



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 THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

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

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 (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.

INTERIM FINANCIAL INFORMATION FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

The board of Directors (the “Board”) of the Company is pleased to announce the interim financial information of the Company and its subsidiaries (collectively, the “Group”) for the nine months ended 30 September 2016 together with the unaudited comparative figures for the corresponding periods in 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2016

NOTES	Three months ended 30 September		Nine months ended 30 September	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Continuing operation				
Revenue	4	13,272	13,507	39,458
Cost of inventory sold		(35)	(202)	(81)
Other income		127	—	457
Other gains and losses		(11)	(9)	(9)
Gain on disposal of property, plant and equipment	5	—	—	53,546
Staff costs and related expenses		(13,874)	(8,306)	(35,155)
Other expenses		(4,181)	(2,817)	(12,543)
Listing expenses		—	(3,968)	—
Finance costs		(82)	(293)	(255)
				(704)
(Loss) profit before tax from continuing operation		(4,784)	(2,088)	(8,128)
Income tax (expense) credit	6	(56)	(407)	500
				(1,145)
(Loss) profit for the period from continuing operation	7	(4,840)	(2,495)	(7,628)
Discontinued operation				
Profit for the period from discontinued operation	8	—	—	—
				2,793
(Loss) profit for the period		(4,840)	(2,495)	(7,628)
				51,630

NOTES	Three months ended 30 September		Nine months ended 30 September	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Other comprehensive expense				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange difference arising on translation of a foreign subsidiary			(2)	(20)
				(7)
				(6)
Other comprehensive expense for the period			(2)	(20)
				(7)
				(6)
Total comprehensive (expense) income for the period attributable to the owners of the Company			(4,842)	(2,515)
				(7,635)
				51,624
(Losses) earnings per share				
From continuing and discontinued operations				
Basic (in HK cents)	10		(0.24)	(0.17)
				(0.38)
				3.63
From continuing operations				
Basic (in HK cents)			(0.24)	(0.17)
				(0.38)
				3.43

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2016

	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Translation reserve HK\$'000	(losses) profits HK\$'000	Accumulated Total HK\$'000
At 1 January 2016 (audited)	20,000	72,435	4,097	(18)	(15,430)	81,084
Loss for the period	—	—	—	—	(7,628)	(7,628)
Other comprehensive expense for the period						
Exchange difference arising on translation of a foreign operation	—	—	—	(7)	—	(7)
Total comprehensive expense for the period	—	—	—	(7)	(7,628)	(7,635)
At 30 September 2016 (unaudited)	20,000	72,435	4,097	(25)	(23,058)	73,449
At 1 January 2015 (audited)	1,010	—	—	(6)	44,032	45,036
Profit for the period	—	—	—	—	51,630	51,630
Other comprehensive income for the period						
Exchange difference arising on translation of a foreign operation	—	—	—	(6)	—	(6)
Total comprehensive income for the period	—	—	—	(6)	51,630	51,624
Issue of share capital by a subsidiary	190	—	—	—	—	190
Effects of group reorganisation (i)	(1,200)	—	995	—	—	(205)
Deemed capital contribution from shareholders (ii)	—	—	3,102	—	—	3,102
Dividends declared (Note 9)	—	—	—	—	(104,824)	(104,824)
At 30 September 2015 (unaudited)	—	—	4,097	(12)	(9,162)	(5,077)

(i) As part of the group reorganisation stated in the Company's prospectus dated 25 September 2015 (the "Prospectus") (the "Group Reorganisation"), on 2 April 2015, Mrs. Chong Li Sau Fong, Mr. Chong Siu Pui, Mr. Chong Siu Ning (the Controlling Shareholders) transferred their 100% equity interest in CloudBacko Corporation to Apex Ace Investments Limited ("Apex Ace"), a wholly owned subsidiary of the Company, for a consideration of HK\$166,000. Further on 27 April 2015, the Controlling Shareholders transferred their 100% equity interest in Ahsay Service Centre Limited (formerly known as CloudBacko Limited) to Apex Ace for a consideration of HK\$39,000. The difference between the total considerations paid amounting to HK\$205,000 to the Controlling Shareholders and the share capital of CloudBacko Corporation and Ahsay Service Centre Limited of HK\$200,000 is regarded as an equity movement, and recorded in "Capital reserve".

Further on 5 May 2015, the Controlling Shareholders transferred their 100% equity interest in Ahsay Systems Corporation Limited ("Ahsay HK") to Alpha Heritage Holdings Limited ("Alpha Heritage"), a wholly owned subsidiary of the Company, for 1 ordinary share at par value of US\$1.00 each in the share capital of Alpha Heritage. The difference between the par value of the share issued by Alpha Heritage of US\$1.00 and the share capital of Ahsay HK of HK\$1,000,000 is regarded as an equity movement, and recorded in "Capital reserve".

(ii) Amount represents deemed capital contribution from the shareholders of CloudBacko Corporation, an indirect wholly-owned subsidiary of the Company, with regard to waiver of amounts due to shareholders of HK\$2,000,000 in March 2015 and deemed capital contribution of HK\$1,102,000 from the Controlling Shareholders upon disposal of a subsidiary during the Group Reorganisation.

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the three months and nine months ended 30 September 2016

1. General

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

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

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

2. Basis of Preparation and Group Reorganisation

Pursuant to the Group Reorganisation stated in the Company's Prospectus in preparation for the Listing, the Company became the holding company of the subsidiaries now comprising the Group on 8 June 2015, the details of which are as set out in the Company's prospectus dated 25 September 2015. The Group comprising the Company and its subsidiaries resulting from the Group Reorganisation continued to be controlled by Mrs. Chong Li Sau Fong, Mr. Chong Siu Pui and Mr. Chong Siu Ning (the "Controlling Shareholders") and is regarded as a continuing entity.

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

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

The interim financial information should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2015 (the "2015 Financial Statements").

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

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

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

3. Principal Accounting Policies

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

The interim financial information has been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

4. Revenue and Segment Information

Information reported to the Directors, being the chief operating decision maker ("CODM"), for the purpose of resource allocation and assessment of segment performance focuses on types of goods or service delivered or provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

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

	Three months ended 30 September		Nine months ended 30 September	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Software license sales and leasing	7,414	7,859	22,852	23,807
Software upgrades and maintenance service fee	5,493	5,106	15,775	16,470
Other services fee	312	235	732	834
Sale of hardware devices	53	307	99	341
	<hr/>	<hr/>	<hr/>	<hr/>
	13,272	13,507	39,458	41,452
	<hr/>	<hr/>	<hr/>	<hr/>

The Group's revenue was solely derived from online backup software and other services. During the current period, the directors of the Company started to develop a new business, information sharing services, which has become one of the operating segments of the Group and certain expenses have been incurred for this new business segment.

For the three months ended 30 September 2016 (unaudited)

	Information sharing service HK\$'000	Online backup software and other services HK\$'000	Total HK\$'000
Segment revenue — external			
External revenue	—	13,272	13,272
Total revenue from continuing operation	—	13,272	13,272
Segment results	(1,178)	(3,722)	(4,900)
Other income	—	127	127
Other gains and losses	—	(11)	(11)
Loss before tax from continuing operation	(1,178)	(3,606)	(4,784)
	<hr/>	<hr/>	<hr/>

For the three months ended 30 September 2015 (unaudited)

	Information sharing service HK\$'000	Online backup software and other services HK\$'000	Total HK\$'000
Segment revenue — external			
External revenue	—	13,507	13,507
Total revenue from continuing operation	—	13,507	13,507
Segment results	—	1,889	1,889
Other gains and losses	—	(9)	(9)
Listing expenses	—	(3,968)	(3,968)
Loss before tax from continuing operation	<u>—</u>	<u>(2,088)</u>	<u>(2,088)</u>

For the nine months ended 30 September 2016 (unaudited)

	Information sharing service HK\$'000	Online backup software and other services HK\$'000	Total HK\$'000
Segment revenue — external			
External revenue	—	39,458	39,458
Total revenue from continuing operation	—	39,458	39,458
Segment results	(1,178)	(7,398)	(8,576)
Other income	—	457	457
Other gains and losses	—	(9)	(9)
Loss before tax from continuing operation	<u>(1,178)</u>	<u>(6,950)</u>	<u>(8,128)</u>

	Information sharing service HK\$'000	Online backup software and other services HK\$'000	Total HK\$'000
Segment revenue — external			
External revenue	—	41,452	41,452
Total revenue from continuing operation	—	41,452	41,452
Segment results	—	8,146	8,146
Other income	—	158	158
Other gains and losses	—	(753)	(753)
Gain on disposal of property, plant and equipment	—	53,546	53,546
Listing expenses	—	(11,115)	(11,115)
Profit before tax from continuing operation	—	49,982	49,982

5. Gain on Disposal of Property, Plant and Equipment

As part of the Group Reorganisation, the directors of the Company disposed of the Group's leasehold land and buildings to Assets Sino Investments (HK) Limited, a related company under common control of the Controlling Shareholders, for a consideration of HK\$81,900,000 in June 2015. Further details of the transaction are set out in note 8.

The carrying value of the leasehold land and buildings immediately before disposal was approximately HK\$28,354,000. Gain on disposal of property, plant and equipment of approximately HK\$53,546,000 was recognised during the nine months ended 30 September 2015.

Payment of consideration amounting of HK\$28,280,000 was made in cash and the remaining HK\$53,620,000 was settled through current account. In June 2015, the Company declared a dividend of HK\$53,620,000 in form of distribution in specie of receivable from the related party under common control of the Controlling Shareholders be payable to its holding company (note 9).

6. Income Tax Expense (Credit)

	Three months ended 30 September 2016 HK\$'000 (unaudited)	Nine months ended 30 September 2016 HK\$'000 (unaudited)	Three months ended 30 September 2015 HK\$'000 (unaudited)	Nine months ended 30 September 2015 HK\$'000 (unaudited)
Continuing operation:				
Current tax				
Hong Kong Profits Tax	—	407	—	1,834
Underprovision in prior year				
Hong Kong	56	—	56	—
Deferred tax	—	—	(556)	(689)
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	56	407	(500)	1,145

The Group is subject to Hong Kong Profits Tax at a rate of 16.5% for both periods. For the three months and nine months ended 30 September 2016, no provision for Hong Kong Profits Tax has been made as the Group has no assessable profits arising in Hong Kong.

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

	Three months ended 30 September		Nine months ended 30 September	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
(Loss) profit for the period from continuing operation has been arrived at after charging (crediting):				
Directors' emoluments	2,222	2,278	6,463	7,385
Other staff costs				
– Salaries and performance and other bonuses	10,246	5,729	25,203	16,396
– Retirement benefits scheme contributions, excluding directors	338	220	848	623
– Long-term employee benefit expenses	(89)	(153)	403	(229)
Total directors and staff costs	12,717	8,074	32,917	24,175
Staff related expenses	1,157	232	2,238	401
Staff costs and related expenses	13,874	8,306	35,155	24,576
Auditor's remuneration	400	250	1,300	747
Depreciation of property, plant and equipment	87	57	215	703
Net exchange losses (gains)	7	10	9	(3)

8. Discontinued Operation/Disposal of a Subsidiary and an Investment Property

Analysis of profit for the period from discontinued operation

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

	Three months ended 30 September		Nine months ended 30 September	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Profit for the period from discontinued operation				
Rental income	–	–	–	580
Gains on change in fair value of investment properties	–	–	–	2,530
Administrative expenses	–	–	–	(109)
Interest on bank borrowings	–	–	–	(156)
Profit before tax	–	–	–	2,845
Income tax expenses	–	–	–	(52)
Operating profit for the period from discontinued operation	–	–	–	2,793
Gain on disposal of business	–	–	–	1,102
Profit for the period from discontinued operation	–	–	–	3,895
Profit for the period from discontinued operation includes the following				
Auditor's remuneration	–	–	–	3

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

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

As part of the Group Reorganisation, the Group disposed of the Group's properties investment business and all the leasehold land and buildings of the Group to several related parties that are under common control of the Controlling Shareholders of considerations of HK\$81,900,000 and HK\$23,624,000 respectively. In April 2015, the entire equity interest in Million Victory was disposed to Able Future Investment Limited, a related company controlled by the Controlling Shareholders, for a consideration of HK\$2,664,000 and resulted a deemed capital contribution amounting approximately HK\$1,102,000. Further in June 2015, an investment property owned by Ahsay HK was disposed to Atlantic Sky Global (HK) Limited, a related company controlled by the Controlling Shareholders, for a consideration of HK\$20,960,000 and no gain or loss was resulted.

Payment of consideration amounting of HK\$18,430,000 was made in cash and the remaining HK\$5,194,000 was settled through current account. In June 2015, the Company declared a dividend of HK\$5,194,000 in form of distribution in specie of receivables from the related parties under common control of the Controlling Shareholders be payable to its holding company (note 9).

9. Dividends

	Three months ended 30 September		Nine months ended 30 September	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
	—	—	—	(104,824)
Dividends declared and paid/payable to shareholders				

Prior to the Group Reorganisation, Ahsay HK declared and paid interim dividends in aggregate of HK\$46,010,000 during the nine months ended 30 September 2015 to the Controlling Shareholders. Afterwards, the Company declared dividends of HK\$58,814,000 in form of distribution in specie of receivables from the related parties under common control of the Controlling Shareholders be payable to its holding companies as set out in notes 5 and 8. No dividend was paid, declared or proposed during the three months and nine months ended 30 September 2016.

No dividend was paid, declared or proposed during the nine months ended 30 September 2016.

10. (Losses) Earnings Per Share

As of 30 September 2016, the Company has 2,000,000,000 ordinary shares in issue. The Company was listed on the GEM on 8 October 2015 by way of placing of 500,000,000 ordinary shares and capitalisation of 1,499,999,998 shares, resulting in 2,000,000,000 ordinary shares in issue. The calculation of the basic (losses) earnings per share attributable to the owners of the Company from continuing operation is based on the following data:

	Three months ended 30 September		Nine months ended 30 September	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
(Losses) earnings for the purpose of basic (losses) earnings per share				
(Loss) profit for the period attributable to the owners of the Company	(4,840)	(2,495)	(7,628)	51,630
Less: Profit for the period from discontinued operation	—	—	—	2,793
(Loss) profit for the purpose of basic (losses) earnings per share from continuing operation	<u>(4,840)</u>	<u>(2,495)</u>	<u>(7,628)</u>	<u>48,837</u>
 Number of shares				
Weighted average number of ordinary shares for the purpose of basic (losses) earnings per share	<u>2,000,000</u>	<u>1,500,000</u>	<u>2,000,000</u>	<u>1,422,574</u>

Basic earnings per share for the discontinued operation for the three months ended 30 September 2016 and 2015 are nil and each of the nine months ended 30 September 2016 and 2015 are nil and 0.20 HK cent per share, respectively.

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

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

11. Reserves

Movement in the reserves of the Group during the periods are set out in the condensed consolidated statement of changes in equity in Page 4 to this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Overview

During the nine months ended 30 September 2015 and 2016, the Group recorded a revenue of approximately HK\$41.5 million and HK\$39.5 million respectively, representing a decrease of approximately 4.8%. The Group recorded a loss of approximately HK\$7.6 million for the nine months ended 30 September 2016 as compared to a profit of approximately HK\$51.6 million for the nine months ended 30 September 2015. The loss incurred by the Group was mainly due to a decrease in revenue from the Ahsay™ Backup Software as a result of increasing competition in backup software products; an increase in staff costs and related expenses; an increase in other expenses mainly from office rental expense and legal and professional fees and no profit was generated from discontinued operation for the nine months ended 30 September 2016.

Revenue

The Group's revenue principally represented income derived from software license sales and leasing, software upgrades and maintenance services, other services and sale of hardware devices. Revenue of approximately HK\$41.5 million and HK\$39.5 million was recognised for the nine months ended 30 September 2015 and 2016, respectively, which represents a decrease of approximately 4.8%.

The decrease for the nine months ended 30 September 2016 was mainly due to the decrease in revenue from (1) software license sales and leasing of approximately HK\$1.0 million and (2) software upgrades and maintenance service fee of approximately HK\$0.7 million as compared with the same period of 2015.

Other Income

Other income increased by approximately HK\$0.3 million or 150.0%, to approximately HK\$0.5 million for the nine months ended 30 September 2016 from approximately HK\$0.2 million for the nine months ended 30 September 2015. The increase for the nine months ended 30 September 2016 was mainly due to the increase of bank interest income and partially offset by the decrease in interest income from related parties as compared with the same period in 2015.

Other Gains and Losses

Other losses, net, were decreased by approximately HK\$0.7 million, which was mainly due to the fact that no loss was derived from the decrease in fair value of held for trading investments during the nine months ended 30 September 2016. The Group did not hold any held for trading investment after the Company became listed on GEM of the Stock Exchange on 8 October 2015.

Staff Costs and Related Expenses

Staff costs and related expenses primarily comprised of salaries, performance bonuses, directors' fee, MPF contributions, directors' quarters, other staff welfare and other related expenses. Staff costs and related expenses increased by approximately HK\$10.6 million or 43.1%, to approximately HK\$35.2 million for the nine months ended 30 September 2016 from approximately HK\$24.6 million for the nine months ended 30 September 2015. The increase for the nine months ended 30 September 2016 was mainly due to the increase of total headcount of the Group and salaries increment as compared with the same period in 2015.

Other Expenses

Other expenses primarily comprised of depreciation, advertising and marketing expenses, merchant credit card charges, legal and professional fees, office rental expense and other regular office expenses such as utilities. Other expenses increased by approximately HK\$4.7 million or 60.3%, to approximately HK\$12.5 million for the nine months ended 30 September 2016 from approximately HK\$7.8 million for the nine months ended 30 September 2015. The increase for the nine months ended 30 September 2016 was mainly due to increase in legal and professional fees and office rental expenses as compared with the same period in 2015.

Finance Costs

Finance costs primarily represented interest expenses on bank borrowings. Finance costs decreased by approximately HK\$0.4 million or 57.1%, to approximately HK\$0.3 million for the nine months ended 30 September 2016 from approximately HK\$0.7 million for the nine months ended 30 September 2015. The decrease for the nine months ended 30 September 2016 was mainly due to repayment of certain bank loans during the Group Reorganisation.

Income Tax Credit (Expense)

The Group recorded an income tax credit for the nine months ended 30 September 2016 as compared to an income tax expense for the nine months ended 30 September 2015. The recognition of an income tax credit was mainly due to the deferred tax assets of approximately HK\$0.5 million have been recognised in respect of unused tax losses available for offsetting against future taxable profit as at 30 September 2016.

(Loss) Profit for the Period

The Group recorded a loss of approximately HK\$7.6 million for the nine months ended 30 September 2016 as compared to a profit of approximately HK\$51.6 million for the nine months ended 30 September 2015. For the nine months ended 30 September 2015, the Group would have recorded profit from continuing operation of approximately HK\$6.4 million after taking out the effect of a gain on disposal of property, plant and equipment of approximately HK\$53.5 million, the listing expenses of approximately HK\$11.1 million and the profit from discontinued operation of approximately HK\$2.8 million.

Financial Position, Liquidity and Financial Resources

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

The Group has remained at a sound financial resource level. As at 30 September 2016, current assets (included cash and bank balances) of approximately HK\$101.0 million (31 December 2015: approximately HK\$111.2 million). After deducting the bank borrowings balances, the Group remained at a net cash position as at 30 September 2016. Before the Listing, the Group's operations were mainly financed by its shareholders' fund injections, loans and internal resources. Following the Listing, the Group's operations were mainly financed by internal resources and the Group's liquidity position became stronger and this enables the Group to expand in accordance with its business directions.

Charges on Assets of the Group

As at 30 September 2016, there was no charge on assets of the Group (31 December 2015: nil).

Capital Structure

The shares of the Company (the "Shares") were listed on GEM of the Stock Exchange on 8 October 2015. There has been of no change in the capital structure of the Group since then. The capital structure of the Company comprised ordinary shares only. As at 30 September 2016, the Company's issued share capital was HK\$20.0 million and the number of its issued ordinary Shares was 2,000,000,000 of HK\$0.01 each.

Gearing Ratio

As at 30 September 2016, the Group's gearing ratio, calculated as interest-bearing liabilities divided by the total equity, was approximately 12.4% (31 December 2015: approximately 12.5%). The decrease is mainly attributable to the repayment of bank loan and has partially offset by the total comprehensive expenses recognised during the nine months ended 30 September 2016.

Capital Commitments and Contingent Liabilities

As at 30 September 2016, the Group did not have any significant capital commitment (31 December 2015: nil) and contingent liability (31 December 2015: nil). The Group did not have plans for material investments or purchases of capital assets in near term.

Material Acquisitions and Disposals

The Group did not have any material acquisition and disposal during the nine months ended 30 September 2015 and 2016.

Business Review

Existing Principle Business

The Group is an online backup software developer based in Hong Kong, which focuses on providing self-developed backup software products and services to customers. Developed in Hong Kong, the Group's backup software products are equipped with multi-lingual, multi-platform and multi-application features built-in. One of the Group's backup software products, the Ahsay™ Backup Software, supports more than 30 languages and dialects, and can be used on various platforms and with different software applications.

Data has become a new essential resource for businesses. The global backup software market and demand of small and medium-sized enterprises ("SMEs") for backup software products are expected to steadily increase in coming years. As a market leader in providing online backup software solutions to SMEs worldwide, the Group plans to increase its market share in the backup software sector by focusing on improving products and services, particularly, those which support both private and public cloud technology.

Currently, all of the Group's backup software products and (software upgrading and maintenance) services are mainly sold or leased or ordered by customers via the Group's sales websites. In order to drive growth of its backup business worldwide, the Group has started to add distribution channels to help it secure more customers. Since the second quarter of 2016, the Group has been strategically expanding the market share in Asia Pacific. Ahsay Systems Corporation Limited ("Ahsay HK"), an indirect wholly-owned subsidiary of the Company, signed a distribution agreement with eSTORAGE Technology Corp.* (資享科技股份有限公司), a company incorporated in Taiwan, the Republic of China and HM SYSTEMS CO., LTD., a company incorporated in the Republic of Korea, in April 2016 and June 2016, respectively. The appointment of distributors has enabled the Group to actively reach potential clients in various markets.

Facing keen competition in the global backup software market, the Group will continue to uphold the principle of "customer-oriented" in operating its businesses. It will focus on product development and refinement, as well as offering remarkable customer services to cater to changing market needs. Appropriate adjustments will be made to ensure products and value added services, the best at all time, are available to customers. The Group believes that such effort can help it strengthen customer relationship and will ultimately improve competitiveness.

New Business

Recently, KINTIPS LIMITED (“KINTIPS”, formerly known as HEKMAN (HK) LIMITED, an indirect wholly-owned subsidiary of the Company, has begun developing an online smartphone platform (the “Platform”) designed to provide information sharing service in Hong Kong (the “New Business”). The Platform will be used as a tool to share information between the information providers and the subscribers.

The in-house research and development team of KINTIPS in Hong Kong is responsible for the development of the New Business, which is financed by the Group’s internal resources (excluding the net proceeds from the Listing after deducting underwriting commission and actual expenses). As at the date of this announcement, the beta version of the Platform has been launched.

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 September 2016, the interests and short positions of the Directors and chief executive of the Company (“Chief Executive”) in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) (the “SFO”)) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, notified to the Company and the Stock Exchange, were as follows:

Long Positions in shares

Name of Director	Capacity/nature of interest	Note	Number of ordinary shares	Percentage of total number of share (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:

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

Save as disclosed above, as at 30 September 2016, none of the Directors and Chief Executive had an interest or short position in the Shares, underlying shares and debentures of the Company or any of its associated corporations that was notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 30 September 2016, shareholders (other than the Directors or Chief Executive) who had interests or short positions in the shares or underlying shares of the Company which were/are required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long Positions in shares

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

Notes:

1. As at 30 September 2016, the Company had 2,000,000,000 Shares in issue.
2. 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.
3. 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.
4. 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 September 2016, the Company has not been notified by any persons (other than the Directors or Chief Executive) who had an interest or short positions in the shares or underlying shares of the Company which were/are required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed in the sections headed "Share Option Scheme" and "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company" in this announcement, at no time during the nine months ended 30 September 2016 and up to the date of this announcement, have the Directors and the Chief Executive 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 nine months ended 30 September 2016, the Directors are not aware of any business or interest of the Directors, the controlling shareholders of the Company and their respective close associates (as defined under the GEM Listing Rules) that compete or may compete (directly or indirectly) with the business of the Group and any other conflicts of interests which any such person has or may have with the Group.

Compliance Adviser's Interests

As notified by VBG Capital Limited ("VBG Capital") (formerly known as V Baron Global Financial Services Limited), a compliance adviser of the Company, neither VBG Capital nor any of its close associates and none of the directors or employees of VBG Capital had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities, if any) which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules as at 30 September 2016.

Compliance with the Code of Conduct for Directors' Securities Transactions

The Group has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. In response to specific enquiry made by the Company, each of the Directors gave confirmation that he/she has complied with the required standard of dealings and the code of conduct regarding securities transactions by the Directors for the nine months ended 30 September 2016.

Compliance with the Code on Corporate Governance

The Company is committed to achieve high standards of corporate governance with a view to safeguarding the interests of its shareholders. The Company has complied with all the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the “CG Code”) as contained in Appendix 15 to the GEM Listing Rules during the nine months ended 30 September 2016.

Share Option Scheme

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

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

During the nine months end 30 September 2016 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 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 nine months ended 30 September 2016 has not been audited. The Audit Committee has reviewed with management the interim financial information of the Group for the nine months ended 30 September 2016, the quarterly report, the accounting principles and practices adopted by the Group, and other financial reporting matters. The Audit Committee was satisfied that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

By order of the Board

Ahsay Backup Software Development Company Limited
Chong King Fan

Chairman and Executive Director

Hong Kong, 4 November 2016

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.

* For identification purpose only