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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016 AND CHANGE IN USE OF PROCEEDS

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

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.

RESULTS

The board of Directors of the Company (the "Board") is pleased to present the audited results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2016, together with comparative audited figures for the corresponding period in 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Notes	**2016** *HK$'000*	2015 *HK$'000*
Continuing operation			
Revenue	*4*	**54,912**	57,266
Cost of inventory sold		**(81)**	(352)
Other income		**548**	389
Other losses		**(17)**	(762)
Gain on disposal of property, plant and equipment	*5*	**–**	53,546
Staff costs and related expenses		**(47,986)**	(38,237)
Other expenses		**(17,557)**	(11,515)
Listing expenses		**–**	(15,235)
Finance costs		**(333)**	(914)
(Loss) Profit before tax from continuing operation		**(10,514)**	44,186
Income tax expense	*6*	**(587)**	(1,617)
(Loss) Profit for the year from continuing operation	*8*	**(11,101)**	42,569
Discontinued operation			
Profit for the year from discontinued operation	*7*	**–**	2,793
(Loss) Profit for the year		**(11,101)**	45,362
Other comprehensive expense			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of a foreign operation		**(17)**	(12)
Other comprehensive expense for the year		**(17)**	(12)
Total comprehensive (expense) income for the year		**(11,118)**	45,350
(Loss) Earnings per share			
From continuing and discontinued operations			
Basic *(HK cents)*	*10*	**(0.56)**	2.91
From continuing operation			
Basic *(HK cents)*	*10*	**(0.56)**	2.73

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2016

	Notes	2016 HK$'000	2015 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,015**	604
Investment properties		**–**	–
Rental deposits paid	*11*	**470**	470
Deferred tax assets		**–**	305
		1,485	1,379
CURRENT ASSETS			
Inventories		**16**	34
Trade and other receivables	*11*	**4,640**	5,652
Tax recoverable		**890**	1,154
Bank balances and cash		**95,278**	104,311
		100,824	111,151
CURRENT LIABILITIES			
Other payables and accruals		**7,684**	6,800
Deposits and fees received in advance		**14,599**	13,361
Bank borrowings – due within one year		**8,724**	10,137
		31,007	30,298
NET CURRENT ASSETS		**69,817**	80,853
TOTAL ASSETS LESS CURRENT LIABILITIES		**71,302**	82,232
NON-CURRENT LIABILITIES			
Deposits and fees received in advance		**778**	868
Provision for long service payments		**540**	280
Deferred tax liability		**18**	–
		1,336	1,148
NET ASSETS		**69,966**	81,084
CAPITAL AND RESERVES			
Share capital		**20,000**	20,000
Reserves		**49,966**	61,084
		69,966	81,084

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2016

	Share capital *HK$'000*	Share premium *HK$'000*	Capital reserve *HK$'000*	Translation reserve *HK$'000*	Accumulated profits (losses) *HK$'000*	Total *HK$'000*
At 1 January 2015	1,010	–	–	(6)	44,032	45,036
Profit for the year	–	–	–	–	45,362	45,362
Other comprehensive expense for the year						
Exchange difference arising on translation of a foreign operation	–	–	–	(12)	–	(12)
Total comprehensive income for the year	–	–	–	(12)	45,362	45,350
Issue of share capital by a subsidiary	190	–	–	–	–	190
Effects of group reorganisation *(i)*	(1,200)	–	995	–	–	(205)
Deemed capital contribution *(ii)*	–	–	3,102	–	–	3,102
Issue of shares	5,000	95,000	–	–	–	100,000
Transaction costs attributable to issue of shares	–	(7,565)	–	–	–	(7,565)
Capitalisation issue	15,000	(15,000)	–	–	–	–
Dividends declared	–	–	–	–	(104,824)	(104,824)
At 31 December 2015	20,000	72,435	4,097	(18)	(15,430)	81,084
Loss for the year	–	–	–	–	(11,101)	(11,101)
Other comprehensive expense for the year						
Exchange difference arising on translation of a foreign operation	–	–	–	(17)	–	(17)
Total comprehensive expense for the year	–	–	–	(17)	(11,101)	(11,118)
As at 31 December 2016	20,000	72,435	4,097	(35)	(26,531)	69,966

i. As part of the Group Reorganisation (as defined in note 2), 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 ("CloudBacko BVI") to Apex Ace Investments Limited ("Apex Ace"), a wholly owned subsidiary of the Company, for a consideration of HK$166,000. Further on 27 April 2015, the Controlling Shareholders transferred their 100% equity interest in Ahsay Service Centre Limited (Formerly known as CloudBacko Limited) ("ASCL") 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 BVI and ASCL 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 United States Dollar ("US$") 1.00 each in the share capital of Alpha Heritage. The difference between the par value of the share issued by Alpha Heritage of US$1.00 and the share capital of Ahsay HK of HK$1,000,000 is regarded as an equity movement, and recorded in "Capital reserve".

ii. Amount includes (i) deemed capital contribution from the shareholders of CloudBacko BVI with regard to waiver of amounts due to shareholders of HK$2,000,000 in March 2015 and (ii) deemed capital contribution of HK$1,102,000 from the Controlling Shareholders upon disposal of a subsidiary during the Group Reorganisation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2016

1. GENERAL

The Company was incorporated in the Cayman Islands on 10 April 2015 as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's shares were first listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (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 consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company.

2. GROUP REORGANISATION AND BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to the group reorganisation as described below, the Company became the holding company of the companies now comprising the Group on 1 June 2015 (the "Group Reorganisation").

Prior to the Group Reorganisation, Ahsay HK, ASCL and CloudBacko BVI were owned by the Controlling Shareholders i.e. Mrs. Chong Li Sau Fong, Mr. Chong Siu Pui and Mr. Chong Siu Ning as to 40%, 30% and 30% respectively. Ahsay Systems Corporation (Chongqing) Limited and Million Victory Investment Management Limited ("Million Victory") were the wholly owned subsidiaries of Ahsay HK.

In preparation for the listing of the Company's shares on the GEM of the Stock Exchange, the Group Reorganisation involved the following steps:

(1) On 10 March 2015, All Divine Investments Limited ("All Divine") and Alpha Heritage were incorporated as limited liability company in the British Virgin Islands ("BVI").

(2) On 11 March 2015, Able Future Investments Limited ("Able Future") and Apex Ace were incorporated as limited liability company in the BVI.

(3) On 25 March 2015, ten shares with a nominal value of US$1.00 per share of Able Future were allotted and issued as fully paid to the Controlling Shareholders. On the same day, Able Future subscribed for one share of All Divine at the subscription price of US$1.00. Further, All Divine subscribed for one share of Alpha Heritage at the subscription price of US$1.00 and Alpha Heritage subscribed for one share of Apex Ace at the subscription price of US$1.00.

(4) On 2 April 2015, the Controlling Shareholders transferred the entire equity interest in CloudBacko BVI to Apex Ace at the consideration of US$21,000 (equivalent to HK$166,000).

(5) On 9 April 2015, Ahsay HK disposed of the entire equity interest in Million Victory to Able Future at the consideration of HK$2,664,000. Able Future is not a company comprising the Group.

(6) On 10 April 2015, the Company was incorporated in the Cayman Islands as an exempted company with limited liability with authorised share capital comprised of 38,000,000 shares at par value of HK$0.01 per share. On the same date, the Company allotted and issued one share to a third party initial subscriber which then transferred the share to All Divine.

(7) On 27 April 2015, the Controlling Shareholders transferred the entire equity interest in ASCL to Apex Ace at the consideration of HK$39,000.

(8) On 5 May 2015, the Controlling Shareholders transferred the entire equity interest in Ahsay HK to Alpha Heritage in exchange for allotment and issue of one share of Alpha Heritage to All Divine.

(9) On 1 June 2015, All Divine transferred the entire equity interest in Alpha Heritage to the Company in exchange for allotment and issue of one share of the Company to All Divine.

(10) On 8 June 2015, Alpha Heritage transferred the entire equity interest in Apex Ace to the Company by way of distribution in specie.

Upon completion of the above steps, the Company was owned by the Controlling Shareholders through All Divine and the Company became the holding company of the companies now comprising the Group on 1 June 2015. The Group comprising the Company and its subsidiaries resulting from the Group Reorganisation is regarded as a continuing entity.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the year ended 31 December 2015 includes the results of operations and cash flows of the companies now comprising the Group as if the current group structure had been in existence and remained unchanged throughout the period, or since their respective dates of incorporation when there is a shorter period, except for Million Victory which had been accounted for as a subsidiary since 1 January 2015 until the completion of its disposal on 9 April 2015.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

Amendments to HKFRS 11	Accounting for Acquisitions of Interest in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instrument[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[1]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 7	Disclosure Initiative[4]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[4]
Amendments to IAS 40	Transfers of Investment Property[1]
Amendments to IFRSs	Annual Improvements to IFRS Standards 2014-2016 Cycle[5]

[1] Effective for annual periods beginning on or after 1 January 2018.

[2] Effective for annual periods beginning on or after 1 January 2019.

[3] Effective for annual periods beginning on or after a date to be determined.

[4] Effective for annual periods beginning on or after 1 January 2017.

[5] Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

HKFRS 9 ***Financial Instruments***

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 which are relevant to the Group are:

- All recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. All equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The Directors do not anticipate that the application of the HKFRS 9 will have a material effect on the amounts recognised in the Group's consolidated financial statements.

HKFRS 15 ***Revenue from Contracts with Customers***

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The Directors anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the Directors do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

HKFRS 16 ***Leases***

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing and financing/operating cash flows respectively.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2016, the Group has non-cancellable operating lease commitments of HK$2,818,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the Directors complete a detailed review.

The Directors do not anticipate that the application of the other new and revised standards and amendments issued but not yet effective will have a material effect on the amounts recognised in the Group's consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

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

Specifically, the Group's operating segments under HKFRS 8 Operating Segments are as follows:

Online backup software and other services segment	–	Software license sales and leasing, provision of software upgrades and maintenance services, sales of hardware devices, and provision of other services
Information sharing services segment	–	Provision of information sharing services

During the year ended 31 December 2016, the Group started a new segment of information sharing services. Such segment is engaged in provision of information sharing services in Hong Kong, using an online smartphone platform.

Segment revenue and result

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

Segment results represent the profit earned by each segment without allocation of other income, other losses, gain on disposal of property, plant and equipment and listing expenses that are not directly attributable to segments as disclosed in the below table. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

The following is an analysis of the Group's revenue and results by reportable and operating segment of online backup software services and information sharing services:

For the year ended 31 December 2016

	Online backup software and other services *HK$'000*	**Information sharing services** *HK$'000*	**Total** *HK$'000*
Segment revenue – External			
Software license sales and leasing	**31,707**	**–**	**31,707**
Software upgrades and maintenance services fee	**21,937**	**–**	**21,937**
Other services fee	**1,168**	**–**	**1,168**
Sale of hardware devices	**99**	**–**	**99**
Information sharing services income	**–**	**1**	**1**
Total revenue from continuing operation	**54,911**	**1**	**54,912**
Segment results	**(8,371)**	**(2,674)**	**(11,045)**
Unallocated incomes and expenses			
Other income			**548**
Other losses			**(17)**
Loss before tax from continuing operation			**(10,514)**

For the year ended 31 December 2015

	Online backup software and other services *HK$'000*	Information sharing services *HK$'000*	Total *HK$'000*
Segment revenue – External			
Software license sales and leasing	33,803	–	33,803
Software upgrades and maintenance services fee	21,612	–	21,612
Other services fee	1,377	–	1,377
Sale of hardware devices	474	–	474
Information sharing services income	–	–	–
Total revenue from continuing operation	57,266	–	57,266
Segment results	6,248	–	6,248
Unallocated incomes and expenses			
Other income			389
Other losses			(762)
Gain on disposal of property, plant and equipment			53,546
Listing expenses			(15,235)
Profit before tax from continuing operation			44,186

Segment assets and liabilities

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

At 31 December 2016

	Online backup software and other services *HK$'000*	**Information sharing services** *HK$'000*	**Total** *HK$'000*
Reportable segment assets			
Segment assets	**6,035**	**106**	**6,141**
Reconciliation:			
Unallocated assets			
Tax recoverable			**890**
Bank balances and cash			**95,278**
Consolidated Total assets			**102,309**
Reportable segment liabilities			
Segment liabilities	**31,989**	**354**	**32,343**
Consolidated liabilities			**32,343**

At 31 December 2015

	Online backup software and other services *HK$'000*	Information sharing services *HK$'000*	Total *HK$'000*
Reportable segment assets			
Segment assets	7,065	–	7,065
Unallocated assets			
Tax recoverable			1,154
Bank balances and cash			104,311
Consolidated assets			112,530
Reportable segment liabilities			
Segment liabilities	31,446	–	31,446
Consolidated liabilities			31,446

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than tax recoverable and bank balances and cash that are not attributable to respective segment.

- all liabilities are allocated to operating segments.

Non-current assets by geographical location

The Group's operations are substantially based in Hong Kong and all of its non-current assets as at 31 December 2016 and 2015 are located in Hong Kong, the principal place of business of the Group. Therefore, no further analysis of geographical information is presented.

Revenue by geographical location

An analysis of the Group's revenue from external customers by geographical location, determined based on the location of the customers are detailed below:

	2016	2015
	HK$'000	*HK$'000*
United States	**8,656**	11,555
United Kingdom *(Note i)*	**5,804**	N/A
Others *(Note ii)*	**40,452**	45,711
	54,912	57,266

Note i: The corresponding revenue did not contribute over 10% of the total revenue of the Group for the year ended 31 December 2015.

Note ii: Including other countries which individually contributing less than 10% of the total revenue of the Group for each respective year.

Information about major customers

There was no single customer contributing over 10% of the total revenue of the Group in both years.

5. GAIN ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

As part of the Group Reorganisation, Ahsay HK disposed of certain leasehold land and buildings to Assets Sino Investments (HK) Limited, a related company under common control of the Controlling Shareholders, for a consideration of HK$81,900,000 in June 2015.

The fair value of such leasehold land and buildings at date of disposal has been arrived at on the basis of a valuation carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("Jones Lang LaSalle"), an independent qualified professional valuer not connected with the Group.

Jones Lang LaSalle is a registered firm of the Hong Kong Institute of Surveyors and has appropriate qualifications and experience. The valuation was arrived at by reference to market evidence of transaction prices for similar properties in similar location and conditions.

The carrying value of the leasehold land and buildings immediately before disposal was approximately HK$28,354,000. Gain on disposal of property, plant and equipment of approximately HK$53,546,000 was recognised during the year ended 31 December 2015.

Payment of consideration amounting of HK$28,280,000 was made in cash and the remaining HK$53,620,000 was settled through current account. During the year ended 31 December 2015, the Company declared a dividend of HK$53,620,000 in form of distribution in specie of receivable from the related party under common control of the Controlling Shareholders be payable to its holding company (note 9).

6. INCOME TAX EXPENSE

	2016	2015
	HK$'000	*HK$'000*
Continuing operation:		
Current tax:		
Hong Kong Profits Tax	**–**	2,330
Under-provision (over-provision) in prior years:		
Hong Kong Profits Tax	**264**	(30)
	264	2,300
Deferred tax	**323**	(683)
	587	1,617

The Group is not subject to any income tax in the Cayman Islands and the BVI pursuant to the rules and regulations in those jurisdictions.

The Group is subject to Hong Kong Profits Tax at a rate of 16.5% for both years.

Under the Law of People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of PRC subsidiary is 25% for both years.

The tax expense for the year can be reconciled to the (loss) profit before tax from continuing operation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2016	2015
	HK$'000	*HK$'000*
(Loss) profit before tax	**(10,514)**	44,186
Tax at the Hong Kong Profits Tax rate of 16.5%	**(1,735)**	7,291
Tax effect of expenses not deductible for tax purpose	**366**	2,642
Tax effect of income not taxable for tax purposes	**(91)**	(8,394)
Tax effect of tax losses not recognised	**1,783**	182
Under-provision (over-provision) in prior years	**264**	(30)
Others	**–**	(74)
Tax expense for the year	**587**	1,617

7. DISCONTINUED OPERATION/DISPOSAL OF A SUBSIDIARY AND AN INVESTMENT PROPERTY

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

The Group's properties investment business mainly comprised the investment properties owned by Million Victory and Ahsay HK for the purpose of capital appreciation and rental earnings.

As part of the Group Reorganisation, the Group disposed of the Group's properties investment business 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, for a consideration of HK$2,664,000 and resulted a deemed capital contribution amounting to approximately HK$1,102,000. Further in June 2015, an investment property owned by Ahsay HK was disposed to Atlantic Sky Global (HK) Limited, a related company controlled by the Controlling Shareholders, for a consideration of HK$20,960,000 and no gain or loss was resulted.

Analysis of disposal of a subsidiary

The major classes of assets and liabilities of Million Victory at the date of disposal are as follow:

	At the date of disposal *HK$'000*
Investment properties	22,870
Deposits paid, prepayments and other receivables	6
Income tax recoverable	10
Deferred tax assets	17
Cash and bank balances	114
	23,017
Bank borrowings	(7,328)
Amount due to a group company	(13,475)
Deposits received, accruals and other payables	(652)
	(21,455)
Net assets disposed	1,562
Total consideration	2,664
Deemed capital contribution arising from disposal of a subsidiary	1,102

Analysis of consideration regarding disposal of properties investment business

	HK$'000
Consideration:	
Cash received	18,430
Receivables from acquirers *(Note)*	5,194
Total consideration	23,624

Note: For the year ended 31 December 2015, the Company declared a dividend of HK$5,194,000 in form of distribution in specie of receivables from the related parties under common control of the Controlling Shareholders be payable to its holding company (note 9).

	HK$'000
Net cash inflow upon disposal	
Cash received	18,430
Less: bank balances and cash disposed	(114)
Net cash inflow	18,316

Analysis of profit for the year from discontinued operation

The results of the discontinued operation included in the profit for the year ended 31 December 2015 are set out below:

	2015 *HK$'000*
Profit for the year from discontinued operation	
Rental income	580
Change in fair value of investment properties	2,530
Administrative expenses	(109)
Interest on bank borrowings	(156)
Profit before tax	2,845
Income tax expenses	(52)
Profit for the year from discontinued operation	2,793
Profit for the year from discontinued operation includes the following	
Auditor's remuneration	3
Minimum lease receipts under operating leases during the year in respect of the Group's investment properties	580
Cash flows from discontinued operation	
Net cash flows from (used in)	
operating activities	981
investing activities	6,400
financing activities	(7,179)
Net cash inflow	202

8. (LOSS) PROFIT FOR THE YEAR FROM CONTINUING OPERATION

	2016	2015
	HK$'000	*HK$'000*
(Loss) Profit for the year from continuing operation has been arrived at after charging (crediting):		
Directors' emoluments	**8,703**	8,872
Other staff costs		
– Salaries, allowances and benefits in kind and performance and other bonus	**34,217**	27,052
– Retirement benefits scheme contribution, excluding directors	**1,222**	844
Long-term employee benefit expenses	**801**	290
Total directors and staff costs	**44,943**	37,058
Staff related expenses	**3,043**	1,179
Staff costs and related expenses	**47,986**	38,237
Auditor's remuneration	**1,550**	1,250
Advertising and marketing expenses (included in other expenses)	**3,742**	3,414
Legal and professional fees (included in other expenses)	**2,805**	718
Depreciation of property, plant and equipment	**311**	690

Note: The Group's research and development expenditure incurred and recognised as expense during the year are mainly employee related costs. In the opinion of the Directors, the employees who are engaged in research and development activities are also responsible for provision of maintenance services to the existing customers of the Group in daily operation. During the year, the total staff costs attributable to these employees who performed the above functions were approximately HK$13,676,000 (2015: HK$11,658,000). Given there is no reliable basis to allocate these staff costs directly attributable to research and development activities, any arbitrary allocation of such expense for disclosure of research and development expense is considered misleading.

9. DIVIDENDS

	2016	2015
	HK$'000	*HK$'000*
Dividends declared and paid/payable to shareholders	**–**	104,824

Prior to the Group Reorganisation, Ahsay HK declared and paid interim dividends in aggregate of HK$46,010,000 to the Controlling Shareholders for the year ended 31 December 2015. In the same year, the Company declared dividends of HK$58,814,000 in form of distribution in specie of receivables from the related parties under common control of the Controlling Shareholders be payable to its holding company as set out in notes 5 and 7. The Directors did not recommend a payment of final dividend for the year ended 31 December 2015.

No dividend was paid or proposed for ordinary shareholders of the Company during 2016, nor has any dividend been proposed since the end of the reporting period.

10. (LOSS) EARNINGS PER SHARE

As of 31 December 2016, the Company has 2,000,000,000 ordinary shares in issue. The Company was listed on the GEM on 8 October 2015 by way of placing of 500,000,000 ordinary shares and capitalisation of 1,499,999,998 shares, resulting in 2,000,000,000 ordinary shares in issue. The calculation of the basic (loss) earnings per share attributable to the owners of the Company from continuing operation is based on the following data:

	2016	2015
	HK$'000	*HK$'000*
(Loss) Earnings		
(Loss) Earnings for the purpose of basic earnings per share		
(Loss) profit for the year attributable to the owners of the Company	**(11,101)**	45,362
Less: Profit for the year from discontinued operation	**N/A**	(2,793)
(Loss) earnings for the purpose of basic earnings per share from continuing operation	**(11,101)**	42,569

	2016	2015
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,000,000**	1,556,507

Basic earnings per share for the discontinued operation for the year ended 31 December 2015 is 0.18 HK cent per share.

The number of ordinary shares for the purpose of calculating basic earnings per share has been retrospectively adjusted for the capitalisation issue of the shares of the Company completed on 8 October 2015 and assuming the Group Reorganisation had been effective on 1 January 2014.

No diluted earnings per share was presented as there was no potential ordinary share outstanding during both years.

11. TRADE AND OTHER RECEIVABLES/RENTAL DEPOSITS PAID

	2016	2015
	HK$'000	*HK$'000*
Current assets		
Trade receivables – aged within 30 days	**2,730**	4,630
Rental and utilities deposits	**240**	112
Prepaid operating expenses and other receivables	**1,670**	910
Total	**4,640**	5,652
Non-current asset		
Rental deposits paid	**470**	470

The Group's trade receivables consist of receivables from customers and credit card companies. The Group's sales are generally made through internet when deposits and payment is normally required before delivery of software licenses and hardware product and provision of services. For certain type of license sales which charge the customers monthly license fees on a pay-as-you-go basis, the Group offers a credit period of 30 days to these customers.

For credit terms reviews of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit initially granted up to the end of the reporting period.

In order to minimise credit risk, the Directors have delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

BUSINESS REVIEW

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

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

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

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

OUTLOOK

Existing Principal Business

Dedicated to meet the latest needs of enterprises and backup service providers, Ahsay™ Backup Software Version 7 ("Version 7") has been launched in December 2015 to cope with the market changes. Version 7 is an advanced client-server-based solution offering on-premises cloud backup. Through this software, users can manage the backup users' authorisation procedures and systems anytime and anywhere. They can immediately manage the users and monitor the system status, thus greatly enhancing management flexibility. As at 31 December 2016, the adoption rate of Version 7 was approximately 21.8%. Looking ahead, the Group aims to strengthen quality customer support service as well as introduce new features on Version 7 in order to drive up its adoption rate in the coming years.

Prospect for New Business

During the year, KINTIPS LIMITED ("KINTIPS", formerly known as HEKMAN (HK) LIMITED), an indirect wholly-owned subsidiary of the Company, had developed the online smartphone platform (the "Platform") which is designed to provide information sharing services in Hong Kong (the "New Business"). The Platform has been officially launched in December 2016 and it is used as a tool to share information between the information providers and their subscribers through an internet website and mobile phone applications. For the year ended 31 December 2016, the contribution to the revenue of the Group from the New Business was not material.

FINANCIAL REVIEW

Overview

For the year ended 31 December 2016, the Group has recorded total revenue of approximately HK$54.9 million, representing a decrease of approximately 4.2% as compared to approximately HK$57.3 million for the year ended 31 December 2015. The Group recorded a loss of approximately HK$11.1 million for the year ended 31 December 2016 as compared to a profit of approximately HK$45.4 million for the previous year. The loss incurred by the Group was mainly due to a decrease in revenue from the Ahsay™ Backup Software as a result of greater competition in backup software products; an increase in staff costs and related expenses; an increase in other expenses mainly from office rental expenses and legal and professional fees and no profit was generated from discontinued operation for the year ended 31 December 2016.

Revenue

The Group's revenue principally represented income derived from software license sales and leasing, software upgrades and maintenance services, other services and sale of hardware devices. Revenue of approximately HK$57.3 million and approximately HK$54.9 million was recognised for the year ended 31 December 2015 and 31 December 2016, respectively, which represents a decrease of approximately HK$2.4 million or approximately 4.2%.

The decrease was mainly due to the decrease of software license sales and leasing of approximately HK$2.1 million or approximately 6.2% from approximately HK$33.8 million for the year ended 31 December 2015 to approximately HK$31.7 million for the year ended 31 December 2016.

Other Income

Other income increased by approximately HK$0.1 million or 25.0%, to approximately HK$0.5 million for the year ended 31 December 2016 from approximately HK$0.4 million for the year ended 31 December 2015. The increase was mainly due to the increase of bank interest income and partially offset by the decrease in interest income from related parties as compared with the same period in 2015.

Other Losses

Other losses, net, were decreased by approximately HK$0.7 million, which was mainly due to the fact that no loss was derived from the decrease in fair value of held for trading investments during the year ended 31 December 2016. The Group did not hold any held for trading investment after the Listing.

Staff Costs and Related Expenses

Staff costs and related expenses primarily comprised of salaries, performance bonuses, directors' fee, MPF contributions, directors' quarters, other staff welfare and other related expenses. Staff costs and related expenses increased by approximately HK$9.8 million or 25.7%, to approximately HK$48.0 million for the year ended 31 December 2016 from approximately HK$38.2 million for the year ended 31 December 2015. The increase for the year ended 31 December 2016 was mainly due to the increase of total headcount of the Group and salaries increment as compared with the same period in 2015.

Other Expenses

Other expenses primarily comprised of depreciation, advertising and marketing expenses, merchant credit card charges, legal and professional fees, office rental expense and other regular office expenses such as utilities. Other expenses increased by approximately HK$6.1 million or 53.0%, to approximately HK$17.6 million for the year ended 31 December 2016 from approximately HK$11.5 million for the year ended 31 December 2015. The increase for the year ended 31 December 2016 was mainly due to increase in legal and professional fees and office rental expenses as compared with the same period in 2015.

Finance Costs

Finance costs primarily represented interest expenses on bank borrowings. Finance costs decreased by approximately HK$0.6 million or 66.7%, to approximately HK$0.3 million for the year ended 31 December 2016 from approximately HK$0.9 million for the year ended 31 December 2015. The decrease for the year ended 31 December 2016 was mainly due to repayment of certain bank loans during the Group Reorganisation stated in the prospectus of the Company dated 25 September 2015 (the "Prospectus").

Income Tax Expenses

Income tax expenses decreased by approximately HK$1.0 million or 62.5%, to approximately HK$0.6 million for the year ended 31 December 2016 from approximately HK$1.6 million for the year ended 31 December 2015. The decrease was mainly to the Group recorded a loss for the year ended 31 December 2016 as compared to a profit for the previous year.

(Loss) Profit for the Year

The Group recorded a loss of approximately HK$11.1 million for the year ended 31 December 2016 as compared to a profit of approximately HK$45.4 million for the year ended 31 December 2015. Among the loss for the year ended 31 December 2016, approximately HK$2.7 million was incurred from the New Business.

For the year ended 31 December 2015, the Group would have recorded profit from continuing operation of approximately HK$4.3 million after taking out the effect of a gain on disposal of property, plant and equipment of approximately HK$53.5 million, the listing expenses of approximately HK$15.2 million and the profit from discontinued operation of approximately HK$2.8 million.

Financial Position, Liquidity and Financial Resources

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

The Group has remained at a sound financial resource level. As at 31 December 2016, current assets (included cash and bank balances) of approximately HK$100.8 million (31 December 2015: approximately HK$111.2 million). After deducting the bank borrowings balances, the Group remained at a net cash position as at 31 December 2016. With 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 31 December 2016, there was no charge on assets of the Group (31 December 2015: nil).

Capital Commitments and Contingent Liabilities

As at 31 December 2016, the Group did not have any significant capital commitment (31 December 2015: nil) and contingent liability (31 December 2015: nil).

MATERIAL ACQUISITIONS AND DISPOSALS

Save for the Group Reorganisation during the year ended 31 December 2015, the Group did not have any material acquisition and disposal. In June 2015, the Group disposed of the remaining of its investment properties and its leasehold land and buildings at a total consideration of approximately HK$102.9 million to related parties under common control of the Controlling Shareholders of the Group.

There was no material acquisition and disposal during the year ended 31 December 2016.

USE OF PROCEED FROM THE LISTING AND CHANGE IN USE OF PROCEEDS

Reference is made to the Prospectus in relation to the Placing of 500,000,000 shares of the Company at a placing price of HK$0.2 per share (the "Placing") in connection with the Listing. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus. As stated in the section headed "Business Objectives and Future Plans" in the Prospectus, among the net proceeds of approximately HK$77.3 million from the Placing, the Group originally intended to apply the net proceeds in the manner as follows:

- approximately HK$11.1 million for strengthening our software development capabilities;
- approximately HK$7.9 million for broadening our customer base;
- approximately HK$50.6 million for pursuing selective acquisition and partnership; and
- approximately HK$7.7 million for working capital and other general corporate purpose.

The net proceeds from the Placing after deducting the underwriting commission and actual expenses were approximately HK$77.2 million. Accordingly, the Group has applied the use of proceeds in the same manner and proportion as shown in the Prospectus.

As at the date of this announcement, the net proceeds of approximately HK$50.6 million allocated for pursuing selective acquisition and partnership has not been utilised by the Group due to the lack of potential acquisition and partnership targets.

In order to enhance the allocation of the financial resources and to cope with the continuing development of other businesses of the Group in order to maximise its investment returns, the Board has resolved to change the use of approximately HK$26.2 million originally allocated for pursuing selective acquisition and partnership (the "Unutilised Net Proceeds") as follows:

(i) approximately HK$7.7 million for working capital and other general corporate purpose;

(ii) approximately HK$10.0 million for the development and marketing activities of the Platform which is designed to provide information sharing service in Hong Kong. For more details on the Platform, please refer to the announcement of the Company dated 28 July 2016; and

(iii) approximately HK$8.5 million for the repayment of bank borrowing.

The revised use of net proceeds from the Placing is set out as follows:

Use of proceeds	**Original use of net proceeds** *HK$'000*	**As at 31 December 2016 Utilised** *HK$'000*	**As at 31 December 2016 Unutilised** *HK$'000*	**Revised use of net proceeds** *HK$'000*	**Revised unutilised proceeds** *HK$'000*
1. Strengthen our software development capabilities	11,040	2,979	8,061	11,040	8,061
2. Broaden our customer base	7,874	3,988	3,886	7,874	3,886
3. Pursue selective acquisition and partnership	50,566	–	50,566	24,361	24,361
4. Working capital and other general corporate purpose	7,720	7,720	–	15,440	7,720
5. Development and marketing activities of the Platform	–	–	–	10,000	10,000
6. Repayment of bank borrowing	–	–	–	8,485	8,485
Total	77,200	14,687	62,513	77,200	62,513

Save for the aforesaid changes, there is no other change of use of proceeds from the Placing allocated for other purposes as disclosed in the Prospectus.

The Board has considered the impact of the above changes in the use of net proceeds raised from the Placing and is of the view that the change in the use of net proceeds will enable the Group to meet its overall financial needs more efficiently resulting from the latest development of the Group's operation and business. The Board considers that such changes in the use of net proceeds will not adversely affect the operation and business of the Group and is in the best interests of the Company and the shareholders of the Company (the "Shareholders") as a whole.

FINANCIAL MANAGEMENT POLICIES

The Group in its ordinary course of business is exposed to market risks such as foreign currency risk and interest rate risk. The Group's risk management strategy aims to minimise the adverse effects of these risks on its financial performance.

The Group's cash is primarily deposited at banks in Hong Kong and denominated mostly in Hong Kong dollar. As at 31 December 2016, no related hedges were made by the Group (31 December 2015: nil).

As most of the Group's trading transactions, monetary assets and liabilities are denominated in Hong Kong dollar, the impact of foreign exchange exposure to the Group during the year ended 31 December 2016 was minimal and there was no significant adverse effect on normal operations.

With the current interest rates staying at relatively low levels, the Group has not entered into any interest rate hedging contracts or any other interest rate related derivative financial instrument. However, the Group continues to monitor its related interest rate exposure closely.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2016, the Group had a workforce of 112 employees (2015: 62). The increase in number of employees was mainly due to the expansion of the size of the team as a result of expansion of business. Total staff costs for the year ended 31 December 2016 was approximately HK$44.9 million, representing an increase of approximately HK$7.8 million as compared to that of last year.

Remuneration is determined with reference to the duties, responsibilities, experience and competence of individual employee and Director. In addition to salaries and discretionary bonuses relating to the performance of the Group, employee benefit included the mandatory provident fund prescribed by the Mandatory Provident Scheme Ordinance (Chapter 485 of the Laws of Hong Kong). The Group has not participated in any other pension schemes. The emoluments of the Directors are reviewed annually by the remuneration committee of the Board ("Remuneration Committee").

As incentives and rewards for their contributions to the Group, the employees of the Group and all the Directors (including the independent non-executive Directors ("INEDs") and non-executive Director) may also be granted share options by the Company from time to time pursuant to the share option scheme adopted on 4 September 2015.

The Group provides various training to its employees to enhance their technical skills and knowledge relevant to the employees' responsibilities.

During the year under review, the Group did not experience any strikes, work stoppages or significant labour disputes which would have affected its operations in the past and it did not experience any significant difficulties in recruiting and retaining qualified staff.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2016, neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

FINAL DIVIDEND

The Board did not recommend a payment of final dividend for the year ended 31 December 2016.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as required under the GEM Listing Rules as at the date of this announcement.

CORPORATE GOVERNANCE PRACTICES

The Group's corporate governance framework bases on two main beliefs:

- the Group is well-committed to maintain good corporate governance practices and procedures; and

- the Group recognises the need to adopt practices that improve itself continuously for a quality management.

Accordingly, the Group is committed to maintaining high standards of corporate governance with a view to assuring the conduct of management of the Group as well as protecting the interests of all Shareholders. The corporate governance principles adopted by the Group emphasise a quality Board for leadership, effective internal controls, transparency and accountability to all Shareholders.

The Group has applied the principles and adopted all code provisions, where applicable, of the Corporate Governance Code and Corporate Governance Report (the "CG Code") as contained in Appendix 15 to the GEM Listing Rules as its own code of corporate governance. The Directors consider that the Group has complied with all the code provisions as set out in the CG Code during the year ended 31 December 2016.

The Group has further 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 during the year ended 31 December 2016.

The Group believes through the operation of an effective Board, sound internal controls, and accountability to Shareholders, the Group is able to maximise the value of all Shareholders.

ANNUAL GENERAL MEETING (THE "AGM")

The forthcoming AGM of the Company will be held on Friday, 28 April 2017 at 9:30 a.m., the AGM notice will be published and dispatched to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the shareholders' entitlement to attend and vote at the AGM, the Company's register of members will be closed from Monday, 24 April 2017 to Friday, 28 April 2017 (both dates inclusive), during which period no transfer of shares of the Company can be registered. In order to be eligible to attend the AGM, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 21 April 2017.

REVIEW BY THE AUDIT COMMITTEE

The Company has established an audit committee of the Board (the "Audit Committee") with written terms of reference which deal clearly with its authority and duties. The Audit Committee's principal duties are to review and supervise the Company's financial reporting process and internal control systems and to provide advice and comments to the Board. The Audit Committee has reviewed the audited consolidated financial statements of the Company for the year ended 31 December 2016.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2016 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the GEM website at www.hkgem.com and the Company's website at http://www.ahsay.com.hk. The annual report of the Company for the year ended 31 December 2016 will be dispatched to the shareholders of the Company and will be available on the respective websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 17 March 2017

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 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.