



Ahsay Backup Software Development Company Limited
亞勢備份軟件開發有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8290

2016
1st Quarterly Report



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This report, for which the directors (the “Directors”) of Ahsay Backup Software Development Company 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. 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.



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Overview

During the three months ended 31 March 2015 and 2016, the Company and its subsidiaries (collectively, the “Group”) recorded a revenue of approximately HK\$14.2 million and HK\$12.7 million respectively, representing a decrease of approximately 10.6%. The Group recorded a loss of approximately HK\$0.7 million for the three months ended 31 March 2016 as compared to a profit of approximately HK\$5.8 million for the three months ended 31 March 2015. The loss of the Group was mainly due to (1) a decrease in revenue from the Ahsay™ Backup Software following its latest release in December 2015. Based on the Company’s experience, certain customers are evaluating the functional advantages of that release and thus defer making their purchase or paying for software upgrades and maintenance services fee; (2) an increase in staff costs and related expenses; and (3) no profit was generated from discontinued operation for the three months ended 31 March 2016.

Revenue

The Group’s revenue principally represented income derived from software license sales and leasing, software upgrades and maintenance services, other services and sale of hardware devices. Revenue of approximately HK\$14.2 million and HK\$12.7 million was recognised for the three months ended 31 March 2015 and 2016, respectively, which represents a decrease of approximately 10.6%.

The decrease for the three months ended 31 March 2016 was mainly due to the decrease in revenue from (1) software license sales and leasing of approximately HK\$1.0 million and (2) software upgrades and maintenance service fee of approximately HK\$0.5 million as compared with the same period of 2015.

Other Income

Other income increased by approximately HK\$39,000 or 24.7%, to approximately HK\$197,000 for the three months ended 31 March 2016 from approximately HK\$158,000 for the three months ended 31 March 2015. The increase for the three months ended 31 March 2016 was mainly due to the increase of bank interest income and partially offset by the decrease in interest income from related parties as compared with the same period in 2015.

Other Gains and Losses

Other losses, net, were decreased by approximately HK\$0.8 million, which was mainly due to the fact that no loss was derived from the decrease in fair value of held for trading investments during the three months ended 31 March 2016.

Staff Costs and Related Expenses

Staff costs and related expenses primarily comprised of salaries, performance bonuses, directors’ fee, MPF contributions, directors’ quarters, other staff welfare and other related expenses. Staff costs and related expenses increased by approximately HK\$2.0 million or 25.3%, to approximately HK\$9.9 million for three months ended 31 March 2016 from approximately HK\$7.9 million for three months ended 31 March 2015. The increase for the three months ended 31 March 2016 was mainly due to the increase total headcount of the Group and salaries increment as compared with the same period in 2015.

Other Expenses

Other expenses primarily comprised of depreciation, advertising and marketing expenses, merchant credit card charges, legal and professional fees, office rental expense and other regular office expenses such as utilities. Other expenses increased by approximately HK\$1.9 million or 105.6%, to approximately HK\$3.7 million for three months ended 31 March 2016 from approximately HK\$1.8 million for three months ended 31 March 2015. The increase for the three months ended 31 March 2016 was mainly due to increase in advertising and marketing expenses, legal and professional fees and office rental expenses as compared with the same period in 2015.

Finance Costs

Finance costs primarily represented interest expenses on bank borrowings. Finance costs decreased by approximately HK\$35,000 or 28.5%, to approximately HK\$88,000 for three months ended 31 March 2016 from approximately HK\$123,000 for three months ended 31 March 2015. The decrease for the three months ended 31 March 2016 was mainly due to repayment of certain bank loans during the group reorganisation stated in the Company's prospectus dated 25 September 2015 ("Group Reorganisation") in 2015.

Income Tax Credit (Expense)

The Group recorded an income tax credit for the three months ended 31 March 2016 as compared to an income tax expense for the three months ended 31 March 2015. The recognition of an income tax credit was mainly due to the deferred tax assets of approximately HK\$0.1 million have been recognised in respect of unused tax losses available for offsetting against future taxable profit as at 31 March 2016.

(Loss) Profit for the Period

The Group recorded a loss of approximately HK\$0.7 million for the three months ended 31 March 2016 as compared to a profit of approximately HK\$5.8 million for the three months ended 31 March 2015.

For the three months ended 31 March 2016, no profit was generated from discontinued operation and the loss from continuing operation was approximately HK\$0.7 million. For the three months ended 31 March 2015, the Group would have recorded profit from continuing operation of approximately HK\$3.2 million after taking out the effect of profit from discontinued operation of approximately HK\$2.6 million.

Financial Position, Liquidity and Financial Resources

The Group adopts a prudent cash and financial management policy. In order to achieve better cost control and minimise the costs of funds, the Group's treasury activities are centralised and substantial cash is generally deposited with banks in Hong Kong and denominated mostly in Hong Kong dollars. Hong Kong dollars are pegged to United States dollars under the current policy of the Government of the Hong Kong Special Administrative Region. As the Group's cash and bank balances and borrowings were substantially denominated in Hong Kong dollars, risk in exchange rate fluctuation would not be material.



The Group has remained at a sound financial resource level. As at 31 March 2016, current assets (included cash and bank balances) of approximately HK\$107.7 million (31 December 2015: approximately HK\$111.2 million). After deducting the bank borrowings balances, the Group remained at a net cash position as at 31 March 2016. Before the Company became listed on GEM of the Stock Exchange, the Group's operations were mainly financed by its shareholders' fund injections, loans and internal resources. Following the Listing, the Group's operations were mainly financed by internal resources and the Group's liquidity position became stronger and this enables the Group to expand in accordance with its business directions.

Charges Over Assets of the Group

As at 31 March 2016, there was no charge over the assets of the Group. As at 31 March 2015, the Group's borrowings were secured by the Group's leasehold land and buildings and investment properties of an aggregated amount of approximately HK\$72.3 million.

Capital Commitments and Contingent Liabilities

As at 31 March 2016, the Group did not have any significant capital commitment (31 March 2015: nil) and contingent liability (31 March 2015: nil). The Group did not have plans for material investments or purchases of capital assets in near term.

Material Acquisitions and Disposals

The Group did not have any material acquisition and disposal during the three months ended 31 March 2015 and 2016.

BUSINESS REVIEW

The Group is an online backup software developer based in Hong Kong, with a focus on providing its self-developed backup software products as well as services to customers. Developed in Hong Kong, the Group's backup software products are equipped with multi-lingual, multi-platform and multi-application features built-in. One of the Group's backup software products, the Ahsay™ Backup Software, supports more than 30 languages and dialects, and can be used on various platforms and with different software applications. Virtually all of the Group's backup software products and (software upgrading and maintenance) services are sold or leased or ordered by customers through the Internet on the Group's sales websites.

There has been an explosive growth in the volume of data, and data has become a new form of essential resource, which is playing an increasingly important role across a wide range of business activities. The market size of the global backup software market and demand from small and medium-sized enterprises ("SMEs") for backup software products is expected to steadily increase in the coming years. Moving ahead, as a market leader in online backup software solutions targeted at SMEs worldwide, the Group plans to increase market share in the backup software sector by focusing on improving products and services, particularly, in areas that support both private and public cloud technology.

The Group has accumulated rich experience in the development of backup software products and services since the debut of Ahsay™ Backup Software in 2003. In order to drive the backup business worldwide and advance to become a leading developer and provider of backup software products and services for all platforms, applications and all languages, we intend to strengthen our software development capabilities; broaden our customer base and pursue growth through selective acquisition and partnerships.

The management of the Group believes that the Listing of the shares of the Company (the “Shares”) on GEM of the Stock Exchange can enhance the Group’s corporate profile and image as well as boost its business, and that the net proceeds from the Placing can strengthen the Group’s financial position.

In April 2016, Ahsay HK has entered into a distribution agreement (the “Distribution Agreement”) with eSTORAGE Technology Corp.* (資享科技股份有限公司) (“eSTORAGE”), a company incorporated in Taiwan, the Republic of China (“Taiwan”). eSTORAGE is principally engaged in the provision of backup services targeted at SMEs in Taiwan. Pursuant to the Distribution Agreement, Ahsay HK has granted eSTORAGE a non-exclusive license to distribute, sell and deliver certain backup software products (the “Products”) under the trademarks and trade names of Ahsay HK in Taiwan. The Distribution Agreement is for a period of two years commencing from the date of the Distribution Agreement subject to early termination therein provided. Currently, the Group principally engaged in sales to the customers through our sales websites. However, the Group intends to expand our business by arranging additional distribution channels for offering the Products to customers. The board of Directors (the “Board”) believes that the appointment of eSTORAGE as a distributor of the Group in Taiwan under the Distribution Agreement represents a good opportunity for the Group to expand our distribution channel as well as to increase our market share in Taiwan.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

Directors’ and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company

As at 31 March 2016, the interests and short positions of the Directors and chief executive 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 Laws of Hong Kong) (the “SFO”) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, notified to the Company and the Stock Exchange, were as follows:

Long Positions in shares

Name of Director	Capacity/nature of interest	Note	Number of ordinary Shares	Percentage of total number of Shares (Note 1)
Mr. Chong King Fan	Interest of spouse	2	1,500,000,000	75.0%
Mr. Chong Siu Pui	Interest in a controlled corporation	2	1,500,000,000	75.0%
Mr. Chong Siu Ning	Interest in a controlled corporation	2	1,500,000,000	75.0%

Notes:

- As at 31 March 2016, the Company had 2,000,000,000 Shares in issue.
- As at 31 March 2016, All Divine Investments Limited (“All Divine”) held a long position of 1,500,000,000 Shares, representing 75% of the issued Shares. All Divine is wholly owned by Able Future Investments Limited (“Able Future”) which is owned by Mrs. Chong Li Sau Fong, Mr. Chong Siu Pui and Mr. Chong Siu Ning as to 40%, 30% and 30%, respectively. By virtue of the SFO, Mr. Chong King Fan, who is the spouse of Mrs. Chong Li Sau Fong, Mr. Chong Siu Pui and Mr. Chong Siu Ning are deemed to be interested in the Shares held by All Divine.

Save as disclosed above, as at 31 March 2016, none of the Directors and chief executive of the Company had an interest or short position in the Shares, underlying shares and 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 pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

Substantial Shareholders' and Other Persons' Interests and Short Positions in the Shares and Underlying Shares of the Company

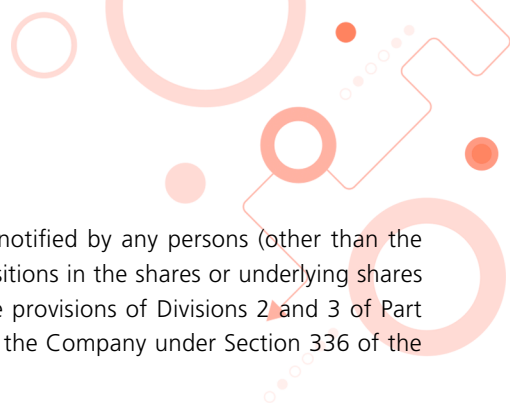
As at 31 March 2016, shareholders (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long Positions in shares

Name of Director	Capacity/nature of interest	Note	Number of ordinary Shares	Percentage of total number of Shares (Note 1)
All Divine	Beneficial owner	2	1,500,000,000	75.0%
Able Future	Interest in a controlled corporation	2	1,500,000,000	75.0%
Mrs. Chong Li Sau Fong	Interest in a controlled corporation	2	1,500,000,000	75.0%
Ms. Wu Jui-fang	Interest of spouse	3	1,500,000,000	75.0%
Ms. Li Yin Heung	Interest of spouse	4	1,500,000,000	75.0%

Notes:

- As at 31 March 2016, the Company had 2,000,000,000 Shares in issue.
- All Divine held a long position of 1,500,000,000 Shares, representing 75% of the issued Shares. All Divine is wholly owned by Able Future which is owned by Mrs. Chong Li Sau Fong, Mr. Chong Siu Pui and Mr. Chong Siu Ning as to 40%, 30% and 30%, respectively. By virtue of the SFO, Mrs. Chong Li Sau Fong, Mr. Chong Siu Pui and Mr. Chong Siu Ning are deemed to be interested in the Shares held by All Divine.
- Ms. Wu Jui-fang is the spouse of Mr. Chong Siu Pui. By virtue of the SFO, Ms. Wu Jui-fang is deemed to be interested in the Shares in which Mr. Chong Siu Pui is interested.
- Ms. Li Yin Heung is the spouse of Mr. Chong Siu Ning. By virtue of the SFO, Ms. Li Yin Heung is deemed to be interested in the Shares in which Mr. Chong Siu Ning is interested.



Save as disclosed above, as at 31 March 2016, the Company has not been notified by any persons (other than the Directors or chief executive of the Company) who had an interest or short positions in the shares or underlying shares of the Company 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 were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed in the sections headed "Share Option Scheme" and "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company" in this report, at no time during the three months ended 31 March 2016 and up to the date of this report, have the Directors and the chief executive of the Company and their respective close associates (as defined under the GEM Listing Rules) had any interest in, or had been granted, or exercised any rights to subscribe for shares or underlying shares of the Company and/or its associated corporations (within the meaning of the SFO).

Directors' and Controlling Shareholders' Interest in Competing Business

For the three months ended 31 March 2016, the Directors are not aware of any business or interest of the Directors, the controlling shareholders of the Company and their respective close associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interests which any such person has or may have with the Group.

Compliance Adviser's Interests

As notified by VBG Capital Limited ("VBG Capital") (formerly known as V Baron Global Financial Services Limited), a compliance adviser of the Company, neither VBG Capital nor any of its close associates and none of the directors or employees of VBG Capital had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities, if any) which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules as at 31 March 2016.



Compliance with the Code of Conduct for Directors' Securities Transactions

The Group has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. In response to specific enquiry made by the Company, each of the Directors gave confirmation that he/she has complied with the required standard of dealings and the code of conduct regarding securities transactions by the Directors for the three months ended 31 March 2016.

Compliance with the Code on Corporate Governance

The Company is committed to achieve high standards of corporate governance with a view to safeguarding the interests of its shareholders. The Company has complied with all the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") as contained in Appendix 15 to the GEM Listing Rules during the three months ended 31 March 2016.

Review by the Audit Committee

The Company has established an audit committee of the Board (the "Audit Committee") with written terms of reference in compliance with GEM Listing Rules. The Audit Committee's principal duties are to review and supervise the Company's financial reporting process and internal control systems and to provide advice and comments to the Board. Members of the Audit Committee are Mr. Wong Yau Sing (chairman of the Audit Committee), Mr. Wong Cho Kei Bonnie and Ms. Wong Pui Man, all of them being independent non-executive Directors.

The interim financial information of the Group for the three months ended 31 March 2016 has not been audited. The Audit Committee has reviewed with management the interim financial information of the Group for the three months ended 31 March 2016, this quarterly report, the accounting principles and practices adopted by the Group, and other financial reporting matters. The Audit Committee was satisfied that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

Share Option Scheme

A share option scheme was adopted and approved by the shareholders of the Company on 4 September 2015 (the "Share Option Scheme"). No share options have been granted pursuant to the Share Option Scheme since its adoption.



Purchase, Redemption or Sale of the Listed Securities of the Company

During the three months end 31 March 2016 and up to the date of this report, neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

By order of the Board

Ahsay Backup Software Development Company Limited

Chong King Fan

Chairman and Executive Director

Hong Kong, 10 May 2016

* *For identification purpose only*

Deloitte.

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TO THE BOARD OF DIRECTORS OF

AHSAY BACKUP SOFTWARE DEVELOPMENT COMPANY LIMITED

亞勢備份軟件開發有限公司

(incorporated in the Cayman Islands as an exempted company with limited liability)

INTRODUCTION

We have reviewed the interim financial information of Ahsay Backup Software Development Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 12 to 18, which comprises the condensed consolidated statement of profit or loss and other comprehensive income and condensed consolidated statement of changes in equity for the three months ended 31 March 2016, and certain explanatory notes. The Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with the basis of preparation as set out in note 2 to the interim financial information. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"* issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.



CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with the basis of preparation as set out in note 2 to the interim financial information.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

10 May 2016

INTERIM FINANCIAL INFORMATION

For the three months ended 31 March 2016

The Board of the Company is pleased to announce the interim financial information of the Group for the three months ended 31 March 2016 together with the audited comparative figures for the corresponding period in 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2016

	NOTES	Three months ended 31 March	
		2016 HK\$'000 (unaudited)	2015 HK\$'000 (audited)
Continuing operation			
Revenue	4	12,657	14,225
Cost of inventory sold		(3)	(10)
Other income		197	158
Other gains and losses		(2)	(755)
Staff costs and related expenses		(9,895)	(7,851)
Other expenses		(3,711)	(1,762)
Finance costs		(88)	(123)
(Loss) profit before tax from continuing operation		(845)	3,882
Income tax credit (expense)	5	141	(698)
(Loss) profit for the period from continuing operation	6	(704)	3,184
Discontinued operation			
Profit for the period from discontinued operation	7	—	2,626
(Loss) profit for the period		(704)	5,810
Other comprehensive (expense) income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation of a foreign operation		7	7
Other comprehensive income for the period		7	7
Total comprehensive (expense) income for the period attributable to the owners of the Company		(697)	5,817
(Losses)/earnings per share			
9			
From continuing and discontinued operations			
Basic (in HK cents)		(0.04)	0.46
From continuing operation			
Basic (in HK cents)		(0.04)	0.25

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2016

	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Translation reserve HK\$'000	Accumulated (losses) profits HK\$'000	Total HK\$'000
At 1 January 2016 (audited)	20,000	72,435	4,097	(18)	(15,430)	81,084
Loss for the period	—	—	—	—	(704)	(704)
Other comprehensive income for the period						
Exchange difference arising on translation of a foreign operation	—	—	—	7	—	7
Total comprehensive income (expense) for the period	—	—	—	7	(704)	(697)
At 31 March 2016 (unaudited)	20,000	72,435	4,097	(11)	(16,134)	80,387
At 1 January 2015 (audited)	1,010	—	—	(6)	44,032	45,036
Profit for the period	—	—	—	—	5,810	5,810
Other comprehensive income for the period						
Exchange difference arising on translation of a foreign operation	—	—	—	7	—	7
Total comprehensive income for the period	—	—	—	7	5,810	5,817
Issue of share capital by a subsidiary	190	—	—	—	—	190
Deemed capital contribution (Note)	—	—	2,000	—	—	2,000
Dividend declared (Note 8)	—	—	—	—	(46,010)	(46,010)
At 31 March 2015 (audited)	1,200	—	2,000	1	3,832	7,033

Note: Amount represents deemed capital contribution from the shareholders of CloudBacko Corporation, an indirectly wholly-owned subsidiary of the Company, with regard to waiver of amounts due to shareholders of HK\$2,000,000 in March 2015.



NOTES TO THE INTERIM FINANCIAL INFORMATION

For the three months ended 31 March 2016

1. General

The Company was incorporated in the Cayman Islands on 10 April 2015 as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's shares were first listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong (the "Stock Exchange") on 8 October 2015 (the "Listing").

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of online backup software solutions to clients via the Internet.

The interim financial information are presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Company.

2. Basis of Preparation and Group Reorganisation

The interim financial information has been prepared in accordance with the applicable disclosure requirements of Chapter 18 of GEM Listing Rules.

The amounts included in this interim financial information have been computed in accordance with accounting policies which conform with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") applicable to interim periods. However, it does not contain sufficient information to constitute an interim financial statements as defined in HKFRSs.

The interim financial information should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2015 (the "2015 Financial Statements") and the financial information of the Group incorporated in the accountant's report of the financial information relating to the Company and its subsidiaries for each of the two years ended 31 December 2014 and the three months ended 31 March 2015 as set out in Appendix I to the Company's prospectus dated 25 September 2015 (the "Prospectus").

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs and interpretation issued by the HKICPA.

Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKFRSs	Annual improvements to HKFRSs 2012–2014 cycle

The application of these amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in the interim financial information and/or disclosures set out in the interim financial information.

Pursuant to the group reorganisation stated in the Company's Prospectus in preparation for the Listing ("Group Reorganisation"), the Company became the holding company of the subsidiaries now comprising the Group on 8 June 2015, the details of which are as set out in the Prospectus.

2. Basis of Preparation and Group Reorganisation – continued

The Group comprising the Company and its subsidiaries resulting from the Group Reorganisation continued to be controlled by Mrs. Chong Li Sau Fong, Mr. Chong Siu Pui and Mr. Chong Siu Ning (the “Controlling Shareholders”) and is regarded as a continuing entity. Accordingly, the interim financial information has been prepared on a combined basis as if the current group structure had been in existence since 1 January 2015, or since the respective dates of incorporation of the relevant entity, where there is a shorter period, except for Million Victory Investment Management Limited (“Million Victory”) which has been accounted for as a subsidiary since 1 January 2015 and until the effective date of disposal.

3. Principal Accounting Policies

The accounting policies used in the preparation of this interim financial information are consistent with those used in the preparation of the 2015 Financial Statements.

The interim financial information has been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

4. Revenue

The Group’s revenue represents the amount received and receivable for the sales of software license rights and hardware devices, and the provision of software related upgrades, maintenance and other service during the period, net of discounts and sales related taxes.

The following is an analysis of the Group’s revenue for the three months ended 31 March 2016:

	Three months ended 31 March	
	2016	2015
	HK\$’000	HK\$’000
	(unaudited)	(audited)
Software license sales and leasing	7,220	8,181
Software upgrades and maintenance service fee	5,229	5,710
Other service fee	208	316
Sale of hardware devices	—	18
	12,657	14,225

5. Income Tax (Credit) Expense

	Three months ended 31 March	
	2016	2015
	HK\$’000	HK\$’000
	(unaudited)	(audited)
Continuing operation:		
Current tax		
Hong Kong Profits Tax	—	1,102
Deferred tax	(141)	(404)
	(141)	698

The Group is subject to Hong Kong Profits Tax at a rate of 16.5% on the estimated assessable profits for the both periods.

6. (Loss) Profit for the Period from Continuing Operation

	Three months ended 31 March	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(audited)
(Loss) profit for the period from continuing operation has been arrived at after charging (crediting):		
Directors' emoluments	2,118	2,262
Other staff costs		
— Salaries, allowances and benefits in kind and performance and other bonus	6,924	5,470
— Retirement benefits scheme contributions, excluding directors	239	194
Long-term employee benefit expense	83	(175)
Total directors and staff costs	9,364	7,751
Staff related expenses	531	100
Staff costs and related expenses	9,895	7,851
Auditor's remuneration	400	19
Depreciation of property, plant and equipment	63	372

7. Discontinued Operation/Disposal of a subsidiary and an investment property

Analysis of profit for the period from discontinued operation

The results of the discontinued operation included in profit for the period are set out below:

	Three months ended 31 March	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Profit for the period from discontinued operation		
Rental income	—	410
Change in fair value of investment properties	—	2,530
Administrative expenses	—	(95)
Interest on bank borrowings	—	(190)
Profit before tax	—	2,655
Income tax expenses	—	(29)
Profit for the period from discontinued operation	—	2,626
Profit for the period from discontinued operation includes the following:		
Auditor's remuneration	—	3

7. Discontinued Operation/Disposal of a subsidiary and an investment property – continued

Disposal of business through disposal of a subsidiary and an investment property

The Group's properties investment business mainly comprised of the investment properties owned by Million Victory and Ahsay Systems Corporation Limited ("Ahsay HK"), an indirectly wholly-owned subsidiary of the Company, for the purpose of capital appreciation and rental earnings.

As part of the Group Reorganisation, the Group disposed of the Group's properties investment business to several related parties that are under common control of the Controlling Shareholders. In April 2015, the entire equity interest in Million Victory was disposed to Able Future Investment Limited, a related company controlled by the Controlling Shareholders, for a consideration of HK\$2,664,000 and resulted a deemed capital contribution amounting approximately HK\$1,102,000. Further in June 2015, an investment property owned by Ahsay HK was disposed to Atlantic Sky Global (HK) Limited, a related company controlled by the Controlling Shareholders, for a consideration of HK\$20,960,000 and no gain or loss was resulted.

8. Dividends

	Three months ended 31 March	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Dividends declared and paid/payable to shareholders	—	46,010

Prior to the Group Reorganisation, Ahsay HK declared and paid interim dividends in aggregate of HK\$46,010,000 during the three months ended 31 March 2015 to the Controlling Shareholders.

No dividend was paid, declared or proposed during the three months ended 31 March 2016.

9. (Losses) Earnings Per Share

As of 31 March 2016, the Company has 2,000,000,000 ordinary shares in issue. The Company was listed on the GEM on 8 October 2015 by way of placing of 500,000,000 ordinary shares and capitalisation of 1,499,999,998 shares, resulting in 2,000,000,000 ordinary shares in issue. The calculation of the basic (losses) earnings per share attributable to the owners of the Company from continuing operation is based on the following data:

	Three months ended 31 March	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(audited)
(Losses) earnings for the purpose of basic (losses) earnings per share		
(Loss) profit for the period attributable to the owners of the Company	(704)	5,810
Less: Profit for the period from discontinued operation	—	(2,626)
(Loss) profit for the purpose of basic (losses) earnings per share from continuing operation	(704)	3,184

	Three months ended 31 March	
	2016	2015
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (losses) earnings per share	2,000,000	1,265,141

Basic earnings per share for the discontinued operation for the three months ended 31 March 2016 and 2015 are nil and 0.21 HK cent per share, respectively.

The number of ordinary shares for the purpose of calculating basic (losses) earnings per share has been retrospectively adjusted for the capitalisation issue of the shares of the Company completed on 8 October 2015 and assuming the Group Reorganisation had been effective on 1 January 2015.

No diluted (losses) earnings per share was presented as there were no potential ordinary share outstanding during both periods.

10. Reserves

Movement in the reserves of the Group during the periods are set out in the condensed consolidated statement of changes in equity in Page 13 to this report.