



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)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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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 year ended 31 December 2020 was approximately HK\$54.8 million, representing a decrease of approximately 7.3% from approximately HK\$59.1 million for the prior year.
- Loss attributable to owners of the parent for the year ended 31 December 2020 was approximately HK\$3.7 million as compared to a profit attributable to owners of the parent of approximately HK\$0.1 million for the prior year.
- Segment loss of approximately HK\$6.3 million was recorded from online backup software and related services segment for the year ended 31 December 2020 as compared to a segment profit of approximately HK\$6.0 million for the prior year.
- Segment losses of approximately HK\$2.7 million and HK\$7.1 million were recorded from information platform segment named "KINTIPS" for the years ended 31 December 2020 and 2019, respectively, representing a decrease of approximately 62.0%.
- Basic and diluted loss per share were both HK0.18 cent for the year ended 31 December 2020.
- The Board did not recommend the payment of any dividend for the year ended 31 December 2020.

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

The board of Directors (the "Board") of the Company hereby announces the following consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2020 (the "2020 Annual Results") together with the comparative figures for the year ended 31 December 2019 as set out below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	2020 HK\$'000	2019 HK\$'000
Revenue	3	54,838	59,091
Cost of inventories sold		(268)	(18)
Other income	4	4,257	1,705
Other gains (losses)		49	(31)
Staff costs and related expenses	5	(46,452)	(43,013)
Other expenses	6	(16,761)	(16,692)
Finance costs	7	(363)	(477)
(Loss) profit before tax		(4,700)	565
Income tax credit (expenses)	8	249	(1,095)
Loss for the year		(4,451)	(530)
Attributable to:			
Owners of the parent		(3,664)	111
Non-controlling interests		(787)	(641)
		(4,451)	(530)
Other comprehensive income			
<i>Item that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences arising on translation of foreign operations		565	139
Other comprehensive income for the year		565	139
Total comprehensive loss for the year		(3,886)	(391)
Attributable to:			
Owners of the parent		(3,101)	257
Non-controlling interests		(785)	(648)
		(3,886)	(391)
(Loss) earnings per share attributable to ordinary equity holders of the parent			
— Basic and diluted (HK cent)	10	(0.18)	0.01

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	Notes	2020 HK\$'000	2019 HK\$'000 (restated)
NON-CURRENT ASSETS			
Property, plant and equipment		13,297	3,532
Right-of-use assets		2,925	5,787
Goodwill		706	706
Other intangible assets		2,428	3,814
Deferred tax assets		141	158
Deposits paid	11	13	2,102
		<u>19,510</u>	<u>16,099</u>
CURRENT ASSETS			
Inventories		93	17
Trade and other receivables	11	4,357	4,691
Financial asset at amortised cost		1,563	—
Tax recoverable		1,059	—
Bank balances and cash		72,850	86,538
		<u>79,922</u>	<u>91,246</u>
CURRENT LIABILITIES			
Other payables and accruals	12	5,506	6,825
Contract liabilities		14,640	13,219
Lease liabilities		3,041	2,894
Other borrowings		1,811	1,340
Tax payable		188	1,910
		<u>25,186</u>	<u>26,188</u>
NET CURRENT ASSETS		<u>54,736</u>	<u>65,058</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>74,246</u>	<u>81,157</u>
NON-CURRENT LIABILITIES			
Contract and other liabilities		1,252	978
Lease liabilities		—	2,980
Deferred tax liabilities		42	361
		<u>1,294</u>	<u>4,319</u>
NET ASSETS		<u>72,952</u>	<u>76,838</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital		20,000	20,000
Reserves		53,606	56,707
		<u>73,606</u>	<u>76,707</u>
Non-controlling interests		(654)	131
Total equity		<u>72,952</u>	<u>76,838</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Attributable to owners of the parent					Total	Non-controlling interests	Total equity
	Share capital	Share premium	Capital and other reserves	Translation reserve	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000 (note i)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2019	20,000	72,435	4,097	(29)	(19,351)	77,152	—	77,152
Profit (loss) for the year	—	—	—	—	111	111	(641)	(530)
Other comprehensive income (loss) for the year								
Exchange differences arising on translation of foreign operations	—	—	—	146	—	146	(7)	139
Total comprehensive income (loss) for the year	—	—	—	146	111	257	(648)	(391)
Acquisition of a subsidiary (restated) (Note 13)	—	—	—	—	—	—	(90)	(90)
Acquisition of non-controlling interests (restated)	—	—	(702)	—	—	(702)	702	—
Capital contribution from non-controlling interests	—	—	—	—	—	—	167	167
At 31 December 2019 and 1 January 2020	20,000	72,435*	3,395*	117*	(19,240)*	76,707	131	76,838
Loss for the year	—	—	—	—	(3,664)	(3,664)	(787)	(4,451)
Other comprehensive income for the year								
Exchange differences arising on translation of foreign operations	—	—	—	563	—	563	2	565
Total comprehensive income (loss) for the year	—	—	—	563	(3,664)	(3,101)	(785)	(3,886)
At 31 December 2020	20,000	72,435*	3,395*	680*	(22,904)*	73,606	(654)	72,952

* These reserve accounts comprise the consolidated reserves of HK\$53,606,000 (2019: HK\$56,707,000) in the consolidated statement of financial position.

Note:

i. Capital and other reserves comprise:

- 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, and 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;
- a credit amount of HK\$1,000,000 representing the difference between the par value of the shares 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;
- a credit amount of HK\$2,000,000 representing the deemed capital contribution from the Controlling Shareholders with regard to a waiver of amounts due to shareholders in March 2015;
- 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; and
- a debit amount of HK\$702,000 representing the changes in non-controlling interests arising from the additional capital contribution by the Group.

1. GENERAL INFORMATION

Ahsay Backup Software Development Company Limited (the “Company”) is a public listed company incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares were listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its immediate holding company is All Divine Investments Limited, a private company incorporated in the British Virgin Islands (the “BVI”) with limited liability; and, in the opinion of the directors, 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, P.O. 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 the internet.

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

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in HK\$ and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of the subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year's financial statements.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to HKFRS 16	<i>COVID-19-Related Rent Concessions</i> (early adopted)
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs are described below:

- (a) *Conceptual Framework for Financial Reporting 2018* (the "Conceptual Framework") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

- (b) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.
- (c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate (“RFR”). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.
- (d) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively. The amendment did not have any impact on the financial position and performance of the Group.
- (e) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

3. REVENUE AND SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker (“CODM”), for the purpose of resource 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.

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, sale of hardware devices, and provision of other services
Information platform segment (previously known as information sharing services segment)	— Provision of information sharing services and an analysis tool

Segment revenue and results

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

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

For the year ended 31 December 2020

	Online backup software and related services HK\$’000	Information platform HK\$’000	Total HK\$’000
Segment revenue — External			
Software license sales	7,591	—	7,591
Software license leasing	22,096	—	22,096
Software upgrades and maintenance services	22,236	—	22,236
Other services	1,221	—	1,221
Sale of hardware devices	—	256	256
Information sharing service income	—	117	117
Subscription fees	—	1,321	1,321
Total revenue	53,144	1,694	54,838
Timing of revenue recognition			
At a point in time	7,649	373	8,022
Over time	45,495	1,321	46,816
	53,144	1,694	54,838
Segment loss	(6,291)	(2,715)	(9,006)
Unallocated income			
Other income			4,257
Other gains			49
Loss before tax			(4,700)

For the year ended 31 December 2019

	Online backup software and related services <i>HK\$'000</i>	Information platform <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue — External			
Software license sales	7,713	—	7,713
Software license leasing	26,040	—	26,040
Software upgrades and maintenance services	23,492	—	23,492
Other services	1,555	—	1,555
Sale of hardware devices	25	—	25
Information sharing service income	—	154	154
Subscription fees	—	112	112
	<u>58,825</u>	<u>266</u>	<u>59,091</u>
Total revenue			
Timing of revenue recognition			
At a point in time	7,808	154	7,962
Over time	51,017	112	51,129
	<u>58,825</u>	<u>266</u>	<u>59,091</u>
Segment profit (loss)	6,025	(7,134)	(1,109)
Unallocated income and expenses			
Other income			1,705
Other losses			(31)
Profit before tax			<u>565</u>

Performance obligations

Software license sales

The performance obligation is satisfied at a point in time when the license is granted and payment is generally due from the date of billing.

Software license leasing

The performance obligation is satisfied over time and payment is generally due within 14-30 days from the date of billing, except for new customers, where payment in advance is normally required.

The Group uses the right to invoice practical expedient and determined not to disclose the amount of the remaining performance obligations for customer contracts as at the year end.

Software upgrades and maintenance services and certain types of other services

The performance obligation is satisfied over time as the customer simultaneously receives and consumes the benefits provided by the Group and payment is generally due from the date of billing.

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

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Amounts expected to be recognised as revenue:		
Within one year	14,640	13,219
After one year	965	873
	<u>15,605</u>	<u>14,092</u>

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to software upgrades and maintenance services, of which the performance obligations are to be satisfied within two years.

Sale of hardware devices

The performance obligation of the sale of hardware devices is satisfied upon delivery of the hardware devices and payment is generally due from the date of billing.

Information sharing service income and certain types of other services

The performance obligation is satisfied at a point in time as services are rendered and payment is generally due from the date of billing.

Subscription fees

The performance obligation of subscription fees is satisfied over time on a straight-line basis over the subscription period as the customers simultaneously receive and consume the benefits of services provided by the Group and payment is generally due from the date of billing.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

31 December 2020

	Online backup software and related services <i>HK\$'000</i>	Information platform <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment assets			
Segment assets	24,667	352	25,019
<i>Reconciliation:</i>			
Unallocated assets			
Financial asset at amortised cost			1,563
Bank balances and cash			72,850
Consolidated assets			<u>99,432</u>
Reportable segment liabilities			
Segment liabilities	25,187	1,293	26,480
Consolidated liabilities			<u>26,480</u>

31 December 2019

	Online backup software and related services <i>HK\$'000</i>	Information platform <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment assets			
Segment assets	20,634	173	20,807
<i>Reconciliation:</i>			
Unallocated assets			
Bank balances and cash			<u>86,538</u>
Consolidated assets			<u><u>107,345</u></u>
Reportable segment liabilities			
Segment liabilities	29,747	760	<u>30,507</u>
Consolidated liabilities			<u><u>30,507</u></u>

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than financial asset at amortised cost and bank balances and cash that are managed on a group basis.
- all liabilities are allocated to operating segments.

Other segment information**For the year ended 31 December 2020**

	Online backup software and related services <i>HK\$'000</i>	Information platform <i>HK\$'000</i>	Total <i>HK\$'000</i>
Capital expenditure (<i>Note</i>)	9,059	23	9,082
Depreciation and amortisation	<u>5,737</u>	<u>13</u>	<u>5,750</u>

For the year ended 31 December 2019

	Online backup software and related services <i>HK\$'000</i>	Information platform <i>HK\$'000</i>	Total <i>HK\$'000</i>
Capital expenditure (<i>Note</i>)	4,272	26	4,298
Depreciation and amortisation	<u>5,021</u>	<u>13</u>	<u>5,034</u>

Note: Capital expenditure consists of additions to property, plant and equipment, deposits paid for purchases of office premises, and other intangible assets including those acquired from business combination.

Non-current assets by geographical location

An analysis of the Group's non-current assets is presented based on the geographical location of the assets as detailed below:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Hong Kong	6,663	9,936
Philippines	11,886	4,500
South Korea	<u>807</u>	<u>975</u>
	<u>19,356</u>	<u>15,411</u>

Non-current assets exclude rental and utilities deposits paid and deferred tax assets.

Revenue by geographical location

An analysis of the Group's revenue from external customers by geographical location, determined based on the locations of the customers, is detailed below:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
United States	7,400	8,243
United Kingdom	5,164	5,848
Others (<i>Note</i>)	<u>42,274</u>	<u>45,000</u>
	<u>54,838</u>	<u>59,091</u>

Note: Including other countries which individually contribute less than 10% of the total revenue of the Group for each respective year

Information about major customers

There was no sales to a single customer contributing over 10% of the total revenue of the Group in both years.

4. OTHER INCOME

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Bank interest income	866	1,581
Interest income on refundable rental deposits	27	24
Interest income on financial asset at amortised cost	45	—
Government subsidies (<i>Note</i>)	3,226	—
Sundry income	93	100
	<u>4,257</u>	<u>1,705</u>

Note: Government subsidies related to cash subsidy granted by the Government of the Hong Kong Special Administrative Region under the Employment Support Scheme. During the year ended 31 December 2020, approximately HK\$3,226,000 has been received and recognised.

5. STAFF COSTS AND RELATED EXPENSES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Directors' emoluments	9,775	9,581
Other staff costs		
— Salaries, allowances and benefits in kind and performance and other bonuses	35,353	33,512
— Retirement benefit scheme contributions, excluding directors' retirement contributions	1,138	1,030
	<u>46,266</u>	<u>44,123</u>
Total directors' and staff costs	46,266	44,123
Less: Development costs capitalised	(253)	(2,101)
	<u>46,013</u>	<u>42,022</u>
Total directors' and staff costs, net of development cost capitalised	46,013	42,022
Staff-related expenses	439	991
	<u>46,452</u>	<u>43,013</u>
Staff costs and related expenses	46,452	43,013
	<u>17,958</u>	<u>11,683</u>
Research and development costs included in staff costs and related expenses	17,958	11,683

6. OTHER EXPENSES

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Auditor's remuneration	800	800
Advertising and marketing expenses	2,728	2,763
Amortisation of other intangible assets	1,639	1,545
Legal and professional fees	1,659	1,652
Depreciation of property, plant and equipment	1,161	600
Depreciation of right-of-use assets	2,950	2,889
Expenses related to short-term leases	249	175
Rates and property management fees	605	517
Merchant credit card charges	1,426	1,360
Electricity and water	348	350
Others	3,196	4,041
	<u>16,761</u>	<u>16,692</u>

7. FINANCE COSTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interest expenses on:		
Lease liabilities	298	428
Other borrowings	65	49
	<u>363</u>	<u>477</u>

8. INCOME TAX CREDIT (EXPENSES)

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax	(89)	(1,158)
Overprovision in prior years:		
Hong Kong Profits Tax	36	15
	<u>(53)</u>	<u>(1,143)</u>
Deferred tax	302	48
	<u>249</u>	<u>(1,095)</u>

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

Under the two-tiered profits tax rates regime, 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 subject to Hong Kong Profits Tax at the rate of 16.5% for the years ended 31 December 2020 and 2019, respectively.

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

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

The income tax credit (expenses) for the year can be reconciled to the (loss)/profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2020 HK\$’000	2019 HK\$’000
(Loss) profit before tax	<u>(4,700)</u>	<u>565</u>
Tax at the Hong Kong Profits Tax rate of 16.5%	(776)	93
Differences in tax rate for specific provinces or enacted by local authority	98	68
Tax effect of expenses not deductible for tax purposes	101	86
Tax effect of income not taxable for tax purposes	(690)	(264)
Tax effect of tax losses not recognised	1,133	1,292
Overprovision in prior years	(36)	(15)
Income tax at the concessionary rate	<u>(79)</u>	<u>(165)</u>
Income tax (credit) expenses for the year	<u>(249)</u>	<u>1,095</u>

9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company for both years, nor has any dividend been proposed since the end of the reporting period.

10. (LOSS) EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic and diluted (loss) earnings per share attributable to the ordinary equity holders of the parent is based on the following data:

	2020 HK\$’000	2019 HK\$’000
(Loss) profit attributable to ordinary equity holders of the parent	<u>(3,664)</u>	<u>111</u>

2020	2019
'000	'000

Number of shares

Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earnings per share calculation

<u>2,000,000</u>	<u>2,000,000</u>
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The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2020 and 2019.

11. TRADE AND OTHER RECEIVABLES/DEPOSITS PAID

2020	2019
<i>HK\$'000</i>	<i>HK\$'000</i>

Current assets

Trade receivables — aged within 30 days, based on the invoice date	2,121	2,498
Rental and utility deposits	1,017	550
Prepaid operating expenses and other receivables	1,219	1,643

Total	<u>4,357</u>	<u>4,691</u>
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Non-current assets

Deposits paid	<u>13</u>	<u>2,102</u>
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The Group's trade receivables consist of receivables from customers and credit card companies. The Group's sales are generally made through the internet when payment is normally required before delivery of software licenses and provision of services. For software license leasing which charges the customers monthly license fees on a pay-as-you-go basis, the Group offers a credit period of 14-30 days to these customers.

12. OTHER PAYABLES AND ACCRUALS

2020	2019
<i>HK\$'000</i>	<i>HK\$'000</i>

Accrued staff costs and related expenses	4,002	4,939
Other payables and accrued operating expenses	1,504	1,886

Total	<u>5,506</u>	<u>6,825</u>
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Other payables are non-interest bearing. The ageing of other payables was less than one year, based on the invoice date.

13. BUSINESS COMBINATION

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 subscribe for 20,000 ordinary shares of Ahsay Korea Co., Ltd ("Ahsay Korea"), formerly known as HM Systems Co. Ltd, for a cash consideration amounting 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 the date of acquisition, the Group held 28.57% of the shares of Ahsay Korea.

During the year ended 31 December 2019, the Group has further invested in additional ordinary shares of Ahsay Korea at an aggregate cash consideration amounting to KRW300,000,000 (equivalent to approximately HK\$2,022,000). As at 31 December 2020 and 2019, the Group held 52.17% of the shares of Ahsay Korea.

Based on the Shareholder Agreement, the composition of the board of directors of Ahsay Korea shall consist of four directors and the Existing Shareholders shall be entitled to appoint two directors and Ahsay HK shall be entitled to appoint two 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 the 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 the date of acquisition, Ahsay HK has appointed two directors to the board of directors of Ahsay Korea and one of the directors, being 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 rights to direct the relevant activities of Ahsay Korea, and therefore, the directors of the Company are of the view that the Group had 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 one of the Group's distributors of the backup software in South Korea and was acquired by the Group with the objective of expanding and developing the Group's core backup business in South Korea.

The provisional and finalised fair values of the identifiable assets and liabilities of Ahsay Korea as at the date of acquisition were as follows:

	Provisional fair value recognised on acquisition <i>HK\$'000</i>	Finalised fair value recognised on acquisition <i>HK\$'000</i>
Property, plant and equipment	12	12
Right-of-use assets	109	109
Other intangible assets	—	167
Rental deposits paid	38	38
Trade and other receivables	364	364
Cash and bank balances	684	684
Other payables and accruals	(232)	(232)
Lease liabilities	(103)	(103)
Contract liabilities	(217)	(217)
Other borrowings	(948)	(948)
	<hr/>	<hr/>
Total identifiable net liabilities at fair value	(293)	(126)
Non-controlling interests	209	90
	<hr/>	<hr/>
Goodwill on acquisition	754	706
	<hr/>	<hr/>
Satisfied by cash	<u>670</u>	<u>670</u>

The provisional fair values recognised on acquisition as shown above were adjusted upon the completion of the initial accounting for the business combination during the measurement period, which has not exceeded one year from the acquisition date.

During the current year, management has finalised the fair value assessment of the identifiable assets and liabilities of Ahsay Korea at the date of acquisition. The amount of goodwill was initially recognised on a provisional basis in the consolidated financial statements for the year ended 31 December 2019 at approximately HK\$754,000 at the date of acquisition. As a result, adjustments have been made to reduce the goodwill and the non-controlling interests arising from the acquisition by HK\$48,000 and HK\$119,000, respectively, and increase the initial carrying amount of other intangible assets by HK\$167,000. Except for the respective fair values of other intangible assets which were determined based on the multi-period excess earnings method, the carrying amounts of other identifiable assets and liabilities approximated to their fair values. Accordingly, the amount of other intangible assets have been adjusted to HK\$167,000 as at the date of acquisition. The Group considered the amortisation of other intangible assets has had no material impact on the Group and no adjustments were made to the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2019.

As the acquisition took place during the year ended 31 December 2019 and no adjustments were made to the balances as stated at 1 January 2019, the consolidated statement of financial position as at 1 January 2019 is therefore not presented.

The directors of the Company consider the acquisition of Ahsay Korea as an effort to expand the distribution network of the Group's core online backup business in South Korea and the goodwill on acquisition pertains to, but is not limited to, the expected incremental values and potential synergies for the expansion plans of the Group.

The fair values of the trade and other receivables of Ahsay Korea as at the date of acquisition approximate to their gross contractual amounts and the directors of the Company do not expect any significant acquired receivables to be uncollectible.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the leases relative to market terms.

The Group incurred transaction costs of HK\$62,000 for this acquisition. These transaction costs had been expensed and were included in other expenses in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2019.

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\$90,000.

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	<i>HK\$'000</i>
Cash consideration	(670)
Cash and bank balances acquired	<u>684</u>
	<u><u>14</u></u>

Since the acquisition, Ahsay Korea contributed HK\$1,401,000 to the Group's revenue and HK\$915,000 to the consolidated loss for the year ended 31 December 2019.

Had the combination taken place at the beginning of the year ended 31 December 2019, the revenue of the Group and the loss of the Group for the year ended 31 December 2019 would have been HK\$59,125,000 and HK\$1,212,000, respectively. 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 2019, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and performance of the Group had Ahsay Korea been acquired at the beginning of 2019, the directors of the Company calculated depreciation of property, plant and equipment based on the recognised amounts of property, plant and equipment at the date of the acquisition.

14. COMPARATIVE AMOUNTS

Certain comparative amounts of the consolidated statement of financial position have been restated due to the finalisation of the purchase price allocation for a business combination as disclosed in note 13 above.

BUSINESS REVIEW

Starting from early 2020, the worldwide outbreak of COVID-19 pandemic has led to the temporary suspension and slow down of most of the business activities around the world, especially in Europe. The on-going COVID-19 pandemic has caused uncertainty to our business operation and to the global economic environment during the year and our backup business was also affected. The 2020 Annual Results reflected the impact of COVID-19 pandemic to our Group. The revenue derived from the Group's online backup software and its related services decreased by approximately HK\$5.7 million or 9.7% from approximately HK\$58.8 million for the year ended 31 December 2019 to approximately HK\$53.1 million for the year ended 31 December 2020.

On the other side, the revenue derived from subscription of the Group's newly developed information platform increased by approximately HK\$1.2 million from approximately HK\$0.1 million for the year ended 31 December 2019 to approximately HK\$1.3 million for the year ended 31 December 2020.

Total revenue of the Group decreased by approximately HK\$4.3 million or 7.3% from approximately HK\$59.1 million for the year ended 31 December 2019 to approximately HK\$54.8 million for the year ended 31 December 2020.

Facing the current COVID-19 pandemic, we are working closely together with our customers on product fine-tuning by leveraging video conferencing tools to overcome social distancing obstacles. We believe closer connection with customers can improve customer experience and manifest product and service values to them in particularly during the current difficult time.

The Group has also responded timely to the COVID-19 challenge in order to protect the health of our employees and ensure continuous operation and services. The provision of a safe, healthy and harmonious working environment and well-being of employees are of the utmost priority of the Group.

During the COVID-19 pandemic, we echoed the government's call to adopt special working arrangements to allow our employees to work from home to minimize social gathering and adopted a rotation roster for employees who request to work in office to reduce the chances of infection. Employees were required to wear masks in office area at all times and meetings were conducted via online video meeting software to minimise face to face contact and overseas business trips. As a result of the prompt measures taken, we maintained full operation during the year.

To accommodate additional staff for our future operations, we completed the purchase of another office unit in the Philippines for our use as office space in early 2020 and has continued the renovation process during the year.

OUTLOOK

Core Backup Business

To cater for market needs and keep pace with technological advancement, Version 8 was launched in 2019. Version 8 introduces various new features including Microsoft SharePoint Online Backup etc. and has further enhanced the existing Office 365 backup features. With the enhancement of the functionalities as well as the new index file system, this new adoption of Version 8 has brought better user experience to our customers. We are also in the process of developing our next version of backup software to cope with our customers' future needs.

In view of the uncertainty caused by the current COVID-19 pandemic, the Group will stay alert to its development and will assess its impacts on the financial performance and business operation of the Group continually. The prevention of the spread of COVID-19 remains as one of the top priority of the Group. We will use utmost effort to safeguard the health and safety of our employees and strive to overcome the impact of the COVID-19 pandemic in order to ensure the Group's smooth operations. Taking into account of our solid foundation in the online backup software business together with a solid global customer base, the Group is optimistic of long-term business growth and development of our backup software business.

Information Platform

The Group has developed information platforms, named KINBOY (堅仔) which is an information analysis tool and KINTIPS (堅料) for information sharing. Those platforms are mainly deployed on mobile-application.

KINBOY is an all-in-one platform for horse racing information to provide users an alternative way to access information electronically. The subscription business model of KINBOY was launched in late 2019. The service is tiered and structured such that free members can access the latest race cards, results and dividends, entries lists, chance table of horse racing and other detailed information such as finesse of horses, odds trend and forecast of first two races for catch-up viewing; while paid members can access detailed information for full day races.

Apart from KINBOY, minimal revenue contributions are derived from information sharing platform via KINTIPS; which is designed for information providers and subscribers to share information via its website and mobile application.

Nowadays, it is common to see people getting updates on the latest information from the internet. Online information can be updated frequently and searched quickly. To browse information, most users are accustomed to use mobile devices. With the Group's experience in the information technology industry, we believe the Group can diversify its business into the mobile-application industry. For the year ended 31 December 2020, the revenue contribution of the information platform to the Group was not material.

FINANCIAL REVIEW

Overview

During the years ended 31 December 2020 and 2019, the Group recorded revenues of approximately HK\$54.8 million and HK\$59.1 million, respectively, representing a decrease of approximately 7.3%. The Group recorded a loss attributable to owners of the parent of approximately HK\$3.7 million for the year ended 31 December 2020 as compared to a profit attributable to owners of the parent of approximately HK\$0.1 million for the prior year.

Revenue

The Group's revenue principally represented income derived from software license sales and leasing, software upgrades and maintenance services and other services. Revenues of approximately HK\$54.8 million and HK\$59.1 million were recognised for the years ended 31 December 2020 and 2019, respectively, representing a decrease of approximately 7.3%.

The decrease in revenue for the year ended 31 December 2020 was mainly due to the decrease in revenue derived from the Group's online backup business as affected by the negative impacts from the on-going COVID-19 pandemic which has disrupted global economic activities especially in Europe; and was partially offset by the increase in revenue derived from subscription of the Group's newly developed information platform as compared with the prior year.

Other Income

Other income increased by approximately HK\$2.6 million or 152.9%, to approximately HK\$4.3 million for the year ended 31 December 2020 from approximately HK\$1.7 million for the year ended 31 December 2019. The increase in other income for the year ended 31 December 2020 was mainly due to the recognition of a one-off government subsidy granted to the Group under the Employment Support Scheme launched by the HKSAR Government.

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 which increased by approximately HK\$3.5 million or 8.1%, to approximately HK\$46.5 million for the year ended 31 December 2020 from approximately HK\$43.0 million for the year ended 31 December 2019.

The increase in staff costs and related expenses for the year ended 31 December 2020 was mainly due to (i) the decrease in development costs capitalised in order to focus on existing product refinement, and (ii) the increase in headcount for the expansion of the Philippines office as compared with the prior year.

Other Expenses

Other expenses primarily comprised depreciation, amortisation, advertising and marketing expenses, merchant credit card charges, legal and professional fees and other regular office expenses such as utilities. Other expenses slightly increased by approximately HK\$0.1 million, or 0.6%, to approximately HK\$16.8 million for the year ended 31 December 2020 from approximately HK\$16.7 million for the year ended 31 December 2019.

Income Tax Credit (Expenses)

The Group recorded income tax credit of approximately HK\$0.2 million for the year ended 31 December 2020. The decrease in income tax expenses was mainly due to the decrease in assessable profits generated during the year ended 31 December 2020 as compared with the prior year.

Loss for the Year

The Group recorded a loss of approximately HK\$4.5 million for the year ended 31 December 2020 as compared to a loss of approximately HK\$0.5 million for the prior year. Among the loss for the year, approximately HK\$6.3 million and HK\$2.7 million segment loss was incurred from the Group's core online backup business and information platform segment, respectively; and was offset by the other income of approximately HK\$4.3 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 licensed banks in Hong Kong and denominated mainly in Hong Kong dollars ("HK\$"). 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 position. As at 31 December 2020, the Group's current assets were approximately HK\$79.9 million (31 December 2019: approximately HK\$91.2 million). The Group remained at a net cash position as at 31 December 2020 and 2019, 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 31 December 2020, there was no charge on assets of the Group (31 December 2019: nil).

Capital Structure

The capital structure of the Company comprised of ordinary shares only. As at 31 December 2020, the Company's issued share capital was HK\$20.0 million with 2,000,000,000 issued shares of HK\$0.01 each.

Gearing Ratio

As at 31 December 2020, the Group's gearing ratio, calculated as interest-bearing liabilities divided by the total equity, was approximately 2.5% (31 December 2019: 1.7%).

Financial Management Policies

The Group in its ordinary course of business is exposed to market risks such as foreign currency risk and interest rate risk. The Group's risk management strategy aims to minimise the adverse effects of these risks on its financial performance.

The Group's cash is primarily deposited at licensed banks in Hong Kong and denominated mainly in HK\$. As at 31 December 2020, no related hedges were made by the Group (31 December 2019: nil).

As most of the Group's trading transactions, monetary assets and liabilities are denominated in HK\$, the impact of foreign exchange exposure to the Group during the year ended 31 December 2020 was minimal and there was no significant adverse effect on normal operations.

The carrying amounts of the Group's monetary assets denominated in currencies other than the Group's operating units' functional currencies at the end of the reporting period are mainly denominated in United States Dollar ("US\$"). As HK\$ is pegged to the US\$ within a narrow band, the Group does not expect any significant movements in the US\$/HK\$ exchange rate. Accordingly, management considers that the Group's foreign currency risk exposure for US\$ is not significant.

With the current interest rates remaining at relatively low levels, the Group has not entered into any interest rate hedging contracts or any other interest rate related derivative financial instruments. However, the Group continues to monitor its interest rate exposure closely.

Capital Commitments

The Group had no significant capital commitments as at 31 December 2020.

As of 31 December 2019, the total capital commitment by the Group amounted to 40.8 million Philippine Peso ("PHP") (equivalent to approximately HK\$6.3 million) which was made up of contractual commitment in respect of the acquisition of office unit and four parking slots in Manila, Philippines for its own use as office. The total consideration was approximately PHP60.0 million (equivalent to approximately HK\$7.8 million), inclusive of 12% value added tax. An initial deposit of approximately PHP10.2 million (equivalent to approximately HK\$1.5 million) was paid on 9 October 2019. The transaction was completed on 15 January 2020.

Contingent Liabilities

The Group had no significant contingent liabilities as at 31 December 2020 (31 December 2019: nil).

MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed below, there was no other material acquisition or disposal of subsidiaries, associates or joint ventures during the year ended 31 December 2020 and 2019, respectively.

Acquisition of a subsidiary and non-controlling interests

To further expand and develop its core backup business in South Korea, on 29 April 2019, Ahsay HK, an indirect wholly-owned subsidiary of the Company and, existing shareholders of Ahsay Korea, independent third parties, entered into a shareholder agreement pursuant to which Ahsay HK agreed to make a capital contribution of KRW100 million (equivalent to approximately HK\$0.7 million) for 20,000 ordinary shares of Ahsay Korea (“Stage 1”) representing 28.57% of the shareholding of Ahsay Korea and further make a capital contribution of KRW150 million (equivalent to approximately HK\$1.0 million) for 30,000 ordinary shares of Ahsay Korea (“Stage 2”) representing 21.43% of the shareholding of Ahsay Korea conditionally.

As at the date of acquisition on 29 April 2019, the Group acquired 28.57% equity interest in Ahsay Korea by way of capital contribution. With the completion of Stage 2, the equity interest of the Group in Ahsay Korea increased from 28.57% to 50.00%. For further information, please refer to the announcement of the Company dated 29 April 2019.

Thereafter, during the year ended 31 December 2020, the Group has further invested in additional ordinary shares of Ahsay Korea at an aggregate cash consideration amounting KRW300 million (equivalent to approximately HK\$2.0 million). As at 31 December 2020 and 2019, the Group held 52.17% of the shares of Ahsay Korea.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2020, the Group had a workforce of 125 employees (2019: 105). The increase in number of employees was mainly due to human resources allocation to the representative office in the Philippines. Total directors and staff costs for the year ended 31 December 2020 was approximately HK\$46.3 million before the development cost capitalised, representing an increase of approximately HK\$2.2 million as compared to that of the corresponding period in 2019.

Remuneration is determined with reference to the duties, responsibilities, experience, performance and competence of individual employee and Director. In addition to salaries and discretionary bonuses relating to the performance of the Group, employee benefit included the mandatory provident fund prescribed by the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong). The Group has not participated in any other pension schemes for the employees in Hong Kong. Most of the employees engaged outside Hong Kong are covered by appropriate local arrangements. 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 the Directors (including the independent non-executive Directors (“INEDs”)) may also be granted share options by the Company from time to time pursuant to the share option scheme adopted on 4 September 2015.

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

During the year, the Group did not experience any strikes, work stoppages or significant labour disputes which would have affected its operations in the past and it did not experience any significant difficulties in recruiting and retaining qualified staff.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2020, neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

FINAL DIVIDEND

The Board did not recommend the payment of any dividend for the year ended 31 December 2020.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this announcement.

CORPORATE GOVERNANCE PRACTICES

The Group's corporate governance framework bases on two main beliefs:

- the Group is well-committed to maintain good corporate governance practices and procedures; and
- the Group recognises the need to adopt practices that improve itself continuously for a quality management.

Accordingly, the Group is committed to maintaining high standards of corporate governance with a view to assure the proper conduct of management of the Group as well as protecting the interests of all Shareholders. The corporate governance principles adopted by the Group emphasize a quality Board for leadership, effective internal controls, transparency and accountability to all Shareholders.

The Group has applied the principles and adopted all code provisions, where applicable, of the Corporate Governance Code ("CG Code") as set out in Appendix 15 to the GEM Listing Rules as its own code of corporate governance. The Directors consider that, the Group has complied with all the code provisions as set out in the CG Code throughout the year ended 31 December 2020.

The Group has further 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 throughout the year ended 31 December 2020.

The Group believes through the operation of an effective Board, sound internal controls, and accountability to Shareholders, the Group is able to maximise the value of all Shareholders.

ANNUAL GENERAL MEETING (THE "AGM")

The forthcoming AGM of the Company will be held on Friday, 23 April 2021 at 9:30 a.m., the AGM notice will be published and dispatched to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the shareholders' entitlement to attend and vote at the AGM, the Company's register of members will be closed from Monday, 19 April 2021 to Friday, 23 April 2021 (both dates inclusive), during which period no transfer of shares of the Company can be registered. In order to be eligible to attend the AGM, all transfers of shares documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 16 April 2021.

REVIEW BY THE AUDIT COMMITTEE

The Company has established an audit committee of the Board (the "Audit Committee") with written terms of reference which deal clearly with its authority and duties. 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. The Audit Committee has reviewed the audited consolidated financial statements of the Company for the year ended 31 December 2020.

REVIEW OF PRELIMINARY RESULTS ANNOUNCEMENT BY INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2020 as set out in the preliminary announcement have been agreed by the Group's auditor, Ernst & Young, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the GEM website at www.hkgem.com and the Company's website at <http://www.ahsay.com.hk>. The annual report of the Company for the year ended 31 December 2020 will be dispatched to the shareholders of the Company and will be available on the respective websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 19 March 2021

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 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>.