



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



2023

First Quarterly Report



AhsayCBS



AhsayOBM



AhsayACB



AhsayPRD



AhsayUBS

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This report, for which the directors (the “Directors”) of Ahsay Backup Software Development Company Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report 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 report misleading.



MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Overview

During the three months ended 31 March 2023 and 2022, the Group recorded revenues of approximately HK\$10.5 million and HK\$11.5 million respectively, representing a decrease of approximately 8.7%. The Group recorded a profit attributable to owners of the parent of approximately HK\$1.1 million for the three months ended 31 March 2023 as compared to a loss of approximately HK\$1.1 million for the corresponding period in 2022.

The turnaround from loss to profit was mainly attributable to both the decrease in staff cost resulting from the cost control measures imposed, which included team restructuring and the recognition of a one-off gain on deconsolidation of a subsidiary of the Group 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\$10.5 million and HK\$11.5 million were recognised for the three months ended 31 March 2023 and 2022 respectively, representing a decrease of approximately 8.7%.

The decrease in revenue for the three months ended 31 March 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 corresponding period in 2022.

Other Income

Other income increased by approximately HK\$0.5 million, to approximately HK\$0.6 million for the three months ended 31 March 2023 from approximately HK\$0.1 million for the three months ended 31 March 2022. The increase in other income for the three months ended 31 March 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 as compared with the corresponding period in 2022.

Other Gains, net

Other gains increased by approximately HK\$1.2 million, to approximately HK\$1.3 million for the three months ended 31 March 2023 from approximately HK\$0.1 million for the three months ended 31 March 2022. The increase in other gains for the three months ended 31 March 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 of salaries, performance bonuses, directors' fee, mandatory provident fund contributions, other staff welfare and other related expenses. Staff costs and related expenses decreased by approximately HK\$1.4 million or 15.6%, to approximately HK\$7.6 million for the three months ended 31 March 2023 from approximately HK\$9.0 million for the three months ended 31 March 2022.

The decrease in staff costs and related expenses for the three months ended 31 March 2023 was mainly due to the cost control measures imposed 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 remained stable at approximately HK\$3.6 million for the three months ended 31 March 2023 and 2022.

Profit (Loss) for the Period

The Group recorded a profit of approximately HK\$1.1 million for the three months ended 31 March 2023 as compared to a loss of approximately HK\$1.2 million for the corresponding period in 2022. The profit for the period consisted of an approximately HK\$1.3 million segment loss from the Group's online backup software and related services segment, a segment profit of approximately HK\$0.5 million generated by information platform segment and unallocated incomes of approximately HK\$1.9 million which includes one-off gain on deconsolidation of a subsidiary amounting to approximately HK\$1.4 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 31 March 2023, the Group's current assets were approximately HK\$61.7 million (31 December 2022: approximately HK\$64.9 million). The Group remained at a net cash position as at 31 March 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 31 March 2023, there was no charge on the assets of the Group (31 December 2022: nil).

Capital Structure

The capital structure of the Company comprised of ordinary shares only. As at 31 March 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 March 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 both 31 March 2023 and 2022.

Material Acquisitions and Disposals

Save as disclosed in note 12 to the consolidated financial statements, there was no other material acquisition or disposal of subsidiaries, associates or joint ventures during the three months ended 31 March 2023 and 2022, respectively.

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\$1.2 million or 11.7% from approximately HK\$10.3 million for the three months ended 31 March 2022 to approximately HK\$9.1 million for the three months ended 31 March 2023.

On the other side, the revenue derived from the Group's information platform increased by approximately HK\$0.3 million or 25.0% from approximately HK\$1.2 million for the three months ended 31 March 2022 to approximately HK\$1.5 million for the three months ended 31 March 2023.

Total revenue of the Group decreased by approximately HK\$1.0 million or 8.7% from approximately HK\$11.5 million for the three months ended 31 March 2022 to approximately HK\$10.5 million for the three months ended 31 March 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 also supported.

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) which is an information analysis tool and KINTIPS (堅料) for information sharing. Such 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. 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 31 March 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 has taken or deemed to have under such provisions of the SFO); or which were, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, required to be notified to the Company and the Stock Exchange, were as follows:

Long Positions in Shares

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

Notes:

- As at 31 March 2023, the Company had 2,000,000,000 shares in issue.
- As at 31 March 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 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 31 March 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 31 March 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:

- As at 31 March 2023, the Company had 2,000,000,000 shares in issue.
- All Divine held a long position of 1,500,000,000 shares, representing 75% of the issued shares. All Divine is wholly owned by Able Future, which is owned by Mrs. Chong Li Sau Fong, Mr. Chong Siu Pui and Mr. Chong Siu Ning as to 40%, 30% and 30%, respectively. By virtue of the SFO, Mrs. Chong Li Sau Fong, Mr. Chong Siu Pui and Mr. Chong Siu Ning are deemed to be interested in the shares held by All Divine.
- Ms. Wu Jui-fang is the spouse of Mr. Chong Siu Pui. By virtue of the SFO, Ms. Wu Jui-fang is deemed to be interested in the shares in which Mr. Chong Siu Pui is interested.
- Ms. Li Yin Heung is the spouse of Mr. Chong Siu Ning. By virtue of the SFO, Ms. Li Yin Heung is deemed to be interested in the shares in which Mr. Chong Siu Ning is interested.

Save as disclosed above, as at 31 March 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 report, at no time during the three months ended 31 March 2023 and up to the date of this report, 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 three months ended 31 March 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 three months ended 31 March 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 and Corporate Governance Report (the "**CG Code**") as contained in Appendix 15 to the GEM Listing Rules during the three months ended 31 March 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.

Purchase, Redemption or Sale of Listed Securities of the Company

During the three months ended 31 March 2023 and up to the date of this report, 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 financial information of the Group for the three months ended 31 March 2023 has not been audited. The Audit Committee has reviewed with management on the financial information of the Group for the three months ended 31 March 2023, the first quarterly report, the accounting principles and practices adopted by the Group, and other financial reporting matters. The Audit Committee was satisfied that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

By Order of the Board

Ahsay Backup Software Development Company Limited

Chong Siu Ning

Chairman and Executive Director

Hong Kong, 5 May 2023

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2023

	Notes	Three months ended 31 March	
		2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Revenue	3	10,547	11,472
Cost of inventories sold		(6)	(62)
Other income	4	565	59
Other gains, net	4	1,325	74
Staff costs and related expenses	5	(7,648)	(9,030)
Other expenses	6	(3,623)	(3,554)
Finance costs	7	(68)	(113)
Profit (loss) before tax		1,092	(1,154)
Income tax credit (expense)	8	17	(2)
Profit (loss) for the period		1,109	(1,156)
Attributable to:			
Owners of the parent		1,135	(1,051)
Non-controlling interests		(26)	(105)
		1,109	(1,156)
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		312	(81)
Reclassification adjustments of reserves upon deconsolidation of a foreign operation		573	—
Other comprehensive income (loss) for the period		885	(81)
Total comprehensive income (loss) for the period		1,994	(1,237)
Attributable to:			
Owners of the parent		2,063	(1,148)
Non-controlling interests		(69)	(89)
		1,994	(1,237)
Earnings (loss) per share attributable to ordinary equity holders of the parent			
— Basic and diluted (HK cent)	10	0.06	(0.05)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 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	—	—	—	—	—	(1,051)	(1,051)	(105)	(1,156)
Other comprehensive (loss) income for the period									
Exchange differences arising on translation of foreign operations	—	—	—	—	(97)	—	(97)	16	(81)
Total comprehensive loss for the period	—	—	—	—	(97)	(1,051)	(1,148)	(89)	(1,237)
At 31 March 2022 (unaudited)	20,000	72,435	3,395	—	(23)	(39,628)	56,179	(1,150)	55,029
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	—	—	—	—	—	1,135	1,135	(26)	1,109
Other comprehensive income (loss) for the period									
Exchange differences arising on translation of foreign operations	—	—	—	—	355	—	355	(43)	312
Reclassification adjustments of reserves upon deconsolidation of a foreign operation (note 12)	—	—	702	—	(129)	—	573	—	573
Total comprehensive income (loss) for the period	—	—	702	—	226	1,135	2,063	(69)	1,994
Deconsolidation of a subsidiary (note 12)	—	—	—	—	—	—	—	1,414	1,414
At 31 March 2023 (unaudited)	20,000	72,435	4,097	535	(383)	(39,406)	57,278	—	57,278

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;
- (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;
- (e) a debit amount of HK\$702,000 representing the changes in non-controlling interests arising from the additional capital contribution related to a subsidiary by the Group in 2019; and
- (f) a credit amount of HK\$702,000 representing the deconsolidation of a subsidiary of the Group in February 2023.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2023

1. General

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

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

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

2.1 Basis of Preparation

These unaudited condensed consolidated financial statements for the three months ended 31 March 2023 have been prepared in accordance with Chapter 18 of the GEM Listing Rules and Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

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

2.2 Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the unaudited condensed consolidated financial statements are consistent with those applied in the preparation of the Group’s annual financial statements for the year ended 31 December 2022, except for the adoption of the following revised HKFRSs for the first time for the current period’s unaudited condensed consolidated financial statements.

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

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

3. Revenue and Segment Information

Information reported to the executive directors of the Company, being the chief operating decision makers (“CODMs”), 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 CODMs 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 that are not directly attributable to the segments as disclosed in the table below. This is the measure reported to the CODMs 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 three months ended 31 March 2023 (unaudited)			For the three months ended 31 March 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
Segment revenue — External						
Software license sales	418	—	418	1,007	—	1,007
Software license leasing	3,809	—	3,809	4,222	—	4,222
Software upgrades and maintenance services	4,580	—	4,580	4,822	—	4,822
Other services	241	108	349	239	—	239
Sale of hardware devices	—	5	5	—	64	64
Information sharing service income	—	15	15	—	57	57
Subscription fees	29	1,342	1,371	—	1,061	1,061
Total revenue	9,077	1,470	10,547	10,290	1,182	11,472
Timing of revenue recognition						
At a point in time	659	20	679	1,019	121	1,140
Over time	8,418	1,450	9,868	9,271	1,061	10,332
	9,077	1,470	10,547	10,290	1,182	11,472
Segment (loss) profit	(1,302)	504	(798)	(1,622)	335	(1,287)
Unallocated incomes						
Other income			565			59
Other gains, net			1,325			74
Profit (loss) before tax			1,092			(1,154)

4. Other Income

(a) Other income

	Three months ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Bank interest income	492	23
Interest income on refundable rental deposits	5	5
Rental income	29	—
Sundry income	39	31
	565	59

(b) Other gains, net

	Three months ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Foreign exchange differences, net	(50)	74
Gain on deconsolidation of a subsidiary	1,375	—
	1,325	74

5. Staff Costs and Related Expenses

	Three months ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Directors' emoluments	1,423	1,435
Other staff costs		
— Salaries, allowances and benefits in kind and performance and other bonuses	6,014	7,351
— Retirement benefit scheme contributions, excluding directors' retirement contributions*	157	215
Total directors' and staff costs	7,594	9,001
Staff-related expenses	54	29
Staff costs and related expenses	7,648	9,030
Research and development costs included in staff costs and related expenses	2,619	3,860

* 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 31 March	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Auditor's remuneration	214	200
Advertising and marketing expenses	139	115
Content acquisition cost	468	167
Legal and professional fees	455	450
Depreciation of property, plant and equipment	372	381
Depreciation of right-of-use assets	593	601
Expenses related to short-term leases	36	64
Rates and property management fees	140	149
Merchant credit card charges	323	297
Electricity and water	99	97
Web hosting expenses	161	199
Others	623	834
	3,623	3,554

7. Finance Costs

	Three months ended 31 March	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Interest expenses on:		
Lease liabilities	60	93
Other borrowings	8	20
	68	113

8. Income Tax (Credit) Expense

	Three months ended 31 March	
	2023 HK\$'000 (unaudited)	2022 HK\$'000 (unaudited)
Current tax:		
Hong Kong Profits Tax	48	58
Deferred tax	(65)	(56)
	(17)	2

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.

8. Income Tax (Credit) Expense (Continued)

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 three months ended 31 March 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 periods. No provision for taxation in the PRC has been made for both periods as the Group has no assessable profits in the PRC.

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

9. Dividends

No dividend was paid or proposed for ordinary shareholders of the Company for both periods.

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:

	Three months ended 31 March	
	2023	2022
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Profit (loss) attributable to ordinary equity holders of the parent	1,135	(1,051)

	Three months ended 31 March	
	2023	2022
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share calculation	2,000,000	2,000,000

The Group had no potentially dilutive ordinary shares in issue during the three months ended 31 March 2023 and 2022.

11. Reserves

Movement in the reserves of the Group during the periods are set out in the condensed consolidated statement of changes in equity on page 10 to this report.

12. Deconsolidation of a Subsidiary

In February 2023, the Group had entered into an 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 by the cessation of the Group’s right to appoint any director and chairman 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.

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

	Note	HK\$'000 (unaudited)
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
Release of translation reserve		(129)
Release of capital and other reserves		702
Gain on deconsolidation of a subsidiary	4	(1,375)
Net cash outflow arising on deconsolidation of a subsidiary:		
Bank balances and cash		17