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FUTURE DATA GROUP LIMITED

未來數據集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8229)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

The board (the “**Board**”) of directors (the “**Directors**”) of Future Data Group Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2023.

This announcement, containing the full text of the 2023 interim report of the Group, complies with the relevant requirements of the Rules Governing the Listing of Securities on the GEM (“**GEM Listing Rules**”) of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in relation to information to accompany preliminary announcements of interim results. Printed version of the 2023 interim report of the Company containing the information required by the GEM Listing Rules will be dispatched to the shareholders of the Company and available for viewing on the websites of the Stock Exchange and of the Company in due course.

On behalf of the Board
Future Data Group Limited
Tao Hongxia
Chairlady and Executive Director

Hong Kong, 11 August 2023

As at the date of this announcement, the executive Directors are Ms. Tao Hongxia, Mr. Lee Seung Han, Mr. Tao Guolin, and Mr. Cheung Ting Pong, and the independent non-executive Directors are Mr. Chan Kin Ming, Mr. Lam Chi Cheung Albert and Mr. Leung Louis Ho Ming.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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.

This announcement will remain on the “Latest Listed Company Announcements” page of the website of the Stock Exchange at www.hkexnews.hk for a minimum period of 7 days from the date of its publication and on the website of the Company at www.futuredatagroup.com.

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

Ms. Tao Hongxia (*Chairlady*)

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

Mr. Tao Guolin
(*Group General Manager*)

Mr. Cheung Ting Pong
(*appointed on 16 May 2023*)

Independent Non-executive Directors

Mr. Chan Kin Ming
Mr. Lam Chi Cheung Albert
Mr. Leung Louis Ho Ming
(*appointed on 16 May 2023*)

Mr. Yu Wing Chung
(*resigned on 16 May 2023*)

BOARD COMMITTEES

Audit Committee

Mr. Chan Kin Ming (*Chairman*)
Mr. Lam Chi Cheung Albert
Mr. Leung Louis Ho Ming
(*appointed on 16 May 2023*)
Mr. Yu Wing Chung
(*resigned on 16 May 2023*)

Remuneration Committee

Mr. Lam Chi Cheung Albert (*Chairman*)
Mr. Cheung Ting Pong
(*appointed on 16 May 2023*)
Mr. Chan Kin Ming
Mr. Yu Wing Chung
(*resigned on 16 May 2023*)

Nomination Committee

Mr. Leung Louis Ho Ming (*Chairman*)
(*appointed on 16 May 2023*)

Mr. Cheung Ting Pong
(*appointed on 16 May 2023*)

Mr. Lam Chi Cheung Albert

Mr. Chan Kin Ming

Mr. Yu Wing Chung
(*resigned on 16 May 2023*)

COMPLIANCE OFFICER

Mr. Lee Seung Han

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN KOREA

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JOINT COMPANY SECRETARIES

Ms. Cheung Yuet Fan
Mr. Cheung Ting Pong
(*appointed on 16 May 2023*)

AUTHORISED REPRESENTATIVES

Ms. Tao Hongxia
Ms. Cheung Yuet Fan

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Certified Public Accountants
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COMPANY WEBSITE ADDRESS

www.futuredatagroup.com

STOCK CODE

8229

Financial Highlights

For the six months ended 30 June 2023

- Unaudited revenue of the Group was approximately HK\$203.1 million for the six months ended 30 June 2023, representing a decrease of approximately HK\$68.4 million or 25.2%, as compared to the six months ended 30 June 2022.
- Unaudited loss for the period was approximately HK\$6.8 million for the six months ended 30 June 2023, representing a decrease of net loss of approximately HK\$2.9 million or 30.1%, as compared to the six months ended 30 June 2022.
- Unaudited basic and diluted loss per share for the six months ended 30 June 2023 was HK cents 1.32 (six months ended 30 June 2022: HK cents 1.98).
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: 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 2023, together with comparative figures as follows.

Condensed Consolidated Statement of Profit or Loss

For the three and six months ended 30 June 2023

	Notes	Three months ended 30 June		Six months ended 30 June	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Revenue	3	133,811	147,142	203,054	271,492
Cost of sales and services		(112,505)	(133,642)	(177,231)	(247,333)
Gross profit		21,306	13,500	25,823	24,159
Other income, net		439	560	913	871
Selling and administrative expenses		(16,167)	(18,467)	(31,898)	(35,137)
Finance costs		(957)	(259)	(1,483)	(464)
Profit/(loss) before income tax	4	4,621	(4,666)	(6,645)	(10,571)
Income tax (expense)/credit	5	(163)	293	(193)	790
Profit/(loss) for the period		4,458	(4,373)	(6,838)	(9,781)
Attributable to:					
– Owners of the Company		4,138	(3,896)	(6,315)	(8,570)
– Non-controlling interests		320	(477)	(523)	(1,211)
		4,458	(4,373)	(6,838)	(9,781)
Earnings/(loss) per share attributable to owners of the Company	6				
			(Re-presented)		(Re-presented)
Basic (HK cents)		0.86	(0.90)	(1.32)	(1.98)
Diluted (HK cents)		0.84	(0.90)	(1.32)	(1.98)

Condensed Consolidated Statement of Comprehensive Income

For the three and six months ended 30 June 2023

	Three months ended 30 June		Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Profit/(loss) for the period	4,458	(4,373)	(6,838)	(9,781)
Other comprehensive expense for the period				
<i>Items that will be reclassified subsequently to profit or loss:</i>				
Exchange differences arising on translation of foreign operations	(1,917)	(8,047)	(5,157)	(10,367)
Total comprehensive income/ (expense) for the period	2,541	(12,420)	(11,995)	(20,148)
Attributable to:				
– Owners of the Company	2,207	(11,955)	(11,472)	(18,944)
– Non-controlling interests	334	(465)	(523)	(1,204)
	2,541	(12,420)	(11,995)	(20,148)

Condensed Consolidated Statement of Financial Position

As at 30 June 2023

	Notes	As at 30 June 2023 HK\$'000 (unaudited)	As at 31 December 2022 HK\$'000 (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		40,503	41,394
Investment properties		14,400	14,780
Intangible assets		547	1,174
Goodwill		7,534	7,534
Other financial assets	8	4,239	4,416
Rental and other deposits		2,778	722
Prepayments		241	685
Defined benefit assets		3,741	3,089
Deferred tax assets		6,322	6,750
		80,305	80,544
Current assets			
Inventories	9	30,425	12,675
Trade and other receivables	10	56,548	111,174
Contract assets	11	14,318	6,150
Prepayments		12,796	5,273
Fixed bank deposits		9,506	1,857
Cash and cash equivalents		80,995	122,561
		204,588	259,690
Current liabilities			
Trade and other payables	12	40,120	116,655
Contract liabilities	11	13,796	21,894
Loan from a shareholder		5,000	5,000
Amount due to a shareholder		1,376	1,376
Lease liabilities		1,689	1,723
Bank borrowings	13	65,045	41,809
Tax payable		–	879
		127,026	189,336
Net current assets		77,562	70,354
Total assets less current liabilities		157,867	150,898

Condensed Consolidated Statement of Financial Position

As at 30 June 2023

	Notes	As at 30 June 2023 HK\$'000 (unaudited)	As at 31 December 2022 HK\$'000 (audited)
Non-current liabilities			
Lease liabilities		2,712	2,879
Loans from shareholders		15,468	14,684
		18,180	17,563
Net assets		139,687	133,335
EQUITY			
Share capital	16	4,800	4,000
Reserves		133,935	127,860
Equity attributable to owners of the Company		138,735	131,860
Non-controlling interests		952	1,475
Total equity		139,687	133,335

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Attributable to equity holders of the Company										
	Share capital HK\$'000	Share premium* HK\$'000	Share-based payment reserve* HK\$'000	Capital reserve* HK\$'000	Research and development	Foreign exchange reserve* HK\$'000	Legal reserve* HK\$'000	Retained earnings* HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
					reserve* HK\$'000						
At 1 January 2023 (audited)	4,000	35,718	-	13,855	3,674	(16,575)	3,124	88,064	131,860	1,475	133,335
Loss for the period	-	-	-	-	-	-	-	(6,315)	(6,315)	(523)	(6,838)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(5,157)	-	-	(5,157)	-	(5,157)
Total comprehensive expense	-	-	-	-	-	(5,157)	-	(6,315)	(11,472)	(523)	(11,995)
Placing of shares, net (note 16)	800	16,448	-	-	-	-	-	-	17,248	-	17,248
Recognition of equity-settled share-based payments	-	-	1,099	-	-	-	-	-	1,099	-	1,099
At 30 June 2023 (unaudited)	4,800	52,166	1,099	13,855	3,674	(21,732)	3,124	81,749	138,735	952	139,687
At 1 January 2022 (audited)	4,000	35,718	-	13,855	3,674	(9,482)	2,913	89,261	139,939	2,098	142,037
Loss for the period	-	-	-	-	-	-	-	(8,570)	(8,570)	(1,211)	(9,781)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(10,374)	-	-	(10,374)	7	(10,367)
Total comprehensive expense	-	-	-	-	-	(10,374)	-	(8,570)	(18,944)	(1,204)	(20,148)
Transferred from retained earnings upon declaration of final dividend from a subsidiary	-	-	-	-	-	-	239	(239)	-	-	-
At 30 June 2022 (unaudited)	4,000	35,718	-	13,855	3,674	(19,856)	3,152	80,452	120,995	894	121,889

* The total of these balances represents "Reserve" in the condensed consolidated statement of financial position.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Net cash used in operating activities	(69,659)	(41,779)
Net cash used in investing activities	(9,938)	(2,972)
Net cash generated from/(used in) financing activities	41,240	(13,135)
Net decrease in cash and cash equivalents	(38,357)	(57,886)
Cash and cash equivalents at beginning of the period	122,561	123,088
Effect of exchange rate changes on cash and cash equivalents	(3,209)	(7,806)
Cash and cash equivalents at the end of the period	80,995	57,396
Analysis of balances of cash and cash equivalents		
Cash and bank balances	80,995	57,396

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2023

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 are 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 in Hong Kong is located at Room 1703, 17/F, Office Tower, Convention Plaza, No. 1 Harbour Road, Wan Chai, Hong Kong, whereas in Korea the principal places of business of the Company and its subsidiaries (together the "Group") is located at Units A1304-1310, 13 Floor, 150 Yeongdeungpo-ro, 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 2023

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosures required by 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 2023 are consistent with those adopted in the annual financial statements for the year ended 31 December 2022. The condensed consolidated interim financial statements for the six months ended 30 June 2023 should be read in conjunction with the annual financial statements for the year ended 31 December 2022.

On 1 January 2023, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”), amendments and interpretations issued by the HKICPA 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 2023

Segment revenue and profit contribution are:

(a) Business segments:

	Three months ended 30 June							
	2023				2022			
	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	88,321	35,946	11,776	136,043	100,197	40,474	7,711	148,382
Inter-segment revenue	-	-	(2,232)	(2,232)	-	-	(1,240)	(1,240)
Revenue from external customers	88,321	35,946	9,544	133,811	100,197	40,474	6,471	147,142
Gross profit/segment results	10,366	7,061	3,879	21,306	3,540	9,096	864	13,500
Other income, net				439				560
Selling and administrative expenses				(16,167)				(18,467)
Finance costs				(957)				(259)
Profit/(loss) before income tax				4,621				(4,666)
Income tax (expense)/credit				(163)				293
Profit/(loss) for the period				4,458				(4,373)

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2023

	Six months ended 30 June							
	2023				2022			
	System integration HK\$'000 (unaudited)	Maintenance services HK\$'000 (unaudited)	Cyber security services HK\$'000 (unaudited)	Total HK\$'000 (unaudited)	System integration HK\$'000 (unaudited)	Maintenance services HK\$'000 (unaudited)	Cyber security services HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
Total segment revenue	119,158	69,202	19,086	207,446	183,251	76,832	13,849	273,932
Inter-segment revenue	-	-	(4,392)	(4,392)	-	-	(2,440)	(2,440)
Revenue from external customers	119,158	69,202	14,694	203,054	183,251	76,832	11,409	271,492
Gross profit/segment results	9,261	12,756	3,806	25,823	7,247	16,278	634	24,159
Other income, net				913				871
Selling and administrative expenses				(31,898)				(35,137)
Finance costs				(1,483)				(464)
Loss before income tax				(6,645)				(10,571)
Income tax (expense)/credit				(193)				790
(Loss)/profit for the period				(6,838)				(9,781)

(b) Geographic information:

	Three months ended 30 June		Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Korea	124,267	140,671	188,360	260,083
Hong Kong	9,544	6,471	14,694	11,409
Total	133,811	147,142	203,054	271,492

(c) Revenue analysis:

	Three months ended 30 June		Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Revenue from customers and recognised over time:				
– Contract revenue from provision of system integration	88,321	100,197	119,158	183,251
– Contract revenue from provision of maintenance services	35,946	40,474	69,202	76,832
– Contract revenue from provision of cyber security services	9,544	6,471	14,694	11,409
Total	133,811	147,142	203,054	271,492

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2023

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

	Three months ended 30 June							
	2023				2022			
	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	84,291	34,925	-	119,216	55,804	38,053	-	93,857
- Security	4,030	1,021	9,544	14,595	44,393	2,421	6,471	53,285
Total revenue from contracts with customers	88,321	35,946	9,544	133,811	100,197	40,474	6,471	147,142
Type of customers								
- Public sector	43,840	28,299	-	72,139	7,930	28,632	-	36,562
- Private sector	44,481	7,647	9,544	61,672	92,267	11,842	6,471	110,580
Total revenue from contracts with customers	88,321	35,946	9,544	133,811	100,197	40,474	6,471	147,142
Type of contract duration								
- Within twelve months	79,317	13,938	8,908	102,163	88,610	25,625	5,935	120,170
- Over twelve months but less than twenty-four months	9,004	7,010	204	16,218	11,587	2,890	338	14,815
- Over twenty-four months	-	14,998	432	15,430	-	11,959	198	12,157
Total revenue from contracts with customers	88,321	35,946	9,544	133,811	100,197	40,474	6,471	147,142

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2023

	Six months ended 30 June							
	2023				2022			
	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	113,660	67,047	-	180,707	103,482	72,025	-	175,507
- Security	5,498	2,155	14,694	22,347	79,769	4,807	11,409	95,985
Total revenue from contracts with customers	119,158	69,202	14,694	203,054	183,251	76,832	11,409	271,492
Type of customers								
- Public sector	58,811	55,363	-	114,174	46,508	52,816	-	99,324
- Private sector	60,347	13,839	14,694	88,880	136,743	24,016	11,409	172,168
Total revenue from contracts with customers	119,158	69,202	14,694	203,054	183,251	76,832	11,409	271,492
Type of contract duration								
- Within twelve months	101,063	30,493	13,082	144,638	171,664	52,403	9,899	233,966
- Over twelve months but less than twenty-four months	17,302	10,166	644	28,112	11,587	4,614	719	16,920
- Over twenty-four months	793	28,543	968	30,304	-	19,815	791	20,606
Total revenue from contracts with customers	119,158	69,202	14,694	203,054	183,251	76,832	11,409	271,492

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2023

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	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Costs of inventories recognised as expenses	77,230	109,353	117,238	196,753
Employee costs	21,415	28,678	42,832	44,590
Subcontracting costs	20,741	9,327	32,590	22,109
Net provision/(reversal) for impairment of trade receivables	28	(132)	(103)	328
Amortisation of intangible assets	305	922	627	1,845
Depreciation of property, plant and equipment	559	462	1,319	907
Depreciation of right-of-use assets	426	608	911	1,219
Research and development costs	1,186	1,271	2,433	2,548
Interest on lease liabilities	63	20	96	42
Short term lease expenses	57	38	187	135

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2023

5. INCOME TAX (EXPENSE)/CREDIT

	Three months ended 30 June		Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Current tax				
– Korea	(163)	193	24	387
Deferred Tax				
– Korea	238	(166)	(50)	(7)
– Hong Kong	(238)	266	(167)	410
	–	100	(217)	403
Total	(163)	293	(193)	790

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\$1.2 million);
- 22% on assessable profit in excess of KRW200 million (equivalent to approximately HK\$1.2 million) and up to KRW20 billion (equivalent to approximately HK\$122.7 million);
- 24.2% on assessable profit in excess of KRW20 billion (equivalent to approximately HK\$122.7 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 2023

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	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Earnings/(loss)				
Profit/(loss) for the period attributable to owners of the Company, used in the basic and diluted earnings/(loss) per share calculation	4,138	(3,896)	(6,315)	(8,570)

	Three months ended 30 June		Six months ended 30 June	
	2023 Number '000 (unaudited)	2022 Number '000 (unaudited) (Re-presented)	2023 Number '000 (unaudited)	2022 Number '000 (unaudited) (Re-presented)
Number of shares				
Number of ordinary shares	480,000	400,000	480,000	400,000
Effect of dilutive potential ordinary shares arising from placing of shares (note 16)	–	31,891	–	31,891
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share (note)	480,000	431,891	480,000	431,891
Effect of dilutive potential ordinary shares arising from share options (note 15)	14,163	–	–	–
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	494,163	431,891	480,000	431,891

Note: Weighted average number of ordinary shares as at 30 June 2022 had been adjusted for bonus elements in the issue of placing shares through the January 2023 Placing (defined in note 16).

The computation of diluted loss per share for the three months and six months ended 30 June 2023 and 2022 does not assume the exercise of share options since their assumed exercise would result in a decrease in loss per share.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2023

7. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2023 and 2022.

8. OTHER FINANCIAL ASSETS

	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Financial assets measured at fair value through profit or loss ("FVTPL"):		
Unlisted equity securities		
– Korea Software Financial Cooperative ("KSFC")	4,204	4,379
– Korea Broadcasting & Communication Financial Cooperative ("KBCFC")	35	37
	4,239	4,416

9. INVENTORIES

	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Hardware and software	30,425	12,675

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2023

10. TRADE AND OTHER RECEIVABLES

	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Trade receivables	69,219	122,466
Less: Provision for impairment	(14,479)	(15,176)
Trade receivables, net (note (a))	54,740	107,290
Accrued interest	169	33
Rental and other deposits	293	3,587
Other receivables	1,346	264
	56,548	111,174

Notes:

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

	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
0–90 days	38,987	102,855
91–180 days	10,477	2,095
181–365 days	5,127	2,256
1–2 years	149	84
	54,740	107,290

Movement in the loss allowance account in respect of trade receivables during the period/year is as follows:

	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Carrying amount at beginning of the period/year	15,176	16,874
Net reversal of impairment losses recognised during the period/year	(103)	(761)
Exchange realignment	(594)	(937)
Carrying amount at end of the period/year	14,479	15,176

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2023

11. CONTRACT ASSETS AND CONTRACT LIABILITIES

	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Contract assets		
Arising from performance under system integration	10,585	2,824
Arising from provision of cyber security services	3,733	3,326
	14,318	6,150
Contract liabilities		
Arising from performance under system integration	5,195	13,140
Arising from provision of cyber security services	8,601	8,754
	13,796	21,894

12. TRADE AND OTHER PAYABLES

	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Trade payables (note (a))	30,350	93,318
Accruals and other payables	8,040	14,573
Advances receipts	1,035	393
Value-added tax payables	695	8,371
	40,120	116,655

Note:

- (a) 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:

	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
0–30 days	17,775	79,340
31–60 days	10,387	1,941
61–90 days	430	1,241
91–180 days	209	9,559
181–365 days	667	370
Over 1 year	882	867
	30,350	93,318

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2023

13. BANK BORROWINGS

	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Current		
– Secured bank loans (notes (b) & (c))	34,458	–
– Unsecured bank loans (note (b))	30,587	41,809
	65,045	41,809

(a) Bank loans are carried at amortised cost.

(b) Details of the bank loans denominated in respective original currency are stated below:

	Amount	Interest rate	Repayable in
At 30 June 2023			
Bank A	KRW5,800,000,000 (approximately at HK\$35,036,000)	3-month Certificate of Deposit ("CD") plus 1.23% per annum	November 2023
Bank A	United State Dollars ("US\$") 139,806 (approximately at HK\$1,097,000)	Secured Overnight Financing Rate ("SOFR") plus 1.48% per annum	July 2023
Bank B	US\$1,134,579 (approximately at HK\$8,906,000)	SOFR plus 0.75% per annum	July 2023
Bank B	US\$2,647,352 (approximately at HK\$20,782,000)	SOFR plus 0.75% per annum	August 2023
At 31 December 2022			
Bank A	KRW5,800,000,000 (approximately at HK\$36,474,000)	3-month CD plus 1.23% per annum	November 2023
Bank A	US\$321,277 (approximately at HK\$2,522,000)	SOFR plus 1.48% per annum	September 2023
Bank B	US\$432,539 (approximately at HK\$3,396,000)	SOFR plus 0.75% per annum	March 2023

(c) As at 30 June 2023, the Group pledged freehold land and buildings and investment properties with carrying value of approximately HK\$45.0 million to secure its bank loans.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2023

14. REMUNERATION OF DIRECTORS AND EMOLUMENTS OF KEY MANAGEMENT

	Three months ended 30 June		Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Remuneration of directors and other members of key management	3,131	3,421	5,864	6,651

15. EQUITY-SETTLED SHARE-BASED PAYMENT TRANSACTIONS

The Company operates a share option scheme (the "Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants include the full-time and part-time employees, executives, directors, suppliers of goods or services, customers, consultants, adviser, managers of the Company, the Company's subsidiaries and invested entity the Group holds any equity interest. The Share Option Scheme became effective on 21 June 2016 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Share Option Scheme is an amount equivalent, upon their exercise, to 10% of the Shares in issue. The maximum number of shares issuable under share options to each eligible participant in the Share Option Scheme within any 12-month period is limited to 1% of the Shares in issue at any time. Any further grant of shares options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive Directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2023

The offer of a grant of share options may be accepted within 21 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the Directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of the offer of the share options or the expiry date of the Share Option Scheme, if earlier.

The exercise price of the share options is determinable by the Board, but may not be less than the highest of (i) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the date of the offer of the share options; (ii) the average closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Shares on the date of the offer, when applicable.

Share options do not confer rights on the holder to dividends or to vote at general meetings.

Details of the specific categories of options are as follows:

Date of grant	Vesting period	Exercise period	Exercise price per share HK\$	Number of share options granted
Director				
16 May 2023	16 May 2023 to 15 May 2024	16 May 2023 to 15 May 2033	0.810	4,800,000
Employees				
3 April 2023	3 April 2023 to 2 April 2024	3 April 2023 to 2 April 2033	0.656	19,200,000

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2023

Details of the movement of share options during the period are as follows:

	Date of grant	Exercise price per share HK\$	Number of options outstanding at 1 January 2023	Granted during the period	Exercised during the period	Forfeited during the period	Number of options outstanding at 30 June 2023
Director	16 May 2023	0.810	–	4,800,000	–	–	4,800,000
Employees	3 April 2023	0.656	–	19,200,000	–	(7,200,000)	12,000,000
			–	24,000,000	–	(7,200,000)	16,800,000
Weighted average exercise price			N/A	HK\$0.69	N/A	HK\$0.66	HK\$0.70

Above options being granted to a Director on 16 May 2023 will be vested on 15 May 2024, and for those being granted to employees on 3 April 2023 will be vested on 2 April 2024.

As at 30 June 2023, no share option was exercisable (31 December 2022: Nil).

The options outstanding at the end of the period have a weighted average remaining contractual life of 9.8 years and the exercise prices range from HK\$0.66 to HK\$0.81. The estimated fair values of the share options granted on 3 April 2023 and 16 May 2023 are approximately HK\$5,390,000 and HK\$2,524,000 respectively.

These fair values were calculated using the Binomial Option Pricing Model. The inputs into the model were as follows:

Date of grant	3 April 2023	16 May 2023
Weighted average share price	HK\$0.64	HK\$0.81
Weighted average exercise price	HK\$0.66	HK\$0.81
Expected volatility	78.66%–84.71%	84.54%
Expected life	2–10 years	10 years
Risk free rate	3.17%–3.33%	3.02%
Expected dividend yield	0.00%	0.00%

Expected volatility was determined by calculating the historical volatility of the Company's share price over the previous 10 years. The expected life used in the model has been adjusted, based on the valuer's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

The Group recognised the total expense of approximately HK\$1,099,000 for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil) in relation to share options granted by the Company.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2023

16. SHARE CAPITAL

	Number		Amount	
	30 June 2023 '000 (unaudited)	31 December 2022 '000 (audited)	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
Authorised:				
<i>Ordinary share of HK\$0.01 each</i>				
At beginning and end of period/year	5,000,000	5,000,000	50,000	50,000
Ordinary shares, issued and fully paid:				
At beginning of period/year	400,000	400,000	4,000	4,000
Placing of shares (note (a))	80,000	–	800	–
At end of period/year	480,000	400,000	4,800	4,000

Note:

- (a) On 26 January 2023, the Company and Business Securities Limited (the “Placing Agent”), entered into a placing agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent, up to an aggregate of 80,000,000 placing shares at a price of HK\$0.22 per placing shares (the “January 2023 Placing”).

The January 2023 Placing has been completed on 17 February 2023 (“Date of Completion”). All the 80,000,000 placing shares have been successfully placed by the Placing Agent. The 80,000,000 placing shares represent 20.00% of the existing issued share capital of the Company before the Date of Completion and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the placing shares upon the Date of Completion.

The net proceeds from the January 2023 Placing amounted to approximately HK\$17.2 million (after deduction of commission and other expenses of the January 2023 Placing). The Directors intended to use the net proceeds for repayment of indebtedness and replenishing the working capital of the Group to support its business operations.

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 30 June 2023

17. EVENTS AFTER THE REPORTING PERIOD

On 6 July 2023, the Company and Business Securities Limited (the “Placing Agent”), entered into a placing agreement pursuant to which the Company had conditionally agreed to place through the Placing Agent, up to an aggregate of 96,000,000 placing shares at a price of HK\$0.53 per placing shares (the “Placing Price”). The 96,000,000 placing shares represented 20.00% of the existing issued share capital of the Company before the date of completion and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the placing shares upon the date of completion (the “July 2023 Placing”). On 27 July 2023, the Company and the Placing Agent had entered into a second supplemental agreement pursuant to which the Company and the Placing Agent agreed to revise the Placing Price from HK\$0.53 per Placing Share to HK\$0.79 per Placing Share (“New Placing Price”). Assuming the maximum number of placing shares were placed, the gross proceeds from the July 2023 Placing would be approximately HK\$75.84 million and the net proceeds would be approximately HK\$75.34 million. It was intended that the net proceeds from the July 2023 Placing would be used as to (i) approximately HK\$15 million for the repayment of the Group’s indebtedness; (ii) approximately HK\$52.34 million for the exploring business opportunities and/or investment in business(es) or the latest technologies should suitable opportunities arise; and (iii) approximately HK\$8 million for the working capital of the Group.

On 25 July 2023, Future Data China Holdings Limited, a direct wholly-owned subsidiary of the Company (the “Subscriber”), had entered into an subscription agreement with Hunter Digital Limited (中福數融技術有限公司) (the “Investee Company”) and Mr. Lo Yuk Kan Ricky, the sole director and shareholder of the Investee Company (“Mr. Lo”), whereby the Subscriber had agreed to (i) subscribe for, and the Investee Company as issuer had agreed to allot and issue, 2,081,633 new shares in the Investee Company (the “Subscription Shares”), representing approximately 51% of the issued share capital of the Investee Company as enlarged by the allotment and issuance of the Subscription Shares, at the subscription price of HK\$2,081,633 (the “Subscription Price”), and (ii) make available an interest free shareholder’s loan facility of not exceeding HK\$4,000,000 to the Investee Company (the “Loan”). Completion had taken place simultaneously with the entering into of the subscription agreement. The entire issued share capital of the Investee Company would be owned as to approximately 51% by the Subscriber and as to approximately 49% by Mr. Lo. The Investee Company would become an indirect non-wholly owned subsidiary of the Company and the results of the Investee Group would be consolidated into the consolidated financial statements of the Group.

Management Discussion and Analysis

FINANCIAL REVIEW

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the three and six months ended 30 June 2023

	Three months ended		Change	Change	Six months ended		Change	Change
	30 June 2023 HK\$'000 (unaudited)	31 March 2023 HK\$'000 (unaudited)			30 June 2023 HK\$'000 (unaudited)	30 June 2022 HK\$'000 (unaudited)		
Revenue	133,811	69,243	64,568	93.2%	203,054	271,492	(68,438)	-25.2%
Cost of sales and services	(112,505)	(64,726)	(47,779)	73.8%	(177,231)	(247,333)	70,102	-28.3%
Gross profit	21,306	4,517	16,789	371.7%	25,823	24,159	1,664	6.9%
Other income, net	439	474	(35)	-7.4%	913	871	42	4.8%
Selling and administrative expenses	(16,167)	(15,731)	(436)	2.8%	(31,898)	(35,137)	3,239	-9.2%
Finance costs	(957)	(526)	(431)	81.9%	(1,483)	(464)	(1,019)	219.6%
Profit/(loss) before income tax	4,621	(11,266)	15,887	-141.0%	(6,645)	(10,571)	3,926	-37.1%
Income tax (expense)/credit	(163)	(30)	(133)	443.3%	(193)	790	(983)	-124.4%
Profit/(loss) for the period	4,458	(11,296)	15,754	-139.5%	(6,838)	(9,781)	2,943	-30.1%

Management Discussion and Analysis

For the six months ended 30 June 2023, the Group posted a revenue of HK\$203.1 million which represented a decrease by HK\$68.4 million or 25.2% when compared to a revenue of HK\$271.5 million in the same corresponding period in 2022. An analysis on the Group's revenue is presented below:

- Korea contributed HK\$188.4 million for the six months ended 30 June 2023, reduced by HK\$71.7 million or 27.6% compared to HK\$260.1 million a year ago. Eliminating the effect of translation of reporting currency, the decrease of revenue by KRW9.8 billion or 23.8% from KRW41.1 billion for the six months ended 30 June 2022 to KRW31.3 billion for the six months ended 30 June 2023 was moderated. Business in Hong Kong contributed HK\$14.7 million, which was HK\$3.3 million or 28.9% higher compared to HK\$11.4 million a year ago. Businesses in Hong Kong has been improving since the second quarter of the calendar year in 2022.
- Segment revenue of system integration, maintenance services and cyber security services were HK\$119.2 million, HK\$69.2 million and HK\$14.7 million respectively (for the six months ended 30 June 2022: HK\$183.3 million, HK\$76.8 million and HK\$11.4 million respectively), accounting for 58.7%, 34.1% and 7.2% of the Group's revenue for the six months ended 30 June 2023 (30 June 2022: 67.5%, 28.3% and 4.2%).

- For the six months ended 30 June 2023, public sector contributed HK\$114.2 million in revenue, which was HK\$14.9 million or 15.0% increase; and private sector contributed HK\$88.9 million which was HK\$83.3 million or 48.4% decrease as compared to year-ago period.

The Group's gross profit slightly increased by approximately HK\$1.7 million or 6.9% from HK\$24.2 million for the six months ended 30 June 2022 to HK\$25.8 million for the six months ended 30 June 2023. During the period, the Group was awarded relatively higher margin order and implemented better cost control and time allocation on staffing, which boosted up the gross margin during the period.

The Group's selling and administrative expenses decreased by approximately HK\$3.2 million or 9.2% to HK\$31.9 million for the six months ended 30 June 2023 compared to the same corresponding period a year ago (for the six months ended 30 June 2022: approximately HK\$35.1 million). The decrease was mainly attributable to the decrease in exchange losses by HK\$3.2 million.

The Group recorded a loss for the period of approximately HK\$6.8 million for the six months ended 30 June 2023, representing a reduction in loss of HK\$2.9 million.

Management Discussion and Analysis

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	As at 30 June 2023 HK\$'000 (unaudited)	As at 31 December 2022 HK\$'000 (audited)	Change HK\$'000	Change %
Property, plant and equipment	40,503	41,394	(891)	-2.2%
Investment properties	14,400	14,780	(380)	-2.6%
Intangible assets	547	1,174	(627)	-53.4%
Goodwill	7,534	7,534	–	–
Other financial assets	4,239	4,416	(177)	-4.0%
Rental and other deposits	2,778	722	2,056	284.8%
Prepayments	241	685	(444)	-64.8%
Defined benefit assets	3,741	3,089	652	21.1%
Deferred tax assets	6,322	6,750	(428)	-6.3%
Non-current assets	80,305	80,544	(239)	-0.3%
Inventories	30,425	12,675	17,750	140.0%
Trade and other receivables	56,548	111,174	(54,626)	-49.1%
Contract assets	14,318	6,150	8,168	132.8%
Prepayments	12,796	5,273	7,523	142.7%
Fixed bank deposits	9,506	1,857	7,649	411.9%
Cash and cash equivalents	80,995	122,561	(41,566)	-33.9%
Current assets	204,588	259,690	(55,102)	-21.2%
Trade and other payables	40,120	116,655	(76,535)	-65.6%
Contract liabilities	13,796	21,894	(8,098)	-37.0%
Loan from a shareholder – ST	5,000	5,000	–	–
Amount due to a shareholder	1,376	1,376	–	–
Lease Liabilities	1,689	1,723	(34)	-2.0%
Bank borrowings	65,045	41,809	23,236	55.6%
Tax payable	–	879	(879)	-100.0%
Current liabilities	127,026	189,336	(62,310)	-32.9%
Lease Liabilities	2,712	2,879	(167)	-5.8%
Loans from shareholders	15,468	14,684	784	5.3%
Non-current liabilities	18,180	17,563	617	3.5%
Net Assets	139,687	133,335	6,352	4.8%

Management Discussion and Analysis

The Group recorded non-current assets of approximately HK\$80.3 million as at 30 June 2023, which represented a slight decrease by HK\$0.2 million when compared to the balance of HK\$80.5 million as at 31 December 2022. The variance represented by the decrease in property, plant and equipment by HK\$0.9 million, amortization of intangible assets of HK\$0.6 million, decrease in prepayments by HK\$0.4 million and decrease in deferred tax assets by HK\$0.4 million, was mitigated by the increase in rental and other deposits by HK\$2.1 million.

The Group's current assets stood at HK\$204.6 million as at 30 June 2023, which represented a decrease of approximately HK\$55.1 million. This was mainly due to decreases in cash and cash equivalents resulted from the cash used in operating activities and trade and other receivables. Current liabilities decreased by HK\$62.3 million from HK\$189.3 million as at 31 December 2022 to HK\$127.0 million as at 30 June 2023 mainly resulted from the repayment of trade and other payables.

As a result, our Group recorded a slight increase in net assets of approximately HK\$6.4 million to HK\$139.7 million as at 30 June 2023 from HK\$133.3 million as at 31 December 2022.

Liquidity and Financial Resources

As at 30 June 2023, the Group's net current assets were HK\$77.6 million showing a strong liquidity.

The Group expresses its gearing ratio as a percentage of total debt over total equity. As at 30 June 2023, the gearing ratio was 65.4% (as at 31 December 2022: 51%). The increase was due to increase of bank borrowings.

As at 30 June 2023, the liquidity ratio, represented by a ratio of current assets over current liabilities, was 1.6 times (as at 31 December 2022: 1.4 times), reflecting the adequacy of financial resources.

As at 30 June 2023, the Group recorded cash and cash equivalents of approximately HK\$81.0 million (as at 31 December 2022: approximately HK\$122.6 million), which included approximately KRW10,399 million, HK\$18.6 million and small amount of US dollars ("US\$"), Singapore dollars and Great Britain Pound.

As at 30 June 2023, the Group had variable rate bank borrowings in US\$ and KRW of approximately US\$3.9 million and KRW5,800 million respectively, which were equivalent to approximately HK\$65.0 million (as at 31 December 2022: approximately HK\$41.8 million).

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. During the period, we experienced an unfavourable foreign change movement in the Korea operation, and hence, recorded an foreign exchange losses under selling and administrative expenses.

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

As at 30 June 2023, the Group pledged freehold land and buildings and investment properties with carrying value of approximately HK\$45.0 million to secure a mortgage granted to the Group.

Material Investments and Capital Assets

The Group did not have any material investments and capital assets for the six months ended 30 June 2023.

Significant Acquisitions and Disposals

For the six months ended 30 June 2023, the Group had not made any significant acquisition or disposal.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 30 June 2023.

Capital Commitment

As at 30 June 2023, the Group did not have any significant capital commitments.

Management Discussion and Analysis

BUSINESS REVIEW

	HK\$'000
Opening backlog as at 1 January 2023	161,699
New booking during the period	278,874
Revenue recognised during the period	(203,054)
Closing backlog as at 30 June 2023	237,519

As at 30 June 2023, the Group's closing backlog balance increased to approximately HK\$237.5 million due to major projects awarded close to the period end. Examples of major contracts included:

- A contract won from a railway company amounting to KRW8.1 billion (equivalent to HK\$48.2 million).
- A contract won from a branch of the Government of South Korea amounting to KRW2.8 billion (equivalent to HK\$16.6 million).
- A contract won from a cloud service company amounting to KRW6.2 billion (equivalent to HK\$36.9 million).
- A contract won from a branch of the Government of South Korea amounting to KRW3.0 billion (equivalent to HK\$17.8 million).
- A contract won from the armed forces of South Korea amounting to KRW2.0 billion (equivalent to HK\$11.6 million).

Revenue from maintenance services segment decreased during the six months ended 30 June 2023 to HK\$69.2 million from HK\$76.8 million for the same corresponding period. The decline was due to termination of low margin contracts.

Cyber security services segment was in growing trend. For the six months ended 30 June 2023, cyber security services segment recorded a revenue of HK\$14.7 million which represented an increase by HK\$3.3 million or 28.9% from HK\$11.4 million for the six months ended 30 June 2022. The increase was resulted from the uplifting of social distancing measures in Hong Kong since early 2023.

Management Discussion and Analysis

PROSPECTS

Although the Group has recorded a loss in the first half of 2023, our order book is increasing and the situation is improving. Meanwhile, the management endeavors to widen the Group's business scope to the latest trend of technologies, e.g. NFT, blockchain and metaverse, as part of its business plan to enhance its revenue streams and build up synergies with the Group's existing businesses. The Group has been actively exploring business opportunities to tap into business of these latest trend of technologies.

China is promoting digital assets to combine social and cultural factors for new business model and further development of the digital economy. With the completion of the subscription to the investee company which was announced on 25 July 2023, the Group is able to tap into new business of digital assets in the markets of the Mainland of China and Hong Kong. Meanwhile, the Group is also preparing to expand into markets of other regions of Southeast Asia.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2023, the Group had an aggregate of 253 (30 June 2022: 219) employees comparable to the number of employee for the same corresponding period in last year.

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\$42.8 million for the six months ended 30 June 2023 (for the six months ended 30 June 2022: approximately HK\$44.6 million).

The Group has adopted a share option scheme (the "Share Option Scheme") for the purpose of providing incentives and rewards to eligible persons who contributed to the success of the Group's operation. On 3 April 2023 and 16 May 2023, the Company offered to grant a total of 19,200,000 share options and a total of 4,800,000 share options, respectively, to grantees who are employees and a Director under the Share Option Scheme since its adoption.

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

Management Discussion and Analysis

USE OF PROCEEDS FROM THE PLACING

On 6 August 2021, the Board has resolved to revise the proposed use of the net proceeds from the placing. The Directors are of the view that the use of the proceeds shall be appropriately adjusted to better adapt and cope with the current market conditions and economic environment. The Board considers

the reallocation and change in use of proceeds would be more in line with the current business needs of the Group and would enable the Group to deploy its financial resources in a more efficient and effective manner.

The net proceeds as at 30 June 2023 were used as follows:

	Planned use of net proceeds from 6 August 2021 up to 30 June 2023 (HK\$ million)	Actual use of net proceeds up to 30 June 2023 (HK\$ million)
Setting up new services points in Korea and other Asian countries	14.0	1.2
Setting up office in Hong Kong	0.8	0.8
Development of big data platform and cybersecurity software application capabilities		
– Acquiring a big data platform intellectual property for cybersecurity	4.9	4.9
– Acquiring a cybersecurity software application	7.0	7.0
– Recruiting a team of security experts in Hong Kong	3.4	3.4
General working capital	1.5	1.5
Total	31.6	18.8

Management Discussion and Analysis

Placing of new shares under general mandate took place on 17 February 2023

As disclosed in the Company's announcements dated 26 January and 17 February 2023 respectively, the conditions set out in the placing agreement have been fulfilled and completion of the placing took place on 17 February 2023, where all the 80,000,000 placing shares have been successfully placed by the

placing agent to not less than six places at the placing price of HK\$0.22 per placing share pursuant to the terms and conditions of the placing agreement.

The net proceeds from the placing (after deduction of commission and other expenses of the placing) amounted to approximately HK\$17.2 million and were used as follows:

	Planned use of net proceeds from 17 February 2023 up to 30 June 2023 (HK\$ million)	Actual use of net proceeds up to 30 June 2023 (HK\$ million)
Repayment of the Group's indebtedness	10.0	10.0
Replenishing the working capital of the Group to support its business operations	7.2	4.3
Total	17.2	14.3

Management Discussion and Analysis

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

An analysis comparing the business objectives as set out in the prospectus as at 29 June 2016 with the Group's actual business progress from 8 July 2016 to 30 June 2023 ("Review Period") is set out below:

Business strategies	Implementation activities	Sources of funding during the Review Period	Actual business progress during the Review Period
Expanding market share by setting up new service points in Korea and other Asian countries	– Setting up an office, acquiring equipment and recruiting new staff in Korea and other Asian countries	– Listing proceeds of approximately HK\$14.0 million	– Setting up an office and recruiting new staff in Asian countries were in progress.
Development of big data platform and cyber security software application capabilities	– Acquisition of software intellectual property platforms will be integrated to form part of the security operations center (Black Diamond) which is a key business differentiator form other market players	– Listing proceeds of approximately in total of HK\$11.9 million	– The Group has bought the platforms totally in HK\$11.9 million for Hong Kong operations and maintained a revenue growth this year.
	– Recruitment of cyber security professional team, which shall be responsible for the provision of intelligence-lead cyberattack simulation testing services	– Listing proceeds of approximately in total of HK\$3.4 million	– The professional team cost was HK\$3.4 million and contributed brilliant profit margins to the Group's cyber security business in Hong Kong operations since 2017.

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 2023, the interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) held by the Directors and

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

Long Positions in the Shares

Name of Director	Capacity/Nature of interest	Number of Shares held	Approximate percentage of issued share capital ^(Note 7)
Ms. Tao Hongxia ^(Note 1) ("Ms. Tao")	Interest in controlled corporation	142,411,750	29.67%
Mr. Tao Guolin ^(Notes 2 and 3) ("Mr. Tao")	Beneficial owner/Interest in controlled corporation	122,917,327	25.60%
Mr. Lee Seung Han ^(Notes 4 and 5) ("Mr. Lee")	Interest held jointly with other persons/Interest in controlled corporation	14,000,000	2.92%
Mr. Cheung Ting Pong ^(Note 6) ("Mr. Cheung")	Beneficial owner	4,800,000	1.00%

Corporate Governance and Other Information

Notes:

- (1) Gorgeous Real Investment Holding Limited ("Gorgeous Real") held 142,411,750 shares of the Company which is wholly owned by Ms. Tao.
- (2) On 21 July 2021, LiquidTech Limited ("LiquidTech") and Mr. Tao have entered into a sale and purchase agreement, whereby LiquidTech agreed to sell and Mr. Tao agreed to purchase 22,917,327 shares representing approximately 4.77% interest in the share capital of the Company.
- (3) Variant Wealth Investment Development Limited ("Variant Wealth") acquired 100,000,000 shares from LiquidTech. Variant Wealth is wholly owned by Mr. Tao.
- (4) LiquidTech held 14,000,000 Shares, representing 2.92% of the issued Shares. LiquidTech is wholly owned by Asia Media Systems Pte. Ltd. ("AMS") which is owned by Mr. Phung Nhuang Giang ("Mr. Phung"), Mr. Suh Seung Hyun ("Mr. Suh"), Mr. Lee, Mr. Park Hyeoung Jin ("Mr. Park"), Mr. Lee Sung Gue, Mr. Lee Je Eun and Ms. Marilyn Tang as to 18.14%, 25.34%, 22.71%, 14.03%, 14.03%, 3.40% and 2.35% respectively.
- (5) On 21 June 2016, four of the ultimate controlling shareholders of the Company, namely, Mr. Phung, Mr. Suh, Mr. Lee and Mr. Park, entered into the acting in concert confirmation and undertaking to acknowledge and confirm, among other things, that they were parties acting in concert of each of the members of the Group. As such, Mr. Phung, Mr. Suh, Mr. Lee and Mr. Park together control approximately 2.92% interest in the share capital of the Company through AMS and LiquidTech. As a result, each of Mr. Phung, Mr. Suh, Mr. Lee and Mr. Park is deemed to be interested in approximately 2.92% interest in the share capital of the Company.
- (6) On 16 May 2023, the Company offered to grant a total of 4,800,000 share options under the Share Option Scheme adopted by the Company on 21 June 2016 to Mr. Cheung.
- (7) The percentage of shareholding was calculated based on the Company's total number of issued Shares as at 30 June 2023 (i.e. 480,000,000 Shares).

Save as disclosed above, as at 30 June 2023, 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 2023, so far as known to the Directors, the following persons (not being Directors or chief executive of the Company) had or were deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which would be recorded in the register required to be kept under Section 336 of the SFO who, are directly or indirectly interested in 5% or more of the Shares.

Long Positions in the Shares

Name of Shareholder	Capacity/Nature of interest	Number of Shares held	Approximate percentage of issued share capital ^(Note 4)
Gorgeous Real Investment Holding Limited ^(Note 1)	Beneficial owner	142,411,750	29.67%
Variant Wealth Investment Development Limited ^(Note 2)	Beneficial owner	100,000,000	20.83%
Ms. Han Lerong ^(Note 3)	Interest of spouse	122,917,327	25.60%

Notes:

- (1) Gorgeous Real held 142,411,750 shares which is wholly owned by Ms. Tao.
- (2) Variant Wealth acquired 100,000,000 shares from LiquidTech. Variant Wealth is wholly owned by Mr. Tao.
- (3) Ms. Han Lerong is the spouse of Mr. Tao. Ms. Han Lerong is deemed to be interested in all the Shares in which Mr. Tao 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 2023 (i.e. 480,000,000 Shares).

Save as disclosed above, as at 30 June 2023, 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 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. On 3 April 2023 and 16 May 2023, the Company offered to grant a total of 19,200,000 share options and a total of 4,800,000 share options, respectively, to grantees who are employees and a Director under the Share Option Scheme since its adoption.

Further details of the above grant of share options are set out in the Company's announcements dated 3 April 2023 and 16 May 2023 respectively.

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 2023.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the six months ended 30 June 2023, 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 in Appendix 15 to the GEM Listing Rules (the "CG Code") and in relation to, among others, our Directors, Chairlady 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 2023.

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 2023.

Corporate Governance and Other Information

CHANGES IN DIRECTORS' INFORMATION

The changes in Directors' information which were required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules are as follows:

1. Mr. Cheung Ting Pong, executive Director, was appointed as executive Director, a member of each of the Remuneration Committee and the Nomination Committee, and joint company secretary of the Company, with effect from 16 May 2023. He was also appointed as a director of Digital Development Holdings Limited, a director of Future Innovation Technology Holdings Limited and a director of Future Interactive Technology Holdings Limited, with effect from 13 June 2023.
2. Mr. Yu Wing Chung, independent non-executive Director, has resigned as an independent non-executive Director, the chairman of the Nomination Committee, and a member of each of the Audit Committee and the Remuneration Committee, with effect from 16 May 2023.
3. Mr. Leung Louis Ho Ming, independent non-executive Director, was appointed as an independent non-executive Director, the chairman of the Nomination Committee, and a member of the Audit Committee, with effect from 16 May 2023.
4. Mr. Chan Kin Ming, independent non-executive Director, has resigned as a company secretary of China Environmental Energy Investment Limited (中國環保能源投資有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 986), with effect from 13 July 2023.

EVENT AFTER THE REPORTING DATE

On 6 July 2023, the Company and Business Securities Limited (the "Placing Agent"), entered into a placing agreement pursuant to which the Company had conditionally agreed to place through the Placing Agent, up to an aggregate of 96,000,000 placing shares at a price of HK\$0.53 per placing shares (the "Placing Price"). The 96,000,000 placing shares represented 20.00% of the existing issued share capital of the Company before the date of completion and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the placing shares upon the date of completion (the "July 2023 Placing"). On 27 July 2023, the Company and the Placing Agent had entered into a second supplemental agreement pursuant to which the Company and the Placing Agent agreed to revise the Placing Price from HK\$0.53 per placing share to HK\$0.79 per placing share ("New Placing Price"). Assuming the maximum number of placing shares were placed, the gross proceeds from the July 2023 Placing would be approximately HK\$75.84 million and the net proceeds would be approximately HK\$75.34 million.

The placing has not been completed as at the date of this report. Completion of the July 2023 Placing will take place in accordance with the terms and conditions of the placing agreements.

Further details of the July 2023 Placing are set out in the Company's announcements dated 6 July 2023 and 27 July 2023 respectively.

Corporate Governance and Other Information

On 25 July 2023, Future Data China Holdings Limited, a direct wholly-owned subsidiary of the Company (the “Subscriber”), had entered into an subscription agreement with Hunter Digital Limited (中福數融技術有限公司) (the “Investee Company”) and Mr. Lo Yuk Kan Ricky, the sole director and shareholder of the Investee Company (“Mr. Lo”), whereby the Subscriber had agreed to (i) subscribe for, and the Investee Company as issuer had agreed to allot and issue, 2,081,633 new shares in the Investee Company (the “Subscription Shares”), representing approximately 51% of the issued share capital of the Investee Company as enlarged by the allotment and issuance of the Subscription Shares, at the subscription price of HK\$2,081,633 (the “Subscription Price”), and (ii) make available an interest free shareholder’s loan facility of not exceeding HK\$4,000,000 to the Investee Company (the “Loan”). Completion had taken place simultaneously with the entering into of the subscription agreement. The entire issued share capital of the Investee Company would be owned as to approximately 51% by the Subscriber and as to approximately 49% by Mr. Lo. The Investee Company would become an indirect non-wholly owned subsidiary of the Company.

Further details of the above subscription of shares in the Investee Company and provision of shareholder’s loan of the Investee Company are set out in the Company’s announcement dated 25 July 2023.

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 D.3 of the CG Code. For the six months ended 30 June 2023, the Audit Committee consists of three independent non-executive Directors namely, Mr. Chan Kin Ming, Mr. Lam Chi Cheung Albert and Mr. Leung Louis Ho Ming. Mr. Chan Kin Ming 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 2023.

By order of the Board
Future Data Group Limited
Tao Hongxia
Chairlady

Hong Kong, 11 August 2023