



**Ahsay Backup Software Development Company Limited**

**亞勢備份軟件開發有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8290)**

**ANNOUNCEMENT OF THIRD QUARTERLY RESULTS FOR THE NINE  
MONTHS ENDED 30 SEPTEMBER 2017**

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

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

## **FINANCIAL HIGHLIGHTS**

- The Group's revenue for the nine months ended 30 September 2017 was approximately HK\$42.1 million, representing an increase of approximately 6.6% as compared to that of the corresponding period in 2016.
- Segment profit of approximately HK\$2.9 million was recorded from core backup business during the period as compared to a segment loss of approximately HK\$7.4 million for the corresponding period in 2016.
- Loss and total comprehensive expense attributable to owners of the Company for the nine months ended 30 September 2017 was approximately HK\$5.0 million, representing a decrease of approximately 34.0% as compared to that of the corresponding period in 2016, of which approximately HK\$8.3 million incurred from information sharing services segment named "KINTIPS", the loss offset by the segment profit from core backup business.
- Basic and diluted losses per share was 0.25 HK cent.
- The Board did not recommend payment of any dividend for the nine months ended 30 September 2017.

## **THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2017 (UNAUDITED)**

The board of Directors (the "Board") of the Company is pleased to announce the following unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "Group") for the three months and nine months ended 30 September 2017 together with the unaudited comparative figures for the corresponding period in 2016 as set out below.

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

For the three months and nine months ended 30 September 2017

	NOTES	Three months ended 30 September		Nine months ended 30 September	
		2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Revenue	4	13,616	13,272	42,099	39,458
Cost of inventory sold		–	(35)	–	(81)
Other income	5	124	127	366	457
Other gains and losses		1	(11)	(5)	(9)
Staff costs and related expenses		(11,381)	(13,874)	(34,625)	(35,155)
Other expenses		(3,501)	(4,181)	(12,818)	(12,543)
Finance costs	6	–	(82)	(73)	(255)
Loss before tax		(1,141)	(4,784)	(5,056)	(8,128)
Income tax (expense) credit	7	–	(56)	2	500
<b>Loss for the period</b>	8	<b>(1,141)</b>	<b>(4,840)</b>	<b>(5,054)</b>	<b>(7,628)</b>
<b>Other comprehensive income (expense)</b>					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences arising on translation of a foreign subsidiary		2	(2)	13	(7)
Other comprehensive income (expense) for the period		2	(2)	13	(7)
Total comprehensive expense for the period attributable to the owners of the Company		<b>(1,139)</b>	<b>(4,842)</b>	<b>(5,041)</b>	<b>(7,635)</b>
<b>Losses per share</b>					
Basic (in HK cents)	10	<b>(0.06)</b>	(0.24)	<b>(0.25)</b>	(0.38)
Diluted (in HK cents)		<b>(0.06)</b>	(0.24)	<b>(0.25)</b>	(0.38)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the nine months ended 30 September 2017*

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i> <i>(note i)</i>	Translation reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2017 (audited)	20,000	72,435	4,097	(35)	(26,531)	69,966
Loss for the period	-	-	-	-	(5,054)	(5,054)
Other comprehensive income for the period						
Exchange differences arising on translation of a foreign subsidiary	-	-	-	13	-	13
Total comprehensive income (expense) for the period	-	-	-	13	(5,054)	(5,041)
At 30 September 2017 (unaudited)	<u>20,000</u>	<u>72,435</u>	<u>4,097</u>	<u>(22)</u>	<u>(31,585)</u>	<u>64,925</u>
At 1 January 2016 (audited)	20,000	72,435	4,097	(18)	(15,430)	81,084
Loss for the period	-	-	-	-	(7,628)	(7,628)
Other comprehensive expense for the period						
Exchange differences arising on translation of a foreign subsidiary	-	-	-	(7)	-	(7)
Total comprehensive expense for the period	-	-	-	(7)	(7,628)	(7,635)
At 30 September 2016 (unaudited)	<u>20,000</u>	<u>72,435</u>	<u>4,097</u>	<u>(25)</u>	<u>(23,058)</u>	<u>73,449</u>

*Note i:* Capital reserve refers to the equity movement arising from the transfer of equity interest to the Group from Mrs. Chong Li Sau Fong, Mr. Chong Siu Pui and Mr. Chong Siu Ning (collectively referred to as the “Controlling Shareholders”), and the deemed capital contribution from the waiver of Controlling Shareholders during the Group Reorganisation in 2015, as defined in note 2 of the Group’s annual consolidated financial statements for the year ended 31 December 2016 (the “2016 Financial Statements”).

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the three months and nine months ended 30 September 2017*

## 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 GEM of the Stock Exchange on 8 October 2015 (the "Listing").

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

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the GEM Listing Rules.

The amounts included in these unaudited 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") that is applicable to current periods. However, it does not contain sufficient information to constitute a condensed consolidated financial statements as defined in HKFRSs.

These unaudited condensed consolidated financial statements should be read in conjunction with the 2016 Financial Statements.

## 3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies used in the preparation of these unaudited condensed consolidated financial statements are consistent with those used in the preparation of the 2016 Financial Statements except for the new policy for capitalising the development cost as intangible assets. The accounting policy for research and development expenditure is set out as below.

### **Intangible assets**

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

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

In the current period, the Group has applied, for the first time, the following amendments to HKFRSs issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014-2016 Cycle

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

#### **4. REVENUE AND SEGMENT INFORMATION**

Information reported to the Directors of the Company (the "Directors"), being the chief operating decision maker ("CODM"), for the purposes of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group. During the nine months ended 30 September 2017, the Group had no material change in segment assets and segment liabilities.

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

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

##### **Segment revenue and result**

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

Segment results represent the profit earned by each segment without allocation of other income and other gains and losses that are not directly attributable to each respective segment as disclosed in the below table. This is the measure reported to the CODM for the purposes of resources allocation and performance assessment.

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

**For the nine months ended 30 September 2017 (unaudited)**

	<b>Online backup software and other services <i>HK\$'000</i></b>	<b>Information sharing services <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
<b>Segment revenue – External</b>			
Software license sales and leasing	23,543	–	23,543
Software upgrades and maintenance services fee	16,845	–	16,845
Other services fee	1,420	–	1,420
Information sharing services income	–	291	291
<b>Total revenue</b>	<b>41,808</b>	<b>291</b>	<b>42,099</b>
<b>Segment results</b>			
Unallocated incomes and expenses	2,876	(8,293)	(5,417)
Other income			366
Other gains and losses			(5)
<b>Loss before tax</b>			<b>(5,056)</b>

**For the nine months ended 30 September 2016 (unaudited)**

	<b>Online backup software and other services <i>HK\$'000</i></b>	<b>Information sharing services <i>HK\$'000</i></b>	<b>Total <i>HK\$'000</i></b>
<b>Segment revenue – External</b>			
Software license sales and leasing	22,852	–	22,852
Software upgrades and maintenance services fee	15,775	–	15,775
Other services fee	732	–	732
Sales of hardware devices	99	–	99
<b>Total revenue</b>	<b>39,458</b>	<b>–</b>	<b>39,458</b>
<b>Segment results</b>			
Unallocated incomes and expenses	(7,398)	(1,178)	(8,576)
Other income			457
Other gains and losses			(9)
<b>Loss before tax</b>			<b>(8,128)</b>

5. OTHER INCOME

	Three months ended 30 September		Nine months ended 30 September	
	2017 <i>HK\$'000</i> (unaudited)	2016 <i>HK\$'000</i> (unaudited)	2017 <i>HK\$'000</i> (unaudited)	2016 <i>HK\$'000</i> (unaudited)
Bank interest income	115	127	328	456
Others	9	–	38	1
	<u>124</u>	<u>127</u>	<u>366</u>	<u>457</u>

6. FINANCE COSTS

	Three months ended 30 September		Nine months ended 30 September	
	2017 <i>HK\$'000</i> (unaudited)	2016 <i>HK\$'000</i> (unaudited)	2017 <i>HK\$'000</i> (unaudited)	2016 <i>HK\$'000</i> (unaudited)
Interests on bank loans	–	82	73	255

7. INCOME TAX EXPENSE (CREDIT)

	Three months ended 30 September		Nine months ended 30 September	
	2017 <i>HK\$'000</i> (unaudited)	2016 <i>HK\$'000</i> (unaudited)	2017 <i>HK\$'000</i> (unaudited)	2016 <i>HK\$'000</i> (unaudited)
Current tax:				
Hong Kong Profits Tax	–	–	–	–
Underprovision in prior year				
Hong Kong	–	56	–	56
Deferred tax	–	–	(2)	(556)
	<u>–</u>	<u>56</u>	<u>(2)</u>	<u>(500)</u>

The Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands 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, no provision for Hong Kong Profits Tax has been made as the Group has no assessable profits arising in Hong Kong.



## 8. LOSS FOR THE PERIOD

	Three months ended 30 September		Nine months ended 30 September	
	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)	2017 HK\$'000 (unaudited)	2016 HK\$'000 (unaudited)
Loss for the period has been arrived at after charging (crediting):				
Directors' emoluments	2,083	2,222	6,607	6,463
Other staff costs				
– Salaries, allowances and benefits in kind and performance and other bonuses	8,909	10,246	27,370	25,203
– Retirement benefits scheme contributions, excluding directors' contributions	332	338	913	848
Long-term employee benefit expenses	(130)	(89)	(720)	403
Total directors' and staff costs	11,194	12,717	34,170	32,917
Staff related expenses	187	1,157	455	2,238
Staff costs and related expenses	<u>11,381</u>	<u>13,874</u>	<u>34,625</u>	<u>35,155</u>
Research and development costs <sup>#</sup>				
Amounts incurred	3,212	–	10,048	–
Less: capitalised development cost	–	–	(1,583)	–
Amounts included in staff costs and related expenses	<u>3,212</u>	<u>–</u>	<u>8,465</u>	<u>–</u>
Auditor's remuneration*	200	400	700	1,300
Advertising and marketing expenses*	760	975	3,476	2,764
Impairment loss recognised on intangible assets* <sup>#</sup>	–	–	1,056	–
Legal and professional fees*	433	745	1,306	2,164
Depreciation of property, plant and equipment*	101	87	293	215
Amortisation of intangible assets* <sup>#</sup>	132	–	132	–
Foreign exchange losses, net	11	7	5	9

\* Included in other expenses

<sup>#</sup> The Group's research and development expenditure incurred and recognised fully as expense are mainly employee related costs. In the opinion of the Directors, the employees who are engaged in research and development activities are also responsible for provision of maintenance services to the existing customers of the Group in daily operation. For the period ended 30 September 2016, the total staff costs attributable to these employees who performed the above functions were approximately HK\$10,431,000. Given there is no reliable basis to allocate these staff costs directly attributable to research and development activities, any arbitrary allocation of such expense for disclosure of research and development expense is considered misleading.

For the period ended 30 September 2017, with the update on the Group's internal system interfaces, time spent on the research and development activities can be separated out and allocated to research and development costs. In addition, certain research and development costs were recognised as intangible assets during the period.



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL REVIEW**

#### **Overview**

For the nine months ended 30 September 2016 and 2017, the Group recorded a revenue of approximately HK\$39.5 million and HK\$42.1 million respectively, representing an increase of approximately 6.6%. The Group recorded a loss and total comprehensive expense of approximately HK\$7.6 million and HK\$5.0 million for the nine months ended 30 September 2016 and 2017 respectively. The loss was mainly due to the additional costs and expenses arose from the information sharing platform (“KINTIPS”), which overwhelms the result increment of the Group’s core backup business.

#### **Revenue**

The Group’s revenue mainly represented income derived from software license sales and leasing, software upgrades and maintenance services and other services. Revenue of approximately HK\$39.5 million and HK\$42.1 million was recognised for the nine months ended 30 September 2016 and 2017, respectively, representing an increase of approximately 6.6%.

The increase for the nine months ended 30 September 2017 was mainly due to the increase in revenue from (1) software license sales and leasing of approximately HK\$0.7 million, (2) software upgrades and maintenance service fee of approximately HK\$1.1 million and (3) other services of approximately HK\$0.7 million, an increase compared with that of the same period in 2016.

#### **Other Income**

Other income decreased by approximately HK\$91,000 or 19.9%, to approximately HK\$366,000 for the nine months ended 30 September 2017 from approximately HK\$457,000 for the nine months ended 30 September 2016. The decrease for the nine months ended 30 September 2017 was mainly due to the decrease of bank interest income as a result of the decrease in average bank balances to repay bank borrowings as compared with the same period in 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 decreased by approximately HK\$0.6 million or 1.7%, to approximately HK\$34.6 million for the nine months ended 30 September 2017 from approximately HK\$35.2 million for the nine months ended 30 September 2016. The decrease for the nine months ended 30 September 2017 was mainly due to the decrease in total headcount, staff related expenses and the development cost capitalised which were offset by salaries increment and increase in the number of senior management staff as compared with that of the same period in 2016.

## **Other Expenses**

Other expenses primarily comprised of depreciation, advertising and marketing expenses, merchant credit card charges, legal and professional fees, office rental expenses and other regular office expenses such as utilities. Other expenses increased by approximately HK\$0.3 million or 2.4%, to approximately HK\$12.8 million for the nine months ended 30 September 2017 from approximately HK\$12.5 million for the nine months ended 30 September 2016. The increase for the nine months ended 30 September 2017 was mainly due to the increase in advertising and marketing expenses and impairment loss recognised on intangible assets and was offset by the decrease in legal and professional fees and auditor's remuneration as compared with the same period in 2016.

## **Finance Costs**

Finance costs primarily represented interest expenses on bank borrowings. Finance costs decreased by approximately HK\$182,000 or 71.4%, to approximately HK\$73,000 for the nine months ended 30 September 2017 from approximately HK\$255,000 for nine months ended 30 September 2016. The decrease for the nine months ended 30 September 2017 was mainly due to repayment of bank borrowings during the period.

## **Loss for the Period**

The Group recorded a loss of approximately HK\$7.6 million and HK\$5.1 million for the nine months ended 30 September 2016 and 2017 respectively. Out of the loss for the nine months ended 30 September 2017, approximately HK\$8.3 million was incurred by KINTIPS, which is offset by the segment profit of approximately HK\$2.9 million from the Group's core backup business.

## **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 borrowings are substantially denominated in Hong Kong dollars, risk from exchange rate fluctuation is minimal.

The Group is in a sound financial position. As at 30 September 2017, current assets (included cash and bank balances) amounted to approximately HK\$83.8 million (31 December 2016: approximately HK\$100.8 million). The Group repaid all bank borrowings during the period compared with HK\$8.7 million bank borrowings balance as of 31 December 2016. The Group remained at a net cash position as at 30 September 2016 and 2017. With the amount of liquid assets on hand, the management team 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 September 2017, there was no charge on assets of the Group. (31 December 2016: nil)

## **Capital Structure**

The capital structure of the Company comprised ordinary shares only. As at 30 September 2017, the Company's issued share capital was HK\$20.0 million with 2,000,000,000 ordinary shares issued each of HK\$0.01.

## **Capital Commitments and Contingent Liabilities**

As at 30 September 2017, the Group did not have any significant capital commitment (31 December 2016: nil) and contingent liability (31 December 2016: nil). The Group does 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 nine months ended 30 September 2016 and 2017.

## **SEGMENTAL INFORMATION**

An analysis of the Group's performance for the nine months ended 30 September 2017 by business segment is set out in note 4 to the financial statements.

## **BUSINESS REVIEW**

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

Data is incredibly important to all businesses nowadays. In view of hardware failure, cyber attacks and human error, a disaster recovery plan is crucial to protect and restore data to error-free state. The demands of global backup software market and small and medium enterprises ("SMEs") for backup software products and relevant services are expected to increase steadily in the coming years. As one of the market leaders in providing online backup software solutions to SMEs worldwide, the Group plans to increase its market share in the backup software sector by focusing on improving its products and services, particularly in areas that support both private and public cloud technology.

Revenue of the Group increased by approximately HK\$2.6 million, or 6.6% from approximately HK\$39.5 million for the nine months ended 30 September 2016 to approximately HK\$42.1 million for the nine months ended 30 September 2017.

Facing keen competition and fast-paced technological changes in the global backup software market, the Group will continue to uphold the principle of being "customer-oriented" in operating its businesses. It will focus on product development and refinement, as well as offering outstanding customer services to cater for the changing market needs. To better meet the needs of customers, the Group has introduced the 24 x 7 Premium-Lite Loyalty Support service and other upgrade services during the period. Appropriate adjustments will be made to ensure good quality products and value-added services are available to customers at all times.

While the Group has continued to improve the quality of its products and support services, a new customer support center in Manila, Philippines has been opened to expand the existing customer support operations during the period. The Group believes such efforts can help strengthen its customer relationships and will ultimately enhance its competitiveness.

## **OUTLOOK**

### **Core Backup Business**

During the period, the Group released the final version of Ahsay™ Backup Software Version 6. The Group will dedicate all resources to delivering the latest features, enhancements and support to the current version, Ahsay™ Backup Software Version 7 (“Version 7”) which was launched to cope with the changes in the market and to meet the latest needs of enterprises and backup service providers. Version 7 is an advanced client-server-based solution that offers on-premises cloud backup. With the software, users can manage the backup users’ authorisation procedures and systems anytime and anywhere. They can also manage the users and monitor system status in real time, thus enjoy enhanced management flexibility. For the nine months ended 30 September 2017, the segment profit from core backup business of approximately HK\$2.9 million was recorded as compared to the segment loss of approximately HK\$7.4 million incurred for the nine months ended 30 September 2016.

Looking forward, the Group aims to strengthen the quality of its customer support services as well as introducing new features to Version 7 in order to speed up its adoption rate in coming years.

### **Information Sharing Platform**

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

With advantages of the Group’s expertise and experience in the information technology industry, the KINTIPS mobile application is the first step of the Group in exploring new markets in the application industry. It is a brand new channel that allows horse racing tipsters to share their knowledge and views with other horse racing fans. In September 2017, KINTIPS LIMITED launched KINTIPS Football (堅料足球) on its website and mobile application for football fans and football information providers (football tipsters) to share football tips. KINTIPS will be a new source of revenue for the Group and it will be overseen by Mr. Chong Siu Ning, one of the Group’s founders. For the nine months ended 30 September 2017, the revenue contribution of the information sharing platform to the Group was not material.

## 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 September 2017, 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 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, 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:

1. As at 30 September 2017, the Company had 2,000,000,000 Shares in issue.
2. As at 30 September 2017, 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 September 2017, 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 the Shares and Underlying Shares and Debentures of the Company

As at 30 September 2017, the following persons (other than the Directors or chief executive of the Company) 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 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:

1. As at 30 September 2017, the Company had 2,000,000,000 Shares in issue.
2. 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.
3. 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.
4. 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 September 2017, 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 of the Company" in this announcement, for the nine months ended 30 September 2017 and up to the date of this announcement, none of 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 nine months ended 30 September 2017, the Directors were not aware of any business or interest of the Directors, the Controlling Shareholders of the Company 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 who have been involved in providing advice to the Company, 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) which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules as at 30 September 2017.

## **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 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 confirms that he/she has complied with the required standard of dealings and the code of conduct regarding securities transactions by the Directors for the nine months ended 30 September 2017.

## **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 for the nine months ended 30 September 2017.

## **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.

## **Purchase, Redemption or Sale of the Listed Securities of the Company**

For the nine months ended 30 September 2017 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 condensed consolidated results of the Group for the nine months ended 30 September 2017 has not been audited. The Audit Committee has reviewed with management team the condensed consolidated results of the Group for the nine months ended 30 September 2017, the quarterly report, the accounting principles and practices adopted by the Group, and other financial reporting matters. The Audit Committee was satisfied that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

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

Hong Kong, 3 November 2017

*As at the date of this announcement, the executive Directors are Mr. CHONG King Fan, Mr. CHONG Siu Pui, Mr. CHONG Siu Ning and Ms. CHONG Siu Fan; and the independent non-executive Directors are Mr. WONG Cho Kei Bonnie, Ms. WONG Pui Man and Mr. WONG Yau Sing.*

*This announcement will remain on the “Latest Company Announcement” page on the GEM website on [www.hkgem.com](http://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>.*