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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)

CONTINUING CONNECTED TRANSACTION RENEWAL OF TENANCY AGREEMENT

Reference is made to the announcement of the Company dated 9 November 2017 regarding the continuing connected transaction and the annual caps for the Office Premises Tenancy Agreement in respect of the Office Premises situated at Ford Glory Plaza.

The Office Premises Tenancy Agreement dated 9 November 2017 will expire on 31 December 2018. On 9 November 2018, Ahsay HK as tenant, a wholly-owned subsidiary of the Company, and Assets Sino HK as landlord, a connected person of the Company, entered into the Renewal Tenancy Agreement in relation to the lease of the Office Premises for a term of 3 years commencing from 1 January 2019 to 31 December 2021 at a monthly rental of HK\$260,000.

As at the date of this announcement, Assets Sino HK is indirectly owned by Mrs. Chong Li Sau Fong (the spouse of Mr. Chong King Fan and the mother of Mr. Chong Siu Pui, Mr. Chong Siu Ning and Ms. Chong Siu Fan), Mr. Chong Siu Pui and Mr. Chong Siu Ning, all being our Controlling Shareholders, as to 40%, 30% and 30%, respectively. Hence, Assets Sino HK, being an associate of each of Mrs. Chong Li Sau Fong, Mr. Chong Siu Pui and Mr. Chong Siu Ning, is a connected person of the Company under Chapter 20 of the GEM Listing Rules. Accordingly, the Renewal Tenancy Agreement constitutes continuing connected transaction for the Company.

The annual caps for the rental in respect of the Renewal Tenancy Agreement to be paid by the Group for each of the years ending 31 December 2019, 31 December 2020 and 31 December 2021 will be HK\$3,120,000 respectively.

Pursuant to Rule 20.74 of the GEM Listing Rules, the relevant applicable percentage ratios (as prescribed under Chapter 20 of the GEM Listing Rules) of the transaction contemplated under the Renewal Tenancy Agreement, on an annual basis, exceed 5% but are less than 25% and the total consideration is less than HK\$10,000,000. Therefore, the continuing connected transaction described above would be subject to reporting, announcement and annual review but exempt from the circular and shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The Renewal Tenancy Agreement

On 9 November 2018, Ahsay HK and Assets Sino HK entered into the Renewal Tenancy Agreement in relation to the tenancy of the Office Premises on the following terms:

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| Tenant: | Ahsay HK |
| Landlord: | Assets Sino HK |
| Location of properties: | The whole of 28th Floor and Car Parking Space No. P5 on 2nd Floor of Ford Glory Plaza, No. 37 Wing Hong Street, Lai Chi Kok, Kowloon, Hong Kong |
| Size of properties: (gross floor area) | Approximately 10,377 square feet (excluding area of car parking space) |
| Term: | Three years commencing from 1 January 2019 to 31 December 2021 (both days inclusive) |
| Monthly rent: | HK\$260,000 (exclusive of government rates, government rent and management fee) |
| Use of properties: | Principal place of business in Hong Kong |
| Deposit: | HK\$520,000 |

Upon the signing of the Renewal Tenancy Agreement, the Company paid to Assets Sino HK the sum of HK\$20,000 being the balance of deposit payable under the Renewal Tenancy Agreement after setting off against the aggregate deposit of HK\$500,000 previously paid under the Office Premises Tenancy Agreement.

Annual Caps

The following table sets out (i) the annual rental payable by our Group to Assets Sino HK under the Renewal Tenancy Agreement for the financial year ending 31 December 2019, 31 December 2020 and 31 December 2021; and (ii) the expected annual caps in respect of such rental:

| | Year ending 31 December | | |
|--|-------------------------|----------------|----------------|
| | 2019 (HK\$) | 2020 (HK\$) | 2021 (HK\$) |
| Rental payable under the Renewal Tenancy Agreement | 3,120,000 | 3,120,000 | 3,120,000 |
| Annual caps | 3,120,000 | 3,120,000 | 3,120,000 |

The above expected annual caps are determined in accordance with the rental payable to Assets Sino HK under the Renewal Tenancy Agreement which was arrived at after arm's length negotiation between the parties and determined with reference to (i) the previous rental under the Office Premises Tenancy Agreement dated on 9 November 2017; and (ii) the valuation conducted by an independent property valuer in connection with the market rental chargeable in October 2018 in respect of the Office Premises.

Reasons for and benefits of entering into the Renewal Tenancy Agreement

The Office Premises have been rented by Ahsay HK for use as its head office and the Group considers that the Office Premises are suitable for the business of the Group. Thus, Ahsay HK entered into the Renewal Tenancy Agreement to secure the continuous use of the Office Premises as its head office.

The terms of the Renewal Tenancy Agreement were negotiated on an arm's length basis between the parties with reference to the current market rent of the premises as opined by an independent property valuer having taken into account of the prevailing market conditions. The Directors (including the independent non-executive Directors) considered that the terms of the Renewal Tenancy Agreement are fair and reasonable, in the interests of the Company and its shareholders as a whole. The Directors (including the independent non-executive Directors) are also of the view that the annual caps for the Renewal Tenancy Agreement set out above are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Except for Mr. Chong King Fan, Mr. Chong Siu Pui, Mr. Chong Siu Ning and Ms. Chong Siu Fan, who are connected persons of the Company, none of the Directors (including the independent non-executive Directors) have any material interest in the transactions. Mr. Chong King Fan, Mr. Chong Siu Pui, Mr. Chong Siu Ning and Ms. Chong Siu Fan have abstained from voting on the Board resolution approving the Renewal Tenancy Agreement.

Implications under GEM Listing Rules

Assets Sino HK is indirectly owned by Mrs. Chong Li Sau Fong, Mr. Chong Siu Pui and Mr. Chong Siu Ning, all being our Controlling Shareholders, as to 40%, 30% and 30%, respectively. Hence, Assets Sino HK, being an associate of each of Mrs. Chong Li Sau Fong (the spouse of Mr. Chong King Fan and the mother of Mr. Chong Siu Pui, Mr. Chong Siu Ning and Ms. Chong Siu Fan), Mr. Chong Siu Pui and Mr. Chong Siu Ning, is a connected person of the Company under Chapter 20 of the GEM Listing Rules. Accordingly, the Renewal Tenancy Agreement constitutes continuing connected transactions for the Company.

Pursuant to Rule 20.74 of the GEM Listing Rules, the relevant applicable percentage ratios (as prescribed under Chapter 20 of the GEM Listing Rules) of the transaction contemplated under the Renewal Tenancy Agreement, on an annual basis, exceed 5% but are less than 25% and the total consideration is less than HK\$10,000,000. Therefore, the continuing connected transaction described above would be subject to reporting, announcement and annual review but exempt from the circular and shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

General information

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

The principal activity of Assets Sino HK is properties investment.

Definitions

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

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| “Able Future” | Able Future Investments Limited, a company incorporated in the BVI on 11 March 2015 with limited liability and is owned as to 40%, 30% and 30% by Mrs. Chong Li Sau Fong, Mr. Chong Siu Pui and Mr. Chong Siu Ning, respectively. Mr. Chong King Fan, Mr. Chong Siu Pui and Mr. Chong Siu Ning are the directors of Able Future. Able Future is one of our Controlling Shareholders |
| “Ahsay HK” | Ahsay Systems Corporation Limited (亞勢系統有限公司), a company incorporated under the laws of Hong Kong on 29 November 1994 with limited liability and an indirect wholly-owned subsidiary of our Company |
| “All Divine” | All Divine Investments Limited, a company incorporated in the BVI on 10 March 2015 with limited liability and is wholly-owned by Able Future. Mr. Chong King Fan, Mr. Chong Siu Pui and Mr. Chong Siu Ning are the directors of All Divine. All Divine is one of our Controlling Shareholders |
| “Assets Sino BVI” | Assets Sino Investments Limited, a company incorporated in the BVI on 11 March 2015 with limited liability and is directly owned as to 40%, 30% and 30% by Mrs. Chong Li Sau Fong, Mr. Chong Siu Pui and Mr. Chong Siu Ning respectively. Mr. Chong King Fan, Mr. Chong Siu Pui and Mr. Chong Siu Ning are the directors of Assets Sino BVI. Assets Sino BVI is one of our Controlling Shareholders |
| “Assets Sino HK” | Assets Sino Investments (HK) Limited, a company incorporated in Hong Kong on 2 April 2015 with limited liability and a direct wholly-owned subsidiary of Assets Sino BVI. Assets Sino HK is a connected person of our Company |
| “associate(s)” | has the meaning ascribed to it under the GEM Listing Rules |
| “BVI” | British Virgin Islands |
| “Company” or “our Company” | Ahsay Backup Software Development Company Limited (亞勢備份軟件開發有限公司), an exempted company incorporated under the laws of the Cayman Islands with limited liability on 10 April 2015 |
| “connected person(s)” | has the meaning ascribed to it under the GEM Listing Rules |

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| “Controlling Shareholder(s)” | has the meaning ascribed to it under the GEM Listing Rules and, means the controlling shareholders of our Company, namely Able Future, All Divine, Mrs. Chong Li Sau Fong, Mr. Chong Siu Pui and Mr. Chong Siu Ning |
| “Director(s)” | the director(s) of our Company |
| “GEM” | the GEM of the Stock Exchange |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on GEM of the Stock Exchange, as amended, supplemented or otherwise modified from time to time |
| “Group” or “our Group” | our Company and its subsidiaries |
| “HK\$” | Hong Kong dollar(s), the lawful currency of Hong Kong |
| “Hong Kong” or “HK” | the Hong Kong Special Administrative Region of the PRC |
| “Mr. Chong King Fan” | Mr. Chong King Fan (莊景帆), the chairman of the Board, our executive Director, the spouse of Mrs. Chong Li Sau Fong, the father of Mr. Chong Siu Pui, Mr. Chong Siu Ning and Ms. Chong Siu Fan |
| “Mrs. Chong Li Sau Fong” | Mrs. Chong Li Sau Fong (莊李秀芳), one of our Controlling Shareholders, the spouse of Mr. Chong King Fan, the mother of Mr. Chong Siu Pui, Mr. Chong Siu Ning and Ms. Chong Siu Fan |
| “Ms. Chong Siu Fan” | Ms. Chong Siu Fan (莊小霽), our executive Director, a daughter of Mr. Chong King Fan and Mrs. Chong Li Sau Fong, a sister of Mr. Chong Siu Pui and Mr. Chong Siu Ning |
| “Mr. Chong Siu Ning” | Mr. Chong Siu Ning (莊小靈), the vice-chairman of the Board, our executive Director, one of our Controlling Shareholders, a son of Mr. Chong King Fan and Mrs. Chong Li Sau Fong, a brother of Mr. Chong Siu Pui and Ms. Chong Siu Fan |
| “Mr. Chong Siu Pui” | Mr. Chong Siu Pui (莊小霽), the chief executive officer of our Company, our executive Director, one of our Controlling Shareholders, a son of Mr. Chong King Fan and Mrs. Chong Li Sau Fong, a brother of Mr. Chong Siu Ning and Ms. Chong Siu Fan |
| “Office Premises” | The whole of 28th Floor and Car Parking Space No. P5 on 2nd Floor of Ford Glory Plaza, No. 37 Wing Hong Street, Lai Chi Kok, Kowloon, Hong Kong |
| “Office Premises Tenancy Agreement” | the Office Premises Tenancy Agreement dated 9 November 2017 entered into between Ahsay HK as tenant and Assets Sino HK as landlord in respect of leasing of Office Premises |

“Renewal Tenancy Agreement” the tenancy agreement dated 9 November 2018 entered into between Ahsay HK as tenant and Assets Sino HK as landlord in respect of the renewal tenancy for Office Premises

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“%” per cent.

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

Hong Kong, 9 November 2018

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, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM 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.

This announcement will remain on the “Latest 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>.