or sell any of such listed securities.

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. Following a specific enquiry made by the Company on the Directors, all of the Directors confirmed that they had complied with the Securities Dealing Code during the year.

EVENTS AFTER THE REPORTING DATE

As from 31 December 2016 to the date of this announcement, no significant events have occurred.

DIVIDENDS

The Board recommends the payment of a final dividend of HK cents 1.15 per ordinary share for the year ended 31 December 2016 (2015: Nil) out of the share premium account of the Company. Subject to the approval at the forthcoming annual general meeting of the Company, it is expected that the final dividend will be paid on or around Wednesday, 31 May 2017.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company’s total issued share capital was held by the public as required under the GEM Listing Rules since 8 July 2016 and up to the date of this announcement.

ANNUAL GENERAL MEETING (THE “AGM”)

The forthcoming AGM of the Company will be held on Wednesday, 10 May 2017 at 11:00 am. A notice convening the AGM will be published and despatched to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

I. For attending and voting at the AGM

The register of members of the Company will be closed from Friday, 5 May 2017 to Wednesday, 10 May 2017, both days inclusive, during which period no transfer of shares will be registered. For determining the entitlement of members of the Company to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 4 May 2017.

II. For entitlement of proposed final dividend

The register of members of the Company will be closed from Tuesday, 16 May 2017 to Thursday, 18 May 2017, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 15 May 2017.

AUDIT COMMITTEE

Our Group 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. The Audit Committee consists of three independent non-executive Directors namely, Mr. Wong Sik Kei, Mr. Ho Kam Shing, Peter, and Mr. Sum Chun Ho. Mr. Sum Chun Ho possesses the appropriate professional accounting qualifications and serves as the chairman of the Audit Committee. The primary duties of the Audit Committee are to assist the Board in providing an independent review of the effectiveness of our Group's internal audit function, financial reporting process, internal control and risk management systems, and to oversee the audit process. The Audit Committee had reviewed the audited final results of the Company for the year ended 31 December 2016.

APPRECIATION

I would like to close by thanking the Board, management and every member of our committed staff for their dedication and hard work, and our shareholders for their continued confidence and support.

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

Hong Kong, 20 March 2017

As at the date of this announcement, the executive directors of the Company are Mr. Suh Seung Hyun, Mr. Phung Nhuong Giang, Mr. Lee Seung Han, Mr. Ryoo Seong Ryul and Mr. Park Hyeoung Jin, and the independent non-executive directors of the Company are Mr. Wong Sik Kei, Mr. Ho Kam Shing, Peter and Mr. Sum Chun Ho.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the Company’s website at www.futuredatagroup.com.