



**Ahsay Backup Software Development Company Limited**

**亞勢備份軟件開發有限公司**

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

**(Stock Code: 8290)**

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2023**

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

## FINANCIAL HIGHLIGHTS

- The Group's revenue for the six months ended 30 June 2023 was approximately HK\$21.2 million, representing a decrease of approximately 7.8% from approximately HK\$23.0 million for the corresponding period in 2022.
- Profit attributable to owners of the parent for the six months ended 30 June 2023 was approximately HK\$2.1 million as compared to the loss of approximately HK\$1.1 million for the corresponding period in 2022.
- Segment losses of approximately HK\$2.1 million and HK\$2.4 million were recorded from online backup software and related services segment for the six months ended 30 June 2023 and 2022 respectively.
- Segment profit of approximately HK1.0 million and HK\$0.7 million were recorded from information platform segment for the six months ended 30 June 2023 and 2022, respectively.
- Basic and diluted earnings per share were HK0.10 cent for the six months ended 30 June 2023.
- The Board did not recommend the payment of any dividend for the six months ended 30 June 2023.

## INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

The board of Directors (the “**Board**”) of the Company hereby announce the following unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2023 together with the unaudited comparative figures for the corresponding period in 2022 as set out below.

# Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the three months and six months ended 30 June 2023

	NOTES	Three months ended 30 June		Six months ended 30 June	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Revenue	3	10,609	11,486	21,156	22,958
Cost of inventories sold		(26)	(68)	(32)	(130)
Other income	4	478	792	1,043	851
Other gains (losses), net	4	38	(461)	2,065	(387)
Staff costs and related expenses	5	(7,102)	(8,216)	(14,750)	(17,246)
Other expenses	6	(3,685)	(3,560)	(7,308)	(7,114)
Finance costs	7	(59)	(110)	(127)	(223)
Profit (loss) before tax		253	(137)	2,047	(1,291)
Income tax (expense) credit	8	(33)	16	(16)	14
<b>Profit (loss) for the period</b>		<b>220</b>	<b>(121)</b>	<b>2,031</b>	<b>(1,277)</b>
<b>Attributable to:</b>					
Owners of the parent		220	(34)	2,057	(1,085)
Non-controlling interests		—	(87)	(26)	(192)
		<b>220</b>	<b>(121)</b>	<b>2,031</b>	<b>(1,277)</b>
<b>Other comprehensive loss</b>					
<i>Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences arising on translation of foreign operations		(321)	(502)	(9)	(583)
Reclassification adjustment of translation reserve upon deconsolidation of a subsidiary		—	—	(129)	—
Other comprehensive loss for the period		(321)	(502)	(138)	(583)
<b>Total comprehensive (loss) income for the period</b>		<b>(101)</b>	<b>(623)</b>	<b>1,893</b>	<b>(1,860)</b>
<b>Attributable to:</b>					
Owners of the parent		(101)	(601)	1,962	(1,749)
Non-controlling interests		—	(22)	(69)	(111)
		<b>(101)</b>	<b>(623)</b>	<b>1,893</b>	<b>(1,860)</b>
<b>Earnings (loss) per share attributable to ordinary equity holders of the parent</b>					
— Basic and diluted (HK cent)	10	<b>0.01</b>	<b>(0.00)</b>	<b>0.10</b>	<b>(0.05)</b>

## Condensed Consolidated Statement of Financial Position

At 30 June 2023

	NOTES	30 June 2023 HK\$'000 (unaudited)	31 December 2022 HK\$'000 (audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		7,900	8,387
Investment properties		2,938	2,919
Right-of-use assets		3,483	4,833
Equity investment designated at fair value through other comprehensive income		—	—
Deposits paid	11	408	421
		<u>14,729</u>	<u>16,560</u>
<b>CURRENT ASSETS</b>			
Inventories		32	64
Trade and other receivables	11	3,313	5,155
Tax recoverable		37	—
Bank balances and cash		59,872	59,727
		<u>63,254</u>	<u>64,946</u>
<b>CURRENT LIABILITIES</b>			
Other payables and accruals	12	3,658	5,145
Contract liabilities		12,266	14,168
Lease liabilities		2,367	2,340
Other borrowings		—	1,829
Tax payable		24	106
		<u>18,315</u>	<u>23,588</u>
<b>NET CURRENT ASSETS</b>		<u>44,939</u>	<u>41,358</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>59,668</u>	<u>57,918</u>
<b>NON-CURRENT LIABILITIES</b>			
Contract and other liabilities		1,218	1,339
Lease liabilities		1,200	2,572
Deferred tax liabilities		73	137
		<u>2,491</u>	<u>4,048</u>
<b>NET ASSETS</b>		<u>57,177</u>	<u>53,870</u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		20,000	20,000
Reserves		37,177	35,215
		<u>57,177</u>	<u>55,215</u>
Non-controlling interests		—	(1,345)
<b>Total equity</b>		<u>57,177</u>	<u>53,870</u>

## Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Attributable to owners of the parent						Total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital and other reserves HK\$'000 (note i)	Asset revaluation reserve HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000			
At 1 January 2022 (audited)	20,000	72,435	3,395	—	74	(38,577)	57,327	(1,061)	56,266
Loss for the period	—	—	—	—	—	(1,085)	(1,085)	(192)	(1,277)
Other comprehensive (loss) income for the period									
Exchange differences arising on translation of foreign operations	—	—	—	—	(664)	—	(664)	81	(583)
Total comprehensive loss for the period	—	—	—	—	(664)	(1,085)	(1,749)	(111)	(1,860)
At 30 June 2022 (unaudited)	<u>20,000</u>	<u>72,435</u>	<u>3,395</u>	<u>—</u>	<u>(590)</u>	<u>(39,662)</u>	<u>55,578</u>	<u>(1,172)</u>	<u>54,406</u>
At 1 January 2023 (audited)	20,000	72,435	3,395	535	(609)	(40,541)	55,215	(1,345)	53,870
Profit (loss) for the period	—	—	—	—	—	2,057	2,057	(26)	2,031
Other comprehensive income (loss) for the period									
Exchange differences arising on translation of foreign operations	—	—	—	—	34	—	34	(43)	(9)
Reclassification adjustment of translation reserve upon deconsolidation of a subsidiary (note 13)	—	—	—	—	(129)	—	(129)	—	(129)
Total comprehensive income (loss) for the period	—	—	—	—	(95)	2,057	1,962	(69)	1,893
Deconsolidation of a subsidiary (note 13)	—	—	702	—	—	(702)	—	1,414	1,414
At 30 June 2023 (unaudited)	<u>20,000</u>	<u>72,435</u>	<u>4,097</u>	<u>535</u>	<u>(704)</u>	<u>(39,186)</u>	<u>57,177</u>	<u>—</u>	<u>57,177</u>

Note:

i. Capital and other reserves comprise:

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 June 2023

## 1. GENERAL INFORMATION

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

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

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

## 2.1 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants and Chapter 18 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”).

The interim condensed consolidated financial information does not include all the information and disclosures required in the Group’s annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2022.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information</i>
<i>Amendments to HKAS 1 and HKFRS Practice Statement 2</i>	Disclosure of Accounting Policies
<i>Amendments to HKAS 8</i>	Definition of Accounting Estimates
<i>Amendments to HKAS 12</i>	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
<i>Amendments to HKAS 12</i>	International Tax Reform — Pillar Two Model Rules

The new and revised HKFRSs did not have any significant impact on the Group's interim condensed consolidated financial information.

## 3. REVENUE AND SEGMENT INFORMATION

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

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

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

### Segment revenue and results

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

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

	For the six months ended 30 June 2023 (unaudited)			For the six months ended 30 June 2022 (unaudited)		
	Online backup software and related services HK\$'000	Information platform HK\$'000	Total HK\$'000	Online backup software and related services HK\$'000	Information platform HK\$'000	Total HK\$'000
<b>Segment revenue — External</b>						
Software license sales	1,035	—	1,035	2,072	—	2,072
Software license leasing	7,467	—	7,467	8,358	—	8,358
Software upgrades and maintenance services	9,211	—	9,211	9,657	—	9,657
Other services	467	270	737	481	—	481
Sale of hardware devices	—	23	23	—	147	147
Information sharing service income	—	25	25	—	73	73
Subscription fees	49	2,609	2,658	—	2,170	2,170
<b>Total revenue</b>	<b>18,229</b>	<b>2,927</b>	<b>21,156</b>	20,568	2,390	22,958
<b>Timing of revenue recognition</b>						
At a point in time	1,051	48	1,099	2,102	220	2,322
Over time	17,178	2,879	20,057	18,466	2,170	20,636
	<b>18,229</b>	<b>2,927</b>	<b>21,156</b>	20,568	2,390	22,958
<b>Segment (loss) profit</b>	(2,082)	1,021	(1,061)	(2,420)	665	(1,755)
Unallocated income and expenses						
Other income			1,043			851
Other gains (losses), net			2,065			(387)
<b>Profit (loss) before tax</b>			<b>2,047</b>			<b>(1,291)</b>



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

	At 30 June 2023 (unaudited)			At 31 December 2022 (audited)		
	Online backup software and related services HK\$'000	Information platform HK\$'000	Total HK\$'000	Online backup software and related services HK\$'000	Information platform HK\$'000	Total HK\$'000
<b>Reportable segment assets</b>						
Segment assets	17,661	450	18,111	21,209	570	21,779
Reconciliation:						
Unallocated assets						
Bank balances and cash			59,872			59,727
<b>Consolidated assets</b>			<b>77,983</b>			<b>81,506</b>
<b>Reportable segment liabilities</b>						
Segment liabilities	18,436	2,370	20,806	24,845	2,791	27,636

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

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

#### 4. OTHER INCOME AND OTHER GAINS (LOSSES), NET

##### (a) Other income

	Three months ended 30 June		Six months ended 30 June	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Bank interest income	429	82	921	105
Interest income on refundable rental deposits	5	6	10	11
Government subsidies ( <i>Note</i> )	—	672	—	672
Rental income	30	—	59	—
Sundry income	14	32	53	63
	<b>478</b>	<b>792</b>	<b>1,043</b>	<b>851</b>

*Note:* Government subsidies related to subsidies granted by the Government of the Hong Kong Special Administrative Region under The Employment Support Scheme. There were no unfulfilled conditions or contingencies relating to these subsidies.

(b) Other gains (losses), net

	Three months ended		Six months ended	
	30 June	2022	30 June	2022
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Foreign exchange differences, net	54	(461)	4	(387)
Fair value loss on investment properties	(16)	—	(16)	—
Gain on deconsolidation of a subsidiary (note 13)	—	—	2,077	—
	<u>38</u>	<u>(461)</u>	<u>2,065</u>	<u>(387)</u>

5. STAFF COSTS AND RELATED EXPENSES

	Three months ended		Six months ended	
	30 June	2022	30 June	2022
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Directors' emoluments	1,423	1,614	2,846	3,049
Other staff costs				
— Salaries, allowances and benefits in kind and performance and other bonuses	5,508	6,396	11,522	13,747
— Retirement benefit scheme contributions, excluding directors' retirement contributions*	140	190	297	405
Total directors' and staff costs	7,071	8,200	14,665	17,201
Staff-related expenses	31	16	85	45
Staff costs and related expenses	<u>7,102</u>	<u>8,216</u>	<u>14,750</u>	<u>17,246</u>
Research and development costs included in staff costs and related expenses	<u>2,519</u>	<u>2,807</u>	<u>5,138</u>	<u>6,667</u>

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

## 6. OTHER EXPENSES

	Three months ended		Six months ended	
	30 June		30 June	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Auditor's remuneration	214	223	428	423
Advertising and marketing expenses	108	177	247	292
Content acquisition cost	469	177	937	344
Legal and professional fees	510	278	965	728
Depreciation of property, plant and equipment	353	618	725	999
Depreciation of right-of-use assets	587	600	1,180	1,201
Expenses related to short-term leases	22	15	58	79
Rates and property management fees	142	146	282	295
Merchant credit card charges	331	354	654	651
Electricity and water	111	115	210	212
Web hosting expenses	173	158	334	357
Others	665	699	1,288	1,533
	<u>3,685</u>	<u>3,560</u>	<u>7,308</u>	<u>7,114</u>

## 7. FINANCE COSTS

	Three months ended		Six months ended	
	30 June		30 June	
	2023	2022	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interest expense on:				
Lease liabilities	59	92	119	185
Other borrowings	—	18	8	38
	<u>59</u>	<u>110</u>	<u>127</u>	<u>223</u>

## 8. INCOME TAX EXPENSE (CREDIT)

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

	Three months ended 30 June		Six months ended 30 June	
	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current tax:				
Hong Kong Profits Tax	32	44	80	102
Deferred tax	1	(60)	(64)	(116)
	<u>33</u>	<u>(16)</u>	<u>16</u>	<u>(14)</u>

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

Under the two-tiered profits tax rates regime, one of the subsidiaries of the Company is subject to Hong Kong Profits Tax at the rate of 8.25% (2022: 8.25%) for the first HK\$2 million (2022: HK\$2 million) of estimated assessable profits and at 16.5% (2022: 16.5%) on the estimated assessable profits above HK\$2 million (2022: HK\$2 million). Other subsidiaries of the Company incorporated in Hong Kong are subject to Hong Kong Profits Tax at the rate of 16.5% for the six months ended 30 June 2023 and 2022, respectively.

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

## 9. DIVIDEND

No dividend was paid or proposed for ordinary shareholders of the Company for the six months ended 30 June 2023 and 2022.

**10. EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT**

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

	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>30 June</b>		<b>30 June</b>	
	<b>2023</b>	2022	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
	<b>(unaudited)</b>	(unaudited)	<b>(unaudited)</b>	(unaudited)
Profit (loss) attributable to ordinary equity holders of the parent	<b><u>220</u></b>	<u>(34)</u>	<b><u>2,057</u></b>	<u>(1,085)</u>
	<b>Three months ended</b>		<b>Six months ended</b>	
	<b>30 June</b>		<b>30 June</b>	
	<b>2023</b>	2022	<b>2023</b>	2022
	<b>'000</b>	'000	<b>'000</b>	'000
<b>Number of shares</b>				
Weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share calculation	<b><u>2,000,000</u></b>	<u>2,000,000</u>	<b><u>2,000,000</u></b>	<u>2,000,000</u>

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2023 and 2022.

## 11. TRADE AND OTHER RECEIVABLES/DEPOSITS PAID

	<b>30 June 2023 HK\$'000 (unaudited)</b>	31 December 2022 HK\$'000 (audited)
<b>Current assets</b>		
Trade receivables — aged within 30 days, based on the invoice date	1,990	3,354
Rental and utility deposits	260	275
Prepaid operating expenses and other receivables	<u>1,063</u>	<u>1,526</u>
Total	<u><b>3,313</b></u>	<u><b>5,155</b></u>
<b>Non-current asset</b>		
Deposits paid	<u><b>408</b></u>	<u><b>421</b></u>

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

## 12. OTHER PAYABLES AND ACCRUALS

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

### 13. NOTE TO CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

#### Deconsolidation of a subsidiary

In February 2023, the Group entered into an agreement (“**Shareholders Agreement**”) with other shareholders of Ahsay Korea Co., Ltd. (“**Ahsay Korea**”), a 52.17%-owned subsidiary of the Company, to transfer the control of Ahsay Korea to other shareholders. Pursuant to the Shareholders Agreement, the Group ceased its rights to appoint any director and chairman of Ahsay Korea and ceased its rights to exercise any vote on Ahsay Korea. The Group’s representatives had also resigned from the board of directors of Ahsay Korea. In the opinion of the directors, the Group has lost control over Ahsay Korea since then as the Group no longer has the ability to affect the returns of Ahsay Korea through its power over Ahsay Korea. Accordingly, Ahsay Korea ceased to be a subsidiary of the Group and was recognised as equity investment at fair value through other comprehensive income.

The assets and liabilities of Ahsay Korea as at the date of loss of control were as follows:

	<i>Note</i>	<b>HK\$’000</b> <b>(unaudited)</b>
<b>Assets and liabilities deconsolidated:</b>		
Property, plant and equipment		6
Right-of-use asset		168
Deposits paid		42
Trade and other receivables		504
Bank balances and cash		17
Other payables and accruals		(728)
Contract liabilities		(1,308)
Lease liability		(175)
Other borrowings		(1,888)
Non-controlling interests		1,414
		<hr/>
		(1,948)
Release of translation reserve		(129)
		<hr/>
		(2,077)
Gain on deconsolidation of a subsidiary	4(b)	2,077
		<hr/>
Fair value of equity investment designated at fair value through other comprehensive income		<hr/> <hr/>
		—
Net cash outflow in respect of the deconsolidation of a subsidiary:		
Bank balances and cash deconsolidated		17
		<hr/> <hr/>

## **FINANCIAL REVIEW**

### **Overview**

During the six months ended 30 June 2023 and 2022, the Group recorded revenues of approximately HK\$21.2 million and HK\$23.0 million respectively, representing a decrease of approximately 7.8%. The Group recorded a profit attributable to owners of the parent of approximately HK\$2.1 million for the six months ended 30 June 2023 as compared to a loss of approximately HK\$1.1 million for the corresponding period in 2022.

The turnaround from loss to profit for the six months ended 30 June 2023 was mainly attributable to (i) the decrease in staff costs resulting from the implementation of cost control measures, which included team restructuring; and the (ii) recognition of a one-off gain on deconsolidation of a subsidiary, which was partially offset by the decrease in revenue derived from the Group's online backup business as affected by the sluggish recovery of business demand during the period.

### **Revenue**

The Group's revenue was principally derived from income from software license sales and leasing, software upgrades and maintenance services, subscription fees and other services. Revenue of approximately HK\$21.2 million and HK\$23.0 million were recognised for the six months ended 30 June 2023 and 2022 respectively, representing a decrease of approximately 7.8%.

The decrease in revenue for the six months ended 30 June 2023 was mainly due to the decrease in revenue derived from the Group's online backup business as affected by (i) the sluggish recovery of business demand as a result of overall weak global economy; (ii) the change of customer segmentation with reduced bulk purchase; and (iii) keen competition in the global online backup software market, which was partially offset by the increase in revenue derived from increase in subscription of the Group's information platform compared with the corresponding period in 2022.

### **Other Income**

Other income increased by approximately HK\$0.1 million or 11.1%, to approximately HK\$1.0 million for the six months ended 30 June 2023 from approximately HK\$0.9 million for the six months ended 30 June 2022. The increase in other income for the six months ended 30 June 2023 was mainly due to the increase in bank interest income as a result of the increase in the average rate of time deposits during the period; which was partially offset by the absence of subsidies granted to the Group under the Employee Support Scheme launched by the Government of the Hong Kong Special Administrative Region as compared with the corresponding period in 2022.



## **Other Gains (Losses), net**

Other gains, net increased by approximately HK\$2.5 million, to approximately HK\$2.1 million for the six months ended 30 June 2023 from other losses, net of approximately HK\$0.4 million for the six months ended 30 June 2022. The increase in other gains for the six months ended 30 June 2023 was mainly due to the recognition of a one-off gain on deconsolidation of a subsidiary during the period as compared with the corresponding period in 2022.

## **Staff Costs and Related Expenses**

Staff costs and related expenses primarily comprised salaries, performance bonuses, directors' fee, mandatory provident fund contributions, staff welfare and other related expenses. Staff costs and related expenses decreased by approximately HK\$2.4 million or 14.0%, to approximately HK\$14.8 million for the six months ended 30 June 2023 from approximately HK\$17.2 million for the six months ended 30 June 2022.

The decrease in staff costs and related expenses for the six months ended 30 June 2023 was mainly due to the implementation of cost control measures during the period, including team restructuring of the Group as compared with the corresponding period in 2022.

## **Other Expenses**

Other expenses primarily comprised of depreciation, advertising and marketing expenses, merchant credit card charges, legal and professional fees and other regular office expenses such as utilities. Other expenses increased by approximately HK\$0.2 million or 2.8%, to approximately HK\$7.3 million for the six months ended 30 June 2023 from approximately HK\$7.1 million for the six months ended 30 June 2022.

The increase in other expenses was mainly due to the net effect of the increase in content acquisition cost in order to enrich the content of KINBOY application and the decrease in other operating expenses including software license and motor vehicle expenses as compared with the corresponding period in 2022.

## **Profit (Loss) for the Period**

The Group recorded a profit of approximately HK\$2.0 million for the six months ended 30 June 2023 as compared to a loss of approximately HK\$1.3 million for the corresponding period in 2022. The profit for the period consisted of an approximately HK\$2.1 million segment loss from the Group's online backup software and related services segment, a segment profit of approximately HK\$1.0 million generated by the information platform segment and unallocated income of approximately HK\$3.1 million which included a one-off gain on deconsolidation of a subsidiary amounting to approximately HK\$2.1 million.

## **Adjustment related to the unaudited condensed consolidated financial information for the three months ended 31 March 2023**

In preparing the interim condensed consolidated financial information of the Group for the six months ended 30 June 2023, capital and other reserves of HK\$0.7 million in respect of the deconsolidation of a subsidiary was included in the gain on deconsolidation of a subsidiary affecting its previously issued unaudited condensed consolidated financial information for the three months ended 31 March 2023.

The adjustment has no effect on the total comprehensive income for the period ended 31 March 2023 previously presented except for other gains, net, profit for the period and profit for the period attributable to owners of the parent for the three months ended were increased by approximately HK\$0.7 million, to approximately HK\$2.0 million, HK\$1.8 million and HK\$1.8 million, respectively; and other comprehensive income for the three months ended 31 March 2023 was decreased by approximately HK\$0.7 million to approximately HK\$0.2 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 amount of cash denominated mainly in Hong Kong dollars ("HK\$") and United States Dollar ("US\$") are generally deposited with licensed banks in Hong Kong and Singapore. As the Group's cash and bank balances are substantially denominated in HK\$ and US\$, risk in exchange rate fluctuation would not be material.

The Group is in a sound financial position. As at 30 June 2023, the Group's current assets were approximately HK\$63.3 million (31 December 2022: approximately HK\$64.9 million). The Group remained at a net cash position as at 30 June 2023 and 31 December 2022, respectively. Based on the amount of liquid assets on hand, the management is of the view that the Group has sufficient financial resources to meet its ongoing operational requirements.

## **Charges on Assets of the Group**

As at 30 June 2023, there was no charge on assets of the Group (31 December 2022: Nil).

## **Capital Structure**

The capital structure of the Company comprised of ordinary shares only. As at 30 June 2023, the Company's issued share capital was HK\$20.0 million with 2,000,000,000 issued shares of HK\$0.01 each.

## **Gearing Ratio**

As at 30 June 2023, the Group's gearing ratio, calculated as interest-bearing liabilities divided by the total equity, was nil (31 December 2022: 3.4%).

## **Capital Commitments and Contingent Liabilities**

The Group had no significant capital commitments and contingent liabilities as at 30 June 2023 (31 December 2022: Nil).

## **Segmental Information**

An analysis of the Group's performance for the six months ended 30 June 2023 by business segment is set out in note 3 to the financial statements.

## **Material Acquisitions and Disposals**

Save as disclosed in note 13 in this announcement, there was no material acquisition or disposal of subsidiaries, associates or joint ventures during the six months ended 30 June 2023.

## **BUSINESS REVIEW**

Over the past few years, the Group has faced a challenging economic environment, with external factors such as increased competition and changing market demand continually impacting our business especially online backup software segment. As a result, revenue from the Group's online backup software and its related services decreased by approximately HK\$2.4 million or 11.6% from approximately HK\$20.6 million for the six months ended 30 June 2022 to approximately HK\$18.2 million for the six months ended 30 June 2023.

On the other side, the revenue derived from the Group's information platform increased by approximately HK\$0.5 million or 20.8% from approximately HK\$2.4 million for the six months ended 30 June 2022 to approximately HK\$2.9 million for the six months ended 30 June 2023.

Total revenue of the Group decreased by approximately HK\$1.8 million or 7.8% from approximately HK\$23.0 million for the six months ended 30 June 2022 to approximately HK\$21.2 million for the six months ended 30 June 2023.

In response to the uncertainties, we have embarked on comprehensive cost-saving measures, including team and corporate restructuring, to reduce operational cost and improve competitiveness. Despite the difficulties, our employees have shown remarkable unity and dedication, pulling together to support each other and our customers. We also intensified our communication with customers and focused on enhancing product features to meet their evolving needs. As a result of these efforts, we have seen a gradual improvement in our overall performance, which gives us confidence that we can face future challenges with determination.

## **OUTLOOK**

### **Core Backup Business**

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

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

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

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

### **Information Platform**

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

KINBOY is an all-in-one platform for horse racing information, which provides users an alternative way to access information electronically. The subscription service is tiered and structured such that free members can access the latest race cards, results and dividends, entries lists, chance table of horse racing and other detailed information such as finesse of horses, sharp moves, odds trend and forecast of first two races for catch-up viewing; while paid members can access detailed information including “Cloud Data” for full day races. “Cloud Data” being launched during 2022 has collected and combined information from overseas and The Hong Kong Jockey Club for computer analysis. With the latest information and analysis, paid members would gain an in-depth insight into horse racing.

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

Mobile applications have become increasingly popular and the general populace are accustomed to using mobile devices as the new norm. Compared to traditional newspapers, mobile applications offer several advantages including flexibility and convenience. Also, multimedia features of KINBOY such as videos of tipsters make users a more engaging and interactive way to consume news and information. With up-to-date information on horse racing, more and more people downloaded KINBOY as a way to replace traditional newspapers to gain access to horse racing information. The management is expecting a stable growth for the information platform segment in the future.

## **DISCLOSURE OF INTERESTS AND OTHER INFORMATION**

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

As at 30 June 2023, the interests and short positions of the Directors and chief executive in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) (the “SFO”)) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he/she is taken or deemed to have under such provisions of the SFO); or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, required to be notified to the Company and the Stock Exchange, were as follows:

## Long Positions in Shares

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

### Notes:

1. As at 30 June 2023, the Company had 2,000,000,000 Shares in issue.
2. As at 30 June 2023, 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 (collectively, the “**Controlling Shareholders**”) 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 2023, none of the Directors and chief executive of the Company had an interest or short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporations that was notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or was recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 30 June 2023, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as required to be recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

## Long Positions in Shares

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

### Notes:

1. As at 30 June 2023, 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 June 2023, the Company has not been notified by any persons (other than the Directors or Chief executive of the Company) who had an interest or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.



## **Directors' Rights to Acquire Shares or Debentures**

Save as disclosed in the sections headed “Share Option Scheme” and “Directors’ and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures” in this announcement, at no time during the six months ended 30 June 2023 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 2023, the Directors were not aware of any business or interest of the Directors, the Controlling Shareholders and their respective close associates (as defined under the GEM Listing Rules) that compete or may compete with the business of the Group and any other conflicts of interests which any such person has or may have with the Group.

## **Compliance with the Code of Conduct for Directors’ Securities Transactions**

The Group has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. In response to specific enquiry made by the Company, each of the Directors gave confirmation that he/she has complied with the required standard of dealings and the code of conduct regarding securities transactions by the Directors for the six months ended 30 June 2023.

## **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 (the “**CG Code**”) as contained in Appendix 15 to the GEM Listing Rules during the six months ended 30 June 2023.

## **Share Option Scheme**

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



## **Employees and Remuneration Policy**

As at 30 June 2023, the Group had a workforce of 65 employees (30 June 2022: 81). The decrease in number of employees was mainly due to team restructuring. Total directors and staff costs for the six months ended 30 June 2023 was approximately HK\$14.7 million, representing a decrease of approximately HK\$2.5 million as compared to that for the corresponding period in 2022.

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

As incentives and rewards for their contributions to the Group, the employees of the Group and all Directors (including the independent non-executive Directors and non-executive Director) may be granted share options by the Company from time to time pursuant to the Share Option Scheme.

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

During the six months ended 30 June 2023, the Group did not experience any strikes, work stoppages or significant labour disputes which would have affected its operations in the past and it did not experience any significant difficulties in recruiting and retaining qualified staff.

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

During the six months ended 30 June 2023 and up to the date of this announcement, neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

## **Review by the Audit Committee**

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

The interim financial information of the Group for the six months ended 30 June 2023 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 2023, the interim report, the accounting principles and practices adopted by the Group, and other financial reporting matters. The Audit Committee was satisfied that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

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

Hong Kong, 4 August 2023

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

*This announcement will remain on the website of The Stock Exchange of Hong Kong Limited at [www.hkexnews.hk](http://www.hkexnews.hk) on the “Latest Listed Company Information” page for at least 7 days from the date of its posting and will also be published on the Company’s website at <http://www.ahsay.com.hk>.*