



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



2021

Third Quarterly Report



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This report, 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 report 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 report misleading.



MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Overview

During the nine months ended 30 September 2021 and 2020 (the "Period"), the Group recorded revenues of approximately HK\$36.1 million and HK\$41.2 million respectively, representing a decrease of approximately 12.4%. The Group recorded a loss attributable to owners of the parent of approximately HK\$12.6 million for the nine months ended 30 September 2021 as compared to a loss of approximately HK\$4.1 million for the corresponding period in 2020.

The increase of loss was mainly attributable to (i) the decrease in revenue derived from the Group's online backup business as affected by the adverse impact from the prolonged novel coronavirus ("COVID-19") pandemic especially in Europe and keen competition in the global markets, (ii) the increase in staff cost mainly due to the continued strengthening of our development team by replacement of experienced staff to Philippines, increasing headcount and the decrease in development cost capitalised in order to focus on existing product refinement; and (iii) the decrease in other income as a result of the absence of subsidies granted to the Group under the Employment Support Scheme (the "ESS") launched by the Government of the Hong Kong Special Administrative Region ("HKSAR Government") in current period; which was partially offset by the increase in revenue derived from increase in subscription of the Group's information platform for the Period as compared with the corresponding period in 2020.

Revenue

The Group's revenue principally represented income derived from software license sales and leasing, software upgrades and maintenance services, subscription fees of information platform and other services. Revenue of approximately HK\$36.1 million and HK\$41.2 million were recognised for the nine months ended 30 September 2021 and 2020 respectively, representing a decrease of approximately 12.4%.

The decrease in revenue for the nine months ended 30 September 2021 was mainly due to the decrease in revenue derived from the Group's online backup business as affected by the adverse impact from the prolonged COVID-19 pandemic especially in Europe and keen competition in the global markets; and was partially offset by the increase in revenue derived from increase in subscription of the Group's information platform for the Period compared with the corresponding period in 2020.

Other Income

Other income decreased by approximately HK\$2.9 million or 93.5%, to approximately HK\$0.2 million for the nine months ended 30 September 2021 from approximately HK\$3.1 million for the nine months ended 30 September 2020. The decrease in other income for the nine months ended 30 September 2021 was mainly due to the absence of subsidies granted to the Group under the ESS launched by the HKSAR Government and the decrease in bank interest income as a result of the decrease in the average interest rate of time deposits for the Period as compared with the corresponding period in 2020.

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\$0.7 million or 2.0%, to approximately HK\$36.5 million for the nine months ended 30 September 2021 from approximately HK\$35.8 million for the nine months ended 30 September 2020.

The increase in staff costs and related expenses for the nine months ended 30 September 2021 was mainly due to (i) the continued strengthening of our development team by replacement of experienced staff to Philippines, (ii) the increase in headcount and (iii) the decrease in development cost capitalised in order to focus on existing product refinement for the Period as compared with the corresponding period in 2020.

Other Expenses

Other expenses primarily comprised depreciation, advertising and marketing expenses, merchant credit card charges, legal and professional fees and other regular office expenses such as utilities. Other expenses decreased by approximately HK\$0.6 million or 4.9%, to approximately HK\$11.7 million for the nine months ended 30 September 2021 from approximately HK\$12.3 million for the nine months ended 30 September 2020.

The decrease in other expenses was mainly due to the decrease in amortization of other intangible assets in relation to the Ahsay™ Backup Software Version 8 (“Version 8”) being fully amortised during the year ended 31 December 2020; which was partially offset by the increase in depreciation of property, plant and equipment and web hosting expenses for the Group’s daily operation.

Income Tax Expense

The Group recorded income tax expense of approximately HK\$0.2 million for the nine months ended 30 September 2021. The increase in income tax expenses was mainly due to the increase in assessable profits generated for the Period as compared with the corresponding period in 2020.

Loss for the Period

The Group recorded a loss of approximately HK\$12.9 million for the nine months ended 30 September 2021 as compared to a loss of approximately HK\$4.5 million for the corresponding period in 2020. Among the loss for the Period, approximately HK\$12.3 million and HK\$0.4 million segment losses were incurred from the Group’s online backup software and related services segment and information platform segment, respectively.

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 amount of cash denominated mainly in Hong Kong dollars is generally deposited with licensed banks in Hong Kong and Singapore. As the Group’s cash and bank balances are 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 30 September 2021, the Group’s current assets were approximately HK\$64.0 million (31 December 2020: approximately HK\$79.9 million). The Group remained at a net cash position as at 30 September 2021 and 31 December 2020, respectively. Based on the amount of liquid assets on hand, the management is of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.

Charges on Assets of the Group

As at 30 September 2021, there was no charge on assets of the Group (31 December 2020: nil).

Capital Structure

The capital structure of the Company comprised of ordinary shares only. As at 30 September 2021, 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 30 September 2021, the Group's gearing ratio, calculated as interest-bearing liabilities divided by the total equity, was approximately 2.9% (31 December 2020: 2.5%).

Capital Commitments and Contingent Liabilities

The Group had no significant capital commitments and contingent liabilities as at both 30 September 2021 and 2020.

Segmental Information

An analysis of the Group's performance for the nine months ended 30 September 2021 by business segment is set out in note 3 to the financial statements.

Material Acquisitions and Disposals

There was no material acquisition or disposal of subsidiaries, associates or joint ventures during the nine months ended 30 September 2021 and 2020, respectively.

BUSINESS REVIEW

With our major customers situated in Europe, the negative impact from the on-going COVID-19 pandemic on the region has continually affected our online backup business. Under the keen competition from open-source alternatives for backup solution, we have adjusted the pricing strategy to attract potential customers. It is expected that our online backup business remains challenging and competitive. The revenue derived from the Group's online backup software and its related services decreased by approximately HK\$6.6 million or 16.5% from approximately HK\$40.1 million for the nine months ended 30 September 2020 to approximately HK\$33.5 million for the nine months ended 30 September 2021.

On the other side, the revenue derived from the Group's information platform increased by approximately HK\$1.6 million or 145% from approximately HK\$1.1 million for the nine months ended 30 September 2020 to approximately HK\$2.7 million for the nine months ended 30 September 2021.

Total revenue of the Group decreased by approximately HK\$5.1 million or 12.4% from approximately HK\$41.2 million for the nine months ended 30 September 2020 to approximately HK\$36.1 million for the nine months ended 30 September 2021.

OUTLOOK

Core Backup Business

Our current version, Version 8 is an advanced client-server based, on-premises and cloud backup software solution for businesses and managed service providers ("MSPs"). The whole solution can be deployed within a company to back up all virtual machines, servers, desktops and laptops. MSPs can also use it for offering secure managed backup service to their clients.

Version 8 comes with a web based central management console for system administrator to easily manage the whole backup system through any web browser. Also, it supports various features including Microsoft SharePoint Online Backup and has further enhanced the existing Office 365 backup features such as the support of Office 365 Modern Authentication, quick multiple users selection and others.

As the COVID-19 pandemic ran rampant across the globe in 2020, more people have turned towards their mobile devices as the primary tool to complete necessary and essential tasks. With the diverse and advanced capabilities of mobile devices, mobile application development has become an inevitable trend.

In early 2021, a new Ahsay Mobile app (“Ahsay Mobile”) has been introduced in the latest version of Ahsay™ Backup Software to provide customers with mobile backup solution. Ahsay Mobile users can access to critical business or personal data flexibly by using the backup and restore features for photos and videos on mobile devices. In addition to the mobile backup solution, in order to protect the loss of data caused by cyber threats or unauthorized users, an enhanced Two-Factor Authentication has been introduced to provide additional security options for our customers.

With the enhancement of the functionalities, we believe Version 8 has improved user experience for our customers. We are also in the process of developing our next version of backup software to cope with our customers’ future needs.

During the Period, the Group has also launched a new cloud-based backup subscription solution, named CloudBacko Go which is a SaaS (Software as a Service) model for individuals, SOHOs (Small Office Home Office) and enterprises. We would continue to invest in our SaaS products and related services in order to deliver superior customer experiences and increase our market share in the backup software sector for the coming years. We will also closely monitor the market conditions and use our best endeavours to implement our development plan in order to pursue steady development of the Group.

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 to provide users horse racing information and an alternative way to access such 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 others; while paid members can access other detailed information such as finesse of horses, odds trend and forecast of full day races for catch-up viewing.

Apart from KINBOY, minimal revenue contributions were derived from information sharing platform via KINTIPS, which is a platform 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 using mobile devices. With the Group’s experience in the information technology industry, we believe the Group can further diversify its business into the mobile-application industry in the foreseeable future. For the nine months ended 30 September 2021, the revenue contribution of the information platform to the Group increased notably as compared with the corresponding period in 2020.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 September 2021, the interests and short positions of the Directors and chief executive in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) (the "SFO") which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he/she is taken or deemed to have under such provisions of the SFO); or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, required to be notified to the Company and the Stock Exchange, were as follows:

Long Positions in Shares

Name of Director	Capacity/nature of interest	Note	Number of Shares	Approximate percentage of total number of Shares (Note 1)
Mr. Chong King Fan	Interest of spouse	2	1,500,000,000	75.0%
Mr. Chong Siu Pui	Interest in a controlled corporation	2	1,500,000,000	75.0%
Mr. Chong Siu Ning	Interest in a controlled corporation	2	1,500,000,000	75.0%

Notes:

- As at 30 September 2021, the Company had 2,000,000,000 Shares in issue.
- As at 30 September 2021, 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 2021, none of the Directors and chief executive of the Company had an interest or short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporations that was notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or was recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 September 2021, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as required to be recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long Positions in Shares

Name of Shareholder	Capacity/nature of interest	Notes	Number of Shares	Approximate percentage of total number of Shares (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 2021, 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 2021, the Company has not been notified by any persons (other than the Directors or Chief executive of the Company) who had an interest or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed in the sections headed "Share Option Scheme" and "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" in this report, at no time during the nine months ended 30 September 2021 and up to the date of this report, have the Directors and the chief executive of the Company and their respective close associates (as defined under the GEM Listing Rules) had any interest in, or had been granted, or exercised any rights to subscribe for shares or underlying shares of the Company and/or its associated corporations (within the meaning of the SFO).

Directors' and Controlling Shareholders' Interest in Competing Business

For the nine months ended 30 September 2021, the Directors were not aware of any business or interest of the Directors, the Controlling Shareholders and their respective close associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interests which any such person has or may have with the Group.

Compliance with the Code of Conduct for Directors' Securities Transactions

The Group has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. In response to specific enquiry made by the Company, each of the Directors gave confirmation that he/she has complied with the required standard of dealings and the code of conduct regarding securities transactions by the Directors for the nine months ended 30 September 2021.

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 2021.

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 Listed Securities of the Company

During the nine months ended 30 September 2021 and up to the date of this report, neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

Review by the Audit Committee

The Company has established an audit committee of the Board (the "Audit Committee") with written terms of reference in compliance with the GEM Listing Rules and aligned with the provision of the code provisions set out in the CG Code. The Audit Committee's principal duties are, among other things, 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 third quarterly financial information of the Group for the nine months ended 30 September 2021 has not been audited. The Audit Committee has reviewed with management on the third quarterly financial information of the Group for the nine months ended 30 September 2021, the third 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 Siu Ning

Chairman and Executive Director

Hong Kong, 5 November 2021

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2021

	NOTES	Three months ended 30 September		Nine months ended 30 September	
		2021	2020	2021	2020
		HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Revenue	3	11,720	13,245	36,144	41,159
Cost of inventories sold		(140)	(107)	(402)	(194)
Other income	4	36	1,792	244	3,072
Other losses		(183)	(54)	(332)	(86)
Staff costs and related expenses	5	(12,196)	(12,672)	(36,538)	(35,822)
Other expenses	6	(3,650)	(3,910)	(11,654)	(12,287)
Finance costs	7	(59)	(90)	(181)	(269)
Loss before tax		(4,472)	(1,796)	(12,719)	(4,427)
Income tax (expense) credit	8	(40)	38	(163)	(75)
Loss for the period		(4,512)	(1,758)	(12,882)	(4,502)
Attributable to:					
Owners of the parent		(4,407)	(1,644)	(12,556)	(4,064)
Non-controlling interests		(105)	(114)	(326)	(438)
		(4,512)	(1,758)	(12,882)	(4,502)
Other comprehensive (loss) income					
<i>Item that may be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences arising on translation of foreign operations		(424)	349	(593)	479
Other comprehensive (loss) income for the period		(424)	349	(593)	479
Total comprehensive loss for the period		(4,936)	(1,409)	(13,475)	(4,023)
Attributable to:					
Owners of the parent		(4,860)	(1,295)	(13,198)	(3,583)
Non-controlling interests		(76)	(114)	(277)	(440)
		(4,936)	(1,409)	(13,475)	(4,023)
Loss per share attributable to ordinary equity holders of the parent					
— Basic and diluted (HK cent)	10	(0.22)	(0.08)	(0.63)	(0.20)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2021

	Attributable to owners of the parent							
	Share capital HK\$'000	Share premium HK\$'000	Capital and other reserves HK\$'000 (Note i)	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
At 1 January 2020 (audited)	20,000	72,435	3,395	117	(19,240)	76,707	131	76,838
Loss for the period	—	—	—	—	(4,064)	(4,064)	(438)	(4,502)
Other comprehensive income (loss) for the period								
Exchange differences arising on translation of foreign operations	—	—	—	481	—	481	(2)	479
Total comprehensive income (loss) for the period	—	—	—	481	(4,064)	(3,583)	(440)	(4,023)
At 30 September 2020 (unaudited)	20,000	72,435	3,395	598	(23,304)	73,124	(309)	72,815
At 1 January 2021 (audited)	20,000	72,435	3,395	680	(22,904)	73,606	(654)	72,952
Loss for the period	—	—	—	—	(12,556)	(12,556)	(326)	(12,882)
Other comprehensive (loss) income for the period								
Exchange differences arising on translation of foreign operations	—	—	—	(642)	—	(642)	49	(593)
Total comprehensive loss for the period	—	—	—	(642)	(12,556)	(13,198)	(277)	(13,475)
At 30 September 2021 (unaudited)	20,000	72,435	3,395	38	(35,460)	60,408	(931)	59,477

Note:

i. Capital and other reserves comprise:

- (a) a debit amount of HK\$5,000 representing the difference between the fair value of the consideration paid in the amount of HK\$205,000 to Mrs. Chong Li Sau Fong, Mr. Chong Siu Pui 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;
- (b) a credit amount of HK\$1,000,000 representing the difference between the par value of the share issued by Alpha Heritage Holdings Limited ("Alpha Heritage"), a wholly-owned subsidiary of the Company, and the share capital of Ahsay Systems Corporation Limited ("Ahsay HK"), upon the transfer of 100% equity interest in Ahsay HK to Alpha Heritage in May 2015;
- (c) a credit amount of HK\$2,000,000 representing the deemed capital contribution from the Controlling Shareholders with regard to a waiver of amounts due to shareholders in March 2015;
- (d) a credit amount of HK\$1,102,000 representing the deemed capital contribution from the Controlling Shareholders upon disposal of the entire equity interest in Million Victory Investment Management Limited, a subsidiary of the Group, to a related company controlled by the Controlling Shareholders; and
- (e) a debit amount of HK\$702,000 representing the changes in non-controlling interests arising from the additional capital contribution by the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 30 September 2021

1. General

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 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 unaudited condensed 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

The unaudited condensed consolidated financial statements for the nine months ended 30 September 2021 have been prepared in accordance with Chapter 18 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”).

The unaudited condensed consolidated financial statements do not include all the information and disclosures required in the Group’s annual financial statements, and should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2020.

2.2 Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the unaudited condensed consolidated financial statements are consistent with those applied in the preparation of the Group’s annual financial statements for the year ended 31 December 2020, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current period’s unaudited condensed consolidated financial statements.

Amendments to HKFRS 9, HKAS 39, HKFRS 7,
HKFRS 4 and HKFRS 16

Interest Rate Benchmark Reform — Phase 2

2.2 Changes in Accounting Policies and Disclosures — continued

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative Risk-free rate (“RFR”). The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity’s financial instruments and risk management strategy.

The amendments did not have any significant impact on the Group’s unaudited condensed consolidated financial statements.

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, and provision of other services
Information platform segment	—	Provision of information sharing services, an analysis tool and sale of hardware devices

Segment revenue and results

Segment results represent the loss from each segment without allocation of other income and other 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.

3. Revenue and Segment Information — continued

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

	For the nine months ended 30 September 2021 (unaudited)			For the nine months ended 30 September 2020 (unaudited)		
	Online backup software and related services HK\$'000	Information platform HK\$'000	Total HK\$'000	Online backup software and related services HK\$'000	Information platform HK\$'000	Total HK\$'000
Segment revenue — External						
Software license sales	3,063	—	3,063	5,853	—	5,853
Software license leasing	13,633	—	13,633	16,745	—	16,745
Software upgrades and maintenance services	15,853	—	15,853	16,626	—	16,626
Other services	915	—	915	869	—	869
Sale of hardware devices	—	502	502	—	178	178
Information sharing service income	—	116	116	—	89	89
Subscription fees	—	2,062	2,062	—	799	799
Total revenue	33,464	2,680	36,144	40,093	1,066	41,159
Timing of revenue recognition						
At a point in time	3,114	618	3,732	5,903	267	6,170
Over time	30,350	2,062	32,412	34,190	799	34,989
	33,464	2,680	36,144	40,093	1,066	41,159
Segment loss	(12,267)	(364)	(12,631)	(5,289)	(2,124)	(7,413)
Unallocated incomes and expenses						
Other income			244			3,072
Other losses			(332)			(86)
Loss before tax			(12,719)			(4,427)

4. Other Income

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Bank interest income	15	138	42	823
Interest income on refundable rental deposits	7	7	21	20
Interest income on financial asset at amortised cost	4	13	66	13
Government subsidies (Note)	—	1,613	—	2,151
Sundry income	10	21	115	65
	36	1,792	244	3,072

Note: Government subsidies related to cash subsidies granted by the Government of the Hong Kong Special Administrative Region under The Employment Support Scheme. During the nine months ended 30 September 2020, approximately HK\$3,226,000 was received, in which approximately HK\$2,151,000 was recognised.

5. Staff Costs and Related Expenses

	Three months ended 30 September		Nine months ended 30 September	
	2021	2020	2021	2020
	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)	HK\$'000 (unaudited)
Directors' emoluments	2,327	2,548	7,278	7,644
Other staff costs				
— Salaries, allowances and benefits in kind and performance and other bonuses	9,237	9,632	27,973	27,209
— Retirement benefit scheme contributions, excluding directors' retirement contributions	252	282	765	841
Total directors' and staff costs	11,816	12,462	36,016	35,694
Less: Development cost capitalised	—	—	—	(253)
Total directors' and staff cost, net of development cost capitalised	11,816	12,462	36,016	35,441
Staff related expenses	380	210	522	381
Staff costs and related expenses	12,196	12,672	36,538	35,822
Research and development costs included in staff costs and related expenses	5,228	5,207	15,372	13,391

6. Other Expenses

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Auditor's remuneration	211	200	634	600
Advertising and marketing expenses	431	569	1,681	1,749
Amortisation of other intangible assets	14	400	42	1,238
Legal and professional fees	338	248	1,152	1,216
Depreciation of property, plant and equipment	399	301	1,124	820
Depreciation of right-of-use assets	740	738	2,215	2,213
Expenses related to short-term leases	37	45	152	130
Rates and property management fees	144	175	449	458
Merchant credit card charges	251	278	923	1,027
Electricity and water	128	90	327	246
Web hosting expenses	204	129	650	388
Others	753	737	2,305	2,202
	3,650	3,910	11,654	12,287

7. Finance Costs

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interest expenses on:				
Lease liabilities	44	74	121	224
Other borrowings	15	16	60	45
	59	90	181	269

8. Income Tax Expenses (Credit)

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current tax:				
Hong Kong Profits Tax	54	41	126	110
Over provision in prior periods	—	—	(4)	—
Deferred tax	(14)	(79)	41	(35)
	40	(38)	163	75

8. Income Tax Expenses (Credit) — continued

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% (2020: 8.25%) for the first HK\$2 million (2020: HK\$2 million) of estimated assessable profits and at 16.5% (2020: 16.5%) on the estimated assessable profits above HK\$2 million (2020: HK\$2 million). Other subsidiaries of the Company are subject to Hong Kong Profits Tax at the rate of 16.5% for the nine months ended 30 September 2021 and 2020, 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 periods. No provision for taxation in the PRC has been made for both periods as the Group has no assessable profits in the PRC.

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

9. Dividends

No dividend was paid or proposed for ordinary shareholders of the Company for the nine months ended 30 September 2021 and 2020.

10. Loss Per Share Attributable to Ordinary Equity Holders of the Parent

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

	Three months ended 30 September		Nine months ended 30 September	
	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2020 HK\$'000 (unaudited)
Loss attributable to ordinary equity holders of the parent	(4,407)	(1,644)	(12,556)	(4,064)

	Three months ended 30 September		Nine months ended 30 September	
	2021 '000	2020 '000	2021 '000	2020 '000
Number of shares Weighted average number of ordinary shares for the purpose of basic and diluted loss per share calculation	2,000,000	2,000,000	2,000,000	2,000,000

The Group had no potentially dilutive ordinary shares in issue during the nine months ended 30 September 2021 and 2020.

11. Reserves

Movement in the reserves of the Group during the periods are set out in the condensed consolidated statement of changes in equity on page 10 to this report.