



**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)**

**ANNOUNCEMENT OF INTERIM RESULTS FOR  
THE SIX MONTHS ENDED 30 JUNE 2019**

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*This announcement, 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 of Hong Kong Limited (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

## FINANCIAL HIGHLIGHTS

- The Group's revenue for the six months ended 30 June 2019 was approximately HK\$29.2 million, representing a decrease of approximately 5.2% as compared to that of the corresponding period in 2018.
- Loss attributable to owners of the Company for the six months ended 30 June 2019 was approximately HK\$0.7 million, as compared to a profit attributable to owners of the Company of approximately HK\$2.6 million for the corresponding period in 2018.
- Segment profit of approximately HK\$2.8 million and HK\$5.3 million, was recorded from the core backup business for the six months ended 30 June 2019 and 2018 respectively, representing a decrease of approximately 47.2%.
- Segment loss of approximately HK\$4.1 million and HK\$2.4 million was recorded from the information sharing services segment named "KINTIPS" for the six months ended 30 June 2019 and 2018 respectively, representing an increase of approximately 70.8%.
- Basic and diluted loss per share was HK\$0.04 cents for the six months ended 30 June 2019.
- The Board did not recommend payment of any dividend for the six months ended 30 June 2019.

## INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019 (UNAUDITED)

The board of Directors (the "**Board**") of the Company hereby announce the following unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2019 together with the unaudited comparative figures for the corresponding period in 2018 as set out below.

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME**  
*FOR THE SIX MONTHS ENDED 30 JUNE 2019*

	NOTES	Three months ended 30 June		Six months ended 30 June	
		2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Revenue	4	14,495	15,729	29,236	30,808
Cost of inventories sold		—	—	(18)	—
Other income	5	443	232	805	475
Other losses		(14)	(48)	(6)	(56)
Staff costs and related expenses	6	(10,880)	(10,485)	(21,864)	(20,866)
Other expenses	7	(4,119)	(3,657)	(8,448)	(7,025)
Finance costs	8	(101)	—	(213)	—
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
(Loss) profit before tax		(176)	1,771	(508)	3,336
Income tax expense	9	(226)	(462)	(358)	(711)
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>(Loss) profit for the period</b>		<b>(402)</b>	<b>1,309</b>	<b>(866)</b>	<b>2,625</b>
<b>Other comprehensive (expense) income</b>					
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Exchange differences arising on translation of foreign operations		(41)	(5)	40	(4)
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Other comprehensive (expense) income for the period		(41)	(5)	40	(4)
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total comprehensive (expense) income for the period</b>		<b>(443)</b>	<b>1,304</b>	<b>(826)</b>	<b>2,621</b>
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>(Loss) profit for the period attributable to:</b>					
Owners of the Company		(268)	1,309	(732)	2,625
Non-controlling interests		(134)	—	(134)	—
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
		(402)	1,309	(866)	2,625
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Total comprehensive (expense) income for the period attributable to:</b>					
Owners of the Company		(309)	1,304	(692)	2,621
Non-controlling interests		(134)	—	(134)	—
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
		(443)	1,304	(826)	2,621
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>(Loss) earnings per share</b>					
— Basic (HK cents)	11	(0.01)	0.07	(0.04)	0.13
		<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2019

		<b>30 June</b>	31 December
		<b>2019</b>	2018
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	3,703	3,531
Right-of-use assets	12	7,242	—
Goodwill	19	754	—
Intangible assets	13	3,162	3,091
Rental and utilities deposits paid	14	510	520
		<u>15,371</u>	<u>7,142</u>
<b>CURRENT ASSETS</b>			
Inventories		29	14
Trade and other receivables	14	4,413	3,936
Bank balances and cash		86,636	89,296
		<u>91,078</u>	<u>93,246</u>
<b>CURRENT LIABILITIES</b>			
Other payables and accruals	15	5,375	6,586
Lease liabilities		2,909	—
Contract liabilities	16	13,384	14,830
Tax payable		1,178	767
Other borrowing	17	747	—
		<u>23,593</u>	<u>22,183</u>
<b>NET CURRENT ASSETS</b>		<u>67,485</u>	<u>71,063</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>82,856</u>	<u>78,205</u>

		<b>30 June</b>	31 December
		<b>2019</b>	2018
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<b>(unaudited)</b>	<b>(audited)</b>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		<b>4,335</b>	—
Contract liabilities	<i>16</i>	<b>2,014</b>	627
Provision for long service payments		<b>192</b>	175
Deferred tax liabilities		<b>198</b>	251
		<u><b>6,739</b></u>	<u>1,053</u>
<b>NET ASSETS</b>		<u><b>76,117</b></u>	<u>77,152</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	<i>18</i>	<b>20,000</b>	20,000
Reserves		<b>56,460</b>	57,152
		<u><b>76,460</b></u>	<u>77,152</u>
Equity attributable to owners of the Company		<b>(343)</b>	—
Non-controlling interests		<u><b>76,117</b></u>	<u>77,152</u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2019**

	Attributable to owners of the Company					Total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000 (Note i)	Translation reserve HK\$'000	Accumulated losses HK\$'000			
At 1 January 2018 (audited)	20,000	72,435	4,097	(15)	(27,211)	69,306	—	69,306
Profit for the period	—	—	—	—	2,625	2,625	—	2,625
Other comprehensive expense for the period								
Exchange differences arising on translation of foreign operations	—	—	—	(4)	—	(4)	—	(4)
Total comprehensive (expense) income for the period	—	—	—	(4)	2,625	2,621	—	2,621
At 30 June 2018 (unaudited)	<u>20,000</u>	<u>72,435</u>	<u>4,097</u>	<u>(19)</u>	<u>(24,586)</u>	<u>71,927</u>	<u>—</u>	<u>71,927</u>
At 1 January 2019 (audited)	20,000	72,435	4,097	(29)	(19,351)	77,152	—	77,152
Loss for the period	—	—	—	—	(732)	(732)	(134)	(866)
Other comprehensive income for the period								
Exchange differences arising on translation of foreign operations	—	—	—	40	—	40	—	40
Total comprehensive income (expense) for the period	—	—	—	40	(732)	(692)	(134)	(826)
Acquisition of a subsidiary	—	—	—	—	—	—	(209)	(209)
At 30 June 2019 (unaudited)	<u>20,000</u>	<u>72,435</u>	<u>4,097</u>	<u>11</u>	<u>(20,083)</u>	<u>76,460</u>	<u>(343)</u>	<u>76,117</u>

*Note:*

- i. Capital reserve comprises:
- (a) a debit amount of HK\$5,000 representing the difference between the fair value of the consideration paid in the amount of HK\$205,000 to Mrs. Chong Li Sau Fong, Mr. Chong Siu Pui, Mr. Chong Siu Ning (the “**Controlling Shareholders**”) and the carrying amount of HK\$200,000 of the net assets attributable to the 100% equity interest in CloudBacko Corporation (“**CloudBacko BVI**”) and Ahsay Service Centre Limited (“**ASCL**”), upon the transfer of 100% equity interest in CloudBacko BVI and ASCL from the Controlling Shareholders in April 2015;
  - (b) a credit amount of HK\$1,000,000 representing the difference between the par value of the share issued by Alpha Heritage Holdings Limited (“**Alpha Heritage**”), a wholly-owned subsidiary of the Company, and the share capital of Ahsay Systems Corporation Limited (“**Ahsay HK**”), upon the transfer of 100% equity interest in Ahsay HK to Alpha Heritage in May 2015;
  - (c) a credit amount of HK\$2,000,000 representing the deemed capital contribution from the Controlling Shareholders with regard to waiver of amounts due to the shareholders in March 2015; and
  - (d) a credit amount of HK\$1,102,000 representing the deemed capital contribution from the Controlling Shareholders upon disposal of the entire equity interest in Million Victory Investment Management Limited, a subsidiary of the Group, to a related company controlled by the Controlling Shareholders.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2019**

	NOTE	Six months ended 30 June	
		2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
<b>OPERATING ACTIVITIES</b>			
(Loss) profit for the year		(866)	2,625
Adjustments for:			
Amortisation of intangible assets		773	264
Bank interest income		(731)	(447)
Interest income on refundable rental deposits		(11)	—
Depreciation of property, plant and equipment		307	205
Depreciation of right-of-use assets		1,434	—
Interest expenses on lease liabilities		213	—
Income tax expense		358	711
		<hr/>	<hr/>
Operating cash flows before movements in working capital		1,477	3,358
Increase in inventories		(15)	—
Increase in trade and other receivables and rental and utilities deposits paid		(125)	(1,771)
Decrease in other payables and accruals		(1,443)	(200)
Increase in provision for long service payments		17	3
Decrease in contract liabilities		(276)	(1,067)
		<hr/>	<hr/>
<b>NET CASH (USED IN) FROM OPERATING ACTIVITIES</b>		<b>(365)</b>	<b>323</b>
<b>INVESTING ACTIVITIES</b>			
Additions to development cost capitalised as intangible assets		(844)	(1,046)
Purchase of property, plant and equipment		(419)	(181)
Bank interest income		731	447
Net cash inflows on acquisition of a subsidiary	19	14	—
		<hr/>	<hr/>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(518)</b>	<b>(780)</b>
<b>FINANCING ACTIVITIES</b>			
Repayment of other borrowing		(201)	—
Repayment of lease liabilities		(1,568)	—
		<hr/>	<hr/>
<b>CASH USED IN FINANCING ACTIVITIES</b>		<b>(1,769)</b>	<b>—</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(2,652)</b>	<b>(457)</b>
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>		<b>89,296</b>	<b>85,888</b>
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>		<b>(8)</b>	<b>(4)</b>
		<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE,</b> represented by bank balances and cash		<b>86,636</b>	<b>85,427</b>
		<hr/> <hr/>	<hr/> <hr/>



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2019

## 1. GENERAL

The Company is a public listed company incorporated in the Cayman Islands as an exempted company with limited liability and its shares were listed on GEM of The Stock Exchange of Hong Kong Limited. Its immediate holding company is All Divine Investments Limited, a private company incorporated in the British Virgin Islands (the “BVI”) with limited liability; and its ultimate holding company is Able Future Investments Limited, a private company incorporated in the BVI with limited liability. The address of the registered office of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of the principal place of business of the Company is 28th Floor, Ford Glory Plaza, 37 Wing Hong Street, Lai Chi Kok, Hong Kong.

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

The condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company.

## 2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants as well as the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited.

## 3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Except as described below regarding the adoption of new accounting policies, and the changes in accounting policies resulting from application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRS”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those followed in the preparation of the annual financial statements for the year ended 31 December 2018 of the Company and its subsidiaries (collectively referred to as the “Group”).

### **Adoption of new accounting policies**

### **Basis of consolidation**

Non-controlling interests in subsidiaries are presented separately from the Group’s equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

## **Business combinations**

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- Deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

## Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

## Application of new and amendments to HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and amendments to HKFRSs issued by the HKICPA which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 16	Leases
HK (IFRIC)–Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle

Except as described below, the application of the new and amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

## Impacts and changes in accounting policies of application on HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 *Leases* (“**HKAS 17**”), and the related interpretations.

### 3.1 Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of HKFRS 16.

#### Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

#### As a lessee

##### *Short-term leases*

The Group applies the short-term lease recognition exemption to leases of car park space and offices that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

##### *Right-of-use assets*

Except for short-term leases and leases of low value assets, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the condensed consolidated statement of financial position.

#### *Leasehold land and building*

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements.

#### *Refundable rental deposits*

Refundable rental deposits paid are accounted under HKFRS 9 *Financial Instruments* (“**HKFRS 9**”) and initially measured at fair value and subsequently at amortised cost. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

#### *Lease liabilities*

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review or expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

### *Lease modifications*

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

### *Taxation*

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

## **3.2 *Transition and summary of effects arising from initial application of HKFRS 16***

### *Definition of a lease*

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK (IFRIC) — Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standards to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application; and
- ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application.

On transition, the Group has made the following adjustments upon application of HKFRS 16:

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying HKFRS 16.C8(b)(ii) transition.

The Group recognised lease liabilities of HK\$8,496,000 and right-of-use assets of HK\$8,567,000 at 1 January 2019.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 5.00% per annum.

	<b>At 1 January 2019 HK\$'000 (unaudited)</b>
Operating lease commitments disclosed as at 31 December 2018	<u>9,406</u>
Lease liabilities discounted at relevant incremental borrowing rate	8,542
Less: Recognition exemption — short-term leases	<u>(46)</u>
Lease liabilities as at 1 January 2019	<u><u>8,496</u></u>
Analysed as	
Current	2,972
Non-current	<u>5,524</u>
	<u><u>8,496</u></u>

The carrying amount of right-of-use assets at 1 January 2019 comprises the following:

	<i>Note</i>	<b>Right-of-use assets HK\$'000</b>
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16		8,496
Adjustments on rental deposits at 1 January 2019	(a)	<u>71</u>
		<u><u>8,567</u></u>
By class:		
Land and buildings		<u><u>8,567</u></u>

- (a) Before the application of HKFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. Accordingly, HK\$71,000 was adjusted to refundable rental deposits paid and right-of-use assets. The directors of the Company considered that the discounting effect is immaterial to the accumulated losses as at 1 January 2019.

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	<b>Carrying amounts previously reported at 31 December 2018</b>	<b>Adjustments</b>	<b>Carrying amounts under HKFRS 16 at 1 January 2019</b>
<i>Notes</i>	<i>HK\$'000</i> (audited)	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (unaudited)
<b>NON-CURRENT ASSETS</b>			
Rental and utilities deposits paid	520	(71)	449
Right-of-use assets	—	8,567	8,567
<b>CURRENT LIABILITIES</b>			
Lease liabilities	—	2,972	2,972
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	—	5,524	5,524

*Note:* For the purpose of reporting cash flows from operating activities under indirect method for the six months ended 30 June 2019, movements in working capital have been computed based on opening condensed consolidated statement of financial position as at 1 January 2019 as disclosed above.



#### 4. REVENUE AND SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker (“CODM”), for the purpose of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

During the six months ended 30 June 2019 and 30 June 2018, segment revenue reported to the CODM was analysed on the basis of the performance obligations recognised by the Group.

Specifically, the Group’s reportable and operating segments under HKFRS 8 *Operating Segments* are as follows:

Online backup software and related services segment	—	Software license sales and leasing, provision of software upgrades and maintenance services, sales of hardware devices and provision of other services
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Information sharing services segment	—	Provision of information sharing services
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##### **Segment revenue and result**

Segment results represent the profit earned by/loss from each segment without allocation of other income and other losses that are not directly attributable to segments as disclosed in the below table. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

The following is an analysis of the Group's revenue and results by reportable and operating segments:

**For the six months ended 30 June 2019 (unaudited)**

	<b>Online backup software and related services</b>	<b>Information sharing services</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Segment revenue — External</b>			
Software license sales	3,396	—	3,396
Software license leasing	13,325	—	13,325
Software upgrades and maintenance services fee	11,517	—	11,517
Other services fee	882	—	882
Sales of hardware devices	25	—	25
Information sharing services income	—	91	91
	<hr/>	<hr/>	<hr/>
<b>Total revenue</b>	<b>29,145</b>	<b>91</b>	<b>29,236</b>
<b>Timing of revenue recognition</b>			
At a point in time	3,457	91	3,548
Over time	25,688	—	25,688
	<hr/>	<hr/>	<hr/>
	<b>29,145</b>	<b>91</b>	<b>29,236</b>
<b>Segment profit (loss)</b>			
	<b>2,842</b>	<b>(4,149)</b>	<b>(1,307)</b>
Unallocated incomes and expenses			
Other income			805
Other losses			(6)
			<hr/>
<b>Loss before tax</b>			<b>(508)</b>
			<hr/> <hr/>

**For the six months ended 30 June 2018 (unaudited)**

	Online backup software and related services <i>HK\$'000</i>	Information sharing services <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment revenue — External</b>			
Software license sales	4,271	—	4,271
Software license leasing	14,074	—	14,074
Software upgrades and maintenance services fee	11,164	—	11,164
Other services fee	1,203	—	1,203
Information sharing services income	—	96	96
	<u>30,712</u>	<u>96</u>	<u>30,808</u>
<b>Total revenue</b>			
<b>Timing of revenue recognition</b>			
At a point in time	4,324	96	4,420
Over time	26,388	—	26,388
	<u>30,712</u>	<u>96</u>	<u>30,808</u>
<b>Segment profit (loss)</b>			
Unallocated incomes and expenses	5,340	(2,423)	2,917
Other income			475
Other losses			<u>(56)</u>
<b>Profit before tax</b>			<u><u>3,336</u></u>

**Transaction price allocated to the remaining performance obligation for contracts with customers**

Software upgrades and maintenance services are typically provided for a period of one year. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

During the six months ended 30 June 2019, the Group had no material change in segment assets and segment liabilities.

## 5. OTHER INCOME

	Three months ended		Six months ended	
	30 June		30 June	
	2019	2018	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Bank interest income	398	219	731	447
Interest income on refundable rental deposits	11	—	11	—
Sundry income	34	13	63	28
	<u>443</u>	<u>232</u>	<u>805</u>	<u>475</u>

## 6. STAFF COSTS AND RELATED EXPENSES

	Three months ended		Six months ended	
	30 June		30 June	
	2019	2018	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Directors' emoluments	2,354	2,104	4,709	4,209
Other staff costs				
— Salaries, allowances and benefits in kind and performance and other bonus	8,710	8,372	16,965	16,531
— Retirement benefits scheme contributions, excluding directors' retirement contributions	235	260	513	540
— Long-term employee benefit expense	23	53	128	89
Total directors' and staff costs	11,322	10,789	22,315	21,369
Less: development costs capitalised	(703)	(549)	(844)	(1,046)
Total directors' and staff cost, net of development costs capitalised	10,619	10,240	21,471	20,323
Staff related expenses	261	245	393	543
Staff costs and related expenses	<u>10,880</u>	<u>10,485</u>	<u>21,864</u>	<u>20,866</u>
Research and development costs included in staff costs and related expenses	<u>2,773</u>	<u>3,203</u>	<u>5,988</u>	<u>5,897</u>

## 7. OTHER EXPENSES

	Three months ended		Six months ended	
	30 June		30 June	
	2019	2018	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Auditor's remuneration	200	200	400	400
Advertising and marketing expenses	721	556	1,477	1,096
Amortisation of intangible assets	387	132	773	264
Legal and professional fees	308	327	1,002	806
Depreciation of property, plant and equipment	157	104	307	205
Depreciation of right-of-use assets	685	—	1,434	—
Expenses related to short-term leases	54	—	65	—
Office rental expenses	—	852	—	1,651
Rates and property management fee	136	121	257	243
Merchant credit card charges	324	324	644	638
Electricity and water	91	81	168	142
Others	1,056	960	1,921	1,580
	<u>4,119</u>	<u>3,657</u>	<u>8,448</u>	<u>7,025</u>

## 8. FINANCE COSTS

	Three months ended		Six months ended	
	30 June		30 June	
	2019	2018	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interest expense on lease liabilities	<u>101</u>	<u>—</u>	<u>213</u>	<u>—</u>

## 9. INCOME TAX EXPENSE

	Three months ended		Six months ended	
	30 June		30 June	
	2019	2018	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current tax:				
Hong Kong Profits Tax	265	398	411	573
Deferred tax	(39)	64	(53)	138
	<u>226</u>	<u>462</u>	<u>358</u>	<u>711</u>

The Group is not subject to any income tax in the Cayman Islands and the BVI pursuant to the rules and regulations in those jurisdictions.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, one of the subsidiaries of the Company is subject to Hong Kong Profits Tax at the rate of 8.25% for the first HK\$2 million of estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million. Other subsidiaries of the Company are subjected to Hong Kong Profits Tax at the rate of 16.5% for the period ended 30 June 2019 and 30 June 2018.

Under the Law of People’s Republic of China on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the People’s Republic of China (the “**PRC**”) subsidiary is 25% for both periods. No provision for taxation in PRC has been made for both periods as the Group has no assessable profits in PRC.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

## 10. DIVIDENDS

No dividends were paid, declared or proposed during the six months ended 30 June 2019 (six months ended 30 June 2018: nil). The directors of the Company have determined that no dividend will be paid in respect of the six months ended 30 June 2019.

## 11. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share attributable to owners of the Company is based on the following data:

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	2019	2018
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
(Loss) earnings				
(Loss) earnings for the purpose of basic (loss) earnings per share				
(Loss) profit for the period attributable to owners of the Company	<u>(268)</u>	<u>1,309</u>	<u>(732)</u>	<u>2,625</u>

	Three months ended		Six months ended	
	30 June		30 June	
	2019	2018	2019	2018
	'000	'000	'000	'000
<b>Number of shares</b>				
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>

No diluted (loss) earnings per share was presented as there was no potential ordinary share outstanding during all periods.

## 12. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

During the current interim period, the Group spent approximately HK\$419,000 (six months ended 30 June 2018: HK\$181,000) on property, plant and equipment, mainly including leasehold improvements and furniture, fixtures and equipment.

During the current interim period, the Group acquired a lease for the use of a motor vehicle upon the acquisition of a subsidiary. The Group recognised HK\$109,000 of right-of-use assets and HK\$103,000 lease liabilities upon the acquisition of a subsidiary.

## 13. INTANGIBLE ASSETS

The intangible assets represent the capitalised development costs incurred in developing the online backup software. The capitalised development costs are mainly employee related costs directly attributable to development activities. The costs of intangible assets comprise:

- a. Development costs for the next version of the Group's core backup product, amounting HK\$844,000 (31 December 2018: nil) — The Group will periodically launch new version of their core backup product to the market and they are currently in the progress of developing the next version, which has a target launch date in 2021.
- b. Development costs for the current version of the Group's core backup product ("**Version 8**"), amounting to HK\$3,091,000 (31 December 2018: HK\$3,091,000) — The Group had launched Version 8 in January 2019. As at 30 June 2019, the carrying value of the intangible asset is HK\$2,318,000 (31 December 2018: HK\$3,091,000).

The above intangible assets have definite useful lives and are amortised on a straight-line basis over the estimated useful lives of one to two years after the launch of the corresponding products.

#### 14. TRADE AND OTHER RECEIVABLES/RENTAL AND UTILITIES DEPOSITS PAID

	<b>30 June 2019 HK\$'000 (unaudited)</b>	31 December 2018 HK\$'000 (audited)
<b>Current assets</b>		
Trade receivables — aged within 30 days	2,785	2,536
Rental and utilities deposits	581	330
Prepaid operating expenses and other receivables	1,047	1,070
	<hr/>	<hr/>
Total	<b>4,413</b>	<b>3,936</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Non-current asset</b>		
Rental and utilities deposits paid	510	520
	<hr/> <hr/>	<hr/> <hr/>

The Group's trade receivables consist of receivables from customers and credit card companies. The Group's sales are generally made through internet when deposits and payments are normally required before delivery of software licenses and hardware products and provision of services. For certain types of license sales which charge the customers monthly license fees on a pay-as-you-go basis, the Group offers a credit period of 30 days to these customers.

For credit term reviews of a trade receivable, the Group considers any change in the credit quality of the trade receivables from the date credit initially granted up to the end of the reporting period.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group review the recoverable amount of each financial asset at the end of the reporting period to ensure that adequate impairment losses are recognised for irrecoverable amounts. Furthermore, the Group performs impairment assessment under expected credit loss ("ECL") model upon application of HKFRS 9 on trade balances based on provision matrix. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

To manage the risk arising from other receivables and rental and utilities deposits paid, the Group only transacts with reputable parties that have no default history and have a strong capacity to meet its contractual cash flow obligations in the near term. The credit risk on other receivables and rental and utilities deposits paid are limited because the counterparties are individuals with high internal credit ratings assessed by the management. The management has assessed that the ECL for other receivables and rental and utilities deposits paid are not significant.



As at 30 June 2019 and 31 December 2018, trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. There was no single customer contributing over 10% of the total trade receivables of the Group. The Group does not have any other significant concentration of credit risk. The directors of the Company closely monitor the subsequent settlement of the customers.

In this regard, the directors of the Company consider that the Group's credit concentration risk is significantly mitigated.

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to its online backup software and related services operation because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. During the six months ended 30 June 2019 and 30 June 2018, the expected losses rate for customers in relation to its online backup software and related services operation is minimal, given there is no history of significant defaults from customer and insignificant impact from forward-looking estimates. The assessed ECL for the trade receivables are not significant. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

During the six months ended 30 June 2019 and 2018, no impairment allowance for trade receivables is provided based on the provision matrix.

#### 15. OTHER PAYABLES AND ACCRUALS

	<b>30 June 2019 HK\$'000 (unaudited)</b>	31 December 2018 HK\$'000 (audited)
Accrued staff costs and related expenses	<b>3,579</b>	4,684
Other payables and accrued operating expenses	<b>1,796</b>	1,902
Total	<b><u>5,375</u></b>	<b><u>6,586</u></b>

## 16. CONTRACT LIABILITIES

	<b>30 June 2019 HK\$'000 (unaudited)</b>	31 December 2018 HK\$'000 (audited)
Trade and other deposits from customers	1,743	2,153
Software upgrades and maintenance services fees received in advance	13,632	13,249
Other service fee received in advance	23	55
	<u>15,398</u>	<u>15,457</u>
Current	13,384	14,830
Non-current	2,014	627
	<u>15,398</u>	<u>15,457</u>

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

- Trade and other deposits from customers, and receipt in advance for software upgrades and maintenance services and others service fee

When the Group receives a deposit and an advance before service is rendered, this will give rise to contract liabilities at the beginning of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposit.

## 17. OTHER BORROWING

During the current interim period, the Group obtained a new loan as a result of the acquisition of a subsidiary amounting to HK\$948,000 (six months ended 30 June 2018: nil) and repaid HK\$201,000 (30 June 2018: nil) in respect of the loan. The loan carries interest at variable market rates of 4.60% per annum and is repayable in instalments over a period of 2 years from 1 January 2018. The proceed was used to finance normal business operations throughout the period.

## 18. SHARE CAPITAL

	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 January 2018, 30 June 2018, 1 January 2019 and 30 June 2019	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
At 1 January 2018, 30 June 2018, 1 January 2019 and 30 June 2019	<u>2,000,000,000</u>	<u>20,000</u>

## 19. ACQUISITION OF A SUBSIDIARY

On 29 April 2019, the Group's wholly-owned subsidiary, Ahsay HK, entered into a shareholder agreement (the "**Shareholder Agreement**") with Ms. Kim Sun Hee, Ms. Kim Hyeon OK, Mr. Lee Sang Don, Mr. Yu Chulkyun and Mr. Park Sung-IL (collectively known as the "**Existing Shareholders**"), pursuant to which the Group agreed to invest 20,000 ordinary shares of Ahsay Korea Co., Ltd ("**Ahsay Korea**"), formerly known as HM Systems Co. Ltd, for a cash consideration amounted to KRW100,000,000 (equivalent to approximately HK\$670,000) and the Group will further invest an additional 30,000 ordinary shares of Ahsay Korea for an additional cash consideration amounting to KRW150,000,000 (equivalent to approximately HK\$1,005,000). As at 30 June 2019, the Group held 28.57% of the shares of Ahsay Korea.

Based on the Shareholder Agreement, the Existing Shareholders shall be entitled to appoint two directors and Ahsay HK shall be entitled to appoint two directors. The composition of the board of directors of Ahsay Korea shall consist of four directors. In addition, Ahsay HK has the right to nominate the chairman of the board of directors of Ahsay Korea and the chairman is entitled to a final vote in case of an equality of votes at a board meeting. The directors of the Company concluded that final vote of the chairman is substantive, as it provides Ahsay HK the power over the relevant activities, which are directed by voting rights of the board of directors of Ahsay Korea. As at 30 June 2019, Ahsay HK has appointed two directors as board of directors of Ahsay Korea and one of the directors, as the representative of Ahsay HK, is the chairman of Ahsay Korea.

Furthermore, the Shareholder Agreement also states that Ahsay HK and the Existing Shareholders shall ensure that they, their representatives, proxies and agents shall exercise their votes in a manner in compliance with the provisions of the Shareholder Agreement.

As such, Ahsay HK has sufficient dominant voting interest to direct the relevant activities of Ahsay Korea and therefore, the directors of the Company are of the view that the Group has control over Ahsay Korea on 29 April 2019. As a result, the Group applied the acquisition method in accounting for the acquisition of the subsidiary.

Ahsay Korea was previously a distributor of the backup software of the Group in Korea and was acquired by the Group with the objective of expanding and developing the Group's core backup business in Korea.

**Consideration transferred**

	<i>HK\$'000</i>
Cash	<u><u>670</u></u>

**Assets and liabilities recognised at the date of acquisition (determined on a provisional basis)**

	<i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>	
Property, plant and equipment	12
Right-of-use assets	109
Rental deposits paid	38
<b>CURRENT ASSETS</b>	
Trade and other receivables	364
Bank balances and cash	684
<b>CURRENT LIABILITIES</b>	
Other payables and accruals	(232)
Lease liabilities	(49)
Contract liabilities	(217)
Other borrowings	(948)
<b>NON-CURRENT LIABILITIES</b>	
Lease liabilities	<u>(54)</u>
	<u><u>(293)</u></u>

The receivables acquired (which principally comprised of trade and other receivables) with a fair value of HK\$364,000 at the date of acquisition had gross contractual amounts of HK\$364,000. None of the contractual cash flows are not expected to be collected at acquisition date.

**Non-controlling interests**

The non-controlling interest (71.43%) in Ahsay Korea recognised at the acquisition date was measured by reference to the proportionate share of the identifiable net liabilities of Ahsay Korea and amounted to HK\$209,000.

## Goodwill arising on acquisition (determined on a provisional basis)

	<i>HK\$'000</i>
Consideration transferred	670
Plus: non-controlling interest	(209)
Less: recognised amount of identifiable net liabilities acquired (100%)	<u>293</u>
Goodwill arising on acquisition ( <i>note</i> )	<u><u>754</u></u>

*Note:* The initial accounting for the acquisition has only been provisionally determined at the end of the interim period. At the date of issue of the condensed consolidated financial statements, the purchase price allocation of net liabilities of Ahsay Korea had not been finalised and they have therefore only been provisionally determined based on the directors' best estimate of the likely fair value. The directors of the Company expects that the market valuation of the assets acquired and the liabilities assumed at the date of acquisition would be completed before 31 December 2019 and the Group will then adjust the provisional amounts of goodwill and additional assets or liabilities, if any, to be recognised.

## Net cash inflows arising on acquisition

	<i>HK\$'000</i>
Consideration paid in cash	670
Less: cash and cash equivalent balances acquired	<u>(684)</u>
	<u><u>(14)</u></u>

## Impact of acquisition on the results of the Group

Included in the loss for the interim period is HK\$187,000 attributable to Ahsay Korea. Revenue for the interim period includes HK\$558,000 attributable to Ahsay Korea.

Had the acquisition of Ahsay Korea been effected at the beginning of the interim period, the total amount of revenue of the Group for the six months ended 30 June 2019 would have been HK\$29,269,000, and the amount of the loss for the six months ended 30 June 2019 would have been HK\$1,510,000. The pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the interim period, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had Ahsay Korea been acquired at the beginning of the interim period, the directors of the Company calculated depreciation and amortisation of property, plant and equipment based on the recognised amounts of property, plant and equipment at the date of the acquisition.

## 20. RELATED PARTY TRANSACTIONS

### (a) Transaction with related party:

The Group entered into the following significant transactions with a related party during the periods:

Name of related company	Nature of transaction	Six months ended 30 June	
		2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Assets Sino Investments (HK) Limited*	Rental expenses paid	—	1,500

\* Assets Sino Investments (HK) Limited is under common control of certain directors of the Company, and hence, it is a related party of the Group.

*Note:* The Group had applied HKFRS 16 for the first time in the current interim period. As a result, no rental expense was recognised with a related party in the current interim period. Instead, the Group had recognised right-of-use assets of HK\$8,567,000 and lease liabilities of HK\$8,496,000 at the date of application of HKFRS 16 in relation to the lease with the related party as disclosed in note 3.

### (b) Compensation of key management personnel:

The remuneration of key management, including all directors and chief executive of the Company during the periods are as follows:

	Six months ended 30 June	
	2019 HK\$'000 (unaudited)	2018 HK\$'000 (unaudited)
Short-term benefits	7,110	6,936
Post-employment benefits	54	63
	<u>7,164</u>	<u>6,999</u>

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Overview

During the six months ended 30 June 2019 and 2018, the Group recorded revenue of approximately HK\$29.2 million and HK\$30.8 million respectively, representing a decrease of approximately 5.2%. The Group recorded a loss attributable to owners of approximately HK\$0.7 million for the six months ended 30 June 2019 as compared to a profit attributable to owners of approximately HK\$2.6 million for the corresponding period in 2018. The change from profit to loss is mainly attributable to (i) decrease in revenue derived from customers leasing under the software license of the older version of Ahsay™ Backup Software — Version 6 (“**Version 6**”) which end of life was in late 2018, (ii) decrease in revenue derived from sales of license a result of fewer bulk purchase from customers, (iii) increase in staff cost as a result of the increase in average number of headcount, and (iv) increase in operating expenses mainly derived from increase in legal and professional fees, advertising and marketing expenses and amortisation of intangible assets, as compared to that of the corresponding period in 2018.

### Revenue

The Group’s revenue principally represented income derived from software license sales and leasing, software upgrades and maintenance services and other services. Revenue of approximately HK\$29.2 million and HK\$30.8 million was recognised for the six months ended 30 June 2019 and 2018 respectively, which represents a decrease of approximately 5.2%.

The decrease in revenue for the six months ended 30 June 2019 was mainly due to the decrease in revenue from software license leasing and sales of license of approximately HK\$0.7 million and HK\$0.9 million respectively as a result of the end of life of Version 6 in late 2018 and fewer bulk purchase from customers compared with the same period in 2018.

### Other Income

Other income increased by approximately HK\$330,000 or 69.5%, to approximately HK\$805,000 for the six months ended 30 June 2019 from approximately HK\$475,000 for the six months ended 30 June 2018. The increase in other income for the six months ended 30 June 2019 was mainly due to the increase in bank interest income as a result of the combined effects of the increase in the average interest rate and more funds placed in the time deposits compared with the same period in 2018.

## **Staff Costs and Related Expenses**

Staff costs and related expenses primarily comprised salaries, performance bonuses, directors' fee, Mandatory Provident Fund contributions, other staff welfare and other related expenses. Staff costs and related expenses increased by approximately HK\$1.0 million or 4.8%, to approximately HK\$21.9 million for the six months ended 30 June 2019 from approximately HK\$20.9 million for the six months ended 30 June 2018. The increase in staff costs and related expenses for the six months ended 30 June 2019 was mainly due to the combined effects of (i) the increase in average headcount in the Philippines office, (ii) salaries increment and (iii) decrease in development cost capitalised partially offset by (iv) the decrease in number of senior management as compared with the same period in 2018.

## **Other Expenses**

Other expenses primarily comprised depreciation, amortisation, advertising and marketing expenses, merchant credit card charges, legal and professional fees, office rental expenses and related expense and other regular office expenses such as utilities. Other expenses increased by approximately HK\$1.4 million or 20.0%, to approximately HK\$8.4 million for the six months ended 30 June 2019 from approximately HK\$7.0 million for the six months ended 30 June 2018. The increase in other expenses for the six months ended 30 June 2019 was mainly due to the increase in advertising and marketing expenses, legal and professional fees and amortisation of intangible assets as compared with the same period in 2018.

## **Finance Costs**

The Group recognised finance costs of approximately HK\$0.2 million for the six months ended 30 June 2019. It represents the interest expense on lease liabilities being recognised as a result of the adoption of HKFRS 16 since 1 January 2019.

## **Income Tax Expenses**

The Group recorded income tax expenses of approximately HK\$0.4 million for the six months ended 30 June 2019. The decrease in income tax expenses was mainly due to the decrease in generation of assessable profits during the period compared with the same period in 2018.

## **(Loss) Profit for the Period**

The Group recorded a loss of approximately HK\$0.9 million for the six months ended 30 June 2019 as compared to a profit of approximately HK\$2.6 million for the corresponding period in 2018. Among the loss for the six months ended 30 June 2019, approximately HK\$2.8 million pre-tax profit was generated by the Group's core backup business, which was offset by the segment loss of approximately HK\$4.1 million incurred from KINTIPS.



## **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. As the Group's cash and bank balances were substantially denominated in Hong Kong dollars, risk in exchange rate fluctuation would not be material.

The Group is in a sound financial resource level. As at 30 June 2019, the Group's current assets were approximately HK\$91.1 million (31 December 2018: approximately HK\$93.2 million). The Group remained at a net cash position as at 30 June 2019 and 2018, respectively. Based on the amount of liquid assets on hand, the management is of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.

### **Charges on Assets of the Group**

As at 30 June 2019, there was no charge on assets of the Group (31 December 2018: nil).

### **Capital Structure**

The capital structure of the Company comprised of ordinary shares only. As at 30 June 2019, the Company's issued share capital was HK\$20.0 million with 2,000,000,000 issued shares of HK\$0.01 each.

### **Capital commitments**

As of 30 June 2019, the total capital commitment by the Group amounted to 150 million Korean Republic Won ("KRW") (equivalent to approximately HK\$1 million) which was made up of contractual commitment in respect of the capital contribution to a subsidiary.

### **Contingent liabilities**

The Group had no significant contingent liabilities as at 30 June 2019 (31 December 2018: nil).

### **Segmental Information**

An analysis of the Group's performance for the six months ended 30 June 2019 by business segment is set out in note 4 to the financial statements.

## Material Acquisitions and Disposals

On 29 April 2019, Ahsay Systems Corporation Limited (“**Ahsay HK**”), an indirect wholly-owned subsidiary of the Company and existing shareholders of Ahsay Korea Co., Ltd. (“**Ahsay Korea**”), independent third parties, entered into a shareholder agreement pursuant to which Ahsay HK has agreed to make a capital contribution of KRW250 million (equivalent to approximately HK\$1.7 million) to Ahsay Korea conditionally. Upon completion of the capital contribution, Ahsay Korea will be 50% owned by Ahsay HK. For further information, please refer to the announcement of the Company dated 29 April 2019. As at the date of this announcement, a capital contribution of KRW100 million (equivalent to approximately HK\$0.7 million) was settled.

Save as disclosed above, there was no other material acquisition or disposal during the six months ended 30 June 2019 and 2018, respectively.

## Use of Proceeds

Reference is made to the prospectus of the Company dated 25 September 2015 (the “**Prospectus**”) and the respective announcement of the Company dated 17 March 2017 and 5 August 2018 in relation to the first and second change in use of proceeds from listing of the Company’s shares on GEM (collectively, the “**1<sup>st</sup> Change and 2<sup>nd</sup> Change in Use of Proceeds Announcement**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus and the 1<sup>st</sup> and 2<sup>nd</sup> Change in Use of Proceeds Announcement.

As at the date of this announcement, unutilised proceeds of approximately HK\$10.2 million were allocated for pursuing selective acquisition and partnership has not been utilised by the Group due to the lack of suitable potential acquisition and partnership targets.

In order to enhance the allocation of the financial resources and to cope with the continuing development and operations of the businesses of the Group so as to maximise its investment returns, the Board has resolved to the third change in use of proceeds (the “**3<sup>rd</sup> Change**”) in the amount of approximately HK\$10.2 million originally allocated for pursuing selective acquisition and partnership as follows:

- (i) approximately HK\$4.2 million for working capital and other general corporate purpose; and
- (ii) approximately HK\$6.0 million for the purchase of office units in Manila, Philippines.

The revised use of net proceeds from the Placing is set out as follows:

Use of proceeds	Revised use of net proceeds as disclosed in				Utilised amount as at the date of this announcement	Unutilised amount as at the date of this announcement	Revised unutilised proceeds after the 3 <sup>rd</sup> Change
	Original use of net proceeds	the 1 <sup>st</sup> Change in Use of Proceeds	the 2 <sup>nd</sup> Change in Use of Proceeds	the 3 <sup>rd</sup> Change in Use of Proceeds			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
1. Strengthen our software development capabilities	11,040	11,040	11,040	11,040	10,876	164	164
2. Broaden our customer base	7,874	7,874	7,874	7,874	7,874	—	—
3. Pursue selective acquisition and partnership	50,566	24,361	10,841	670	670	10,171	—
4. Working capital and other general corporate purpose	7,720	15,440	23,160	27,331	23,160	—	4,171
5. Development and marketing activities of the Platform	—	10,000	13,000	13,000	13,000	—	—
6. Repayment of bank borrowing	—	8,485	8,485	8,485	8,485	—	—
7. Purchase of office units in Manila, Philippines	—	—	2,800	8,800	2,800	—	6,000
<b>Total</b>	<b>77,200</b>	<b>77,200</b>	<b>77,200</b>	<b>77,200</b>	<b>66,865</b>	<b>10,335</b>	<b>10,335</b>

Save for the aforesaid changes, there is no other change of use of proceeds from the Placing allocated for other purposes as disclosed in the 1<sup>st</sup> and 2<sup>nd</sup> Change in Use of Proceeds Announcement.

The Board has considered the impact of the above change in the use of net proceeds from the Placing and is of the view that the 3<sup>rd</sup> Change in the use of net proceeds will enable the Group to better meet its overall financial needs efficiently to support the latest development of the Group's operation and business. The Board considers that such change in the use of net proceeds will not adversely affect the operation and business of the Group and is in the best interests of the Company and the shareholders of the Company as a whole.

## BUSINESS REVIEW

Increasing adoption of data backup software and various cloud-based technologies by various industries are major factors boosting growth of the global data backup software market nowadays. In view of the potential risk of hardware failure, data breach and human error, more and more businesses have increased their investment in data backup systems. On the other hand, the market competition of global data backup software is constantly growing higher with the rise in technological innovation and similar data backup products. The Group has timely upgraded its existing products and launched the new version of Ahsay™ Backup Software — Version 8 (“**Version 8**”) in January 2019.

In view of the end of life of the older version of Ahsay™ Backup Software — Version 6 in late 2018, revenue of the Group decreased by approximately HK\$1.6 million or 5.2% from approximately HK\$30.8 million for the six months ended 30 June 2018 to approximately HK\$29.2 million for the six months ended 30 June 2019.

In February 2019, Ahsay Systems Corporation Limited (“**Ahsay HK**”) entered into a memorandum of understanding (the “**MOU**”) with Orangetech Co., Ltd. (“**Orangetech**”), a company incorporated in the Republic of Korea (“**Korea**”). Orangetech is an information technology company.

Pursuant to the MOU, Ahsay HK and Orangetech intended to share strategic recognition of creating new business opportunities by building a cooperative relationship and by providing value to customers for security backup solution business mainly in the public sector.

The Group principally engages in sales to the customers through its sales websites. However, the Group intends to expand its business by arranging additional distribution channels for offering its products to customers. With Orangetech as a distributor of the Group in Korea under the MOU, it is a good opportunity for the Group to expand its distribution channel as well as to increase its market share in Korea.

During the period, the Group has stepped up its effort to expand to international market in order to achieve a higher market share and revenue growth. In April 2019, Ahsay HK and existing shareholders of Ahsay Korea Co., Ltd. (“**Ahsay Korea**”), a company incorporated in Korea, entered into a shareholder agreement pursuant to which Ahsay HK has agreed to make a capital contribution of KRW250 million (equivalent to approximately HK\$1.7 million) to Ahsay Korea conditionally. Upon completion of the capital contribution, Ahsay Korea will be 50% owned by Ahsay HK. Ahsay Korea is an IT solutions provider in Korea. More details of the shareholder agreement can be found in the announcement of the Company dated 29 April 2019. Up to the date of announcement, KRW100 million (equivalent to approximately HK\$0.7 million) was settled.

Through Ahsay Korea, the Group can further expand and develop its core backup business in Korea and further improve the Group's profitability and promote sustainable development of the Group in the long run.

## **OUTLOOK**

### **Core Backup Business**

To achieve customised development of products and keep pace with technological advancement, Version 8 has been launched in January 2019. Version 8 incorporates various new features including SharePoint Online Backup etc. It has enhanced the existing Office 365 backup features which can cover all types of data backups for Office 365. With efficient enhancement of the functionalities of its various products, it would provide better user experience.

The Group will continually focus on developing and providing further value added features and services to its existing customers while staying alert on the market trends and needs so as to create a competitive edge over our products.

Looking forward, the Group will dedicate significant resources to continue the development of new features and the improvement in the usability of Ahsay™ Backup Software with customer value orientated focus. It is believed that such focus on customer value would enhance the Group's market share in the backup software sector in the coming years.

### **Information Sharing Platform**

KINTIPS LIMITED, an indirect wholly-owned subsidiary of the Company, has developed an online information sharing platform, which includes a website and a mobile-application both named KINTIPS (堅料) designed to provide information sharing services in Hong Kong. KINTIPS was officially launched. KINTIPS is a trading platform for horse racing tips in Hong Kong designed for information providers (horse racing and football tipsters) and subscribers to share information via its website or mobile application.

In December 2018, KINTIPS LIMITED has launched another website and mobile-application named KINBOY (堅仔) which is an online all-in-one platform for horse racing information. It provides race cards, current odds, result and dividends reports and other related information of horse racing. Both mobile application of KINTIPS and KINBOY can be installed on mobile devices that operate on the Android OS or Apple iOS systems.

In a fast paced world nowadays, mobile devices have become the first choice for every user to browse and interact online. With the Group's experience in the information technology industry, we believe the Group can make use of KINTIPS and KINBOY to diversify into the mobile-application industry. For the six months ended 30 June 2019, the revenue contribution of the information sharing platform to the Group was not material.

## 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 30 June 2019, 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 he/she is taken or deemed to have under such provisions of the SFO); or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, required to be 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 Shares	Approximate 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 30 June 2019, the Company had 2,000,000,000 Shares in issue.
- As at 30 June 2019, 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 30 June 2019, 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 recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be 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 Shares, Underlying Shares and Debentures of the Company**

As at 30 June 2019, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the shares and 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 as required to be recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

#### **Long Positions in Shares**

<b>Name of Shareholder</b>	<b>Capacity/nature of interest</b>	<b>Notes</b>	<b>Number of Shares</b>	<b>Approximate percentage of total number of Shares (Note 1)</b>
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 30 June 2019, 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 30 June 2019, 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 and the Stock Exchange 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 announcement, at no time during the six months ended 30 June 2019 and up to the date of this announcement, 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 six months ended 30 June 2019, 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 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 six months ended 30 June 2019.

### **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 six months ended 30 June 2019.



## **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.

## **Employees and Remuneration policies**

As at 30 June 2019, the Group had a workforce of 103 employees (30 June 2018: 79). The increase in number of employees was mainly due to human resources re-allocation to the representative office in the Philippines. Total directors’ and staff costs for the six months ended 30 June 2019 was approximately HK\$22.3 million before the development cost was capitalised, representing an increase of approximately HK\$0.9 million or 4.2% from approximately HK\$21.4 million as compared to that of the six months ended 30 June 2018.

Remuneration is determined with reference to the duties, responsibilities, experience and competence of individual employees and the Directors. In addition to salaries and discretionary bonuses relating to the performance of the Group, employee benefits included the mandatory provident fund prescribed by the Mandatory Provident Schemes Ordinance (Chapter 485 of the Laws of Hong Kong). The Group has not participated in any other pension schemes. The emoluments of the Directors are reviewed annually by the remuneration committee of the Board (“**Remuneration Committee**”).

As incentives and rewards for their contributions to the Group, the employees of the Group and all Directors (including the independent non-executive Directors) may also be granted share options by the Company from time to time pursuant to the Share Option Scheme.

The Group provides various training to its employees to enhance their technical skills and knowledge relevant to the employees’ responsibilities.

For the six months ended 30 June 2019, the Group has not experienced any strikes, work stoppages or significant labour disputes which have affected its operations and it has not experienced any significant difficulties in recruiting and retaining qualified staff.

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

During the six months ended 30 June 2019 and up to the date of this announcement, neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company’s listed securities.

## **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 the 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 six months ended 30 June 2019 has not been audited. The Audit Committee has reviewed with management on the interim financial information of the Group for the six months ended 30 June 2019, the interim 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.

By order of the Board  
**Ahsay Backup Software Development Company Limited**  
**Chong King Fan**  
*Chairman and Executive Director*

Hong Kong, 12 August 2019

*As at the date of this announcement, the executive Directors are Mr. CHONG King Fan, Mr. CHONG Siu Pui, Mr. CHONG Siu Ning and Ms. CHONG Siu Fan; and the independent non-executive Directors are Mr. WONG Cho Kei Bonnie, Ms. WONG Pui Man and Mr. WONG Yau Sing.*

*This announcement will remain on the “Latest Listed Company Announcements” page on the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its posting and will also be published on the Company’s website at <http://www.ahsay.com.hk>.*