



Ahsay Backup Software Development Company Limited

亞勢備份軟件開發有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8290)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 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 year ended 31 December 2023 was approximately HK\$41.7 million, representing a decrease of approximately 7.1% from approximately HK\$44.9 million for the prior year.
- Profit attributable to owners of the parent for the year ended 31 December 2023 was approximately HK\$2.6 million as compared to the loss of approximately HK\$2.0 million for the prior year.
- Segment losses of approximately HK\$3.2 million and HK\$4.5 million were recorded from online backup software and related services segment for the years ended 31 December 2023 and 2022, respectively.
- Segment profit of approximately HK\$1.1 million and HK\$0.9 million were recorded from information platform segment for the year ended 31 December 2023 and 2022, respectively.
- Basic and diluted earnings per share were both HK0.13 cent for the year ended 31 December 2023.
- The Board did not recommend the payment of any dividend for the year ended 31 December 2023.

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The board of Directors (the “**Board**”) of the Company hereby announces the following consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2023 (the “**2023 Annual Results**”) together with the comparative figures for the year ended 31 December 2022 as set out below.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	2023 HK\$'000	2022 HK\$'000
Revenue	3	41,659	44,882
Cost of inventories sold		(47)	(223)
Other income	4	2,367	1,867
Other gains (losses), net	4	1,982	(468)
Staff costs and related expenses	5	(29,869)	(32,763)
Other expenses	6	(13,578)	(15,023)
Finance costs	7	(245)	(444)
Profit (loss) before tax		2,269	(2,172)
Income tax credit (expense)	8	349	(140)
Profit (loss) for the year		2,618	(2,312)
Attributable to:			
Owners of the parent		2,644	(1,964)
Non-controlling interests		(26)	(348)
		2,618	(2,312)
Other comprehensive income (loss)			
<i>Other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences arising on translation of foreign operations		151	(619)
Reclassification adjustment of translation reserve upon deconsolidation of a subsidiary		(129)	—
Net other comprehensive income (loss) that may be reclassified to profit or loss in subsequent periods		22	(619)
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>			
Surplus on revaluation of owner-occupied properties upon transfer to investment properties		—	705
Income tax effect		—	(170)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods		—	535
Other comprehensive income (loss) for the year		22	(84)
Total comprehensive income (loss) for the year		2,640	(2,396)
Attributable to:			
Owners of the parent		2,709	(2,112)
Non-controlling interests		(69)	(284)
		2,640	(2,396)
Earnings (loss) per share attributable to ordinary equity holders of the parent			
— Basic and diluted (HK cent)	10	0.13	(0.10)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	<i>Notes</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		7,297	8,387
Investment properties		2,932	2,919
Right-of-use assets		2,307	4,833
Equity investment designated at fair value through other comprehensive income	<i>13</i>	—	—
Deposits paid	<i>11</i>	—	421
Deferred tax assets		355	—
Total non-current assets		<u>12,891</u>	<u>16,560</u>
CURRENT ASSETS			
Inventories		—	64
Trade and other receivables	<i>11</i>	3,709	5,155
Tax recoverable		6	—
Bank balances and cash		62,337	59,727
Total current assets		<u>66,052</u>	<u>64,946</u>
CURRENT LIABILITIES			
Other payables and accruals	<i>12</i>	4,915	5,145
Contract liabilities		12,502	14,168
Lease liabilities		2,400	2,340
Other borrowings		—	1,829
Tax payable		41	106
Total current liabilities		<u>19,858</u>	<u>23,588</u>
NET CURRENT ASSETS		<u>46,194</u>	<u>41,358</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>59,085</u>	<u>57,918</u>
NON-CURRENT LIABILITIES			
Contract and other liabilities		1,142	1,339
Lease liabilities		—	2,572
Deferred tax liabilities		19	137
Total non-current liabilities		<u>1,161</u>	<u>4,048</u>
NET ASSETS		<u>57,924</u>	<u>53,870</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital		20,000	20,000
Reserves		37,924	35,215
		57,924	55,215
Non-controlling interests		—	(1,345)
Total equity		<u>57,924</u>	<u>53,870</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Attributable to owners of the parent						Total	Non-controlling interests	Total equity
	Share capital	Share premium	Capital and other reserves	Asset revaluation reserve	Translation reserve	Accumulated losses			
	HK\$'000	HK\$'000	HK\$'000 (Note i)	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2022	20,000	72,435	3,395	—	74	(38,577)	57,327	(1,061)	56,266
Loss for the year	—	—	—	—	—	(1,964)	(1,964)	(348)	(2,312)
Other comprehensive (loss) income for the year									
Exchange differences arising on translation of foreign operations	—	—	—	—	(683)	—	(683)	64	(619)
Surplus on revaluation of owner-occupied properties upon transfer to investment properties, net of tax	—	—	—	535	—	—	535	—	535
Total comprehensive income (loss) for the year	—	—	—	535	(683)	(1,964)	(2,112)	(284)	(2,396)
At 31 December 2022 and 1 January 2023	20,000	72,435*	3,395*	535*	(609)*	(40,541)*	55,215	(1,345)	53,870
Profit (loss) for the year	—	—	—	—	—	2,644	2,644	(26)	2,618
Other comprehensive income (loss) for the year									
Exchange differences arising on translation of foreign operations	—	—	—	—	194	—	194	(43)	151
Reclassification adjustment of translation reserve upon deconsolidation of a subsidiary	—	—	—	—	(129)	—	(129)	—	(129)
Total comprehensive income (loss) for the year	—	—	—	—	65	2,644	2,709	(69)	2,640
Deconsolidation of a subsidiary	—	—	702	—	—	(702)	—	1,414	1,414
At 31 December 2023	20,000	72,435*	4,097*	535*	(544)*	(38,599)*	57,924	—	57,924

* These reserve accounts comprise the consolidated reserves of HK\$37,924,000 (2022: HK\$35,215,000) in the consolidated statement of financial position.

Note:

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

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

2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements have been prepared under the historical cost convention, except for investment properties and an equity investment which have been measured at fair value. The financial statements are presented in HK\$ and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of the subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or accumulated losses, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 17	<i>Insurance Contracts</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</i>

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 3 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.
- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments did not have any impact on the Group's financial statements.

- (c) Amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments did not have any impact on the Group's financial statements.
- (d) Amendments to HKAS 12 *International Tax Reform — Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact on the Group's financial statements.

3. REVENUE AND SEGMENT INFORMATION

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

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

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

Segment revenue and results

The accounting policies of the operating segments are the same as the Group's accounting policies. 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 year ended 31 December 2023			For the year ended 31 December 2022		
	Online backup software and related services <i>HK\$'000</i>	Information platform <i>HK\$'000</i>	Total <i>HK\$'000</i>	Online backup software and related services <i>HK\$'000</i>	Information platform <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue — External						
Software license sales	2,124	—	2,124	3,534	—	3,534
Software license leasing	14,673	—	14,673	16,301	—	16,301
Software upgrades and maintenance services	18,412	—	18,412	19,303	—	19,303
Other services	1,079	526	1,605	1,105	—	1,105
Sale of hardware devices	—	36	36	—	251	251
Information sharing service income	—	38	38	—	96	96
Subscription fees	130	4,641	4,771	20	4,272	4,292
Total revenue	36,418	5,241	41,659	40,263	4,619	44,882
Segment (loss) profit	(3,228)	1,148	(2,080)	(4,488)	917	(3,571)
Unallocated incomes and expenses						
Other income			2,367			1,867
Other gains (losses), net			1,982			(468)
Profit (loss) before tax			2,269			(2,172)

Segment assets and liabilities

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

	At 31 December 2023			At 31 December 2022		
	Online backup software and related services <i>HK\$'000</i>	Information platform <i>HK\$'000</i>	Total <i>HK\$'000</i>	Online backup software and related services <i>HK\$'000</i>	Information platform <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment assets						
Segment assets	15,801	805	16,606	21,209	570	21,779
Reconciliation:						
Unallocated assets						
Bank balances and cash			62,337			59,727
Consolidated assets			78,943			81,506
Reportable segment liabilities						
Segment liabilities	18,566	2,453	21,019	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.

Other segment information

	For the year ended 31 December 2023			For the year ended 31 December 2022		
	Online backup software and related services <i>HK\$'000</i>	Information platform <i>HK\$'000</i>	Total <i>HK\$'000</i>	Online backup software and related services <i>HK\$'000</i>	Information platform <i>HK\$'000</i>	Total <i>HK\$'000</i>
Capital expenditure (<i>Note</i>)	173	—	173	358	14	372
Depreciation and amortisation	3,728	13	3,741	3,962	15	3,977
Fair value (losses) gains on investment properties	(16)	—	(16)	75	—	75
Write-down of inventories to net realisable value	—	16	16	—	—	—

Note: Capital expenditure consists of additions to property, plant and equipment.

Non-current assets by geographical location

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Hong Kong	3,101	6,162
Philippines	9,435	9,971
South Korea	<u>—</u>	<u>6</u>
	<u>12,536</u>	<u>16,139</u>

Non-current assets exclude deposits paid and deferred tax assets.

Revenue by geographical location

An analysis of the Group's revenue from external customers by geographical location, determined based on the locations of the customers, is detailed below:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
United States of America	7,280	5,558
Hong Kong	5,645	5,109
Others (<i>Note</i>)	<u>28,734</u>	<u>34,215</u>
	<u>41,659</u>	<u>44,882</u>

Note: Including other countries which individually contribute less than 10% of the total revenue of the Group for each respective year

Information about major customers

There were no sales to a single customer contributing over 10% of the total revenue of the Group in both years.

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

(a) Other income

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Bank interest income	2,139	562
Interest income on refundable rental deposits	19	21
Government subsidies (<i>Note</i>)	—	1,000
Rental income	117	43
Sundry income	92	241
	<u>2,367</u>	<u>1,867</u>

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

(b) Other gains (losses), net

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Foreign exchange differences, net	(79)	(543)
Fair value (losses) gains on investment properties	(16)	75
Gain on deconsolidation of a subsidiary	2,077	—
	<u>1,982</u>	<u>(468)</u>

5. STAFF COSTS AND RELATED EXPENSES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Directors' emoluments	6,064	6,098
Other staff costs		
— Salaries, allowances and benefits in kind and performance bonus	22,913	25,721
— Retirement benefit scheme contributions (defined contribution scheme), excluding directors' retirement benefit scheme contributions*	576	763
Total directors' and staff costs	29,553	32,582
Staff-related expenses	316	181
Staff costs and related expenses	<u>29,869</u>	<u>32,763</u>
Research and development costs included in staff costs and related expenses	<u>10,527</u>	<u>12,177</u>

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions. As at 31 December 2023, the Group had no forfeited contributions available to reduce its contributions to the pension scheme in future years (2022: Nil).

6. OTHER EXPENSES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Auditor's remuneration	860	855
Advertising and marketing expenses	432	1,214
Content acquisition cost	1,534	1,065
Legal and professional fees	1,421	1,340
Depreciation of property, plant and equipment	1,383	1,574
Depreciation of right-of-use assets	2,358	2,403
Expenses related to short-term leases	106	200
Rates and property management fees	567	581
Merchant credit card charges	1,259	1,260
Electricity and water	433	435
Web hosting expenses	648	660
Write-down of inventories to net realisable value	16	—
Others	2,561	3,436
	<u>13,578</u>	<u>15,023</u>

7. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest expense on:		
Lease liabilities	238	365
Other borrowings	7	79
	<u>245</u>	<u>444</u>

8. INCOME TAX (CREDIT) EXPENSE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax	136	130
Overprovision in prior years	(12)	(30)
	<u>124</u>	<u>100</u>
Deferred tax	(473)	40
	<u>(349)</u>	<u>140</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% for the first HK\$2 million of estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million. Other Hong Kong subsidiaries of the Company are subject to Hong Kong Profits Tax at the rate of 16.5% for the years ended 31 December 2023 and 2022, respectively.

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

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

9. DIVIDENDS

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

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 ordinary equity holders of the parent is based on the following data:

	2023 <i>HK\$’000</i>	2022 <i>HK\$’000</i>
Profit (loss) attributable to ordinary equity holders of the parent	<u>2,644</u>	<u>(1,964)</u>
	2023 ’000	2022 ’000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share calculation	<u>2,000,000</u>	<u>2,000,000</u>

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2023 and 2022.

11. TRADE AND OTHER RECEIVABLES AND DEPOSITS PAID

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current assets		
Trade receivables — aged within 30 days, based on the invoice date	1,864	3,354
Rental and utility deposits	641	275
Prepaid operating expenses and other receivables	<u>1,204</u>	<u>1,526</u>
Total	<u><u>3,709</u></u>	<u><u>5,155</u></u>
Non-current assets		
Deposits paid	<u>—</u>	<u>421</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 when payment is normally required before the delivery of software licenses and the 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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Accrued staff costs and related expenses	3,586	3,322
Other payables and accrued operating expenses	<u>1,329</u>	<u>1,823</u>
Total	<u><u>4,915</u></u>	<u><u>5,145</u></u>

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

13. 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 then 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. On the same date, 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 recognised a gain on deconsolidation of a subsidiary of HK\$2,077,000 during the year. The equity interest of Ahsay Korea was recognised as an equity investment at fair value through other comprehensive income.

Furthermore, in December 2023, the Group had disposed 40,000 ordinary shares, representing 34.78% equity interest of Ahsay Korea, to an independent third party at a consideration of HK\$400. At the end of the reporting period, the Group hold 17.39% equity interest in Ahsay Korea.

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 our online backup software segment. As a result, revenue derived from the Group's online backup software and its related services inevitably decreased by approximately HK\$3.9 million or 9.7% from approximately HK\$40.3 million for the year ended 31 December 2022 to approximately HK\$36.4 million for the year ended 31 December 2023.

On the other side, the revenue derived from the Group's information platform increased by approximately HK\$0.6 million or 13.0% from approximately HK\$4.6 million for the year ended 31 December 2022 to approximately HK\$5.2 million for the year ended 31 December 2023.

Total revenue of the Group decreased by approximately HK\$3.2 million or 7.1% from approximately HK\$44.9 million for the year ended 31 December 2022 to approximately HK\$41.7 million for the year ended 31 December 2023.

In response to the fierce competition in online backup industry, the Group continuously dedicated to developing high quality products to cope with the market needs and changes. Two major features — “Immutable Backup” and “Restore Drill” have been launched during the year. Cyber-threats are apparently a danger not only to global business but also individuals. Cybersecurity and data protection are two essential areas that nowadays must focus on. With the Group's solid experience accumulated over the years, the Group will continue to commit to its core business.

OUTLOOK

Core Backup Business

Our current version of Ahsay™ Backup Software — Version 9 (“**Version 9**”) launched in 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 “Data 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. “Data Deduplication” plays a major role in managing storage space, particularly when performed over large volumes of data.

There are new features including “Immutable Backup” and “Restore Drill” being launched during the year. Those features are mainly related to cybersecurity and data protection. “Immutable Backup” provides MSPs an unaltered copy of backup data that remains in a protected state, immune to accidental or malicious alterations. While facing the threats of ransomware and cyberattacks, MSPs can rebuild the data by using the unaltered copy. It can help combat the threat by ensuring that a secure and unchangeable copy of the backup is always available for data restoration when needed.

“Restore Drill” enables MSPs to conduct periodic and automated disaster recovery drills to test the restoration of data from backups in order to ensure the backup copies are usable. It also allows MSPs to identify potential problems such as missing or corrupted backup data and will make the best effort to correct the problems to ensure the backup data is recoverable or an alert is issued to MSPs.

Version 9 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 for system administrator to easily manage the whole backup system through any web browser. It supports various solutions such as Microsoft 365 Backup including SharePoint Online, Outlook, OneDrive etc. In addition to the above, the backup and restoration of Microsoft Teams are also supported to protect full chat history and files shared during chats.

With the enhancement of functionalities, we believe Version 9 provides 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) (“KINBOY”) which is an information analysis tool and KINTIPS (堅料) (“KINTIPS”) for information sharing. Such platforms are mainly accessible via 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”, which was 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 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.

FINANCIAL REVIEW

Overview

During the years ended 31 December 2023 and 2022, the Group recorded revenues of approximately HK\$41.7 million and HK\$44.9 million respectively, representing a decrease of approximately 7.1%. The Group recorded a profit attributable to owners of the parent of approximately HK\$2.6 million for the year ended 31 December 2023 as compared to a loss attributable to owners of the parent of approximately HK\$2.0 million for the prior year.

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. Revenues of approximately HK\$41.7 million and HK\$44.9 million were recognised for the years ended 31 December 2023 and 2022, respectively, representing a decrease of approximately 7.1%.

The decrease in revenue for the year ended 31 December 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 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 prior year.

Other Income

Other income increased by approximately HK\$0.5 million or 26.3%, to approximately HK\$2.4 million for the year ended 31 December 2023 from approximately HK\$1.9 million for the year ended 31 December 2022. The increase in other income for the year ended 31 December 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 year; 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 prior year.

Other Gains (Losses), net

Other gains, net increased by approximately HK\$2.5 million, to approximately HK\$2.0 million for the year ended 31 December 2023 from other losses, net of approximately HK\$0.5 million for the year ended 31 December 2022. The increase in other gains for the year ended 31 December 2023 was mainly due to the recognition of a one-off gain on deconsolidation of a subsidiary during the year.

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\$2.9 million or 8.8%, to approximately HK\$29.9 million for the year ended 31 December 2023 from approximately HK\$32.8 million for the year ended 31 December 2022.

The decrease in staff costs and related expenses for the year ended 31 December 2023 was mainly due to the implementation of cost control measures during the year, including team restructuring of the Group as compared with the prior year.

Other Expenses

Other expenses primarily comprised depreciation, advertising and marketing expenses, merchant credit card charges, legal and professional fees and other regular office expenses such as utilities. Other expenses decreased by approximately HK\$1.4 million, or 9.3%, to approximately HK\$13.6 million for the year ended 31 December 2023 from approximately HK\$15.0 million for the year ended 31 December 2022.

The decrease in other expenses was mainly due to the decrease in advertising and marketing expenses resulting in changing on marketing matrix and other operating expenses including software license, non capitalised expenses, consultancy service fees and motor vehicle expenses resulting in further cost tightening, which was partially offset by the increase in content acquisition cost in order to enrich the content of KINBOY application as compared with the prior year.

Income Tax Credit (Expense)

The Group recorded income tax credit of approximately HK\$0.3 million for the year ended 31 December 2023. The increase in income tax credit was mainly due to the recognition of deferred tax assets in relation to the unused tax losses arisen in a subsidiary which is considered probable that taxable profits will be available against the tax losses can be utilised.

Profit (Loss) for the Year

The Group recorded a profit of approximately HK\$2.6 million for the year ended 31 December 2023 as compared to a loss of approximately HK\$2.3 million for the prior year. The profit for the year consisted of an approximately HK\$3.2 million segment loss from the Group's online backup software and related services segment, and a segment profit of approximately HK\$1.1 million generated by the information platform segment and unallocated income of approximately HK\$4.3 million which included a one-off gain on deconsolidation of a subsidiary amounting to approximately HK\$2.1 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 United States Dollar ("US\$") are generally deposited with licensed banks in Singapore. As the Group's cash and bank balances are substantially denominated in US\$, risk in exchange rate fluctuation would not be material.

The Group is in a sound financial position. As at 31 December 2023, the Group's current assets were approximately HK\$66.1 million (31 December 2022: approximately HK\$64.9 million). The Group remained at a net cash position as at 31 December 2023 and 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 31 December 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 31 December 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 31 December 2023, the Group's gearing ratio, calculated as interest-bearing liabilities divided by the total equity, was zero (31 December 2022: 3.4%).

Financial Management Policies

The Group in its ordinary course of business is exposed to market risks such as foreign currency risk and interest rate risk. The Group's risk management strategy aims to minimise the adverse effects of these risks on its financial performance.

The Group's cash is primarily deposited at licensed banks in Singapore denominated mainly in US\$. As at 31 December 2023, no related hedges were made by the Group (31 December 2022: nil).

As most of the Group's trading transactions, monetary assets and liabilities are denominated in HK\$, the impact of foreign exchange exposure to the Group during the year ended 31 December 2023 was minimal and there was no significant adverse effect on normal operations.

The carrying amounts of the Group's monetary assets denominated in currencies other than the Group's operating units' functional currencies at the end of the reporting period are mainly denominated in US\$. As HK\$ is pegged to the US\$ within a narrow band, the Group does not expect any significant movements in the US\$/HK\$ exchange rate. Accordingly, management considers that the Group's foreign currency risk exposure for US\$ is not significant.

After consideration of the benefit and cost, the Group has not entered into any interest rate hedging contracts or any other interest rate related derivative financial instruments. However, the Group continues to monitor its interest rate exposure closely.

Capital Commitments and Contingent Liabilities

The Group had no significant capital commitments and contingent liabilities as at 31 December 2023 and 2022.

MATERIAL ACQUISITIONS AND DISPOSALS

Other than the deconsolidation of a subsidiary as disclosed in note 13, there was no other material acquisition or disposal of subsidiaries, associates or joint ventures during the year ended 31 December 2023 and 2022, respectively.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2023, the Group had a workforce of 65 employees (2022: 73). The decrease in number of employees was mainly due to enhancement of workforce efficiency. Total directors and staff costs for the year ended 31 December 2023 was approximately HK\$29.9 million, representing a decrease of approximately HK\$2.9 million or 8.8% as compared to that of 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 ("**Remuneration Committee**").

As incentives and rewards for their contributions to the Group, the employees of the Group and all the Directors (including the independent non-executive Directors ("**INEDs**") and non-executive Director) may also be granted share options by the Company from time to time pursuant to the share option scheme adopted on 4 September 2015.

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

During the year ended 31 December 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 year ended 31 December 2023, neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

FINAL DIVIDEND

The Board did not recommend the payment of any dividend for the year ended 31 December 2023.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this announcement.

CORPORATE GOVERNANCE PRACTICES

The Group's corporate governance framework is based on two main beliefs:

- the Group is well-committed to maintaining good corporate governance practices and procedures; and
- the Group recognises the need to adopt practices that would help improve the Group continuously and to achieve quality management.

Accordingly, the Group is committed to maintaining high standards of corporate governance with a view to assure the proper conduct of management of the Group as well as protecting the interests of all Shareholders. The corporate governance principles adopted by the Group emphasize a quality Board for leadership, effective internal controls, transparency and accountability to all Shareholders.

The Group has applied the principles and adopted all code provisions, where applicable, of the Corporate Governance Code ("**CG Code**") as set out in Appendix 15 to the GEM Listing Rules as its own code of corporate governance. The Directors consider that, the Group has complied with all the code provisions as set out in the CG Code throughout the year ended 31 December 2023.

The Group has further adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. In response to specific enquiry made by the Company, each of the Directors gave confirmation that he/she has complied with the required standard of dealings and the code of conduct regarding securities transactions by the Directors throughout the year ended 31 December 2023.

The Group believes through the operation of an effective Board, sound internal controls, and accountability to Shareholders, the Group is able to maximise the value of all Shareholders.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company will be held on Friday, 3 May 2024 at 9:30 a.m. (the "**AGM**"), the AGM notice will be published and dispatched to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the shareholders' entitlement to attend and vote at the AGM, the Company's register of members will be closed from Monday, 29 April 2024 to Friday, 3 May 2024 (both dates inclusive), during which period no transfer of shares of the Company can be registered. In order to be eligible to attend the AGM, all transfers of shares documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 26 April 2024.

REVIEW BY THE AUDIT COMMITTEE

The Company has established an audit committee of the Board (the "**Audit Committee**") with written terms of reference which deal clearly with its authority and duties. The Audit Committee's principal duties are to review and supervise the Company's financial reporting process and internal control systems and to provide advice and comments to the Board. The Audit Committee has reviewed the audited consolidated financial statements of the Company for the year ended 31 December 2023.

AUDITOR'S PROCEDURES PERFORMED ON THIS RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditors, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the GEM website and the Company's website. The annual report of the Company for the year ended 31 December 2023 will be dispatched to the shareholders of the Company and will be available on the respective websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 15 March 2024

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 "Latest Listed Company Information" page on the website of the Stock Exchange at www.hkexnews.hk for at least 7 days from the date of its posting and on the Company's website at <http://www.ahsay.com.hk>.