



Ahsay Backup Software Development Company Limited

亞勢備份軟件開發有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8290)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

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KONG LIMITED (THE “STOCK EXCHANGE”)**

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*This announcement, for which the directors (the “**Directors**”) of Ahsay Backup Software Development Company Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange 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 six months ended 30 June 2022 was approximately HK\$23.0 million, representing a decrease of approximately 5.7% from approximately HK\$24.4 million for the corresponding period in 2021.
- Loss attributable to owners of the parent for the six months ended 30 June 2022 was approximately HK\$1.1 million as compared to approximately HK\$8.1 million for the corresponding period in 2021.
- Segment losses of approximately HK\$2.4 million and HK\$7.9 million were recorded from online backup software and related services segment for the six months ended 30 June 2022 and 2021 respectively.
- Segment profit of approximately HK\$0.7 million was recorded from information platform segment for the six months ended 30 June 2022 as compared to a segment loss of approximately HK\$0.4 million for the corresponding period in 2021.
- Basic and diluted loss per share were HK0.05 cent for the six months ended 30 June 2022.
- The Board did not recommend the payment of any dividend for the six months ended 30 June 2022.

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

The board of Directors (the “**Board**”) of the Company hereby announce the following unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2022 together with the unaudited comparative figures for the corresponding period in 2021 as set out below.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTHS AND SIX MONTHS ENDED 30 JUNE 2022

	NOTES	Three months ended		Six months ended	
		30 June		30 June	
		2022	2021	2022	2021
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	3	11,486	12,339	22,958	24,424
Cost of inventories sold		(68)	(119)	(130)	(262)
Other income	4	792	112	851	208
Other losses		(461)	(52)	(387)	(149)
Staff costs and related expenses	5	(8,216)	(11,764)	(17,246)	(24,342)
Other expenses	6	(3,560)	(4,145)	(7,114)	(8,004)
Finance costs	7	(110)	(62)	(223)	(122)
Loss before tax		(137)	(3,691)	(1,291)	(8,247)
Income tax credit (expense)	8	16	(56)	14	(123)
Loss for the period		(121)	(3,747)	(1,277)	(8,370)
Attributable to:					
Owners of the parent		(34)	(3,648)	(1,085)	(8,149)
Non-controlling interests		(87)	(99)	(192)	(221)
		(121)	(3,747)	(1,277)	(8,370)
Other comprehensive loss					
<i>Item that may be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences arising on translation of foreign operations		(502)	(104)	(583)	(169)
Other comprehensive loss for the period		(502)	(104)	(583)	(169)
Total comprehensive loss for the period		(623)	(3,851)	(1,860)	(8,539)
Attributable to:					
Owners of the parent		(601)	(3,753)	(1,749)	(8,338)
Non-controlling interests		(22)	(98)	(111)	(201)
		(623)	(3,851)	(1,860)	(8,539)
Loss per share attributable to ordinary equity holders of the parent					
— Basic and diluted (HK cent)	10	(0.00)	(0.18)	(0.05)	(0.41)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2022

	<i>NOTES</i>	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	11,225	12,553
Right-of-use assets		6,035	7,236
Goodwill		—	—
Other intangible assets		—	—
Deferred tax assets		206	141
Deposits paid	12	462	465
		<u>17,928</u>	<u>20,395</u>
CURRENT ASSETS			
Inventories		10	76
Trade and other receivables	12	3,203	3,196
Bank balances and cash		59,739	62,539
		<u>62,952</u>	<u>65,811</u>
CURRENT LIABILITIES			
Other payables and accruals	13	4,248	4,428
Contract liabilities	14	13,060	15,177
Lease liabilities		2,306	2,266
Other borrowings	15	1,678	1,749
Tax payable		221	119
		<u>21,513</u>	<u>23,739</u>
NET CURRENT ASSETS		<u>41,439</u>	<u>42,072</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>59,367</u>	<u>62,467</u>
NON-CURRENT LIABILITIES			
Contract and other liabilities	14	1,205	1,227
Lease liabilities		3,739	4,906
Deferred tax liabilities		17	68
		<u>4,961</u>	<u>6,201</u>
NET ASSETS		<u>54,406</u>	<u>56,266</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital	16	20,000	20,000
Reserves		35,578	37,327
		<u>55,578</u>	<u>57,327</u>
Non-controlling interests		(1,172)	(1,061)
Total equity		<u>54,406</u>	<u>56,266</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Attributable to owners of the parent						Non-controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital and other reserves HK\$'000 (note i)	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000		
At 1 January 2021 (audited)	20,000	72,435	3,395	680	(22,904)	73,606	(654)	72,952
Loss for the period	—	—	—	—	(8,149)	(8,149)	(221)	(8,370)
Other comprehensive (loss) income for the period								
Exchange differences arising on translation of foreign operations	—	—	—	(189)	—	(189)	20	(169)
Total comprehensive loss for the period	—	—	—	(189)	(8,149)	(8,338)	(201)	(8,539)
At 30 June 2021 (unaudited)	<u>20,000</u>	<u>72,435</u>	<u>3,395</u>	<u>491</u>	<u>(31,053)</u>	<u>65,268</u>	<u>(855)</u>	<u>64,413</u>
At 1 January 2022 (audited)	20,000	72,435	3,395	74	(38,577)	57,327	(1,061)	56,266
Loss for the period	—	—	—	—	(1,085)	(1,085)	(192)	(1,277)
Other comprehensive (loss) income for the period								
Exchange differences arising on translation of foreign operations	—	—	—	(664)	—	(664)	81	(583)
Total comprehensive loss for the period	—	—	—	(664)	(1,085)	(1,749)	(111)	(1,860)
At 30 June 2022 (unaudited)	<u>20,000</u>	<u>72,435</u>	<u>3,395</u>	<u>(590)</u>	<u>(39,662)</u>	<u>55,578</u>	<u>(1,172)</u>	<u>54,406</u>

Note:

i. Capital and other reserves comprise:

- (a) a debit amount of HK\$5,000 representing the difference between the fair value of the consideration paid in the amount of HK\$205,000 to Mrs. Chong Li Sau Fong, Mr. Chong Siu Pui and Mr. Chong Siu Ning (the “**Controlling Shareholders**”) and the carrying amount of HK\$200,000 of the net assets attributable to the 100% equity interest in CloudBacko Corporation (“**CloudBacko BVI**”) and Ahsay Service Centre Limited (“**ASCL**”), upon transfer of the 100% equity interests in CloudBacko BVI and ASCL from the Controlling Shareholders in April 2015;
- (b) a credit amount of HK\$1,000,000 representing the difference between the par value of the share issued by Alpha Heritage Holdings Limited (“**Alpha Heritage**”), a wholly-owned subsidiary of the Company, and the share capital of Ahsay Systems Corporation Limited (“**Ahsay HK**”), upon transfer of the 100% equity interest in Ahsay HK to Alpha Heritage in May 2015;
- (c) a credit amount of HK\$2,000,000 representing the deemed capital contribution from the Controlling Shareholders with regard to a waiver of amounts due to shareholders in March 2015;
- (d) a credit amount of HK\$1,102,000 representing the deemed capital contribution from the Controlling Shareholders upon disposal of the entire equity interest in Million Victory Investment Management Limited, a then subsidiary of the Group, to a related company controlled by the Controlling Shareholders in April 2015; and
- (e) a debit amount of HK\$702,000 representing the changes in non-controlling interests arising from the additional capital contribution by the Group in 2019.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(1,291)	(8,247)
Adjustments for:		
Finance costs	223	122
Amortisation of other intangible assets	—	28
Interest income	(116)	(103)
Depreciation of property, plant and equipment	999	725
Depreciation of right-of-use assets	1,201	1,475
	<hr/>	<hr/>
Operating cash flows before movements in working capital	1,016	(6,000)
Decrease (increase) in inventories	66	(62)
(Increase) decrease in trade and other receivables and deposits paid	(1)	273
(Decrease) increase in other payables and accruals	(120)	44
Decrease in contract and other liabilities	(2,072)	(1,722)
	<hr/>	<hr/>
Cash used in operations	(1,111)	(7,467)
Income taxes paid, net	—	(60)
	<hr/>	<hr/>
NET CASH FLOWS USED IN OPERATING ACTIVITIES	(1,111)	(7,527)
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(164)	(1,097)
Redemption of financial asset at amortised cost	—	1,563
Interest received	63	103
	<hr/>	<hr/>
NET CASH FLOWS (USED IN) FROM INVESTING ACTIVITIES	(101)	569
	<hr/>	<hr/>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal portion of lease payments	(1,127)	(1,543)
New other borrowings	64	78
Interest paid	(223)	(122)
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CASH USED IN FINANCING ACTIVITIES	(1,286)	(1,587)
	<hr/>	<hr/>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,498)	(8,545)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	62,539	72,850
EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET	(302)	(35)
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CASH AND CASH EQUIVALENTS AT 30 JUNE, represented by bank balances and cash	59,739	64,270
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

1. GENERAL

Ahsay Backup Software Development Company Limited (the “**Company**”) is a publicly listed company incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares were listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Its immediate holding company is All Divine Investments Limited, a private company incorporated in the British Virgin Islands (the “**BVI**”) with limited liability; and, in the opinion of the directors, its ultimate holding company is Able Future Investments Limited, a private company incorporated in the BVI with limited liability. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of the principal place of business of the Company is 28th Floor, Ford Glory Plaza, 37 Wing Hong Street, Lai Chi Kok, Hong Kong.

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

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is the same as the functional currency of the Company.

2.1 BASIS OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 June 2022 have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants and Chapter 18 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”).

The unaudited condensed consolidated financial statements do not include all the information and disclosures required in the Group’s annual financial statements, and should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2021.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the unaudited condensed consolidated financial statements are consistent with those applied in the preparation of the Group’s annual financial statements for the year ended 31 December 2021, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) for the first time for the current period’s unaudited condensed consolidated financial statements.

Amendments to HKFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to HKAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to HKAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract</i>
<i>Annual Improvements to HKFRSs 2018–2020</i>	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41

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

3. REVENUE AND SEGMENT INFORMATION

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

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

Online backup software and related services segment	— Software license sales and leasing, provision of software upgrades and maintenance services, and provision of other services
Information platform segment	— Provision of information sharing services and an analysis tool, and sale of hardware devices

Segment revenue and results

Segment results represent the (loss) profit from each segment without allocation of other income and other losses that are not directly attributable to the segment as disclosed in the table below. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

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

	For the six months ended 30 June 2022 (unaudited)			For the six months ended 30 June 2021 (unaudited)		
	Online backup software and related services HK\$'000	Information platform HK\$'000	Total HK\$'000	Online backup software and related services HK\$'000	Information platform HK\$'000	Total HK\$'000
Segment revenue — External						
Software license sales	2,072	—	2,072	2,188	—	2,188
Software license leasing	8,358	—	8,358	9,180	—	9,180
Software upgrades and maintenance services	9,657	—	9,657	10,619	—	10,619
Other services	481	—	481	600	—	600
Sale of hardware devices	—	147	147	—	310	310
Information sharing service income	—	73	73	—	81	81
Subscription fees	—	2,170	2,170	—	1,446	1,446
Total revenue	20,568	2,390	22,958	22,587	1,837	24,424
Timing of revenue recognition						
At a point in time	2,102	220	2,322	2,228	391	2,619
Over time	18,466	2,170	20,636	20,359	1,446	21,805
	20,568	2,390	22,958	22,587	1,837	24,424
Segment (loss) profit	(2,420)	665	(1,755)	(7,919)	(387)	(8,306)
Unallocated incomes and expenses						
Other income			851			208
Other losses			(387)			(149)
Loss before tax			(1,291)			(8,247)

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

	At 30 June 2022 (unaudited)			At 31 December 2021 (audited)		
	Online backup software and related services HK\$'000	Information platform HK\$'000	Total HK\$'000	Online backup software and related services HK\$'000	Information platform HK\$'000	Total HK\$'000
Reportable segment assets						
Segment assets	20,705	436	21,141	23,237	430	23,667
Reconciliation:						
Unallocated assets						
Bank balances and cash			59,739			62,539
Consolidated assets			80,880			86,206
Reportable segment liabilities						
Segment liabilities	24,505	1,969	26,474	28,109	1,831	29,940

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

- all assets are allocated to operating segments other than financial asset at amortised cost and bank balances and cash that are managed on a group basis.
- all liabilities are allocated to operating segments.

4. OTHER INCOME

	Three months ended 30 June		Six months ended 30 June	
	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2021 HK\$'000 (unaudited)
Bank interest income	82	4	105	27
Interest income on refundable rental deposits	6	7	11	14
Interest income on financial asset at amortised cost	—	28	—	62
Government subsidies (<i>Note</i>)	672	—	672	—
Sundry income	32	73	63	105
	792	112	851	208

Note: Government subsidies related to cash subsidies granted by the Government of the Hong Kong Special Administrative Region under The Employment Support Scheme. During the six months ended 30 June 2022, approximately HK\$672,000 (2021: Nil) was received and recognised.

5. STAFF COSTS AND RELATED EXPENSES

	Three months ended		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Directors' emoluments	1,614	2,403	3,049	4,951
Other staff costs				
— Salaries, allowances and benefits in kind and performance and other bonuses	6,396	9,006	13,747	18,736
— Retirement benefit scheme contributions, excluding directors' retirement contributions*	190	235	405	513
Total directors' and staff costs	8,200	11,644	17,201	24,200
Staff-related expenses	16	120	45	142
Staff costs and related expenses	8,216	11,764	17,246	24,342
Research and development costs included in staff costs and related expenses	2,807	4,737	6,667	10,144

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

6. OTHER EXPENSES

	Three months ended		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Auditor's remuneration	223	223	423	423
Advertising and marketing expenses	354	645	636	1,250
Amortisation of other intangible assets	—	14	—	28
Legal and professional fees	278	489	728	814
Depreciation of property, plant and equipment	618	383	999	725
Depreciation of right-of-use assets	600	737	1,201	1,475
Expenses related to short-term leases	15	38	79	115
Rates and property management fees	146	149	295	305
Merchant credit card charges	354	362	651	672
Electricity and water	115	113	212	199
Web hosting expenses	158	229	357	446
Others	699	763	1,533	1,552
	3,560	4,145	7,114	8,004

7. FINANCE COSTS

	Three months ended		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interest expense on:				
Lease liabilities	92	38	185	77
Other borrowings	18	24	38	45
	<u>110</u>	<u>62</u>	<u>223</u>	<u>122</u>

8. INCOME TAX (CREDIT) EXPENSE

The Group calculates the income tax expense for each interim period based on the best estimate of the weighted average annual income rate expected for the full financial year. The major components of income tax (credit)/expense recognised in profit or loss are:

	Three months ended		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current tax:				
Hong Kong Profits Tax	44	41	102	72
Over provision in prior periods	—	(4)	—	(4)
Deferred tax	<u>(60)</u>	<u>19</u>	<u>(116)</u>	<u>55</u>
	<u>(16)</u>	<u>56</u>	<u>(14)</u>	<u>123</u>

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

Under the two-tiered profits tax rates regime, one of the subsidiaries of the Company is subject to Hong Kong Profits Tax at the rate of 8.25% (2021: 8.25%) for the first HK\$2 million (2021: HK\$2 million) of estimated assessable profits and at 16.5% (2021: 16.5%) on the estimated assessable profits above HK\$2 million (2021: HK\$2 million). Other subsidiaries of the Company are subject to Hong Kong Profits Tax at the rate of 16.5% for the six months ended 30 June 2022 and 2021, respectively.

Under the Enterprise Income Tax Law (the “EIT Law”) of the People’s Republic of China (the “PRC”) and the Implementation Regulation of the EIT Law, the tax rate of the Group’s PRC subsidiary is 25% for both periods. No provision for taxation in the PRC has been made for both periods as the Group has no assessable profits in the PRC.

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

9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company for the six months ended 30 June 2022 and 2021.

10. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

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

	Three months ended		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Loss attributable to ordinary equity holders of the parent	<u>(34)</u>	<u>(3,648)</u>	<u>(1,085)</u>	<u>(8,149)</u>
	Three months ended		Six months ended	
	30 June		30 June	
	2022	2021	2022	2021
	'000	'000	'000	'000
Number of shares				
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share calculation	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,000,000</u>

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2022 and 2021.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired items of property, plant and equipment at costs of approximately HK\$0.2 million (six months ended 30 June 2021: approximately HK\$1.1 million).

12. TRADE AND OTHER RECEIVABLES/DEPOSITS PAID

	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
Current assets		
Trade receivables — aged within 30 days, based on the invoice date	1,578	1,487
Rental and utility deposits	300	293
Prepaid operating expenses and other receivables	<u>1,325</u>	<u>1,416</u>
Total	<u><u>3,203</u></u>	<u><u>3,196</u></u>
Non-current asset		
Deposits paid	<u><u>462</u></u>	<u><u>465</u></u>

The Group's trade receivables consist of receivables from customers and credit card companies. The Group's sales are generally made through the internet where payment is normally required before delivery of software licenses and provision of services. For software license leasing which charges the customers monthly license fees on a pay-as-you-go basis, the Group offers a credit period of 14-30 days to these customers.

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

13. OTHER PAYABLES AND ACCRUALS

Other payables are non-interest bearing. The ageing of other payables was less than one year, based on the invoice date.

14. CONTRACT AND OTHER LIABILITIES

	30 June 2022 HK\$'000 (unaudited)	31 December 2021 HK\$'000 (audited)
<i>Advances received from customers</i>		
Software license sales	439	184
Software license leasing	241	437
Software upgrades and maintenance services	10,903	13,376
Other services	523	485
Information sharing service income	416	428
Subscription fees	1,396	1,198
	<hr/>	<hr/>
Total contract liabilities	13,918	16,108
Others	347	296
	<hr/>	<hr/>
	14,265	16,404
	<hr/> <hr/>	<hr/> <hr/>
Current	13,060	15,177
Non-current	1,205	1,227
	<hr/>	<hr/>
	14,265	16,404
	<hr/> <hr/>	<hr/> <hr/>

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

- **Trade and other deposits from customers and advances received for software upgrades and maintenance services**

When the Group receives a deposit before a service is rendered, this will give rise to a contract liability at the beginning of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposit.

15. OTHER BORROWINGS

	Effective interest rate per annum %	Maturity	30 June 2022 <i>HK\$'000</i> (unaudited)	31 December 2021 <i>HK\$'000</i> (audited)
Current				
Other loans — unsecured (<i>Note</i>)	4.6	2022	<u>1,678</u>	<u>1,749</u>

Note: Other borrowings of the Group are denominated in Korean Won (“**KRW**”), unsecured and bear interest at variable market rates.

16. SHARE CAPITAL

	Number of shares	Share capital <i>HK\$'000</i>
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1 January 2021, 31 December 2021, 1 January 2022 and 30 June 2022	<u>10,000,000,000</u>	<u>100,000</u>
Issued and fully paid:		
At 1 January 2021, 31 December 2021, 1 January 2022 and 30 June 2022	<u>2,000,000,000</u>	<u>20,000</u>

17. RELATED PARTY TRANSACTIONS

(a) Transactions with a related party:

The Group entered into the following significant transactions with a related party during the periods:

Name of related company	Nature of transactions	Six months ended 30 June	
		2022 <i>HK\$'000</i> (unaudited)	2021 <i>HK\$'000</i> (unaudited)
Assets Sino Investments (HK) Limited*	Lease payments	<u>1,260</u>	<u>1,560</u>

* Assets Sino Investments (HK) Limited is under common control of the controlling shareholders and certain directors of the Company, and hence, it is a related party of the Group.

(b) Compensation of key management personnel:

The remuneration of key management, including all directors and the chief executive of the Company during the periods is as follows:

	Six months ended 30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Short-term benefits	4,505	6,822
Post-employment benefits	45	54
	<u>4,550</u>	<u>6,876</u>

18. EVENT AFTER THE REPORTING PERIOD

On 25 July 2022, the Group entered into a lease arrangement with an independent third party to lease out an office space unit and two car parking spaces in the Philippines (the “**leased premises**”) for a term of 3 years commencing from 15 August 2022. As at 30 June 2022, the leased premises were classified as property, plant and equipment. Subsequent to the end of the reporting period, upon entering into the above lease arrangement, the leased premises will be transferred to investment property at fair value with a corresponding change to asset valuation reserve.

FINANCIAL REVIEW

Overview

During the six months ended 30 June 2022 and 2021, the Group recorded revenues of approximately HK\$23.0 million and HK\$24.4 million respectively, representing a decrease of approximately 5.7%. The Group recorded a loss attributable to owners of the parent of approximately HK\$1.1 million for the six months ended 30 June 2022 as compared to a loss of approximately HK\$8.1 million for the corresponding period in 2021.

The decrease in loss for the six months ended 30 June 2022 was mainly attributable to the decrease in staff cost resulting from the cost control measures imposed, which included team restructuring and salary reduction for the senior management of the Group.

Revenue

The Group's revenue principally represented income derived from software license sales and leasing, software upgrades and maintenance services, subscription fees of information platform and other services. Revenue of approximately HK\$23.0 million and HK\$24.4 million were recognised for the six months ended 30 June 2022 and 2021 respectively, representing a decrease of approximately 5.7%.

The decrease in revenue for the six months ended 30 June 2022 was mainly due to the decrease in revenue derived from the Group's online backup business as affected by (i) the continuing weak recovery of demand since the novel coronavirus ("COVID-19") pandemic started from previous years, (ii) negative effect on overall economic growth stemming from the regional war in Europe and (iii) keen competition in the global online backup software market; and was partially offset by the increase in revenue derived from increase in subscription of the Group's information platform compared with the corresponding period in 2021.

Other Income

Other income increased by approximately HK\$0.7 million or 350.0%, to approximately HK\$0.9 million for the six months ended 30 June 2022 from approximately HK\$0.2 million for the six months ended 30 June 2021. The increase in other income for the six months ended 30 June 2022 was mainly due to the recognition of government subsidy granted to the Group under the Employment Support Scheme launched by the Government of the Hong Kong Special Administrative Region.

Staff Costs and Related Expenses

Staff costs and related expenses primarily comprised salaries, performance bonuses, directors' fee, Mandatory Provident Fund contributions, other staff welfare and other related expenses. Staff costs and related expenses decreased by approximately HK\$7.1 million or 29.2%, to approximately HK\$17.2 million for the six months ended 30 June 2022 from approximately HK\$24.3 million for the six months ended 30 June 2021.

The decrease in staff costs and related expenses for the six months ended 30 June 2022 was mainly due to the cost control measures imposed during the period, including team restructuring and salary reduction of the senior management of the Group as compared with the corresponding period in 2021.

Other Expenses

Other expenses primarily comprised of depreciation, advertising and marketing expenses, merchant credit card charges, legal and professional fees and other regular office expenses such as utilities. Other expenses decreased by approximately HK\$0.9 million or 11.3%, to approximately HK\$7.1 million for the six months ended 30 June 2022 from approximately HK\$8.0 million for the six months ended 30 June 2021.

The decrease in other expenses was mainly due to the decrease in advertising and marketing expenses resulting from restructuring of marketing campaign as compared with the corresponding period in 2021.

Income Tax (Credit) Expense

The Group recorded income tax credit of approximately HK\$14,000 for the six months ended 30 June 2022. The decrease in income tax expense was mainly due to the recognition of deferred tax assets for deductible temporary differences.

Loss for the Period

The Group recorded a loss of approximately HK\$1.3 million for the six months ended 30 June 2022 as compared to a loss of approximately HK\$8.4 million for the corresponding period in 2021. The loss for the period consisted of an approximately HK\$2.4 million segment loss from the Group's online backup software and related services segment, and a segment profit of approximately HK\$0.7 million generated by the information platform segment.

Financial Position, Liquidity and Financial Resources

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

The Group is in a sound financial position. As at 30 June 2022, the Group's current assets were approximately HK\$63.0 million (31 December 2021: approximately HK\$65.8 million). The Group remained at a net cash position as at 30 June 2022 and 31 December 2021, respectively. Based on the amount of liquid assets on hand, the management is of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.

Charges on Assets of the Group

As at 30 June 2022, there was no charge on assets of the Group (31 December 2021: nil).

Capital Structure

The capital structure of the Company comprised of ordinary shares only. As at 30 June 2022, the Company's issued share capital was HK\$20.0 million with 2,000,000,000 issued shares of HK\$0.01 each.

Gearing Ratio

As at 30 June 2022, the Group's gearing ratio, calculated as interest-bearing liabilities divided by the total equity, was approximately 3.1% (31 December 2021: 3.1%).

Capital Commitments and Contingent Liabilities

The Group had no significant capital commitments and contingent liabilities as at both 30 June 2022 and 2021.

Segmental Information

An analysis of the Group's performance for the six months ended 30 June 2022 by business segment is set out in note 3 to the financial statements.

Material Acquisitions and Disposals

There was no material acquisition or disposal of subsidiaries, associates or joint ventures during the six months ended 30 June 2022 and 2021, respectively.

BUSINESS REVIEW

Demand has been slow to recover as COVID-19 has persisted longer than previously anticipated and the regional war in Europe affected global economy and demand. Relative weak demand affected the profitability of our online backup business has been continually affected. The Group also faced increasingly intense competition within the global online backup software market. As a result, revenue from the Group's online backup software and its related services decreased by approximately HK\$2.0 million or 8.8% from approximately HK\$22.6 million for the six months ended 30 June 2021 to approximately HK\$20.6 million for the six months ended 30 June 2022. The online backup software and related services segment recorded losses for a few consecutive years.

On the other side, the revenue derived from the Group's information platform increased notably by approximately HK\$0.6 million or 33.3% from approximately HK\$1.8 million for the six months ended 30 June 2021 to approximately HK\$2.4 million for the six months ended 30 June 2022.

Total revenue of the Group decreased by approximately HK\$1.4 million or 5.7% from approximately HK\$24.4 million for the six months ended 30 June 2021 to approximately HK\$23.0 million for the six months ended 30 June 2022.

In response to the weak demand of the global economy, we would continue to take several mitigating actions to control operating costs. With the prudent cost control measures undertaken during the period, the loss attributable to owners of parent for the six months ended 30 June 2022 decreased by approximately 86.4% to approximately HK\$1.1 million, from approximately HK\$8.1 million for the corresponding period in 2021.

In the meantime, the Group has strengthened its digital social media platform to provide customers with the latest product information to improve customer perception. Our customer service team is dedicated to maintaining a long-term relationship with customers by understanding their needs and keeping a close channel of communication with customers regarding technical issues they may encounter. To uphold the principle of "customer-orientation" and enhance customer satisfaction, the Group has continually diversified and customised our products and services during the period.

OUTLOOK

Core Backup Business

Our current version of Ahsay™ Backup Software — Version 9 (“**Version 9**”) launched in January 2022 is an advanced client-server based on-premises and cloud backup software solution for businesses and managed service providers (“**MSPs**”).

For the major enhancement of Version 9, the In-File Data feature is replaced with the new feature — Deduplication which is part of the backup process that identifies and eliminates duplicate copies of repeating data, storing it once, in order to save storage space. Deduplication plays a major role in managing storage space, particularly when performed over large volumes of data. The whole solution can be deployed within a company to back up all virtual machines or physical servers. MSPs can also use it for offering secure managed backup service to their clients.

Version 9 comes with a web based central management console for system administrator to easily manage the whole backup system through any web browser. It supports various features such as Microsoft 365 Backup including SharePoint Online, Outlook, OneDrive and etc. Aside from above, backup and restore of Teams is currently supported.

With the enhancement of functionalities, we believe Version 9 has improved user experience for our customers. We will continue to pay attention to the market changes and future development direction.

Information Platform

The Group has developed information platforms, named KINBOY (堅仔) which is an information analysis tool and KINTIPS (堅料) for information sharing. Those platforms are mainly deployed on mobile-application.

KINBOY is an all-in-one platform for horse racing information to provide users an alternative way to access information electronically. The subscription service is tiered and structured such that free members can access the latest race cards, results and dividends, entries lists, chance table of horse racing and other detailed information such as finesse of horses, sharp moves, odds trend and forecast of first two races for catch-up viewing; while paid members can access detailed information for full day races.

Apart from KINBOY, minimal revenue contributions are derived from information sharing platform via KINTIPS; which is designed for information providers and subscribers to share information via its website and mobile application.

Experienced social distancing and isolation measures during COVID-19 pandemic has resulted in people gravitating more towards entertainment to ease boredom and realise the vital need for digital solutions. Mobile applications have become popular and the general populace are accustomed to use mobile devices as new normal. With up-to-date information on horse racing, more and more people downloaded KINBOY as a way to replace newspaper to access horse racing information. The management is expecting a stable growth in the information platform segment in the future.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

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

As at 30 June 2022, the interests and short positions of the Directors and chief executive in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he/she is taken or deemed to have under such provisions of the SFO); or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, required to be notified to the Company and the Stock Exchange, were as follows:

Long Positions in Shares

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

Notes:

- As at 30 June 2022, the Company had 2,000,000,000 Shares in issue.
- As at 30 June 2022, All Divine Investments Limited ("All Divine") held a long position of 1,500,000,000 Shares, representing 75% of the issued Shares. All Divine is wholly owned by Able Future Investments Limited ("Able Future") which is owned by Mrs. Chong Li Sau Fong, Mr. Chong Siu Pui and Mr. Chong Siu Ning as to 40%, 30% and 30%, respectively. By virtue of the SFO, Mr. Chong King Fan, who is the spouse of Mrs. Chong Li Sau Fong, Mr. Chong Siu Pui and Mr. Chong Siu Ning are deemed to be interested in the Shares held by All Divine.

Save as disclosed above, as at 30 June 2022, none of the Directors and chief executive of the Company had an interest or short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporations that was notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or was recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 30 June 2022, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as required to be recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long Positions in Shares

Name of Shareholder	Capacity/nature of interest	Notes	Number of Shares	Approximate percentage of total number of Shares (Note 1)
All Divine	Beneficial owner	2	1,500,000,000	75.0%
Able Future	Interest in a controlled corporation	2	1,500,000,000	75.0%
Mrs. Chong Li Sau Fong	Interest in a controlled corporation	2	1,500,000,000	75.0%
Ms. Wu Jui-fang	Interest of spouse	3	1,500,000,000	75.0%
Ms. Li Yin Heung	Interest of spouse	4	1,500,000,000	75.0%

Notes:

- As at 30 June 2022, the Company had 2,000,000,000 Shares in issue.
- All Divine held a long position of 1,500,000,000 Shares, representing 75% of the issued Shares. All Divine is wholly owned by Able Future, which is owned by Mrs. Chong Li Sau Fong, Mr. Chong Siu Pui and Mr. Chong Siu Ning as to 40%, 30% and 30%, respectively. By virtue of the SFO, Mrs. Chong Li Sau Fong, Mr. Chong Siu Pui and Mr. Chong Siu Ning are deemed to be interested in the Shares held by All Divine.
- Ms. Wu Jui-fang is the spouse of Mr. Chong Siu Pui. By virtue of the SFO, Ms. Wu Jui-fang is deemed to be interested in the Shares in which Mr. Chong Siu Pui is interested.
- Ms. Li Yin Heung is the spouse of Mr. Chong Siu Ning. By virtue of the SFO, Ms. Li Yin Heung is deemed to be interested in the Shares in which Mr. Chong Siu Ning is interested.

Save as disclosed above, as at 30 June 2022, the Company has not been notified by any persons (other than the Directors or Chief executive of the Company) who had an interest or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed in the sections headed "Share Option Scheme" and "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" in this announcement, at no time during the six months ended 30 June 2022 and up to the date of this announcement, have the Directors and the chief executive of the Company and their respective close associates (as defined under the GEM Listing Rules) had any interest in, or had been granted, or exercised any rights to subscribe for shares or underlying shares of the Company and/or its associated corporations (within the meaning of the SFO).

Directors' and Controlling Shareholders' Interest in Competing Business

For the six months ended 30 June 2022, the Directors were not aware of any business or interest of the Directors, the Controlling Shareholders and their respective close associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interests which any such person has or may have with the Group.

Compliance with the Code of Conduct for Directors' Securities Transactions

The Group has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. In response to specific enquiry made by the Company, each of the Directors gave confirmation that he/she has complied with the required standard of dealings and the code of conduct regarding securities transactions by the Directors for the six months ended 30 June 2022.

Compliance with the Code on Corporate Governance

The Company is committed to achieve high standards of corporate governance with a view to safeguarding the interests of its shareholders. The Company has complied with all the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") as contained in Appendix 15 to the GEM Listing Rules during the six months ended 30 June 2022.

Share Option Scheme

A share option scheme was adopted and approved by the shareholders of the Company on 4 September 2015 (the “**Share Option Scheme**”). No share options have been granted pursuant to the Share Option Scheme since its adoption.

Employees and Remuneration Policy

As at 30 June 2022, the Group had a workforce of 81 employees (30 June 2021: 121). The decrease in number of employees was mainly due to team restructuring. Total directors and staff costs for the six months ended 30 June 2022 was approximately HK\$17.2 million, representing a decrease of approximately HK\$7.1 million as compared to that for the corresponding period in 2021.

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 Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong). The Group has not participated in any other pension schemes for the employees in Hong Kong. Most of the employees engaged outside Hong Kong are covered by appropriate local arrangements. 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 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 six months ended 30 June 2022, 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 six months ended 30 June 2022 and up to the date of this announcement, neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company’s listed securities.

Review by the Audit Committee

The Company has established an audit committee of the Board (the “**Audit Committee**”) with written terms of reference in compliance with the GEM Listing Rules and aligned with the provision of the code provisions set out in the CG Code. The Audit Committee’s principal duties are, among other things, to review and supervise the Company’s financial reporting process and internal control systems and to provide advice and comments to the Board. Members of the Audit Committee are Mr. Wong Yau Sing (chairman of the Audit Committee), Mr. Wong Cho Kei Bonnie and Ms. Wong Pui Man, all of them being independent non-executive Directors.

The interim financial information of the Group for the six months ended 30 June 2022 has not been audited. The Audit Committee has reviewed with management the interim financial information of the Group for the six months ended 30 June 2022, the interim report, the accounting principles and practices adopted by the Group, and other financial reporting matters. The Audit Committee was satisfied that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

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

Hong Kong, 5 August 2022

As at the date of this announcement, the executive Directors are Mr. CHONG Siu Ning, Mr. CHONG Siu Pui and Mr. CHONG King Fan; the non-executive Director is 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 website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk on the “Latest Listed Company Information” page 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>.