

**AZEUS SYSTEMS HOLDINGS LTD.**

**Unaudited Full Year Financial Statement and Dividend Announcement for the period ended 30 September 2020**

**Part I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF YEAR RESULTS**

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

**Azeus Systems Holdings Ltd.**

1(a)(i) Consolidated Income Statement for the financial period ended 30 September 2020  
(Expressed in Hong Kong Dollars)

	<b>The Group</b>		
	<b>1<sup>st</sup> Half FY2021</b>	<b>1<sup>st</sup> Half FY2020</b>	
	<b>(Apr - Sep 20)</b>	<b>(Apr - Sep 19)</b>	<b>+ / ( - )</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>%</b>
Revenue	<b>79,437</b>	72,102	10
Cost of sales	<b>(42,230)</b>	(40,306)	5
	<hr/>	<hr/>	
Gross profit	<b>37,207</b>	31,796	17
Other income	<b>739</b>	12	6,058
Other gains/(losses) – net	<b>2,170</b>	(2,247)	197
Impairment losses of financial assets	<b>(532)</b>	(658)	(19)
Selling and marketing expenses	<b>(13,609)</b>	(10,102)	35
Administrative and other operating expenses	<b>(14,245)</b>	(12,775)	12
Finance cost – lease interest	<b>(376)</b>	(560)	(33)
	<hr/>	<hr/>	
Profit before income tax	<b>11,354</b>	5,466	108
Income tax expense	<b>(404)</b>	(529)	(24)
	<hr/>	<hr/>	
Profit attributable to equity holders of the Company	<b>10,950</b>	4,937	122
	<hr/>	<hr/>	
Earnings per share (basic and diluted)	<b>36.5cents</b>	16.5cents	121
	<hr/>	<hr/>	

**1(a)(ii) Statement of Comprehensive Income for the financial period ended 30 September 2020**  
**(Expressed in Hong Kong Dollars)**

	<b>The Group</b>		
	<b>1<sup>st</sup> Half FY2021</b>	<b>1<sup>st</sup> Half FY2020</b>	
	<b>(Apr - Sep 20)</b>	<b>(Apr - Sep19)</b>	<b>+ / (-)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>%</b>
Profit attributable to equity holders of the Company	<b>10,950</b>	4,937	122
<b><u>Other comprehensive income</u></b>			
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Currency translation gains arising from consolidation	<b>1,343</b>	1,231	9
<u>Items that will not be reclassified subsequently to profit or loss:</u>			
Actuarial losses gains on defined retirement benefits – net of tax	-	(46)	(100)
Other comprehensive loss, net of tax	<b>1,343</b>	1,185	13
Total comprehensive income attributable to equity holders of the Company	<b>12,293</b>	6,122	101

**1(a)(iii) Note to Income Statement for the financial year period ended 30 September 2020**

**(Expressed in Hong Kong Dollars)**

<b>Expenses included in cost of sales, selling and marketing expenses and administrative and other operating expenses are analysed as follows:</b>			
	<b>1<sup>st</sup> Half FY2021</b>	<b>1<sup>st</sup> Half FY2020</b>	
	<b>(Apr- Sep 20)</b>	<b>(Apr- Sep 19)</b>	<b>+ / ( - )</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>%</b>
Employee benefits	(44,322)	(40,965)	8
Cloud based application hosting cost	(4,556)	(3,820)	19
Third-party hardware and software support cost	(2,970)	(3,126)	(5)
Project consultancy and sub-contracting fee	(436)	(971)	(55)
Third-party hardware and software	(347)	-	N/A
Technical supplies and services	(722)	(836)	(14)
Amortisation of intangible assets	(2,128)	(2,128)	-
Sales commission and referral fee	(2,572)	(505)	409
Sales consultancy fee	(657)	(362)	81
Marketing activities expense	(2,285)	(2,234)	2
Depreciation of property, plant and equipment	(253)	(268)	(6)
Depreciation of right-of-use assets	(2,538)	(2,893)	(12)
Rental expense on operating leases	(943)	(418)	126
Directors remuneration	(1,438)	(742)	94
Legal and professional fees	(1,364)	(1,121)	22
Other expenses	(2,553)	(2,794)	(9)
	=====	=====	
<b>Total cost of sales, selling and marketing and administrative and other operating expenses</b>	<b>(70,084)</b>	<b>(63,183)</b>	<b>11</b>
	=====	=====	

**1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year**

**Azeus Systems Holdings Ltd.**  
**Balance Sheet as at 30 September 2020**  
**(Expressed in Hong Kong Dollars)**

	<u>The Group</u>			<u>The Company</u>		
	30 Sep 2020	31 Mar 2020	+ / (-)	30 Sep 2020	31 Mar 2020	+ / (-)
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
<b>Current assets</b>						
Cash and bank deposits	126,386	102,032	24	906	1,769	(49)
Trade and other receivables	29,843	35,041	(15)	57,116	58,341	(2)
Inventories	19	-	N/A	-	-	-
Contract assets	10,003	12,247	(18)	-	-	-
Current income tax assets	571	215	166	-	-	-
	166,822	149,535	12	58,022	60,110	(3)
<b>Non-current assets</b>						
Investment in subsidiaries	-	-	-	52,991	52,991	-
Property, plant and equipment	1,238	1,175	5	-	-	-
Right-of-use assets	10,622	12,951	(18)	-	-	-
Intangible assets	4,216	6,344	(34)	-	-	-
Deferred tax assets	1,108	1,056	5	-	-	-
Refundable deposit	1,600	1,558	3	-	-	-
	18,784	23,084	(19)	52,991	52,991	-
<b>Total assets</b>	<b>185,606</b>	<b>172,619</b>	<b>8</b>	<b>111,013</b>	<b>113,101</b>	<b>(2)</b>

**Azeus Systems Holdings Ltd.**  
**Balance Sheet as at 30 September 2020**  
**(Expressed in Hong Kong Dollars)**  
**(Continued)**

	<u>The Group</u>			<u>The Company</u>		
	30 Sep 2020	31 Mar 2020	+/( <sup>-</sup> )	30 Sep 2020	31 Mar 2020	+/( <sup>-</sup> )
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
<b>Current liabilities</b>						
Trade and other payables	11,279	10,500	7	899	1,179	(24)
Contract liabilities	38,110	34,882	9	-	-	-
Lease liabilities	3,487	3,453	1	-	-	-
Current income tax liabilities	213	796	(73)	-	-	-
	—————	—————		—————	—————	
	53,089	49,631	7	899	1,179	(24)
	—————	—————		—————	—————	
<b>Non-current liabilities</b>						
Contract liabilities	920	2,036	(55)	-	-	-
Lease liabilities	7,797	9,943	(22)	-	-	-
Provision for defined retirement benefit	10,612	10,114	5	-	-	-
	—————	—————		—————	—————	
	19,329	22,093	(13)	-	-	-
	—————	—————		—————	—————	
<b>Total liabilities</b>	72,418	71,724	1	899	1,179	(24)
	—————	—————		—————	—————	
<b>Net assets</b>	113,188	100,895	12	110,114	111,922	(2)
	—————	—————		—————	—————	
<b>Total Equity:</b>						
Share capital	46,800	46,800	-	46,800	46,800	-
Share premium	56,489	56,489	-	56,726	56,726	-
Foreign currency translation reserve	5,331	3,987	34	-	-	-
Other reserves	1,382	1,383	-	-	-	-
Defined retirement benefits	(6,715)	(6,715)	-	-	-	-
Retained profits/ (Accumulated losses)	9,901	(1,049)	1,044	6,588	8,396	(22)
	—————	—————		—————	—————	
	113,188	100,895	12	110,114	111,922	(2)
	—————	—————		—————	—————	

**1(b)(ii) Aggregate amount of group's borrowings and debt securities**

The Group had no bank borrowings or debt securities as at 30 September 2020 and 31 March 2020.

**1(c) A cash flow statement (for the group), together with a comparative statement for corresponding period of the immediately preceding financial year**

**Consolidated Statement of Cash Flows for the financial period ended 30 September 2020**

	<u>The Group</u>	
	1H FY2021 (Apr - Sep 20)	1H FY2020 (Apr - Sep 19)
	HK\$'000	HK\$'000
<b>Cash flows from operating activities</b>		
Profit attributable to equity holders of the Company	10,950	4,937
Adjustments for:		
Income tax expense	404	529
Depreciation of property, plant and equipment	253	268
Depreciation of right-of-use assets	2,538	2,893
Amortisation of intangible assets	2,128	2,129
Interest income	(9)	(12)
Interest expense on lease liabilities	376	560
	<u>16,640</u>	<u>11,304</u>
<b>Changes in working capital</b>		
Trade and other receivables	14,286	(25,965)
Contract assets	(1,679)	16,217
Refundable deposits	(116)	(39)
Inventories	(19)	-
Trade and other payables	2,034	(2,773)
Provision for defined retirement benefits	-	107
Contract liabilities	2,112	12,038
	<u>33,258</u>	<u>10,889</u>
<b>Cash generated from operations</b>		
Income tax paid	(1,343)	(980)
	<u>31,915</u>	<u>9,909</u>
<b>Net cash generated from operating activities</b>	<b>31,915</b>	<b>9,909</b>

1(c) A cash flow statement (for the group), together with a comparative statement for corresponding period of the immediately preceding financial year (continued)

**Consolidated Statement of Cash Flows for the financial period ended 30 September 2020**

**(continued)**

	<b><u>The Group</u></b>	
	<b>1H FY2021</b>	<b>1H FY2020</b>
	<b>(Apr - Sep 20)</b>	<b>(Apr - Sep 19)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(332)	(333)
Interest received	9	12
	—————	—————
<b>Net cash used in investing activities</b>	<b>(323)</b>	<b>(321)</b>
<b>Cash flows from financing activities</b>		
Increase in restricted cash	(3)	(2)
Principal payment of lease liabilities	(2,321)	(2,456)
Payment of interest on lease liabilities	(376)	(560)
	—————	—————
<b>Cash used in financing activities</b>	<b>(2,700)</b>	<b>(3,018)</b>
<b>Net increase in cash and cash equivalents</b>	<b>28,892</b>	<b>6,570</b>
Cash and cash equivalents at the beginning of the financial year	100,019	52,741
<b>Effects of currency translation on cash and cash equivalents</b>	<b>(4,541)</b>	<b>1,610</b>
	—————	—————
<b>Cash and cash equivalents at the end of the financial year</b>	<b>124,370</b>	<b>60,921</b>
	—————	—————
<b>Cash and bank deposits</b>	<b>126,386</b>	<b>62,431</b>
<b>Less: Restricted cash</b>	<b>(2,016)</b>	<b>(1,510)</b>
	—————	—————
<b>Cash and cash equivalents</b>	<b>124,370</b>	<b>60,921</b>
	—————	—————

1(d)(i) A statement (for the issuer and the group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

**Statement of Changes in Equity for the financial year ended 30 September 2020**

	Share Capital	Share Premium	Foreign Currency Translation Reserve	Other Reserves	Defined Retirement Benefits	Retained Profits / (Accumulated Losses)	Total Equity
<u>Group</u>	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance as at 1 April 2020	46,800	56,489	3,987	1,383	(6,715)	(1,049)	100,895
Profit attributable to equity holders of the Company	-	-	-	-	-	10,950	10,950
Other comprehensive income / (loss)	-	-	1,344	(1)	-	-	1,343
	=====	=====	=====	=====	=====	=====	=====
Total comprehensive income / (loss)	-	-	1,344	(1)	-	10,950	12,293
Transfer from retained profits to other reserves	-	-	-	-	-	-	-
	=====	=====	=====	=====	=====	=====	=====
Balance as at 30 September 2020	46,800	56,489	5,331	1,382	(6,715)	9,901	113,188
	=====	=====	=====	=====	=====	=====	=====
Balance as at 1 April 2019	46,800	56,489	3,503	1,350	(3,951)	(7,386)	96,805
Profit attributable to equity holders of the Company	-	-	-	-	-	4,937	4,937
Other comprehensive income / (loss)	-	-	1,231	-	(46)	-	1,185
Transfer from foreign currency translation reserve to other reserves	-	-	4	(4)	-	-	-
	=====	=====	=====	=====	=====	=====	=====
Total comprehensive income / (loss)	-	-	1,235	(4)	(46)	4,937	6,122
Transfer from retained profits to other reserves	-	-	-	34	-	(34)	-
	=====	=====	=====	=====	=====	=====	=====
Balance as at 30 September 2019	46,800	56,489	4,738	1,380	(3,997)	(2,483)	102,927

	Share Capital	Share Premium	Retained Profits / (Accumulated Losses)	Total Equity
<u>Company</u>	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance as at 1 April 2020	46,800	56,726	8,396	111,922
Total comprehensive loss for the year	-	-	(1,808)	(1,808)
	=====	=====	=====	=====
Balance as at 30 September 2020	46,800	56,726	6,588	110,114
	=====	=====	=====	=====
Balance as at 1 April 2019	46,800	56,726	6,534	110,060
Total comprehensive loss for the year	-	-	(1,365)	(1,365)
	=====	=====	=====	=====
Balance as at 30 September 2019	46,800	56,726	5,169	108,695



**1(d)(ii) Details of any changes in the company's share capital arising from right issue, bonus issue, share buy backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Not applicable.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

As at 30 September 2020, share capital of the Company comprises 29,999,993 ordinary shares (FY2020: 29,999,993). There were no treasury shares held by the Company at 30 September 2020 and 2019.

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

**2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

**3. Where the figures have been audited, or reviewed, the auditor's report (including any qualifications or emphasis of matter).**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except for the adoption of the new financial reporting framework as discussed in the paragraph below, the Company and the Group have applied the same accounting policies and methods of computation in the preparation of the financial statements for the current period, compared to the Company's and the Group's most recently audited financial statements for the year ended 31 March 2020.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change.**

The Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are relevant to the Group and effective for the financial year beginning on 1 April 2020. The adoption of new standards, amendments to standards and/or interpretations did not result in any significant impact on the financial statements on the Group.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividend.**

	<b>The Group</b>	
	<b>1<sup>st</sup> Half FY2021</b>	<b>1<sup>st</sup> Half FY2020</b>
	<b>(Apr - Sep 20)</b>	<b>(Apr - Sep 19)</b>
Profit attributable to equity holders of the Company (HK\$'000)	<b>10,950</b>	4,937
Weighted average number of shares	<b>29,999,993</b>	29,999,993
- Basic earnings per share (HK cents)	<b>36.5</b>	16.5
- Fully diluted earnings per share (HK cents)	<b>36.5</b>	16.5

Fully diluted earnings per share is similar to the basic earnings per share as the Group did not have any potential dilutive ordinary shares outstanding as at 30 September 2020 and 30 September 2019.

7. **Net asset value (for the issuer and the group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on; and (b) immediately preceding financial year.**

<b>Net Asset Value Per Share</b>	<b>The Group</b>		<b>The Company</b>	
	<b>30 Sep 2020</b>	<b>31 March 2020</b>	<b>30 Sep 2020</b>	<b>31 March 2020</b>
	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>	<b>HK\$</b>
Net asset value per ordinary share based on the existing share capital as at the end of the respective period.	<b>3.77</b>	3.36	<b>3.67</b>	3.73

The number of ordinary shares outstanding for the computation of net asset value per ordinary share is 29,999,993 (FY2020: 29,999,993).

8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; (b) any material factors that affected the cash flow, working capital, assets or liabilities, of the group during the current financial period reported on.**

**Income statement**

**a. Revenue**

	<b>1<sup>st</sup> Half FY2021</b>	<b>1<sup>st</sup> Half FY2020</b>	
	<b>(Apr-Sep 20)</b>	<b>(Apr-Sep 19)</b>	<b>+ / (-)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>%</b>
<b>IT Services</b>			
System implementation and enhancement	<b>4,458</b>	11,894	(63)
Sales of third-party hardware and software	<b>463</b>	-	N/A
Maintenance and Support Services	<b>22,688</b>	22,329	2
	<b>27,609</b>	34,223	(19)
<b>Azeus Products Revenue</b>	<b>51,828</b>	37,879	37
	<b>79,437</b>	72,102	10
<b>Total Revenue</b>	<b>79,437</b>	72,102	10

The Group derives its revenue from two operating segments – IT Services and Azeus Products. IT Services includes three core business areas, System implementation and enhancement, sales of third-party hardware and software and maintenance and support services.

Total Group revenue increased by 10.2% to HK\$79.4 million in 1H FY2021 from HK\$72.1 million in 1H FY2020.

Systems implementation and enhancement accounted for 5.6% of total revenue for 1H FY2021 (1H FY2020: 16.5%). Revenue from this segment decreased by HK\$7.4 million or 62.5% from HK\$11.9 million in 1H FY2020 to HK\$4.5 million in 1H FY2021 mainly due to the fewer projects and enhancements secured in 1H FY2021.

Sales of third-party hardware and software in 1H FY2021 increased to HK\$0.5 million mainly due to the delivery and acceptance of a project completed during 1H FY2021.

Revenue from Maintenance and Support Services increased slightly by 1.6% or HK\$0.4 million from HK\$22.3 million in 1H FY2020 to HK\$22.7 million in 1H FY2021. The increase in revenue was mainly attributable to an increase in chargeable rates price of a few maintenance projects. This business segment accounted for 28.6% (1H FY2020: 31.0%) of total revenue in 1H FY2021.

Azeus Products accounted for 65.2% (1H FY2020: 52.5%) of the total Group revenue. Revenue from Azeus Products increased by HK\$13.9 million or 36.8% from HK\$37.9 million in 1H FY2020 to HK\$51.8 million in 1H FY2021. Revenue from this segment is contributed by the sale of two proprietary products — “Azeus Convene” and “AzeusCare”, and associated professional services.

**b. Cost of sales and gross profit margin**

Cost of sales mainly consists of direct expenses related to direct employee salaries for the delivery of service and provision of support services, cost of third-party hardware and software products used in IT services system implementation and maintenance projects, cost of hosting the Group’s cloud based application, subcontractor and consultancy services and amortisation of intangible assets.

The Group’s cost of sales increased by HK\$1.9 million or 4.8% to HK\$42.2 million in 1H FY2021 from HK\$40.3 million in 1H FY2020 mainly due to increase in direct employee expenses of HK\$0.9 million, increase in hosting cost of HK\$0.8 million and third party hardware and software cost of HK\$0.3 million.

Overall, the Group's gross profit margin improved by 2.7 percentage points to 46.8% in 1H FY2021 as compared to 44.1% in 1H FY2020.

**c. Other income and other gains/(losses) – net**

	1 <sup>st</sup> Half FY2021	1 <sup>st</sup> Half FY2020	
	(Apr - Sep 20)	(Apr - Sep 19)	+ / (-)
	HK\$'000	HK\$'000	%
Other income comprise of:			
Interest income	9	12	(25)
Sundry income	730	-	N/A
	739	12	6,058
Other gains/(losses) – net foreign exchange gains /(losses)	2,170	(2,247)	197
	2,909	(2,235)	230

The sundry income represented the subsidies and grants introduced by various governments to support businesses amid the COVID 19 pandemic.

Net foreign exchange gain/(loss) arose from the translation of net monetary assets, mainly cash denominated in foreign currencies especially in Great British Pound (“GBP”) and Australian dollar (“AUD”) at the closing rate at the balance sheet date. As at 30 September 2020, both GBP and AUD strengthened against Hong Kong dollar, which resulted in a net foreign exchange gain of HK\$2.2 million for 1H FY2021.

**d. Selling and marketing expenses**

Selling and marketing expenses are one of the Group's largest costs and consist primarily of salaries and related expenses of the Sales Representatives, and marketing programs. Marketing programs include advertising, trade shows and events, corporate communications, brand building and product marketing activities.

Selling and marketing expenses increased by 34.7% or HK\$3.5 million to HK\$13.6 million in 1H FY2021 as compared to HK\$10.1 million in 1H FY2020 due to an increase in sales representative personnel cost of HK\$3.5 million. The increase is in line with the Group's strategy to expand its sales team to secure new customers and increase penetration within its existing customer base.

**e. Administrative and other operating expenses**

Administrative and other operating expenses which includes legal and professional fee, Directors' fees, audit fee, rent and rates and other operating expenses. The total expenses increased by HK\$1.5 million or 11.5% to HK\$14.2 million in 1H FY2021 from HK\$12.8 million.

**f. Net profit after taxation**

The Group reported a net profit of HK\$11.0 million in 1H FY2021 as compared to a net profit of HK\$4.9 million in 1H FY2020.

**Balance sheet**

**a. Contract assets**

The Group's customers pay the fixed amount based on an agreed contractual payment schedule. Contract assets are recognized if the services rendered by the Group exceed the payment. Contract assets decreased by HK\$2.2 million or 18.3% from HK\$12.2 million to HK\$10.0 million as less contracts were secured in 1H FY2021 and majority of the existing IT Services implementation projects on hand were completed and paid in 1H FY2021.

**b. Trade and other receivables**

Trade and other receivables decreased by 14.8% from HK\$35.0 million to HK\$29.8 million in 1H FY2021. The Group closely managed the recoverability of the receivables and recorded a lower impairment loss of financial assets of HK\$0.5 million in 1H FY2021 as compared to HK\$0.6 million 1H FY2020.

**c. Inventories**

Inventories comprise third-party hardware and software products to be used in IT Services implementation projects under the relevant contract terms. The Group's inventories will be delivered, implemented and accepted upon completion and client acceptance of the projects. As at 30 September, the Group held inventories of HK\$19,000.

**d. Intangible assets – development cost of Azeus Products**

Payroll related costs for employees who are directly involved in the development of new features, upgrades and enhancements of Azeus Products are capitalised as intangible assets. Net carrying value at 30 September 2020 was HK\$4.2 million, a decrease from HK\$6.3 million mainly due to amortisation of HK\$2.1 million in 1H FY2021.

**e. Contract liabilities**

Contract liabilities primarily consists of billings due or payments received in advance of revenue recognition from subscription services and maintenance and support services respectively. The Group generally invoices customers in annual installments for the subscription services. Contract liabilities that will be recognised during the succeeding twelve months period is recorded as current contract liabilities while more than twelve months is recorded as non-current. Total contract liabilities have increased by 5.7% to HK\$39.0 million from HK\$36.9 million due to increase in Azeus Product sales. More collections from subscription agreements of Azeus Products business segment were entered into near the year-end.

**f. Share capital and reserves**

The Group's shareholders' equity increased from HK\$100.9 million as at 31 March 2020 to HK\$113.2 million as at 30 September 2020 mainly due to the net profit of HK\$11.0 million and HK\$1.3 million foreign currency reserve generated in 1H FY2021.

**Cash flow statement**

The Group's net cash generated from operating activities was HK\$31.9 million in 1H FY2021 as compared to HK\$9.9 million in 1H FY2020. Overall, the Group managed to maintain a higher cash position of HK\$126.4 million as at 30 September 2020 (31 March 2020: HK\$102.0 million).

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

There has been no significant variance in the results of the Group in the first half of FY2021 as compared to the prospect statement disclosed in the announcement of results for the full year ended 31 March 2020 on 19 June 2020.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The Group expects a lower revenue in the "Azeus IT Services" segment. On the other hand, revenue from "Azeus Product" segment continues to grow.

Barring unforeseen circumstances, the Group remains cautiously optimistic about the outlook for FY2021.

**11. Dividend**

**(a) *Current Financial Period Reported On***

**Any dividend declared for the current financial period reported on?**

No interim dividend has been declared / recommended during the period ended 30 September 2020.

**(b) *Corresponding Period of the Immediately Preceding Financial Year***

**Any dividend declared for the corresponding period of the immediately preceding financial year?**

A first and final dividend of 21.0 HK cents per ordinary share was recommended and approved in respect of the financial year ended 31 March 2020. The total dividend amount of HK\$6.3 million was paid on 16 October 2020.

**(c) *Date payable***

Not applicable.

**(d) *Books closure date***

Not applicable.

**12. If no dividend has been declared/recommended, a statement to that effect.**

No interim dividend has been declared / recommended during the period ended 30 September 2020 after taking into consideration of the Group's cash flow requirements and investment plan.



## **PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

- 13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer’s most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Not applicable for half year results.

- 14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Not applicable for half year results.

- 15. Segment Information (unaudited)**

Not applicable for half year results.

- 16. A breakdown of sales**

Not applicable for half year results.

- 17. A breakdown of the total annual dividend (in dollar value) for the issuer’s latest full financial year and its previous full financial year.**

Not applicable for half year results.

- 18. If no IPT mandate has been obtained, a statement to that effect.**

No IPT mandate obtained.

- 19. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in format set out in Appendix 7.7) under Rule 720 (1) of the SGX-ST Listing Manual.**

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720 (1) of the SGX-ST Listing Manual.

**BY ORDER OF THE BOARD**

**LEE WAN LIK**

**MANAGING DIRECTOR**

**13 November 2020**

**Confirmation Pursuant to Rule 705(5) of the Listing Manual**

We, Lee Wan Lik and Lam Pui Wan, being the two directors of Azeus Systems Holdings Ltd., do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the financial results for the period ended 30 September 2020 to be false or misleading, in any material aspect.

On behalf of the Board of Directors

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LEE Wan Lik  
Managing Director

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LAM Pui Wan  
Executive Director