
HISTORY, DEVELOPMENT AND REORGANISATION

HISTORY AND DEVELOPMENT

Our Company

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 10 April 2015. As part of the Reorganisation as more particularly described in the sub-section headed “Reorganisation” below in this section, our Company has become the holding company of our Group for the purpose of the Listing. As at the Latest Practicable Date, our Company had an authorised share capital of HK\$100,000,000 divided into 10,000,000,000 Shares of par value of HK\$0.01 each, of which 2 Shares had been issued and allotted to All Divine, one of the Controlling Shareholders.

Our business history

The history of our Group can be traced back to 1999 when Ahsay HK, formerly known as Leb Shama Co., Limited (納世家有限公司), was legally and beneficially transferred to Mr. Schubert Chong and Mr. Scherring Chong. The investments in our Group by Mr. Schubert Chong and Mr. Scherring Chong were financed by their personal savings.

We commenced our business as an online backup software developer in 1999. Since the launch of our Ahsay™ Backup Software in 2003, we have been selling self-developed Ahsay™ Backup Software to our customers through our sales website at www.ahsay.com to primarily international customers located in the North America and Europe. In 2014, we released our self-developed new backup software product, CloudBacko Backup Software, targeting at end-users, and which is sold through our sales website at www.cloudbacko.com.

Our business milestones

Our Group’s milestones since its establishment and up to the Latest Practicable Date are set out below:

<u>Year</u>	<u>Major developments and achievements</u>
1999	We commenced our business as an online backup software developer after the acquisition of Ahsay HK by Mr. Schubert Chong and Mr. Scherring Chong
2003	We officially released our first backup software product under our brand name “Ahsay”, Ahsay™ Backup Software, with the aim of providing low-cost, automated and reliable backup solutions to the business communities, which supports on-premises/online/offsite/remote/private cloud backup
2005	Our customer support department was formed to provide technical supports to customers
2007	We released version 5.2 of Ahsay™ Backup Software, which included an introduction of AhsayACB and key features such as a full support for Exchange individual email, calendar and contacts We became a Microsoft Partner since 2007
2008	We were awarded as Red Herring 100 (Asia) Winner
2010	We formed our quality assurance team, focusing on and performing verification of our products to ensure they meet certain level of quality before each release

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<u>Year</u>	<u>Major developments and achievements</u>
2011	We released version 6 of Ahsay™ Backup Software, which supports 13 different types of servers including VMware and Hyper-V We received Hong Kong ICT Awards 2011 for Best Business Product Certificate of Merit We joined VMWare Technology Alliance Partner Programme
2012	We became a Dell™ Preferred Partner
2013	We established a wholly-owned subsidiary in Chongqing, the PRC
2014	We officially released our first two CloudBacko Backup Software products under our brand name “CloudBacko”, namely CloudBacko Pro and CloudBacko Lite, which allow end-users to backup their data to local storage destinations and/or public cloud storage destinations
2015	We became an HP Authorised Channel Partner

Corporate development

As at the Latest Practicable Date, our Group comprised our Company, Alpha Heritage, Ahsay HK, Ahsay CQ, Apex Ace, CloudBacko BVI and CloudBacko HK. The following sets forth the shareholding and corporate structure, place of incorporation/establishment and principal business activities of each member of our Group as at the Latest Practicable Date.

Alpha Heritage (BVI)

Alpha Heritage was incorporated in the BVI with limited liability on 10 March 2015 and is authorised to issue a maximum of 50,000 shares of a single class each with a par value of US\$1.00. It is an investment holding company.

On 25 March 2015, All Divine subscribed for one share of Alpha Heritage, representing 100% of its issued share capital, at a subscription price of US\$1.00. The share was fully paid up.

Immediately prior to the Reorganisation, the entire issued share capital of Alpha Heritage was held by All Divine.

Ahsay HK (Hong Kong)

On 29 November 1994, Ahsay HK was incorporated in Hong Kong with limited liability under the name of Nova Botanical (H.K.) Limited, which subsequently changed its name to Leb Shama Co., Limited (納世家有限公司) and Ahsay Systems Corporation Limited (亞勢系統有限公司) on 16 August 1999 and 3 January 2008, respectively. It principally engages in the provision of backup software products and services.

At the time of its incorporation, Ahsay HK had an authorised share capital of HK\$100,000.00 divided into 100,000 shares of HK\$1.00 each. Each of Alfred Magnus Hendroff and Michael Ngee Tiong Tan (陳義忠), both being Independent Third Parties, subscribed for one share of Ahsay HK, each representing 50% of the issued share capital of Ahsay HK.

On 9 March 1995, Alfred Magnus Hendroff and Michael Ngee Tiong Tan (陳義忠) transferred their respective shareholding in Ahsay HK to Lee Yiu Keung and Tong Lai Ying, respectively, at par.

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On 27 September 1999, Tong Lai Ying and Lee Yiu Keung transferred their respective shareholding in Ahsay HK to Mr. Scherring Chong and Mr. Schubert Chong, respectively at par.

On 23 March 2002, pursuant to a resolution passed by the shareholders of Ahsay HK, it was resolved that 4,000 shares, 2,999 shares and 2,999 shares of Ahsay HK be allotted and issued to Mrs. Chong, Mr. Schubert Chong and Mr. Scherring Chong, respectively, at par. After the allotment, Ahsay HK was owned as to 40%, 30% and 30% by Mrs. Chong, Mr. Schubert Chong and Mr. Scherring Chong, respectively.

On 14 December 2011, pursuant to a resolution passed by the shareholders of Ahsay HK, the authorised share capital of Ahsay HK was increased from HK\$100,000.00 divided into 100,000 shares of HK\$1.00 each to HK\$1,000,000.00 divided into 1,000,000 shares of HK\$1.00 each. On the same day, 396,000 shares, 297,000 shares and 297,000 shares of Ahsay HK were allotted and issued to Mrs. Chong, Mr. Schubert Chong and Mr. Scherring Chong, respectively, at par. After the above allotment and immediately prior to the Reorganisation, Ahsay HK remained to be owned as to 40%, 30% and 30% by Mrs. Chong, Mr. Schubert Chong and Mr. Scherring Chong, respectively.

On 22 June 2012, pursuant to a resolution passed by the shareholders of Ahsay HK, the authorised share capital of Ahsay HK was increased from HK\$1,000,000 divided into 1,000,000 shares of HK\$1.00 each to HK\$1,000,000,000 divided into 1,000,000,000 shares of HK\$1.00 each by the addition of 999,000,000 shares.

Ahsay CQ (PRC)

Ahsay CQ was established in the PRC as a wholly foreign-owned enterprise on 25 February 2013 with a registered capital of RMB100,000.00. The paid up capital of Ahsay CQ amounted to RMB100,000.00, all of which was contributed by Ahsay HK. The relevant business licence was granted to Ahsay CQ on the date of its establishment and the scope of business of Ahsay CQ includes backup software development. During the Track Record Period and up to the Latest Practicable Date, Ahsay CQ did not employ any employee in the PRC. During the Track Record Period, some of our customers in the PRC preferred to procure our Ahsay™ Backup Software from our subsidiary in the PRC. At the request of such customers, our Ahsay™ Backup Software was sold to them by our Group through Ahsay CQ. Ahsay CQ is involved in the issue of the relevant invoices and receipts to such customers. Mr. Schubert Chong, our executive Director, the chief executive officer and one of the co-founders of our Group, has been the executive director, the general manager and the legal representative of Ahsay CQ since its establishment. Our Directors currently expect that the operation of Ahsay CQ will remain unchanged in the near future.

As at the Latest Practicable Date, the entire equity interest in Ahsay CQ was held by Ahsay HK.

Apex Ace (BVI)

Apex Ace was incorporated in the BVI with limited liability on 11 March 2015 and is authorised to issue a maximum of 50,000 shares of a single class each with a par value of US\$1.00. It is an investment holding company.

On 25 March 2015, Alpha Heritage subscribed for one share of Apex Ace, representing 100% of its issued share capital, at a subscription price of US\$1.00. The share was fully paid up.

Immediately prior to the Reorganisation, the entire issued share capital of Apex Ace was held by Alpha Heritage.

CloudBacko BVI (BVI)

CloudBacko BVI was incorporated in the BVI with limited liability on 2 January 2014 and is authorised to issue a maximum of 50,000 shares with a par value of US\$1.00 each. It principally engages in the provision of backup software products and services.

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On 2 January 2014, Mrs. Chong, Mr. Schubert Chong and Mr. Scherring Chong subscribed for 4 shares, 3 shares and 3 shares, respectively, at par. The shares were fully paid up.

Immediately prior to the Reorganisation, the entire issued share capital of CloudBacko BVI was held by Mrs. Chong as to 4 shares, Mr. Schubert Chong as to 3 shares and Mr. Scherring Chong as to 3 shares.

CloudBacko HK (Hong Kong)

CloudBacko HK was incorporated in Hong Kong with limited liability on 7 January 2014 with a share capital of HK\$10,000.00 divided into 10,000 shares of HK\$1.00 each. It principally engages in the provision of backup software products and services.

On 7 January 2014, 4,000 shares, 3,000 shares and 3,000 shares were allotted and issued to Mrs. Chong, Mr. Schubert Chong and Mr. Scherring Chong, respectively, at par. The shares were fully paid up.

Immediately prior to the Reorganisation, the entire issued share capital of CloudBacko HK was held by Mrs. Chong as to 4,000 shares, Mr. Schubert Chong as to 3,000 shares and Mr. Scherring Chong as to 3,000 shares.

On 31 March 2015, 76,000 shares, 57,000 shares and 57,000 shares of CloudBacko HK were allotted and issued, credited as fully paid, to Mrs. Chong, Mr. Schubert Chong and Mr. Scherring Chong, respectively.

Discontinued Operation

Disposal of Million Victory (Hong Kong)

Million Victory is a company incorporated in Hong Kong with limited liability on 20 November 2012 with a share capital of HK\$10,000.00 divided into 10,000 shares of HK\$1.00 each. Million Victory principally engages in property investment.

On 20 November 2012, 10,000 shares were allotted and issued to Ahsay HK, at par. The shares were fully paid up.

As part of the Reorganisation, Ahsay HK disposed of the entire issued share capital of Million Victory, so that we can focus on our principal business of provision of backup software products and services. For details, please refer to the sub-section headed “Reorganisation” below in this section.

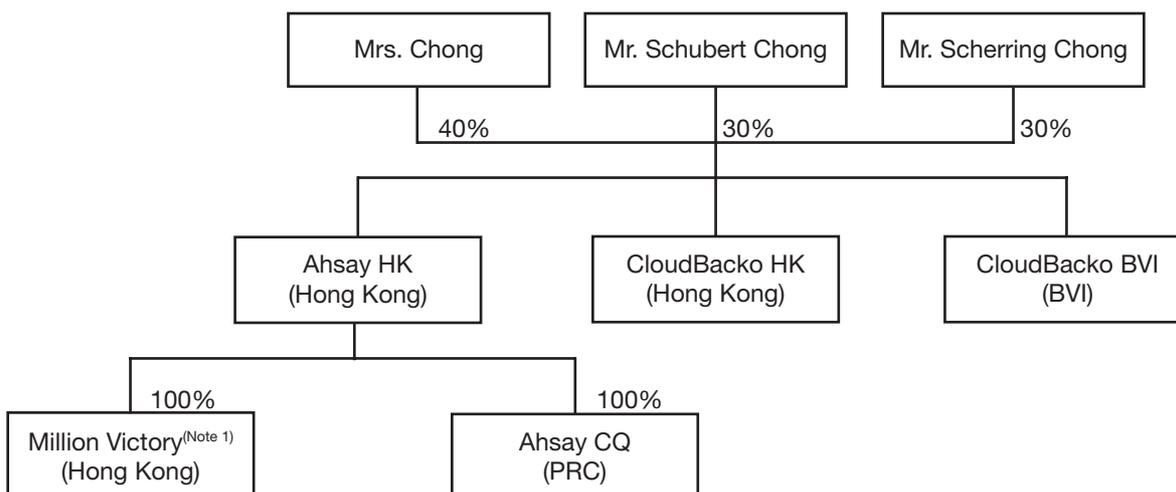
REORGANISATION

1. General

In contemplation of the Listing, we underwent a reorganisation to implement a structure whereby our Company became the holding company of our Group.

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The following diagram illustrates the shareholding and corporate structure of our Group immediately prior to the Reorganisation:



Note:

(1) Million Victory has been involved in activities unrelated to that of our group and it had been excluded as part of the Reorganisation.

Our Directors confirm that all necessary approvals from the relevant authorities have been obtained and that the Reorganisation complies with the relevant laws and regulations. The steps of the Reorganisation are set out below:

2. Incorporation of our Company

On 10 April 2015, our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with an authorised share capital of HK\$380,000 divided into 38,000,000 ordinary Shares of par value of HK\$0.01 each, of which 1 Share was allotted and issued to our Company's initial subscriber at par which was subsequently transferred to All Divine on the same day. As at the Latest Practicable Date, the ultimate beneficial owners of our Company were Mrs. Chong, Mr. Schubert Chong and Mr. Scherring Chong as to 40%, 30%, and 30%, respectively.

3. Incorporation of Able Future, All Divine, Alpha Heritage and Apex Ace

- All Divine and Alpha Heritage were incorporated in the BVI on 10 March 2015. Able Future and Apex Ace were incorporated in the BVI on 11 March 2015. On 25 March 2015, 4, 3 and 3 shares of Able Future were allotted and issued, credited as fully paid, to Mrs. Chong, Mr. Schubert Chong and Mr. Scherring Chong, respectively.
- On 25 March 2015, Able Future subscribed for one share of All Divine at the subscription price of US\$1.00. On the same date, All Divine subscribed for one share of Alpha Heritage at the subscription price of US\$1.00 and Alpha Heritage subscribed for one share of Apex Ace at the subscription price of US\$1.00.

4. Transfer of CloudBacko BVI and disposal of Million Victory

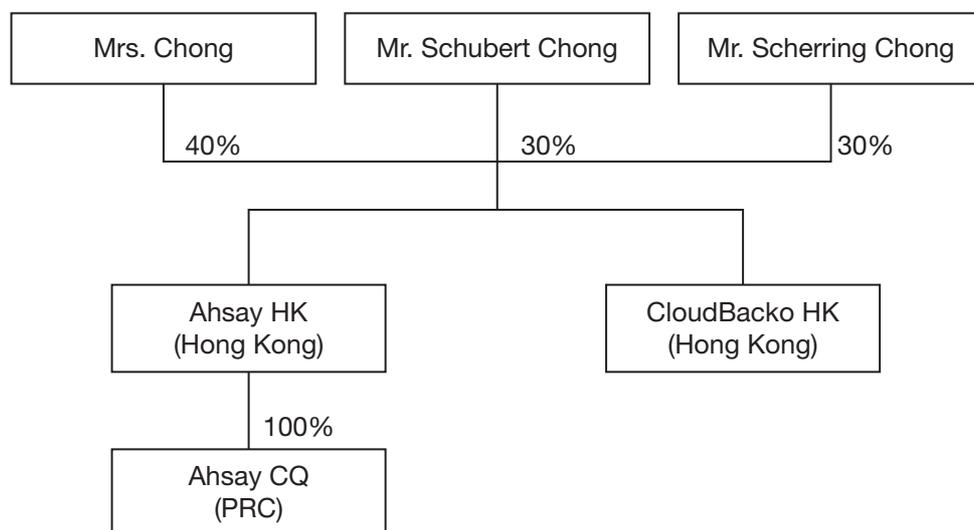
- On 2 April 2015, Mrs. Chong, Mr. Schubert Chong and Mr. Scherring Chong, all being the Controlling Shareholders, transferred 4, 3, 3 shares, together being the entire issued capital, of CloudBacko BVI to Apex Ace at the consideration of US\$21,270.86, which was determined based on the net asset value of CloudBacko BVI as of 31 March 2015 and was settled on 10 June 2015.

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- On 9 April 2015, Ahsay HK transferred 10,000 shares, being the entire issued capital of Million Victory to Able Future at the consideration of HK\$2,663,690.70. The consideration was determined with reference to the net asset value of Million Victory as of 31 March 2015 and was settled on 28 May 2015. The business of Million Victory was profitable as at the date of disposal. Million Victory was excluded from the Group as, since its incorporation, it has only been used for holding investment properties which is not relevant to the business of the Group.

All of the above transfers were properly and legally completed and settled.

The following diagram illustrates the shareholding and corporate structure of our Group after the above Reorganisation steps:



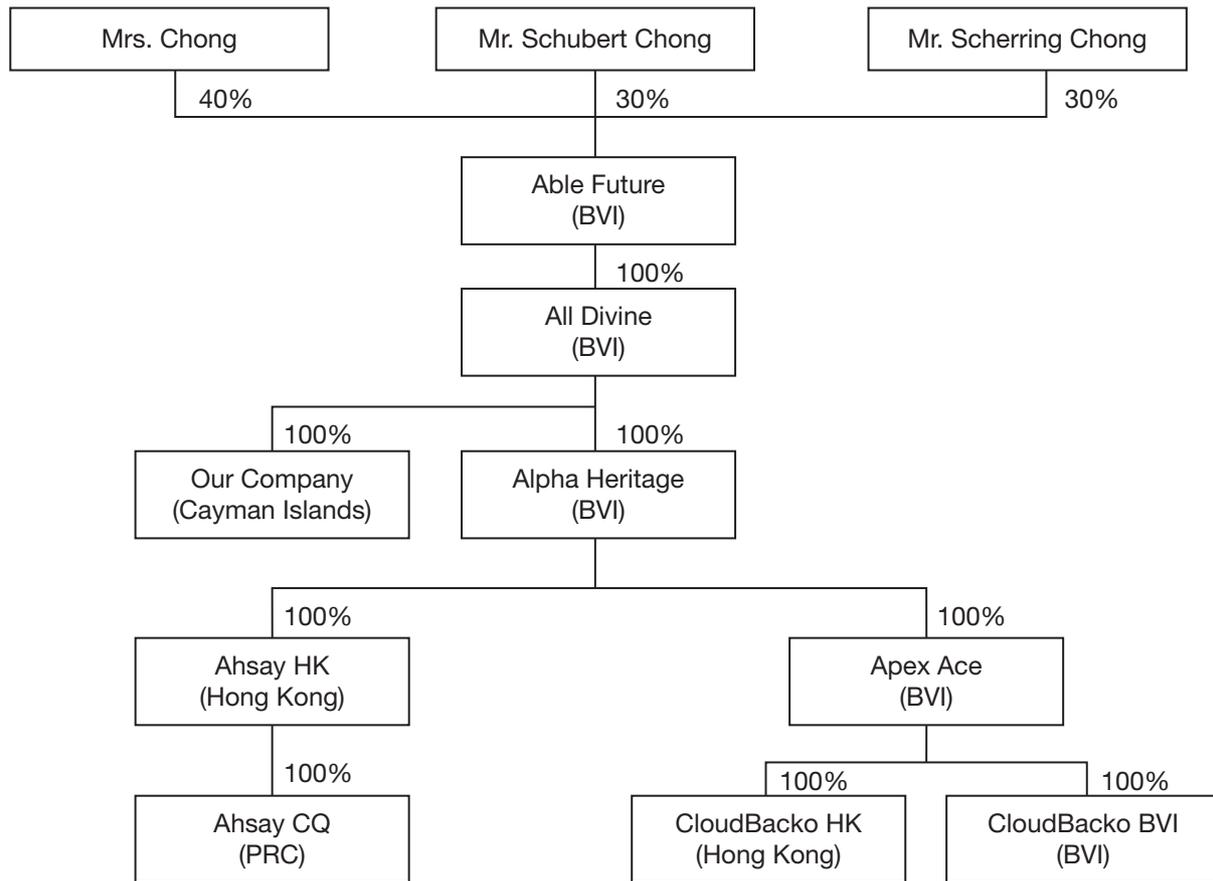
5. Transfer of CloudBacko HK and Ahsay HK

- On 27 April 2015, Mrs. Chong, Mr. Schubert Chong and Mr. Scherring Chong, all being the Controlling Shareholders, transferred 80,000, 60,000 and 60,000 shares, together being the entire issued capital, of CloudBacko HK to Apex Ace at the total consideration of HK\$39,164.82, which was determined based on the net asset value of CloudBacko HK as of 31 March 2015 and was settled on 10 June 2015.
- On 5 May 2015, Mrs. Chong, Mr. Schubert Chong and Mr. Scherring Chong, all being the Controlling Shareholders, transferred 400,000, 300,000 and 300,000 shares, together being the entire issued capital, of Ahsay HK to Alpha Heritage in exchange for allotment and issue of one share of Alpha Heritage, credited as fully paid up, to All Divine.

All of the above transfers were properly and legally completed and settled.

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The following diagram illustrates the shareholding and corporate structure of our Group after the above Reorganisation steps:



6. Share Swap of Alpha Heritage and Apex Ace

- On 1 June 2015, All Divine transferred 2 shares, being the entire issued share capital of Alpha Heritage to our Company in exchange for allotment and issue of 1 Share to All Divine.
- On 8 June 2015, Alpha Heritage transferred 1 share, being the entire issued share capital of Apex Ace held by it by way of distribution in specie to our Company.

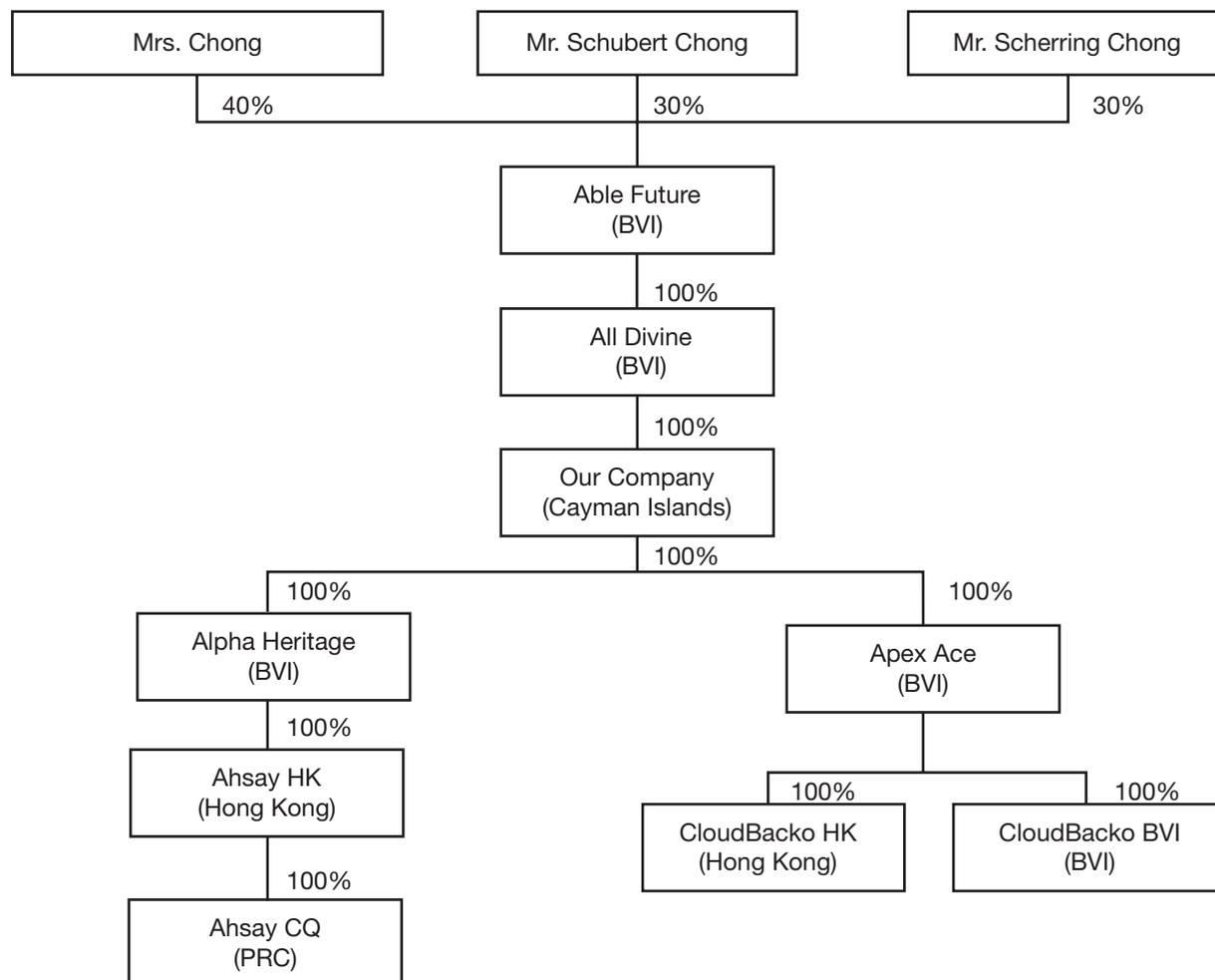
All of the above transfers were properly and legally completed and settled.

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7. Capitalisation Issue

Conditional upon the crediting of our Company's share premium account as a result of the allotment and issue of the Placing Shares pursuant to the Placing, our Directors are authorised to capitalise an amount of HK\$14,999,999.98 standing to the credit of the share premium account of our Company by applying such sum towards the paying up in full at par a total of 1,499,999,998 Shares for allotment and issue to All Divine.

The following diagram illustrates the shareholding and corporate structure of our Group after the above Reorganisation steps and immediately before the completion of the Placing and the Capitalisation Issue:



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The following diagram illustrates the shareholding and corporate structure of our Group immediately following the completion of the Placing and the Capitalisation Issue assuming the no option which may be granted under the Share Option Scheme is exercised:

