**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 2018

## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

**GEM has been positioned as a market designed to accommodate small and mid-sized 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.**

**Given that the companies listed on GEM are generally small and mid-sized companies, 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 of Hong Kong Limited (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this 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.*

## FINANCIAL HIGHLIGHTS

- The Group's revenue for the year ended 31 December 2018 was approximately HK$63.0 million, representing an increase of approximately 9.4% as compared to that of the corresponding period in 2017.

- Profit attributable to owners of the Company for the year ended 31 December 2018 was approximately HK$7.9 million, as compared to the loss of approximately HK$0.7 million for the corresponding period in 2017.

- Segment profit of approximately HK$14.5 million and HK$9.2 million, was recorded from core backup business for the year ended 31 December 2018 and 2017 respectively, representing a 57.6% increase.

- Segment loss of approximately HK$5.5 million and HK$10.4 million, was recorded from information sharing services segment named "KINTIPS" for the year ended 31 December 2018 and 2017 respectively, representing a 47.1% decrease.

- Basic and diluted earnings per share was HK$0.39 cents.

- The Board did not recommend payment of any dividend for the year ended 31 December 2018.

## ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

The board of Directors (the "Board") of the Company is pleased to announce the following audited consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2018 together with the audited comparative figures for the corresponding period in 2017 as set out below.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2018*

| | Notes | 2018 HK$'000 | 2017 HK$'000 |
|---|---|---|---|
| Revenue | 4 | **63,014** | 57,610 |
| Cost of inventories sold | | **(18)** | — |
| Other income | | **1,199** | 547 |
| Other (losses) gains | | **(48)** | 18 |
| Staff costs and related expenses | 5 | **(39,500)** | (42,140) |
| Other expenses | 6 | **(14,489)** | (16,551) |
| Finance costs | | **—** | (73) |
| Profit (loss) before tax | | **10,158** | (589) |
| Income tax expense | 7 | **(2,298)** | (91) |
| **Profit (loss) for the year** | | **7,860** | (680) |
| **Other comprehensive (expense) income** | | | |
| *Item that may be reclassified subsequently to profit or loss:* | | | |
| Exchange differences arising on translation of a foreign subsidiary | | **(14)** | 20 |
| Other comprehensive (expense) income for the year | | **(14)** | 20 |
| **Total comprehensive income (expense) for the year** | | **7,846** | (660) |
| **Earnings (loss) per share** | | | |
| — Basic (HK cents) | 9 | **0.39** | (0.03) |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*At 31 December 2018*

| | Notes | 2018 HK$'000 | 2017 HK$'000 |
|---|---|---|---|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | | **3,531** | 847 |
| Intangible assets | | **3,091** | 1,100 |
| Rental deposits paid | *10* | **520** | 504 |
| Deferred tax assets | | **—** | 84 |
| | | **7,142** | 2,535 |
| CURRENT ASSETS | | | |
| Inventories | | **14** | 15 |
| Trade and other receivables | *10* | **3,936** | 3,737 |
| Bank balances and cash | | **89,296** | 85,888 |
| | | **93,246** | 89,640 |
| CURRENT LIABILITIES | | | |
| Other payables and accruals | | **6,586** | 5,440 |
| Deposits and fees received in advance | | **—** | 16,446 |
| Contract liabilities | | **14,830** | — |
| Tax payable | | **767** | 193 |
| | | **22,183** | 22,079 |
| NET CURRENT ASSETS | | **71,063** | 67,561 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | **78,205** | 70,096 |
| NON-CURRENT LIABILITIES | | | |
| Deposits and fees received in advance | | **—** | 603 |
| Contract liabilities | | **627** | — |
| Provision for long service payments | | **175** | 187 |
| Deferred tax liabilities | | **251** | — |
| | | **1,053** | 790 |
| NET ASSETS | | **77,152** | 69,306 |
| CAPITAL AND RESERVES | | | |
| Share capital | | **20,000** | 20,000 |
| Reserves | | **57,152** | 49,306 |
| | | **77,152** | 69,306 |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the year ended 31 December 2018*

| | Share capital HK$'000 | Share premium HK$'000 | Capital reserve HK$'000 (note i) | Translation reserve HK$'000 | Accumulated losses HK$'000 | Total HK$'000 |
|---|---|---|---|---|---|---|
| At 1 January 2017 | 20,000 | 72,435 | 4,097 | (35) | (26,531) | 69,966 |
| Loss for the year | — | — | — | — | (680) | (680) |
| Other comprehensive income for the year | | | | | | |
| Exchange differences arising on translation of a foreign subsidiary | — | — | — | 20 | — | 20 |
| Total comprehensive income (expense) for the year | — | — | — | 20 | (680) | (660) |
| At 31 December 2017 | 20,000 | 72,435 | 4,097 | (15) | (27,211) | 69,306 |
| Profit for the year | — | — | — | — | 7,860 | 7,860 |
| Other comprehensive expense for the year | | | | | | |
| Exchange differences arising on translation of a foreign subsidiary | — | — | — | (14) | — | (14) |
| Total comprehensive (expense) income for the year | — | — | — | (14) | 7,860 | 7,846 |
| At 31 December 2018 | 20,000 | 72,435 | 4,097 | (29) | (19,351) | 77,152 |

*Note:*

i. Capital reserve comprises:

(a) a debit amount of HK$5,000 represents the difference between the fair value of the consideration paid of HK$205,000 to Mrs. Chong Li Sau Fong, Mr. Chong Siu Pui, Mr. Chong Siu Ning (the "Controlling Shareholders") and the carrying amount of HK$200,000 of the net assets attributable to the 100% equity interest in CloudBacko Corporation ("CloudBacko BVI") and Ahsay Service Centre Limited ("ASCL"), upon the transfer of 100% equity interest of CloudBacko BVI and ASCL from the Controlling Shareholders in April 2015;

(b) a credit amount of HK$1,000,000 represents the difference between the par value of the share issued by Alpha Heritage Holdings Limited ("Alpha Heritage"), a wholly owned subsidiary of the Company, and the share capital of Ahsay Systems Corporation Limited ("Ahsay HK"), upon the transfer of 100% equity interest in Ahsay HK to Alpha Heritage in May 2015;

(c) a credit amount of HK$2,000,000 represents the deemed capital contribution from the Controlling Shareholders with regard to waiver of amounts due to shareholders in March 2015; and

(d) a credit amount of HK$1,102,000 represents the deemed capital contribution from the Controlling Shareholders upon disposal the entire equity interest in Million Victory Investment Management Limited, a subsidiary of the Group, to a related company controlled by the Controlling Shareholders.

## 1. GENERAL

Ahsay Backup Software Development Company Limited (the "Company") is a public listed company incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on the GEM of The Stock Exchange of Hong Kong (the "Stock Exchange"). Its immediate holding company is All Divine Investments Limited, a private company incorporated in the British Virgin Islands (the "BVI"); and its ultimate holding company is Able Future Investments Limited, a private company incorporated in the BVI, which is wholly owned by Mrs. Chong Li Sau Fong, Mr. Chong Siu Pui and Mr. Chong Siu Ning. The address of the registered office of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1–1111, Cayman Islands. The address of the principal place of business of the Company is 28th Floor, Ford Glory Plaza, 37 Wing Hong Street, Lai Chi Kok, Hong Kong.

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

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

## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited ("GEM Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period.

## 3. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

**New and amendments to HKFRSs that are mandatorily effective for the current year**

The Group has applied the following new and amendments to HKFRSs issued by HKICPA for the first time in the current year:

| | |
|---|---|
| HKFRS 9 | Financial Instruments |
| HKFRS 15 | Revenue from Contracts with Customers and the related Amendments |
| HK(IFRIC)-Int 22 | Foreign Currency Transactions and Advance Consideration |
| Amendments to HKFRS 2 | Classification and Measurement of Share-based Payment Transactions |
| Amendments to HKFRS 4 | Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts |
| Amendments to HKAS 28 | As part of the Annual Improvements to HKFRSs 2014–2016 Cycle |
| Amendments to HKAS 40 | Transfers of Investment Property |

Except as described below, the application of the new and 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.

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

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 *Revenue* and HKAS 11 *Construction Contracts* and the related interpretations.

*Summary of effects arising from initial application of HKFRS 15*

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

| | *Note* | **Carrying amounts previously reported at 31 December 2017** *HK$'000* | **Reclassification** *HK$'000* | **Carrying amounts under HKFRS 15 at 1 January 2018*** *HK$'000* |
|---|---|---|---|---|
| **Current liabilities** | | | | |
| Deposits and fees received in advance | (a) | 16,446 | (16,446) | — |
| Contract liabilities | (a) | — | 16,446 | 16,446 |
| **Non-current liabilities** | | | | |
| Deposits and fees received in advance | (a) | 603 | (603) | — |
| Contract liabilities | (a) | — | 603 | 603 |

* The amounts in this column are before the adjustments from the application of HKFRS 9.

*Note:*

(a) As at 1 January 2018, deposits and fees received in advance from customers of HK$16,446,000 and HK$603,000, respectively, previously included in current and non-current liabilities were reclassified to contract liabilities.

The following tables summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position as at 31 December 2018 and its consolidated statement of cash flows for the current year for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position

| | Note | As reported<br>*HK$'000* | Adjustments<br>*HK$'000* | Amounts without application of HKFRS 15<br>*HK$'000* |
|---|---|---|---|---|
| **Current liabilities** | | | | |
| Deposits and fees received in advance | (a) | — | 14,830 | 14,830 |
| Contract liabilities | (a) | 14,830 | (14,830) | — |
| **Non-current liabilities** | | | | |
| Deposits and fees received in advance | (a) | — | 627 | 627 |
| Contract liabilities | (a) | 627 | (627) | — |

Impact on the consolidated statement of cash flows

| | Note | As reported<br>*HK$'000* | Adjustments<br>*HK$'000* | Amounts without application of HKFRS 15<br>*HK$'000* |
|---|---|---|---|---|
| **Operating activities** | | | | |
| Decrease in contract liabilities | (a) | (1,592) | 1,592 | — |
| Decrease in deposits and fees received in advance | (a) | — | (1,592) | (1,592) |

*Note:*

(a) As at 31 December 2018, deposits and fees received in advance from customers of HK$14,830,000 and HK$627,000, respectively, included in current and non-current liabilities were classified as contract liabilities. As such, the decrease in deposits and fees received in advance from customers of HK$1,592,000 in the consolidated statement of cash flows was classified as decrease in contract liabilities.

Except as described above, the application of HKFRS 15 has had no material impact on the amounts reported set out in these consolidated financial statements.

### *3.2 HKFRS 9 Financial Instruments*

In the current year, the Group has applied HKFRS 9 *Financial Instruments* and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for (1) the classification and measurement of financial assets and financial liabilities, (2) expected credit losses ("ECL") for financial assets and (3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening accumulated losses and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 *Financial Instruments: Recognition and Measurement*.

*Summary of effects arising from initial application of HKFRS 9*

Classification and measurement of financial assets and financial liabilities at amortised cost

Trade receivables arising from contracts with customers are initially measured in accordance with HKFRS 15.

All recognised financial assets and financial liabilities that are within the scope of HKFRS 9 are subsequently measured at amortised cost.

Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables. The ECL on these assets are assessed collectively using a provision matrix based on its historical observed default rates which is adjusted for forward-looking estimates.

ECL for other financial assets at amortised cost, including bank balances, other receivables and rental deposits paid, are assessed on 12-month ECL ("12m ECL") basis as there had been no significant increase in credit risk since initial recognition.

As at 1 January 2018, the directors of the Company reviewed and assessed the Group's existing financial assets for impairment using reasonable and supportable information that is available without undue cost or effort in accordance with the requirements of HKFRS 9. No impairment allowance was recognised at 1 January 2018.

**New and amendments to HKFRSs in issue but not yet effective**

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

| | |
|---|---|
| HKFRS 16 | Leases[1] |
| HKFRS 17 | Insurance Contracts[4] |
| HK(IFRIC)-Int 23 | Uncertainty over Income Tax Treatments[1] |
| Amendments to HKFRS 3 | Definition of a Business[2] |
| Amendments to HKFRS 9 | Prepayment Features with Negative Compensation[1] |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5] |
| Amendments to HKAS 1 and HKAS 8 | Definition of Material[3] |
| Amendments to HKAS 19 | Plan Amendment, Curtailment or Settlement[1] |
| Amendments to HKAS 28 | Long-term Interests in Associates and Joint Ventures[1] |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2015–2017 Cycle[1] |

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

2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

3 Effective for annual periods beginning on or after 1 January 2020.

4 Effective for annual periods beginning on or after 1 January 2021.

5 Effective for annual periods beginning on or after a date to be determined.

Except for the new HKFRS mentioned below, the directors of the Group anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

**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. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. HKFRS 16 also includes requirements relating to subleases and lease modifications.

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 operating lease payments as operating cash flows. Upon application of 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 cash flows by the Group.

Other than certain requirements which are also applicable to lessor, 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 2018, the Group has non-cancellable operating lease commitments of HK$9,406,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, 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.

In addition, the Group currently considers refundable rental deposits paid of HK$538,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right-of-use assets.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. The Group intends to elect the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC)-Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application.

## 4. REVENUE AND SEGMENT INFORMATION

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

During the current year, segment revenue reported to the CODM was analysed on the basis of the performance obligations recognised by the Group. The segment revenue has been further disaggregated in the segment information and accordingly, the comparative information has been restated.

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

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

**Segment revenue and result**

Segment results represent the profit earned by/loss from each segment without allocation of other income and other gains (losses) 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:

***For the year ended 31 December 2018***

| | **Online backup software and related services** *HK$'000* | **Information sharing services** *HK$'000* | **Total** *HK$'000* |
|---|---|---|---|
| **Segment revenue — External** | | | |
| Software license sales | 9,578 | — | 9,578 |
| Software license leasing | 27,861 | — | 27,861 |
| Software upgrades and maintenance services fee | 23,283 | — | 23,283 |
| Other services fee | 2,088 | — | 2,088 |
| Sale of hardware devices | 25 | — | 25 |
| Information sharing services income | — | 179 | 179 |
| **Total revenue** | 62,835 | 179 | 63,014 |
| **Timing of revenue recognition** | | | |
| At a point in time | 9,694 | 179 | 9,873 |
| Over time | 53,141 | — | 53,141 |
| | 62,835 | 179 | 63,014 |
| **Segment profit (loss)** | 14,520 | (5,513) | 9,007 |
| Unallocated incomes and expenses | | | |
| Other income | | | 1,199 |
| Other losses | | | (48) |
| **Profit before tax** | | | 10,158 |

*For the year ended 31 December 2017 (Restated)*

| | **Online backup software and related services** *HK$'000* | **Information sharing services** *HK$'000* | **Total** *HK$'000* |
|---|---|---|---|
| **Segment revenue — External** | | | |
| Software license sales | 10,034 | — | 10,034 |
| Software license leasing | 22,388 | — | 22,388 |
| Software upgrades and maintenance services fee | 22,665 | — | 22,665 |
| Other services fee | 2,118 | — | 2,118 |
| Information sharing services income | — | 405 | 405 |
| **Total revenue** | 57,205 | 405 | 57,610 |
| **Timing of revenue recognition** | | | |
| At a point in time | 10,161 | 405 | 10,566 |
| Over time | 47,044 | — | 47,044 |
| | 57,205 | 405 | 57,610 |
| **Segment profit (loss)** | 9,198 | (10,352) | (1,154) |
| Unallocated incomes and expenses | | | |
| Other income | | | 547 |
| Other gains | | | 18 |
| **Loss before tax** | | | (589) |

Transaction price allocated to the remaining performance obligation for contracts with customers

Software upgrades and maintenance services are typically provided for a period of one year. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

**Segment assets and liabilities**

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

***For the year ended 31 December 2018***

| | **Online backup software and related services** *HK$'000* | **Information sharing services** *HK$'000* | **Total** *HK$'000* |
|---|---|---|---|
| **Reportable segment assets** | | | |
| Segment assets | 11,036 | 56 | 11,092 |
| *Reconciliation:* | | | |
| Unallocated assets | | | |
| Bank balances and cash | | | 89,296 |
| **Consolidated assets** | | | 100,388 |
| **Reportable segment liabilities** | | | |
| Segment liabilities | 22,678 | 558 | 23,236 |
| **Consolidated liabilities** | | | 23,236 |

***For the year ended 31 December 2017***

| | **Online backup software and related services** *HK$'000* | **Information sharing services** *HK$'000* | **Total** *HK$'000* |
|---|---|---|---|
| **Reportable segment assets** | | | |
| Segment assets | 6,192 | 95 | 6,287 |
| *Reconciliation:* | | | |
| Unallocated assets | | | |
| Bank balances and cash | | | 85,888 |
| **Consolidated assets** | | | 92,175 |
| **Reportable segment liabilities** | | | |
| Segment liabilities | 21,975 | 894 | 22,869 |
| **Consolidated liabilities** | | | 22,869 |

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

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

**Other segment information**

***For the year ended 31 December 2018***

| | **Online backup software and related services** *HK$'000* | **Information sharing services** *HK$'000* | **Total** *HK$'000* |
|---|---|---|---|
| **Amounts included in the measure of segment profit or loss or segment assets:** | | | |
| Addition to non-current assets *(note)* | 5,417 | — | 5,417 |
| Depreciation and amortisation | 734 | 8 | 742 |

***For the year ended 31 December 2017***

| | **Online backup software and related services** *HK$'000* | **Information sharing services** *HK$'000* | **Total** *HK$'000* |
|---|---|---|---|
| **Amounts included in the measure of segment profit or loss or segment assets:** | | | |
| Addition to non-current assets *(note)* | 2,648 | — | 2,648 |
| Depreciation and amortisation | 649 | 8 | 657 |
| Impairment loss on intangible assets | 1,056 | — | 1,056 |
| Loss on disposal of property, plant and equipment | 3 | — | 3 |

*Note:* Non-current assets excluded rental deposits paid and deferred tax assets.

**Non-current assets by geographical location**

An analysis of the Group's non-current assets is presented based on the geographical location of the assets as detailed below:

| | **2018** ***HK$'000*** | 2017 *HK$'000* |
|---|---|---|
| Hong Kong | **3,729** | 1,850 |
| Philippines | **2,893** | 97 |
| | **6,622** | 1,947 |

Non-current assets excluded rental deposits paid and deferred tax assets.

**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:

| | **2018** | 2017 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| United States | **8,374** | 8,993 |
| United Kingdom | **6,448** | 6,259 |
| Others *(Note)* | **48,192** | 42,358 |
| | **63,014** | 57,610 |

*Note:* 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. STAFF COSTS AND RELATED EXPENSES

| | **2018** | 2017 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Directors' emoluments | **8,752** | 8,366 |
| Other staff costs | | |
| — Salaries, allowances and benefits in kind and performance and other bonus | **31,327** | 35,330 |
| — Retirement benefits scheme contributions, excluding directors' retirement contributions | **1,003** | 1,252 |
| — Long-term employee benefit credit | **(144)** | (1,024) |
| Total directors' and staff costs | **40,938** | 43,924 |
| Less: development costs capitalised | **(2,255)** | (2,419) |
| Total directors' and staff costs, net of development costs capitalised | **38,683** | 41,505 |
| Staff related expenses | **817** | 635 |
| Staff costs and related expenses | **39,500** | 42,140 |
| Research and development cost included in staff costs and related expenses | **10,492** | 10,147 |

## 6. OTHER EXPENSES

| | **2018** | 2017 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Auditor's remuneration | **800** | 800 |
| Advertising and marketing expenses | **2,521** | 4,264 |
| Amortisation of intangible assets | **264** | 263 |
| Impairment loss recognised on intangible assets | **—** | 1,056 |
| Legal and professional fees | **1,360** | 1,861 |
| Depreciation of property, plant and equipment | **478** | 394 |
| Rent and rates | **3,497** | 3,042 |
| Merchant credit card charges | **1,360** | 1,445 |
| Electricity and water | **310** | 330 |
| Loss on disposal of property, plant and equipment | **—** | 3 |
| Others | **3,899** | 3,093 |
| | **14,489** | 16,551 |

## 7. INCOME TAX EXPENSE

| | **2018** | 2017 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Current tax: | | |
| Hong Kong Profits Tax | **1,994** | 193 |
| Overprovision in prior years: | | |
| Hong Kong Profits Tax | **(31)** | — |
| | **1,963** | 193 |
| Deferred tax | **335** | (102) |
| | **2,298** | 91 |

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 subjected to Hong Kong Profits Tax at a rate of 16.5% for the year ended 31 December 2017.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, starting from the current year, one of the subsidiaries of the Company is subject to Hong Kong Profits Tax at the rate of 8.25% for the first HK$2 million of estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million. Other subsidiaries of the Company are subjected to Hong Kong Profits Tax at the rate of 16.5% for the year ended 31 December 2018.

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 the People's Republic of China (the "PRC") subsidiary is 25% for the year. No provision for taxation in PRC has been made for both years as the Group has no assessable profits in PRC.

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

| | **2018** | 2017 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Profit (loss) before tax | **10,158** | (589) |
| Tax at the Hong Kong Profits Tax rate of 16.5% | **1,676** | (97) |
| Tax effect of expenses not deductible for tax purpose | **59** | 30 |
| Tax effect of income not taxable for tax purposes | **(187)** | (81) |
| Tax effect of tax losses not recognised | **990** | 1,739 |
| Utilisation of tax loss previously not recognised | **(42)** | (1,219) |
| Utilisation of deductible temporary differences previously not recognised | **(2)** | (281) |
| Overprovision in prior years | **(31)** | — |
| Income tax at concessionary rate | **(165)** | — |
| Income tax expense for the year | **2,298** | 91 |

## 8. DIVIDENDS

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

## 9. EARNINGS (LOSS) PER SHARE

The calculation of the basic earnings (loss) per share attributable to the owners of the Company is based on the following data:

| | **2018** | 2017 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Earnings (loss)** | | |
| **Earnings (loss) for the purpose of basic earnings (loss) per share** | | |
| Profit (loss) for the year attributable to the owners of the Company for the purpose of basic earnings (loss) per share | **7,860** | (680) |

| | **2018** | 2017 |
|---|---|---|
| | ***'000*** | *'000* |
| **Number of shares** | | |
| Weighted average number of ordinary shares for the purpose of basic earnings (loss) per share | **2,000,000** | 2,000,000 |

No diluted earnings (loss) per share for both years was presented as there were no potential ordinary share in issue for both years.

## 10. TRADE AND OTHER RECEIVABLES/RENTAL DEPOSITS PAID

| | **2018** | 2017 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Current assets** | | |
| Trade receivables — aged within 30 days | **2,536** | 2,440 |
| Rental and utilities deposits | **330** | 291 |
| Prepaid operating expenses and other receivables | **1,070** | 1,006 |
| Total | **3,936** | 3,737 |
| **Non-current asset** | | |
| Rental deposits paid | **520** | 504 |

As at 31 December 2018 and 1 January 2018, trade receivables from contracts with customers amounted to HK$2,536,000 and HK$2,440,000 respectively.

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

## BUSINESS REVIEW

Increasing adoption of data backup software and various cloud-based technologies by various industries are major factors boosting growth of the global data backup software market in 2018. In view of the potential risk of hardware failure, data breach and human error, more and more businesses have increased their investment in data backup systems. Apart from data backup, data security is also an essential area to be improved on currently. Ransomware has become more and more advanced and common on the internet. It is undeniable that data has long been of crucial value to business operations. To avoid heavy losses due to inadequate backup system, installing an effective backup software solution is a growing trend to protect data nowadays. The demands of global backup software market and small and medium enterprise ("SMEs") for backup software products and relevant support services are expected to continue to increase in the foreseeable future.

Revenue of the Group increased by approximately HK$5.4 million, or 9.4% from approximately HK$57.6 million for the year ended 31 December 2017 to approximately HK$63.0 million for the year ended 31 December 2018.

The Group will continue to develop its existing businesses while staying alert on the market trends and needs so as to create a competitive edge over our products and to provide more integrated and comprehensive features for our products. In addition, customer care and quality of products have long been crucial elements to our business success. To further expand our existing operations, we have purchased an office unit in the Philippines in order to attract more talent to enhance our customer support services, quality assurance and development operations.

With sufficient resources and additional talent, the Group would continue to integrate its business development with market needs and upgrade its existing products and technology in a timely manner in order to keep pace with technological advancements in the market. The Group believes such efforts can help strengthen its customer relationships and will ultimately enhance the competitiveness of its core products and customer services in the foreseeable future.

## OUTLOOK

### Core Backup Business

Due to the improvement of the stability of Ahsay™ Backup Software Version 7 ("Version 7"), the Group recorded a segment profit from core backup business of approximately HK$14.5 million and HK$9.2 million for the year ended 31 December 2018 and 2017, respectively.

To achieve customized development of products and keep pace with technological advancement, Ahsay™ Backup Software Version 8 ("Version 8") has been launched in January 2019. Version 8 incorporates various new features including Office 365 SharePoint Online Backup and etc. It has been enhanced the Office 365 backup features which can cover all types of data backups for Office 365. With efficient enhancement of the functionalities of its various products, it would provide better user experience.

In February 2019, Ahsay Systems Corporation Limited ("Ahsay HK") entered into a memorandum of understanding (the "MOU") with Orangetech Co., Ltd. ("Orangetech"), a company incorporated in the Republic of Korea ("Korea"). Orangetech is an information technology company.

Pursuant to the MOU, Ahsay HK and Orangetech intended to share strategic recognition of creating new business opportunities by building a cooperative relationship and by providing value to the customer for security backup solution business mainly in public sector.

Currently, the Group principally engages in sales to the customers through our sales websites. However, the Group intends to expand our business by arranging additional distribution channels for offering our products to customers. The Board believes that having Orangetech as a distributor of the Group in Korea under the MOU represents a good opportunity for the Group to expand its distribution channel as well as to increase its market share in Korea.

Looking forward, the Group will dedicate significant resources to continue the development of new features and the improvement in the usability of Ahsay™ Backup Software with customer value orientated focus. It is believed that such focus on customer value would enhance the Group's market share in the backup software sector in the coming years.

**Information Sharing Platform**

KINTIPS LIMITED, an indirect wholly-owned subsidiary of the Company, has developed an online information sharing platform, which includes a website and a mobile-application both named KINTIPS (堅料) designed to provide information sharing services in Hong Kong. KINTIPS was officially launched in December 2016. KINTIPS is a trading platform for horse racing tips in Hong Kong designed for information providers (horse racing and football tipsters) and subscribers to share information via its website or mobile application.

During the year, KINTIPS LIMITED has launched another website and mobile-application named KINBOY (堅仔) which is an online all-in-one platform for horse racing information. It provides race cards, current odds, result and dividends reports and other related information of horse racing. Both mobile application of KINTIPS and KINBOY can be installed on mobile devices that operate on the Android OS or Apple iOS systems.

In a fast paced world nowadays, mobile devices have become the first choice for every user to browse and interact online. The develop such to mobile-application market is expanding exponentially. With the Group's experience in the information technology industry, we believe the Group can make use of KINTIPS and KINBOY to diversify into the mobile-application industry. For the year ended 31 December 2018, the revenue contribution of the information sharing platform to the Group was not material.

## FINANCIAL REVIEW

### Overview

For the year ended 31 December 2018, the Group recorded revenue of approximately HK$63.0 million, representing an increase of approximately 9.4% as compared to approximately HK$57.6 million for the year ended 31 December 2017. The Group recorded a profit attributable to owners of approximately HK$7.9 million for the year ended 31 December 2018 as compared to a loss of approximately HK$0.7 million for the corresponding period in 2017. The turnaround from loss to profit is mainly attributable to (i) the continuing increase in revenue resulting from a higher adoption rate of Version 7 and (ii) the decrease in staff costs and related expenses and advertising and marketing expenses by enhancing the efficiency of resources allocation, as compared to that of the corresponding period last year.

### Revenue

The Group's revenue principally represented income derived from software license sales and leasing, software upgrades and maintenance services and related services. Revenue of approximately HK$63.0 million and approximately HK$57.6 million was recognised for the year ended 31 December 2018 and 31 December 2017, respectively, which represents an increase of approximately HK$5.4 million or approximately 9.4%.

The revenue increment for the year ended 31 December 2018 was mainly due to the increase in revenue from software license leasing of approximately HK$5.5 million, mainly resulting from a higher adoption rate of Version 7 compared with the same period in 2017.

### Other income

Other income increased by approximately HK$0.7 million or 140% from approximately HK$0.5 million for the year ended 31 December 2017 to approximately HK$1.2 million for the year ended 31 December 2018. The increase for the year ended 31 December 2018 was mainly due to the increase in bank interest income as a result of the combined effect of the increase in the average interest rate and more funds placed in time deposits compared with the same period in 2017.

### Staff Costs and Related Expenses

Staff costs and related expenses primarily comprised of salaries, performance bonuses, directors' fee, Mandatory Provident Fund contributions, other staff welfare and other related expenses. Staff costs and related expenses decreased by approximately HK$2.6 million or 6.2%, to approximately HK$39.5 million for the year ended 31 December 2018 from approximately HK$42.1 million for the year ended 31 December 2017. The decrease for the year ended 31 December 2018 was mainly due to the combined effect of (i) decrease in average headcount of office in Hong Kong; (ii) decrease in number of senior management partially offset by (iii) increase in average headcount in the Philippine office and (iv)salaries increment as compared with that of the same period in 2017.

### Other Expenses

Other expenses primarily comprised of depreciation, amortisation, 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 decreased by approximately HK$2.1 million or 12.7%, to approximately HK$14.5 million for the year ended 31 December 2018 from approximately HK$16.6 million for the year ended 31 December 2017. The decrease for the year ended 31 December 2018 was mainly due to the decrease in advertising and marketing expenses by using combined tools for marketing efficiently as compared with the same period in 2017.

### Income Tax Expense

The Group recorded income tax expenses of approximately HK$2.3 million for the year ended 31 December 2018. The increase in income tax expenses was mainly due to the increase in generation of assessable profits during the year compared with the same period in 2017.

### Profit (Loss) for the Year

The Group recorded a profit of approximately HK$7.9 million for the year ended 31 December 2018 as compared to a loss of approximately HK$0.7 million for the corresponding period in 2017. Of the profit for the year ended 31 December 2018, approximately HK$14.5 million pre-tax profit was generated by the Group's core backup business, which was partially offset by the segment loss of approximately HK$5.5 million incurred from KINTIPS.

### Financial Position, Liquidity and Financial Resources

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

The Group is in a sound financial resource level. As at 31 December 2018, current assets of approximately HK$93.2 million (31 December 2017: approximately HK$89.6 million). The Group remained at a net cash position as at 31 December 2017 and 2018. Based on the amount of liquid assets on hand, the management is of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.

### Capital Structure

The capital structure of the Company comprise of ordinary shares only. As at 31 December 2018, the Company's issued share capital was HK$20.0 million with 2,000,000,000 issued shares of HK$0.01 each.

### Charges on Assets of the Group

As at 31 December 2018, there was no charge on assets of the Group (31 December 2017: nil).

### Capital Commitments and Contingent Liabilities

As at 31 December 2018, the Group did not have any significant capital commitment (31 December 2017: nil) and contingent liability (31 December 2017: nil).

## MATERIAL ACQUISITIONS AND DISPOSALS

There was no material acquisition or disposal during the year ended 31 December 2018 and 2017.

## 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 2018, no related hedges were made by the Group (31 December 2017: 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 2018 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 interest rate exposure closely.

## USE OF PROCEEDS

Reference is made to the prospectus of the Company dated 25 September 2015 (the "Prospectus") and the announcement issued by the Company dated 17 March 2017 in relation to the change in use of proceeds from the listing of the Company's shares on GEM (the "First Change in Use of Proceeds Announcement"). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus and the First Change in Use of Proceeds Announcement.

On 5 August 2018, net proceeds of approximately HK$24.4 million were allocated for pursuing selective acquisition and partnership has not been utilised by the Group due to the lack of suitable potential acquisition and partnership targets.

Reference is made to the announcement issued by the Company dated 5 August 2018 in relation to the further change in use of proceeds, in order to enhance the allocation of the financial resources and to cope with the continuing development and operations of the businesses of the Group so as to maximise its investment returns, the Board has resolved to further change (the "Further Change") the use of approximately HK$13.5 million originally allocated for pursuing selective acquisition and partnership as follows:

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

(ii) approximately HK$3.0 million for the development and marketing activities of an online smartphone platform which is designed to provide information sharing service in Hong Kong (the "Platform"); and

(iii) approximately HK$2.8 million for purchase of an office unit in Manila, Philippines.

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

| Use of proceeds | Original use of net proceeds *HK$'000* | Revised use of net proceeds as disclosed in the First Change in Use of Proceeds *HK$'000* | Revised use of net proceeds (after the Further Change) *HK$'000* | Utilised amount (as at 31 December 2018) *HK$'000* | Revised unutilise net proceeds as at 31 December 2018 (after the Further Change) *HK$'000* |
|---|---|---|---|---|---|
| 1. Strengthen our software development capabilities | 11,040 | 11,040 | 11,040 | 9,046 | 1,994 |
| 2. Broaden our customer base | 7,874 | 7,874 | 7,874 | 7,874 | — |
| 3. Pursue selective acquisition and partnership | 50,566 | 24,361 | 10,841 | — | 10,841 |
| 4. Working capital and other general corporate purpose | 7,720 | 15,440 | 23,160 | 19,636 | 3,524 |
| 5. Development and marketing activities of the Platform | — | 10,000 | 13,000 | 12,723 | 277 |
| 6. Repayment of bank borrowing | — | 8,485 | 8,485 | 8,485 | — |
| 7. Purchase of an office unit in Manila, Philippines | — | — | 2,800 | 2,800 | — |
| Total | 77,200 | 77,200 | 77,200 | 60,564 | 16,636 |

## EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2018, the Group had a workforce of 82 employees (2017: 79). The increase in number of employees was mainly due to human resources re-allocation to the representative office in the Philippines. Total directors and staff costs for the year ended 31 December 2018 was approximately HK$40.9 million before the development cost capitalised, representing a decrease of approximately HK$3.0 million as compared to that of the corresponding period in 2017. The decrease in staff cost was mainly due to the combined effect of (i) decrease in average headcount of office in Hong Kong; (ii) decrease in number of senior management partially offset by (iii) increase in average headcount in the Philippine office and (iv) salaries increment.

Remuneration is determined with reference to the duties, responsibilities, experience, performance 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")) may also be granted share options by the Company from time to time pursuant to the share option scheme adopted on 4 September 2015, details of which are set out in section headed "Report of the Directors" in this announcement.

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

During the year, 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 2018, 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 2018.

## 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 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 assure the proper conduct of management of the Group as well as protecting the interests of all Shareholders. The corporate governance principles adopted by the Group emphasize 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 ("CG Code") as set out 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 throughout the year ended 31 December 2018.

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 throughout the year ended 31 December 2018.

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, 26 April 2019 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 Tuesday, 23 April 2019 to Friday, 26 April 2019 (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 documents, 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 Thursday, 18 April 2019.

## 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 2018.

## 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 2018 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 2018 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, 8 March 2019

*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.*