



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 2015

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

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This announcement, for which the directors (the “Directors”) of Ahsay Backup Software Development Company Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (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 AND THREE MONTHS ENDED 30 SEPTEMBER 2015

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 and three months ended 30 September 2015 together with the unaudited comparative figures for the corresponding periods in 2014 as follows:

Unless otherwise stated, the capitalised terms in this announcement shall have the same meaning as in the prospectus of the Company dated 25 September 2015 (“Prospectus”).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2015

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Continuing operation					
Revenue	4	13,507	12,284	41,452	39,063
Cost of inventory sold		(202)	—	(236)	(106)
Other income		—	525	158	1,455
Other gains and losses		(9)	281	(753)	(943)
Gain on disposal of property, plant and equipment	5	—	—	53,546	—
Staff costs and related expenses		(8,306)	(7,792)	(24,576)	(23,341)
Listing expenses		(3,968)	—	(11,115)	—
Other expenses		(2,817)	(2,024)	(7,790)	(5,877)
Finance costs		(293)	(308)	(704)	(1,168)
(Loss) profit before tax from continuing operation		(2,088)	2,966	49,982	9,083
Income tax expense	6	(407)	(764)	(1,145)	(1,726)
(Loss) profit for the period from continuing operation	7	(2,495)	2,202	48,837	7,357
Discontinued operation					
Profit for the period from discontinued operation	8	—	1,072	3,895	3,386
(Loss) profit for the period		(2,495)	3,274	52,732	10,743

Notes	Three months ended 30 September		Nine months ended 30 September	
	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)

**Other comprehensive
(expense) income**

*Items that may be reclassified
subsequently to profit or loss:*

Exchange difference arising on translation of a foreign subsidiary	(20)	4	(6)	(2)
Other comprehensive (expense) income for the period	(20)	4	(6)	(2)
Total comprehensive (expense) income for the period attributable to owners of the Company	(2,515)	3,278	52,726	10,741

(Loss) earnings per share 10

From continuing and discontinued operations				
Basic (HK cents)	(0.17)	0.26	3.71	0.85
From continuing operation				
Basic (HK cents)	(0.17)	0.17	3.43	0.58

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2015

	Share capital HK\$'000	Capital reserve HK\$'000	Translation reserves HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
At 1 January 2015 (audited)	1,010	—	(6)	44,032	45,036
Profit for the period	—	—	—	52,732	52,732
Other comprehensive expense for the period					
Exchange difference arising on translation of a foreign subsidiary	—	—	(6)	—	(6)
Total comprehensive income for the period	—	—	(6)	52,732	52,726
Issue of share capital by a subsidiary	190	—	—	—	190
Deemed capital contribution from shareholders (i)	—	2,000	—	—	2,000
Effects of group reorganisation (ii)	(1,200)	995	—	—	(205)
Dividends declared (note 9)	—	—	—	(104,824)	(104,824)
At 30 September 2015 (unaudited)	—	2,995	(12)	(8,060)	(5,077)
At 1 January 2014 (audited)	1,000	—	—	47,165	48,165
Profit for the period	—	—	—	10,743	10,743
Other comprehensive expense for the period					
Exchange difference arising on translation of a foreign subsidiary	—	—	(2)	—	(2)
Total comprehensive income for the period	—	—	(2)	10,743	10,741
Issue of share capital by a subsidiary	10	—	—	—	10
Dividends declared (note 9)	—	—	—	(21,300)	(21,300)
At 30 September 2014 (unaudited)	1,010	—	(2)	36,608	37,616

- i. Amount represents deemed capital contribution from the shareholders of CloudBacko Corporation with regard to waiver of amounts due to shareholders of HK\$2,000,000 in March 2015.
- ii. As part of the group reorganisation stated in the Prospectus (the “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 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 CloudBacko 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”.

NOTES TO THE INTERIM FINANCIAL INFORMATION

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 GEM of 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 internet.

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

2. Basis of Preparation and Group Reorganisation

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 Hong Kong Financial Report Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants applicable to interim periods. However, it does not contain sufficient information to constitute an interim financial statements as defined in HKFRSs.

The interim financial information should be read in conjunction with the financial information of the Group incorporated in the accountants’ report of the financial information relating to the Company and its subsidiaries for each of the two years ended 31 December 2014 and the three months ended 31 March 2015 (the “Financial Information”) as set out in Appendix I to the Prospectus.

Pursuant to the Reorganisation 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 Prospectus. The Group comprising the Company and its subsidiaries resulting from the Reorganisation continued to be controlled by the Controlling Shareholders and is regarded as a continuing entity. Accordingly, the interim financial information has been prepared on a combined basis as if the current group structure had been in existence since 1 January 2014, or since the respective dates of incorporation of the relevant entity, where there is a shorter period, except for Million Victory Investment Management Limited (“Million Victory”) which has been accounted for as a subsidiary since 1 January 2014 and until the effective date of disposal.

3. Principal Accounting Policies

The accounting policies and methods of computation used in the preparation of the interim financial information are same as those used in the preparation of the the Financial Information.

The interim financial information has been prepared on the historical cost basis except for investment properties and certain financial instruments that are measured at fair values at the end of the reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

4. Revenue

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 service during the period, net of discounts and sales related taxes.

	Three months ended 30 September		Nine months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Software license sales and leasing	7,859	7,488	23,807	23,547
Software upgrades and maintenance service fee	5,106	4,606	16,470	14,406
Other service fee	235	190	834	976
Sale of hardware devices	307	—	341	134
	<u>13,507</u>	<u>12,284</u>	<u>41,452</u>	<u>39,063</u>

5. Gain on Disposal of Property, Plant and Equipment

As part of the Reorganisation, the Directors of the Company disposed of the Group's leasehold land and buildings to Assets Sino Investments (HK) Limited, a related company controlled by 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 HK\$28,354,000. Gain on disposal of property, plant and equipment of HK\$53,546,000 was recognised during the nine months ended 30 September 2015.

6. Income Tax Expense

	Three months ended 30 September		Nine months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Continuing operation:				
Current tax				
Hong Kong Profits Tax	407	742	1,834	1,722
Deferred tax	—	4	(689)	4
	<u>407</u>	<u>746</u>	<u>1,145</u>	<u>1,726</u>

The Group is subject to Hong Kong Profits Tax at a rate of 16.5% on the estimated assessable profits for the both periods.

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

	Three months ended 30 September		Nine months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
(Loss) profit for the period from continuing operation has been arrived at after charging (crediting):				
Directors' emoluments	2,278	2,391	7,385	7,452
Other staff costs				
– Salaries, allowances and benefits in kind	5,752	5,220	16,396	15,350
– Retirement benefits scheme contributions, excluding Directors	220	181	623	525
– Others	56	—	172	14
Total Directors and staff costs	<u>8,306</u>	<u>7,792</u>	<u>24,576</u>	<u>23,341</u>
Auditor's remuneration	250	17	747	57
Depreciation of property, plant and equipment	57	429	703	1,336
Net exchange losses (gains)	<u>10</u>	<u>(1)</u>	<u>(3)</u>	<u>(2)</u>

8. Discontinued Operation

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	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Profit for the period from discontinued operation				
Rental income	—	442	580	2,069
Gains on change in fair value of investment properties	—	1,290	2,530	2,660
Administrative expenses	—	(577)	(109)	(689)
Interest on bank borrowings	—	(126)	(156)	(510)
Profit before tax	—	1,029	2,845	3,530
Income tax credit (expenses)	—	43	(52)	(144)
Operating profit for the period from discontinued operation	—	1,072	2,793	3,386
Gain on disposal of business	—	—	1,102	—
Profit for the period from discontinued operation	<u>—</u>	<u>1,072</u>	<u>3,895</u>	<u>3,386</u>
Profit for the period from discontinued operation includes the following				
Auditor's remuneration	<u>—</u>	<u>3</u>	<u>3</u>	<u>9</u>

Gain on disposal of business

As part of the Reorganisation, the Group disposed of the Group's properties investment business to several related parties that are under common control of the Controlling Shareholders. In April 2015, the entire equity interest in Million Victory, a subsidiary of the Group, was disposed to Able Future, a related company controlled by the Controlling Shareholders, for a consideration of HK\$2,664,000. Further in June 2015, an investment property owned by the Group was disposed to Atlantic Sky Global (HK) Limited, a related company controlled by the Controlling Shareholders, for a consideration of HK\$20,960,000.

Properties investment business

The major classes of assets and liabilities of the properties investment business at the respective dates of disposal are as follow:

	At the respective dates of disposal HK\$'000
Investment properties	43,830
Deposits paid, prepayments and other receivables	6
Income tax recoverable	10
Deferred tax assets	17
Cash and bank balances	<u>114</u>
	<u>43,977</u>
Bank borrowings	(7,328)
Amount due to a group company	(13,475)
Deposits received, accruals and other payables	<u>(652)</u>
	<u>(21,455)</u>
Net assets of properties investment business disposed	<u>22,522</u>
Total consideration	<u>23,624</u>
Gain on disposal of properties investment business	<u><u>1,102</u></u>

In March 2015, pursuant to the Reorganisation, the management of the Group announced a plan to dispose of the properties investment business and all the leasehold land and buildings of the Group to related parties under common control of the Controlling Shareholders at considerations of HK\$81,900,000 and HK\$23,624,000 respectively. The considerations of the investment properties and the leasehold land and properties have been arrived at on the basis of a valuation carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited. Payment of consideration amounting of HK\$46,710,000 was made in cash and the remaining HK\$58,814,000 was settled through current accounts.

9. Dividends

	Three months ended 30 September		Nine months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Dividends declared and paid/payable to shareholders	—	(16,300)	(104,824)	(21,300)

Prior to the Reorganisation, for the three months ended 30 September 2014 and each of the nine months ended 30 September 2015 and 2014, Ahsay HK declared and paid interim dividends in aggregate of HK\$16,300,000, HK\$46,010,000 and HK\$21,300,000 respectively to the Controlling Shareholders.

In June 2015, the Company declared a dividend 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 company as mentioned in note 8 above.

10. (Loss) Earning Per Share

As of 30 September 2015, the Company has 2 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 (loss) earnings per share for each of the three months and nine months ended 30 September 2015 and 2014 is based on the following data:

(Loss) Profit

	Three months ended 30 September		Nine months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
(Loss) earnings for the purpose of basic (loss) earnings per share				
(Loss) profit for the period attributable to the owners of the Company	(2,495)	3,274	52,732	10,743
Less: Profit for the period from discontinued operation	—	1,072	3,895	3,386
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
(Loss) profit for the purpose of basic loss/earnings per share from continuing operation	<u>(2,495)</u>	<u>2,202</u>	<u>48,837</u>	<u>7,357</u>

Number of shares

	Three months ended 30 September		Nine months ended 30 September	
	2015 '000	2014 '000	2015 '000	2014 '000
Weighted average number of shares for the purpose of basic (loss) earnings per share	<u>1,500,000</u>	<u>1,262,502</u>	<u>1,422,574</u>	<u>1,262,227</u>

Basic earnings per share for the discontinued operation for each of the three months ended 30 September 2015 and 2014 and each of the nine months ended 30 September 2015 and 2014 are nil, 0.09 HK cent per share, 0.28 HK cent per share and 0.27 HK cent per share respectively.

The number of ordinary shares for the purpose of calculating basic (loss) 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 Reorganisation had been effective on 1 January 2014.

No diluted (loss) earnings per share was presented as there was 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

Listing on GEM and Reorganisation

The Company was incorporated in the Cayman Islands on 10 April 2015 as an exempted company with limited liability. In preparation for the Listing of the Company's shares ("Shares") on GEM of the Stock Exchange by way of placing ("Placing") of 500,000,000 Shares of HK\$0.01 each, the Group underwent Reorganisation in 2015.

Pursuant to the Reorganisation, the Company became the holding company of the subsidiaries now comprising the Group. Details of the Reorganisation are set out in the section headed "History, Development and Reorganisation" of the Prospectus. On 8 October 2015, the Shares became listed on GEM.

The total net proceeds from the Placing after deducting all related expenses was approximately HK\$77.3 million.

The Company intends to apply the net proceeds in the manner as stated in the Prospectus. The unutilised proceeds are deposited with licensed banks and financial institutions in Hong Kong as short-term interest-bearing deposits.

Financial Review

Overview

During the periods under review, the revenue of the Group has recorded a mild growth of about 6.1% from HK\$39.1 million for the nine months ended 30 September 2014 to HK\$41.5 million for the nine months ended 30 September 2015. Revenue of HK\$12.3 million and HK\$13.5 million was recognised for the three months ended 30 September 2014 and 2015, respectively, which represents an increase of 9.8%. Significant growth was recorded as to the Group's profit after tax from continuing operation (excluding listing expenses) of 710.8% from HK\$7.4 million for the nine months ended 30 September 2014 to HK\$60.0 million for the nine months ended 30 September 2015. The Group recorded profit after tax from continuing and discontinued operations (excluding listing expenses) of HK\$1.5

million and HK\$63.8 million for the three months ended 30 September 2015 and the nine months ended 30 September 2015, respectively. However, we reported loss after tax from continuing and discontinued operations of HK\$2.5 million and profit after tax from continuing and discontinued operations of HK\$52.7 million for the three months and the nine months ended 30 September 2015, respectively. This is mainly attributable to the one-off listing expenses in connection with the preparation for Listing of about HK\$4.0 million and HK\$11.1 million recorded during the three months and the nine months ended 30 September 2015, respectively. Also, pursuant to the Reorganisation, there was a gain on disposal of property, plant and equipment of HK\$53.5 million during the nine months ended 30 September 2015.

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 HK\$12.3 million and HK\$13.5 million was recognised for the three months ended 30 September 2014 and 2015, respectively, which represents an increase of about 9.8%. Revenue of HK\$39.1 million and HK\$41.5 million was recognised for the nine months ended 30 September 2014 and 2015, respectively, which represents a mild growth of about 6.1%.

The increase was mainly due to the increase of software upgrades and maintenance services income of about 14.6% from HK\$14.4 million for the nine months ended 30 September 2014 to HK\$16.5 million for the nine months ended 30 September 2015.

Other Income

Other income mainly represented interest income for the three months ended 30 September 2014 and 2015, and were about HK\$0.5 million and nil, respectively. Other income for the nine months ended 30 September 2014 and 2015 were about HK\$1.5 million and HK\$0.2 million, respectively.

Staff Costs and Related Expenses

Staff costs and related expenses recorded HK\$7.8 million and HK\$8.3 million for the three months ended 30 September 2014 and 30 September 2015, respectively, which represents an increase of about 6.4%. Staff costs and related expenses recorded HK\$23.3 million and HK\$24.6 million for the nine months ended 30 September 2014 and 30 September 2015, respectively, which represents an increase of 5.6%. The increase was mainly due to salaries increment.

Other Expenses

Other expenses comprised mainly merchant credit card charges, marketing and advertising expenses, rental expense and depreciation of property, plant and equipment.

Other expenses increased from about HK\$2.0 million for the three months ended 30 September 2014 to about HK\$2.8 million for the three months ended 30 September 2015,

representing an increase of 40.0%. Other expenses increased from about HK\$5.9 million for the nine months ended 30 September 2014 to about HK\$7.8 million for the nine months ended 30 September 2015, representing an increase of about 32.2%.

The increase of other expenses for the nine months ended 30 September 2015 was mainly due to the increase in (i) rental expenses of HK\$0.8 million, (ii) provision of audit fee of HK\$0.7 million, and (iii) marketing and advertising expenses of HK\$0.8 million as compared with the same period of last year. The increase was partially offset by the decrease in depreciation of HK\$0.6 million.

Listing Expenses

During the three months and nine months ended 30 September 2015, the Group recorded listing expenses of about HK\$4.0 million and HK\$11.1 million, respectively, in connection with the preparation for Listing. Total listing expenses are about HK\$22.7 million, and part of these expenses of about HK\$7.7 million is available for offsetting against the Company's equity reserves.

Finance Costs

Finance costs represent bank loan interests. Finance costs for the three months and nine months ended 30 September 2015 amounted to HK\$0.3 million (30 September 2014: HK\$0.3 million) and HK\$0.7 million (30 September 2014: HK\$1.2 million) respectively, representing a decrease of nil and 41.7% over same periods of 2014. The decrease was mainly due to repayment of certain bank loans in 2014.

Income Tax Expenses

Income tax expenses represents Hong Kong Profits Tax at the rate of 16.5% for the Company's subsidiary in Hong Kong. Listing expenses are not deductible for tax purpose.

Net (Loss)/Profit for the Period

For the three months and nine months ended 30 September 2014, the Group recorded profit for the period of HK\$3.3 million and HK\$10.7 million, respectively. For the three months and nine months ended 30 September 2015, the Group recorded loss of HK\$2.5 million and profit of HK\$52.7 million, respectively. For the three months and nine months ended 30 September 2015, non-recurring listing expenses of about HK\$4.0 million and HK\$11.1 million were charged to the consolidated results.

After taking out the effect of the one-off non-recurring listing expenses of about HK\$4.0 million and HK\$11.1 million for the three months and nine months ended 30 September 2015, respectively, and the one-off gain on disposal of property, plant and equipment of HK\$53.5 million for the nine months ended 30 September 2015, the Group would have recorded profit after tax for continuing operation of about HK\$1.5 million and HK\$6.4 million for the three months and nine months ended 30 September 2015, 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 cash is generally deposited with banks in Hong Kong and the PRC 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.

The Group has remained at a sound financial resource level. As at 30 September 2015, current assets included cash and bank balances (including pledged deposits) of HK\$32.0 million (30 September 2014: HK\$35.4 million). After deducting the bank borrowings balances, the Group remained at a net cash position as at 30 September 2015.

Before the Company became listed on the Stock Exchange, the Group's operations were mainly financed by its shareholders' fund injections, loans and internal resources. Following the Placing and 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.

Charge Over Assets of the Group

At 30 September 2015, the Group's bank borrowings were guaranteed by the Directors and its related companies and replaced by corporate guarantee on the date of Listing. During the three months ended 30 September 2015, a new bank borrowing of IPO loan was arranged for paying the listing expenses during the IPO period.

At 30 September 2015, the Group's bank borrowings were supported by pledged deposits of the Group of approximately HK\$23.5 million.

Capital Commitments and Contingent Liabilities

At 30 September 2015, the Group did not have any significant capital commitment (30 September 2014: nil).

At 30 September 2015, the Group did not have any significant contingent liability (30 September 2014: nil).

Material Acquisitions and Disposals

Save for the Reorganisation during the nine months ended 30 September 2015, the Group did not have any material acquisition and disposal.

In June 2015, the Group disposed the remaining of its investment properties and its leasehold land and buildings at a total consideration of HK\$102.9 million to related parties under common control of the Controlling Shareholders of the Group.

Business Review

The Group is an online backup software developer based in Hong Kong, with a focus on providing self-developed backup software products and services to customers. The Group's backup software products are developed in Hong Kong and are equipped with multi-lingual, multi-platform and multi-application built-in features. One of the Group's backup software, the Ahsay™ Backup Software, supports over 30 languages and dialects, and can be used on various platforms and different software applications. Substantially all of the Group's backup software products and (software upgrading and maintenance) services were sold or leased or ordered by customers through the Internet on the Group's sales websites.

Cloud is a fast-evolving technology in recent years, and may be regarded as the modern version of "online" or the "Internet". The Ahsay™ Backup Software supports different modes of backup, including on-premises backup through LAN/WAN and online/offsite/remote/cloud backup through the Internet. Data backed up using the Ahsay™ Backup Software can be stored at different storage destinations determined by the Group's customers and the end-users, such as on-premises servers and private cloud storage, for backup purposes. The Group provide software and related services to backup data and generally do not provide storage services for data backup, except for certain customers in Hong Kong.

The Group has recorded mild growth of revenue for the nine months ended 30 September 2015 compared to the nine months ended 30 September 2014.

We plan to increase our market share in the backup software sector by focusing on improving our products and services, in particular, those that support both private and public cloud technology. We are accredited as a market leader in online backup software solutions targeted at SMEs worldwide, and the market size of the global backup software market will grow steadily in the coming years. The demand from SMEs for backup software products is also expected to increase steadily in the next 5 years.

Looking ahead, the management believes that the Listing of the Shares on GEM will enhance the Group's corporate profile and image, and that the net proceeds from the Placing will strengthen the Group's financial position.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

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

The Shares of the Company were listed on GEM on 8 October 2015. As at the date of this announcement, the interests and short positions of the Directors and chief executive of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (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, pursuant to Rule 5.46 of the GEM Listing Rules, notified to the Company and the Stock Exchange, were as follows:

Interests in the shares of the Company

Name of Director	Capacity	Note	Long position	
			Number of ordinary Shares	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:

1. As of 30 September 2015, the Company has 2 ordinary shares on issue. The Company was listed on GEM on 8 October 2015 by way of placing of 500,000,000 ordinary shares and capitalisation of 1,499,999,998 shares, resulting 2,000,000,000 ordinary shares on issue.
2. As at the date of this announcement, 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 the date of this announcement, none of the Directors and chief executive of the Company had an interest or short position in the shares, underlying shares or 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 Rule 5.46 of the GEM Listing Rules.

Substantial Shareholders' Interests in the Shares and Underlying Shares of the Company

As at the date of this announcement, shareholders (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or 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 which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Interests in the shares of the Company

Name of shareholder	Capacity	Note	Long position	
			Number of ordinary Shares	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:

- As of 30 September 2015, the Company has 2 ordinary shares on issue. The Company was listed on GEM on 8 October 2015 by way of placing of 500,000,000 ordinary shares and capitalisation of 1,499,999,998 shares, resulting 2,000,000,000 ordinary shares on issue.
- As at the date of this announcement, 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.
- 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.
- 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 the date of this announcement, the Company has not been notified by any persons (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or 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 which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Rights to Acquire Shares or Debentures

Saved as disclosed above, at no time during the nine months ended 30 September 2015 and up to the date of this announcement, 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).

Save as disclosed above and as provided in the Share Option Scheme (as defined below), at no time during the nine months ended 30 September 2015 and up to the date of this announcement was the Company, any of its subsidiaries, its associated companies, its fellow subsidiaries or its holding companies a party to any arrangements to enable the Directors or the chief executive of the Company to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company and/or its associated corporations (within the meaning of the SFO).

Directors' Interest in Competing Business

For the nine months ended 30 September 2015 and up to the date of this announcement, none of the Directors, nor the substantial shareholders of the Company nor their respective close associates (as defined under the GEM Listing Rules) had any interests (other than their interest in the Company or (prior to completion of the Reorganisation) its subsidiaries) in any business which competed or may compete, either directly or indirectly, with the business of the Group or any other conflicts of interests with the Group.

Compliance Advisor's Interests

As notified by V Baron Global Financial Services Limited ("V Baron"), compliance advisor of the Company, neither V Baron nor any of its close associates and none of the directors or employees of V Baron 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 our Company pursuant to Rule 6A.32 of the GEM Listing Rules as at 30 September 2015.

The compliance advisor's appointment is for a period commencing on 8 October 2015 (i.e. the date of Listing) and ending on the date on which the Company complies with Rule 18.03 of the GEM Listing Rules in respect of the despatch of its annual report of the financial results for the second full financial year commencing after that date, i.e. for the year ending 31 December 2017, or until the compliance advisor agreement is terminated in accordance with its terms and conditions, whichever is earlier. Pursuant to the compliance advisor agreement entered into between V Baron and the Company, V Baron receives fees for acting as the Company's compliance advisor.

Compliance with Code of Conduct for Directors' Securities Transaction

The Company has adopted a code of conduct regarding securities transactions by Directors ("Securities Code") on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules.

The Shares were first listed on GEM on 8 October 2015. Each of Directors gave confirmation that he/she was in compliance with the Securities Code since the date of Listing.

Compliance with the Code on Corporate Governance

The Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of its shareholders. To accomplish this, the Company has adopted the principles and the code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 15 to the GEM Listing Rules. The Company has complied with all the code provisions set out in the CG Code since the date of Listing.

Audit Committee and Review of Financial Statements

The audit committee of the Company ("Audit Committee") has been established by the Board on 4 September 2015 with written terms of reference in compliance with the GEM Listing Rules. Members of the Audit Committee comprise 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 primary duties of the Audit Committee include (without limitation to) (a) monitoring the integrity of the Company's financial statements, (b) reviewing the Company's financial controls, internal control and risk management systems, and (c) reviewing the Group's financial and accounting policies and practices.

The interim financial information of the Group for the nine months ended 30 September 2015 have not been audited.

The Audit Committee has reviewed with the management the interim financial information of the Group for the nine months ended 30 September 2015, this 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.

Share Option Scheme

A share option scheme was adopted and approved by the then 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, Sale or Redemption of the Company's Listed Securities

The Shares were first listed on GEM of the Stock Exchange on 8 October 2015. During the nine months ended 30 September 2015 and up to the date of this announcement, save for the Reorganisation and Placing disclosed in the Prospectus, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities.

By order of the Board
Chong King Fan
Chairman

13 November 2015

As at the date of this announcement, the Board comprises:

Mr. Chong King Fan, Mr. Chong Siu Pui and Mr. Chong Siu Ning as executive Directors; Ms. Chong Siu Fan as non-executive Director; and Mr. Wong Cho Kei Bonnie, Ms. Wong Pui Man and Mr. Wong Yau Sing as independent non-executive Directors.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication and on the website of the Company at <http://www.ahsay.com.hk/en/investor-relations/announcements.jsp>.