



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)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2016

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

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

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

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This announcement, for which the directors (the “Directors”) of Ahsay Backup Software Development Company Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2016

The board of Directors (the “Board”) of the Company is pleased to announce the interim financial information of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2016 together with the unaudited comparative figures for the corresponding periods in 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	NOTES	Six months ended 30 June	
		2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Continuing operation			
Revenue	4	26,186	27,945
Cost of inventory sold		(46)	(34)
Other income	5	330	158
Other gains and losses	6	2	(744)
Gain on disposal of property, plant and equipment	7	—	53,546
Staff costs and related expenses		(21,281)	(16,270)
Other expenses		(8,362)	(4,973)
Listing expenses		—	(7,147)
Finance costs	8	(173)	(411)
(Loss) profit before tax from continuing operation		(3,344)	52,070
Income tax credit (expense)	9	556	(738)
(Loss) profit for the period from continuing operation	10	(2,788)	51,332
Discontinued operation			
Profit for the period from discontinued operation	11	—	2,793
(Loss) profit for the period		(2,788)	54,125

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2016

	NOTES	Six months ended 30 June	
		2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Other comprehensive (expense) income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation of a foreign operation		(5)	14
Other comprehensive (expense) income for the period		(5)	14
Total comprehensive (expense) income for the period attributable to the owners of the Company		(2,793)	54,139
(Losses) earnings per share	13		
From continuing and discontinued operations Basic (in HK cents)		(0.14)	3.91
From continuing operation Basic (in HK cents)		(0.14)	3.71

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016

	NOTES	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment	14	664	604
Rental deposits paid	15	470	470
Deferred tax assets		861	305
		<u>1,995</u>	<u>1,379</u>
Current assets			
Inventories		12	34
Trade and other receivables	15	3,214	5,652
Tax recoverable		1,154	1,154
Bank balances and cash		102,778	104,311
		<u>107,158</u>	<u>111,151</u>
Current liabilities			
Other payables and accruals	16	6,438	6,800
Deposits and fees received in advance	17	12,390	13,361
Bank borrowing — due within one year	18	9,436	10,137
		<u>28,264</u>	<u>30,298</u>
Net current assets		<u>78,894</u>	<u>80,853</u>
Total assets less current liabilities		<u>80,889</u>	<u>82,232</u>
Non-current liabilities			
Deposits and fees received in advance	17	1,994	868
Provision for long service payments		604	280
		<u>2,598</u>	<u>1,148</u>
Net assets		<u>78,291</u>	<u>81,084</u>
Capital and reserves			
Share capital	19	20,000	20,000
Reserves		58,291	61,084
		<u>78,291</u>	<u>81,084</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Translation reserve HK\$'000	Accumulated (losses) profits HK\$'000	Total HK\$'000
At 1 January 2016 (audited)	20,000	72,435	4,097	(18)	(15,430)	81,084
Loss for the period	—	—	—	—	(2,788)	(2,788)
Other comprehensive expense for the period						
Exchange difference arising on translation of a foreign operation	—	—	—	(5)	—	(5)
Total comprehensive expense for the period	—	—	—	(5)	(2,788)	(2,793)
At 30 June 2016 (unaudited)	20,000	72,435	4,097	(23)	(18,218)	78,291
At 1 January 2015 (audited)	1,010	—	—	(6)	44,032	45,036
Profit for the period	—	—	—	—	54,125	54,125
Other comprehensive income for the period						
Exchange difference arising on translation of a foreign operation	—	—	—	14	—	14
Total comprehensive income for the period	—	—	—	14	54,125	54,139
Issue of share capital by a subsidiary	190	—	—	—	—	190
Effects of group reorganisation (i)	(1,200)	—	995	—	—	(205)
Deemed capital contribution from shareholders (ii)	—	—	3,102	—	—	3,102
Dividends declared (note 12)	—	—	—	—	(104,824)	(104,824)
At 30 June 2015 (unaudited)	—	—	4,097	8	(6,667)	(2,562)

- i. As part of the Group Reorganisation (as defined in note 2), on 2 April 2015, Mrs. Chong Li Sau Fong, Mr. Chong Siu Pui, Mr. Chong Siu Ning (the “Controlling Shareholders”) transferred their 100% equity interest in CloudBacko Corporation (“CloudBacko BVI”) to Apex Ace Investments Limited (“Apex Ace”), a wholly owned subsidiary of the Company, for a consideration of HK\$166,000. Further on 27 April 2015, the Controlling Shareholders transferred their 100% equity interest in Ahsay Service Centre Limited (“Ahsay Service Centre”, previously known as CloudBacko Limited) to Apex Ace for a consideration of HK\$39,000. The difference between the total considerations paid amounting to HK\$205,000 to the Controlling Shareholders and the share capital of CloudBacko BVI and Ahsay Service Centre of HK\$200,000 is regarded as an equity movement, and recorded in “Capital reserve”.

Further on 5 May 2015, the Controlling Shareholders transferred their 100% equity interest in Ahsay Systems Corporation Limited (“Ahsay HK”) to Alpha Heritage Holdings Limited (“Alpha Heritage”), a wholly owned subsidiary of the Company, for 1 ordinary share at par value of United States Dollar (“US\$”) 1.00 each in the share capital of Alpha Heritage. The difference between the par value of the share issued by Alpha Heritage of US\$1.00 and the share capital of Ahsay HK of HK\$1,000,000 is regarded as an equity movement, and recorded in “Capital reserve”.

- ii. Amount represents deemed capital contribution from the shareholders of CloudBacko BVI, an indirect wholly-owned subsidiary of the Company, with regard to waiver of amounts due to shareholders of HK\$2,000,000 in March 2015 and the deemed capital contribution of HK\$1,102,000 from the Controlling Shareholders upon disposal of a subsidiary in June 2015 (note 11).

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Operating activities		
(Loss) profit for the period	(2,788)	54,125
Adjustments for:		
Income tax (credit) expenses	(556)	790
Gain on disposal of property, plant and equipment	—	(53,546)
Depreciation of property, plant and equipment	128	646
Increase in fair value of investment properties	—	(2,530)
Bank interest income	(329)	—
Interest income from related parties	—	(158)
Interest expenses	173	411
	<hr/>	<hr/>
Operating cash flows before movements in working capital	(3,372)	(262)
Decrease (increase) in inventories	22	(51)
Decrease (increase) in trade and other receivables	2,438	(3,357)
Increase in held for trading investments	—	6,811
Decrease in other payables and accruals	(362)	(1,674)
Increase (decrease) in provision for long service payments	324	(229)
Increase (decrease) in deposits and fees received in advance	155	(3,191)
	<hr/>	<hr/>
Cash used in operations	(795)	(1,953)
Income taxes paid	—	(15)
	<hr/>	<hr/>
Net cash used in operating activities	(795)	(1,968)
	<hr/>	<hr/>
Investing activities		
Proceeds from disposal of property, plant and equipment	—	28,280
Proceeds from disposal of business	—	18,316
Purchase of property, plant and equipment	(188)	(159)
Proceeds from disposal of investment properties	—	6,400
Repayment of loan by a related party	—	13,187
Advances to related parties	—	(165)
Repayments by related parties	—	22,124
Bank interest income	329	—
Interest income from related parties	—	158
	<hr/>	<hr/>
Net cash from investing activities	141	88,141
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Financing activities		
Interest paid	(173)	(411)
Dividends paid	—	(46,010)
Payment of acquisition of subsidiaries under reorganisation	—	(205)
Bank borrowings raised	—	19,500
Repayment of bank borrowings	(701)	(27,756)
Advances from related parties	—	358
Repayments to related parties	—	(3,562)
	<hr/>	<hr/>
Net cash used in financing activities	(874)	(58,086)
	<hr/>	<hr/>
Net (decrease) increase in cash and cash equivalents	(1,528)	28,087
Cash and cash equivalents at 1 January	104,311	11,865
Effect of foreign exchange rate changes	(5)	14
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Cash and cash equivalents at 30 June, represented by bank balances and cash	102,778	39,966
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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2016

1. General

The Company was incorporated in the Cayman Islands on 10 April 2015 as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's shares were first listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong (the "Stock Exchange") on 8 October 2015 (the "Listing").

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

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

2. Group Reorganisation and Basis of Preparation

Pursuant to the group reorganisation stated in the Company's Prospectus in preparation for the Listing ("Group Reorganisation"), the Company became the holding company of the subsidiaries now comprising the Group on 8 June 2015, the details of which are as set out in the Company's prospectus dated 25 September 2015. The Group comprising the Company and its subsidiaries resulting from the Group Reorganisation continued to be controlled by Mrs. Chong Li Sau Fong, Mr. Chong Siu Pui and Mr. Chong Siu Ning (the "Controlling Shareholders") and is regarded as a continuing entity.

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants as well as the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The amounts included in these condensed consolidated financial statements have been computed in accordance with accounting policies which conform with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") applicable to interim periods. However, it does not contain sufficient information to constitute an interim financial statements as defined in HKFRSs.

The condensed consolidated financial statements should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2015 (the "2015 Financial Statements").

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs and interpretation issued by the HKICPA.

Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKFRSs	Annual improvements to HKFRSs 2012–2014 cycle

The application of these amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in the condensed consolidated financial statements and/or disclosures set out in the condensed consolidated financial statements.

3. Principal Accounting Policies

The accounting policies used in the preparation of these condensed consolidated financial statements are consistent with those used in the preparation of the 2015 Financial Statements.

The condensed consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

4. Revenue and Segment Information

Information reported to the Directors, being the chief operating decision maker ("CODM"), for the purpose of resource allocation and assessment of segment performance focuses on types of goods or service delivered or provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group. During the six months ended 30 June 2016, the Group had no material change in segment assets and segment liabilities.

Segment revenue and result

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

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

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Continuing operation:		
Segment revenue – external:		
Software license sales and leasing	15,438	15,948
Software upgrades and maintenance services fee	10,282	11,364
Other services fee	420	599
Sales of hardware devices	46	34
	<hr/>	<hr/>
Total revenue from continuing operation	26,186	27,945
	<hr/>	<hr/>
Segment results	(3,676)	6,257
Other income	330	158
Other gains and losses	2	(744)
Gain on disposal of property, plant and equipment	—	53,546
Listing expenses	—	(7,147)
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(Loss) profit before tax from continuing operation	(3,344)	52,070
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5. Other income

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Continuing operation:		
Interest income from related parties	—	158
Bank interest income	329	—
Others	1	—
	<hr/>	<hr/>
	330	158
	<hr/> <hr/>	<hr/> <hr/>

6. Other Gains and Losses

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Continuing operation:		
Decrease in fair value of held for trading investments	—	(757)
Foreign exchange gain, net	2	13
	<u>2</u>	<u>13</u>
	<u>2</u>	<u>(744)</u>

7. Gain on Disposal of Property, Plant and Equipment

As part of the Group Reorganisation, the directors of the Company disposed of the Group's leasehold land and buildings to Assets Sino Investments (HK) Limited, a related company under common control of the Controlling Shareholders, for a consideration of HK\$81,900,000 in June 2015. Further details of the transaction are set out in note 11.

The carrying value of the leasehold land and buildings immediately before disposal was approximately HK\$28,354,000. Gain on disposal of property, plant and equipment of approximately HK\$53,546,000 was recognised during the six months ended 30 June 2015.

Payment of consideration amounting of HK\$28,280,000 was made in cash and the remaining HK\$53,620,000 was settled through current account. In June 2015, the Company declared a dividend of HK\$53,620,000 in form of distribution in specie of receivable from the related party under common control of the Controlling Shareholders be payable to its holding company (note 12).

8. Finance Costs

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Continuing operation:		
Interests on:		
Bank loans wholly repayable		
— within five years	—	238
— over five years	173	173
	<u>173</u>	<u>411</u>

9. Income Tax Expense

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Continuing operation:		
Current tax:		
— Hong Kong Profits Tax	—	1,427
Deferred tax	(556)	(689)
	<u>(556)</u>	<u>738</u>

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

The Group is subject to Hong Kong Profits Tax at a rate of 16.5% for both periods. For the six months ended 30 June 2016, no provision for Hong Kong Profits Tax has been made as the Group has no assessable profits arising in Hong Kong.

10. (Loss) profit for the Period from Continuing Operation

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
(Loss) profit for the period from continuing operation has been arrived at after charging (crediting):		
Directors' emoluments	4,241	5,107
Other staff costs		
— Salaries and performance and other bonuses	14,957	10,667
— Retirement benefits scheme contribution, excluding directors	510	403
Long-term employee benefit expenses	492	(76)
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Total directors' and staff costs	20,200	16,101
Staff related expenses	1,081	169
	<hr/>	<hr/>
Staff costs and related expenses	21,281	16,270
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Auditor's remuneration	900	497
Advertising and marketing expenses (included in other expenses)	1,265	899
Legal and professional fees (included in other expenses)	1,419	—
Rental expenses (included in other expenses)	1,628	294
Depreciation of property, plant and equipment (included in other expenses)	128	646
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11. Discontinued Operation/Disposal of a Subsidiary and an Investment Property

Analysis of profit for the period from discontinued operation

The results of the discontinued operation included in the profit for the period are set out below:

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit for the period from discontinued operation		
Rental income	—	580
Gains on change in fair value of investment properties	—	2,530
Administrative expenses	—	(109)
Interest on bank borrowings	—	(156)
	<hr/>	<hr/>
Profit before tax	—	2,845
Income tax expenses	—	(52)
	<hr/>	<hr/>
Profit for the period from discontinued operation	<hr/> <hr/>	<hr/> <hr/>

Six months ended 30 June	
2016	2015
HK\$'000	HK\$'000
(unaudited)	(unaudited)

Profit for the period from discontinued operation includes the following:

Auditor's remuneration	—	3
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Disposal of business through disposal of a subsidiary and an investment property

The Group's properties investment business mainly comprised of the investment properties owned by Million Victory and Ahsay HK, an indirect wholly-owned subsidiary of the Company, for the purpose of capital appreciation and rental earnings.

As part of the Group Reorganisation, the Group disposed of the Group's properties investment business to several related parties that are under common control of the Controlling Shareholders. In April 2015, the entire equity interest in Million Victory was disposed to Able Future Investments Limited, a related company controlled by the Controlling Shareholders, for a consideration of HK\$2,664,000 and resulted a deemed capital contribution amounting approximately HK\$1,102,000. Further in June 2015, an investment property owned by Ahsay HK was disposed to Atlantic Sky Global (HK) Limited, a related company controlled by the Controlling Shareholders, for a consideration of HK\$20,960,000 and no gain or loss was resulted.

Payment of consideration amounting of HK\$18,430,000 was made in cash and the remaining HK\$5,194,000 was settled through current account. In June 2015, the Company declared a dividend of HK\$5,194,000 in form of distribution in specie of receivables from the related parties under common control of the Controlling Shareholders be payable to its holding company (note 12).

12. Dividends

Six months ended 30 June	
2016	2015
HK\$'000	HK\$'000
(unaudited)	(unaudited)

Dividends declared and paid/payable to shareholders	—	104,824
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Prior to the Group Reorganisation, Ahsay HK declared and paid interim dividends in aggregate of HK\$46,010,000 during the six months ended 30 June 2015 to the Controlling Shareholders. Afterwards, the Company declared dividends of HK\$58,814,000 in form of distribution in specie of receivables from the related parties under common control of the Controlling Shareholders be payable to its holding companies as set out in notes 7 and 11.

No dividend was paid, declared or proposed during the six months ended 30 June 2016.

13. (Losses) Earnings Per Share

As of 30 June 2016, the Company has 2,000,000,000 ordinary shares in issue. The Company was listed on the GEM on 8 October 2015 by way of placing of 500,000,000 ordinary shares and capitalisation of 1,499,999,998 shares, resulting in 2,000,000,000 ordinary shares in issue. The calculation of the basic (losses) earnings per share attributable to the owners of the Company from continuing operation is based on the following data:

	Six months ended 30 June	
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
(Losses) earnings for the purpose of basic (losses) earnings per share		
(Loss) profit for the period attributable to the owners of the Company	(2,788)	54,125
Less: Profit for the period from discontinued operation	—	2,793
	<u> </u>	<u> </u>
(Loss) profit for the purpose of basic (losses) earnings per share from continuing operation	<u>(2,788)</u>	<u>51,332</u>
	<u> </u>	<u> </u>
	Six months ended 30 June	
	2016	2015
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (losses) earnings per share	<u>2,000,000</u>	<u>1,383,219</u>

Basic earnings per share for the discontinued operation for the six months ended 30 June 2015 is 0.20 HK cent per share (six months ended 30 June 2016: nil).

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

No diluted (losses) earnings per share was presented as there were no potential ordinary share outstanding during both periods.

14. Property, Plant and Equipment

During the current interim period, the Group spent approximately HK\$188,000 (six months ended 30 June 2015: HK\$159,000) on property, plant and equipment, mainly including leasehold improvement and furniture, fixtures and equipment.

15. Trade and Other Receivables/Rental Deposits Paid

	30 June	31 December
	2016	2015
	HK\$'000	HK\$'000
	(unaudited)	(audited)
Current assets		
Trade receivables — aged within 30 days	2,085	4,630
Rental and utilities deposits	269	112
Prepaid operating expenses and other receivables	860	910
	<u> </u>	<u> </u>
Total	<u>3,214</u>	<u>5,652</u>
	<u> </u>	<u> </u>
Non-current asset		
Rental deposits paid	470	470
	<u> </u>	<u> </u>

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

16. Other Payables and Accruals

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Accrued staff costs and related expenses	3,699	4,810
Other payables and accrued operating expenses	2,739	1,990
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Total	<u>6,438</u>	<u>6,800</u>

17. Deposits and Fees Received in Advance

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Trade deposits from customers	1,100	1,008
Software upgrades and maintenance services fees received in advance	13,094	13,096
Other service fees received in advance	190	125
	<hr/>	<hr/>
	14,384	14,229
Less: non-current portion	(1,994)	(868)
	<hr/>	<hr/>
Current portion	<u>12,390</u>	<u>13,361</u>

18. Bank Borrowing

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Bank borrowing, unsecured with variable rate	9,436	10,137
	<hr/>	<hr/>
Carrying amount repayable (according to scheduled repayment term):		
– Within one year	1,438	1,413
– More than one year, but not exceeding two years	1,490	1,464
– More than two years, but no more than five years	4,654	4,711
– More than five years	1,854	2,549
	<hr/>	<hr/>
Total	<u>9,436</u>	<u>10,137</u>
	<hr/>	<hr/>
Carrying amount of bank borrowing that contain a repayment on demand clause (shown under current liabilities)	<u>9,436</u>	<u>10,137</u>

The effective interest rate (which is also equal to contractual interest rate) on the Group's variable-rate borrowing is 3.50% per annum for the six months ended 30 June 2016 (for the year ended 31 December 2015: 3.50% per annum).

19. Share Capital

	Number of shares	Share capital HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At date of incorporation on 10 April 2015	38,000,000	380
Increase on 9 September 2015	9,962,000,000	99,620
	<hr/>	<hr/>
At 31 December 2015 and 30 June 2016	10,000,000,000	100,000
	<hr/>	<hr/>
Issued:		
1 share allotted and issued, fully paid at par on the date of incorporation	1	—
Issue of shares on 1 June 2015 pursuant to the Group Reorganisation	1	—
Issue of shares (Note i)	500,000,000	5,000
Capitalisation issue (Note ii)	1,499,999,998	15,000
	<hr/>	<hr/>
At 31 December 2015 and 30 June 2016	2,000,000,000	20,000
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Notes:

- i) On 8 October 2015, the Company placed 500,000,000 new shares at HK\$0.20 per share for a total gross proceeds of approximately HK\$100,000,000.
- ii) On 8 October 2015, the Company allotted and issued a total of 1,499,999,998 ordinary shares of HK\$0.01 each, credited as fully paid at par, by way of capitalisation of the sum of HK\$15,000,000 standing to the credit of the share premium account of the Company by applying such sum towards the paying up in full at par a total of 1,499,999,998 ordinary shares for allotment and issue to All Divine Investments Limited.

20. Commitments

Operating commitments

The Group as lessee

At the end of each reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of premises which fall due as follows:

	30 June 2016 HK\$'000 (unaudited)	31 December 2015 HK\$'000 (audited)
Within one year	2,817	2,817
In the second to third year inclusive	1,409	2,818
	<hr/>	<hr/>
	4,226	5,635
	<hr/> <hr/>	<hr/> <hr/>

Leases are negotiated and rentals are fixed for one to three years.

21. Major Non-Cash Transaction

During the six months ended 30 June 2015, the Company declared dividends of HK\$58,814,000 in form of distribution in specie of receivables from the related parties under common control of the Controlling Shareholders be payable to its holding company as mentioned in notes 7 and 11 above.

22. Related Party Transactions

(a) Transaction with related parties:

Significant transactions with related parties during the period are as follows:

Name of related company	Nature of transactions	Six months ended 30 June	
		2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Million Trader Enterprises (Hong Kong) Limited	Interest income received	—	110
Ahsay Corporation Limited	Rental expenses paid	—	550
	Motor vehicle rental expenses paid	—	60
Assets Sino Investments (HK) Limited*	Rental expenses paid	1,409	47
Sau King Investments Limited	Interest income received	—	48

* Assets Sino Investments (HK) Limited is under common control of 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 chief executive during the period is as follows:

	Six months ended 30 June	
	2016 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)
Short-term benefits	5,716	6,310
Post-employment benefits	36	39
	<u>5,752</u>	<u>6,349</u>

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Overview

During the six months ended 30 June 2015 and 2016, the Group recorded a revenue of approximately HK\$27.9 million and HK\$26.2 million respectively, representing a decrease of approximately 6.1%. The Group recorded a loss of approximately HK\$2.8 million for the six months ended 30 June 2016 as compared to a profit of approximately HK\$54.1 million for the six months ended 30 June 2015. The net loss of the Group was mainly due to a decrease in revenue from the Ahsay™ Backup Software as a result of increasing competition in backup software products; an increase in staff costs and related expenses; and an increase in other expenses mainly from office rental expense and legal and professional fees for the six months ended 30 June 2016.

Revenue

The Group's revenue principally represented income derived from software license sales and leasing, software upgrades and maintenance services, other services and sales of hardware devices. Revenue of approximately HK\$27.9 million and HK\$26.2 million was recognised for the six months ended 30 June 2015 and 2016, respectively, which represents a decrease of approximately 6.1%.

The decrease for the six months ended 30 June 2016 was mainly due to the decrease in revenue from (1) software license sales and leasing of approximately HK\$0.5 million and (2) software upgrades and maintenance service fee of approximately HK\$1.1 million as compared with the same period in 2015.

Other Income

Other income increased by approximately HK\$172,000 or 108.9%, to approximately HK\$330,000 for the six months ended 30 June 2016 from approximately HK\$158,000 for the six months ended 30 June 2015. The increase for the six months ended 30 June 2016 was mainly due to the increase of bank interest income and partially offset by the decrease in interest income from related parties as compared with the same period in 2015.

Other Gains and Losses

The Group recognised other gain of approximately HK\$2,000 for the six months ended 30 June 2016 as compared to other losses of approximately HK\$0.7 million for the six months ended 30 June 2015. This was mainly due to the fact that no loss was derived from the decrease in fair value of held for trading investments during the six months ended 30 June 2016.

Staff Costs and Related Expenses

Staff costs and related expenses primarily comprised of salaries, performance bonuses, directors' fee, MPF contributions, other staff welfare and other related expenses. Staff costs and related expenses increased by approximately HK\$5.0 million or 30.7%, to approximately HK\$21.3 million for six months ended 30 June 2016 from approximately HK\$16.3 million for six months ended 30 June 2015. The increase for the six months ended 30 June 2016 was mainly due to the increase of total headcount of the Group and salaries increment as compared with the same period in 2015.

Other Expenses

Other expenses primarily comprised of depreciation, advertising and marketing expenses, merchant credit card charges, legal and professional fees, office rental expense and other regular office expenses such as utilities. Other expenses increased by approximately HK\$3.4 million or 68.0%, to approximately HK\$8.4 million for six months ended 30 June 2016 from approximately HK\$5.0 million for six months ended 30 June 2015. The increase for the six months ended 30 June 2016 was mainly due to the increase in office rental expenses and legal and professional fees as compared with the same period in 2015.

Finance Costs

Finance costs primarily represented interest expenses on bank borrowings. Finance costs decreased by approximately HK\$0.2 million or 50%, to approximately HK\$0.2 million for six months ended 30 June 2016 from approximately HK\$0.4 million for six months ended 30 June 2015. The decrease for the six months ended 30 June 2016 was mainly due to repayment of certain bank loans during Group Reorganisation in 2015.

Income Tax Credit (Expense)

The Group recorded an income tax credit of HK\$0.6 million for the six months ended 30 June 2016 as compared to an income tax expense of HK\$0.7 million for the six months ended 30 June 2015. The recognition of an income tax credit was mainly due to the deferred tax assets of approximately HK\$0.6 million have been recognised in respect of unused tax losses available for offsetting against future taxable profit as at 30 June 2016.

(Loss) Profit for the Period

The Group recorded a loss of approximately HK\$2.8 million for the six months ended 30 June 2016 as compared to a profit of approximately HK\$54.1 million for the six months ended 30 June 2015. For the six months ended 30 June 2015, the Group would have recorded profit of approximately HK\$4.9 million after taking out the effect of a gain on disposal of property, plant and equipment of approximately HK\$53.5 million, the listing expenses of approximately HK\$7.1 million and the profit from discontinued operation of approximately HK\$2.8 million.

Financial Position, Liquidity and Financial Resources

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

The Group has remained at a sound financial resource level. As at 30 June 2016, current assets (included cash and bank balances) of approximately HK\$107.2 million (31 December 2015: approximately HK\$111.2 million). After deducting the bank borrowing balance, the Group remained at a net cash position as at 30 June 2016. Before the Company became listed on GEM of the Stock Exchange on 8 October 2015 (the "Listing"), the Group's operations were mainly financed by its shareholders' fund injections, loans and internal resources. Following the Listing, the Group's operations were mainly financed by internal resources and the Group's liquidity position became stronger and this enables the Group to expand in accordance with its business directions.

Charges on Assets of the Group

As at 30 June 2016, there was no charge on assets of the Group. (31 December 2015: nil)

Capital Structure

The Shares were listed on GEM of the Stock Exchange on 8 October 2015. There has been no change in the capital structure of the Group since then. The capital structure of the Company comprised ordinary shares. As at 30 June 2016, the Company's issued share capital was HK\$20.0 million and the number of its issued ordinary Shares was 2,000,000,000 of HK\$0.01 each.

Gearing Ratio

As at 30 June 2016, the Group's gearing ratio, calculated as interest-bearing liabilities divided by the total equity, was approximately 12.1% (31 December 2015: approximately 12.5%). The decrease was mainly attributable to the repayment of bank loan and was partially offset by the total comprehensive expense recognised during the six months ended 30 June 2016.

Capital Commitments and Contingent Liabilities

As at 30 June 2016, the Group did not have any significant capital commitment (31 December 2015: nil) and contingent liability (31 December 2015: nil). The Group did not have plans for material investments or purchases of capital assets in near term.

Material Acquisitions and Disposals

The Group did not have any material acquisition and disposal during the six months ended 30 June 2015 and 2016.

Segmental Information

An analysis of the Group's performance for the six months ended 30 June 2016 by business segment is set out in note 4 to the financial statements.

BUSINESS REVIEW

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

There has been an explosive growth in the volume of data, and data has become a new essential resource playing an increasingly important role across a wide range of business activities. The market size of the global backup software market and demand from small and medium-sized enterprises ("SMEs") for backup software products are expected to steadily increase in the coming years. Moving ahead, as a market leader in online backup software solutions targeted at SMEs worldwide, the Group plans to increase market share in the backup software sector by focusing on improving products and services, particularly in areas that support both private and public cloud technology.

The Group has accumulated rich experience in the development of backup software products and services since the debut of Ahsay™ Backup Software in 2003. In order to drive the backup business worldwide and advance to become one of the leading developers and providers of backup software products and services for all platforms, applications and all languages, we intend to strengthen our software development capabilities; broaden our customer base and pursue growth through selective acquisition and partnerships.

Currently, the Group's backup software products and (software upgrading and maintenance) services are mainly sold or leased or ordered by customers through the Internet on the Group's sales websites. In order to drive the backup business worldwide, the Group intends to expand our business by arranging additional distribution channels for our products to customers. Recently, the Group has been strategically expanding its market share in Asia Pacific. Ahsay HK has signed a distribution agreement with eSTORAGE Technology Corp.* (資享科技股份有限公司), a company incorporated in Taiwan, the Republic of China and HM SYSTEMS CO., LTD., a company incorporated in the Republic of Korea, in April 2016 and June 2016 respectively. The additional distribution channels enable the Group to actively reach potential clients in various markets through the appointment of distributors.

OUTLOOK

Existing Principal Business

Dedicated to meet the latest needs of enterprises and backup service providers, Ahsay™ Backup Software Version 7 (“Version 7”) has been launched in December 2015 to cope with the market changes. Version 7 is an advanced client-server-based solution offering on-premises cloud backup. Through this software, users can manage the backup users’ authorisation procedures and systems anytime and anywhere. They can immediately manage the users and monitor the system status, thus greatly enhancing management flexibility. Currently, the adoption rate of Version 7 was less than 15%. Looking forward, the Group aims to strengthen quality customer support service as well as introduce new features on Version 7 in order to drive up the adoption rate of Version 7 in the second half of 2016.

Prospect for New Business

HEKMAN (HK) LIMITED (“HEKMAN”), an indirect wholly-owned subsidiary of the Company, is developing an online smartphone platform (the “Platform”) which is designed to provide information sharing service in Hong Kong (the “New Business”). The Platform will be used as a tool to share information between the information providers and the subscribers. HEKMAN will receive service charges and administrative charges from the information providers and the subscribers respectively.

The Board intends to develop the New Business through self-development by in-house research and development team of HEKMAN in Hong Kong and the development of the New Business is to be financed by the Group’s internal resources (excluding the net proceeds from the Company’s shares listed on GEM of the Stock Exchange on 8 October 2015 after deducting the underwriting commission and actual expenses related to the placing of Company’s shares).

Upon the Listing of the Company, the Group has a stronger financial and liquidity position. The Group is continuing its focus on its core business and utilising its available resources to engage in its current business. The Group is also exploring business opportunities associated with its core business such as introduction of new products, selective acquisition and partnership as well as aggressively seek for new business opportunities in order to strengthen its revenue base and maximise both the return to the shareholders (the “Shareholders”) and the value of the Company.

Comparison of Business Objectives with Actual Business Progress

An analysis comparing the business objectives as set out in the Prospectus with the Group's actual business progress from the date of Listing to 30 June 2016 is set out below:

Business Strategy	Business objectives for the period since the date of Listing (i.e. 8 October 2015) up to 30 June 2016 ("Review Period")	Actual business progress during the Review Period
Strengthen our software development capabilities	Expand research and development ("R & D") team by approximately 15 staff members with diplomas or higher education degrees in computer science or IT related disciplines, who possess 3 to 5 years of solid programming experience in Java language preferably with solid knowledge of Windows, Linux and Mac operating systems, database management systems (such as MS-SQL, Oracle and MySQL) and other applications (such as Lotus Domino, VMware and Hyper-V)	6 additional R & D staff members were recruited with relevant qualification during the Review Period. Fewer R & D staff members were recruited compared to the business objective as set out in the Prospectus was due to fewer applications with desired qualifications were received during the Review Period.
	Conduct research and development to improve product features of our Ahsay™ Backup Software	The Group has conducted research and development to improve product features of our Ahsay™ Backup Software during the Review Period.
	Review the remuneration package of existing members of R & D team and candidates who will join the team	The Group has reviewed the remuneration package of existing members of R & D team and candidates who will join the team and the new remuneration package became effective on 1 January 2016.
Broaden our customer base	Place advertisements in magazines in the IT industry	The Group has placed advertisements in a magazine (i.e. PC Market) in the IT industry during the Review Period.
	Participate in exhibitions in the IT industry	The Group is in the process of identifying exhibitions in the IT industry to participate.
	Increase our exposure on various online search platforms	The Group has paid various online search platforms (i.e. Google AdWords and Bing Ads) to increase exposure during the Review Period.
Pursue selective acquisition and partnership	Search and identify potential acquisition and partnership targets	The Group is in the process of identifying potential acquisition and partnership targets.

Use of Proceeds

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

An analysis of the utilisation of the actual net proceeds and the unused amount as at 30 June 2016 is set out below:

Use of proceeds	Net proceeds HK\$'000	Utilised amount HK\$'000	Unused amount HK\$'000
Strengthen our software development capabilities	11,040	940	10,100
Broaden our customer base	7,874	2,401	5,473
Pursue selective acquisition and partnership	50,566	—	50,566
Working capital and other general corporate purpose	7,720	3,770	3,950
Total	<u>77,200</u>	<u>7,111</u>	<u>70,089</u>

The unused net proceeds have been placed as interest bearing deposits with licensed banks in Hong Kong.

DISCLOSURE OF INTERESTS AND OTHER INFORMATION

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

As at 30 June 2016, 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 they were taken or deemed to have under such provisions of the SFO); or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, 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 ordinary Shares	Percentage of total number of share (note 1)
Mr. Chong King Fan	Interest of spouse	2	1,500,000,000	75.0%
Mr. Chong Siu Pui	Interest in a controlled corporation	2	1,500,000,000	75.0%
Mr. Chong Siu Ning	Interest in a controlled corporation	2	1,500,000,000	75.0%

Notes:

1. As at 30 June 2016, the Company had 2,000,000,000 Shares in issue.
2. As at 30 June 2016, 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 2016, 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 required to be recorded pursuant to Section 352 of the SFO, or as otherwise 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 the Shares and Underlying Shares of the Company

As at 30 June 2016, shareholders (other than the Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long Positions in shares

Name of Shareholder	Capacity/nature of interest	Notes	Number of ordinary Shares	Percentage of total number of share (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 2016, 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 2016, 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 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 of the Company" in this announcement, at no time during the six months ended 30 June 2016 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 2016, the Directors are 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 Adviser's Interests

As notified by VBG Capital Limited ("VBG Capital") (formerly known as V Baron Global Financial Services Limited), the compliance adviser of the Company, neither VBG Capital nor any of its close associates and none of the directors or employees of VBG Capital had any interest in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities, if any) which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules as at 30 June 2016.

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 2016.

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 2016.

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 Policies

As at 30 June 2016, the Group had a workforce of 76 employees (30 June 2015: 61). The increase in number of employees was mainly due to the expansion of the R & D team. Total director and staff costs for the six months ended 30 June 2016 was approximately HK\$20.2 million, representing an increase of approximately HK\$4.1 million or 25.5% as compared to the six months ended 30 June 2015.

Remuneration is determined with reference to the duties, responsibilities, experience and competence of individual employee and Director. In addition to salaries and discretionary bonuses relating to the performance of the Group, employee benefits included the mandatory provident fund prescribed by the Mandatory Provident Schemes 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 (“Remuneration Committee”) of the Board.

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.

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 2016, 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 the Listed Securities of the Company

During the six months end 30 June 2016 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 GEM Listing Rules. 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. 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 2016 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 2016, 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 King Fan

Chairman and Executive Director

Hong Kong, 5 August 2016

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 Announcement" page on the GEM website on 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/cu/investor-relations/announcement.jsp>.

* *For identification purpose only.*