

**AZEUS SYSTEMS HOLDINGS LTD.**

**Unaudited Half Year Financial Statement and Dividend Announcement for the period ended 30 September 2019**

**Part I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALFYEAR 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 first half year ended 30 September 2019

(Expressed in Hong Kong Dollars)

	<b>The Group</b>		
	<b>1<sup>st</sup> Half FY2020</b>	<b>1<sup>st</sup> Half FY2019</b>	<b>+ / ( - )</b>
	<b>(Apr-Sep 2019)</b>	<b>(Apr-Sep 2018)</b>	
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>%</b>
Revenue	<b>72,102</b>	63,071	14
Cost of sales	<b>(40,306)</b>	(36,173)	11
	<hr/>	<hr/>	
Gross profit	<b>31,796</b>	26,898	18
Other income	<b>12</b>	7	71
Other (losses) / gains– net	<b>(2,247)</b>	(2,988)	(25)
Selling and marketing expenses	<b>(10,102)</b>	(9,452)	7
Administrative and other operating expenses	<b>(13,433)</b>	(11,817)	14
Finance expense	<b>(560)</b>	-	100
	<hr/>	<hr/>	
Profit before tax	<b>5,466</b>	2,648	106
Income tax expense	<b>(529)</b>	(567)	(7)
	<hr/>	<hr/>	
Profit attributable to equity holders of the Company	<b>4,937</b>	2,081	137
	<hr/>	<hr/>	
Earnings per share (basic and diluted)	<b>16.46cents</b>	6.94cents	137
	<hr/>	<hr/>	

**1(a)(ii) Statement of Comprehensive Income for the first half year ended 30 September 2019**  
**(Expressed in Hong Kong Dollars)**

	<u>The Group</u>		
	1 <sup>st</sup> Half FY2020	1 <sup>st</sup> Half FY2019	+ / ( - )
	(Apr-Sep 2019)	(Apr-Sep 2018)	
	HK\$'000	HK\$'000	%
Profit attributable to equity holders of the Company	4,937	2,081	137
<b><u>Other comprehensive income</u></b>			
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Currency translation differences arising from consolidation – gains/(losses)	1,231	1,997	(38)
<u>Items that will not be reclassified subsequently to profit or loss:</u>			
Actuarial (losses)/gains on defined retirement benefits – net of tax	(46)	(45)	2
Other comprehensive (loss)/income – net of tax	1,185	1,952	(39)
Total comprehensive profit attributable to equity holders of the Company	6,122	4,033	52

**1(a)(iii) Note to Income Statement for the first half year ended 30 September 2019**

**(Expressed in Hong Kong Dollars)**

<b>Expenses included in cost of sales, selling and marketing expenses and administrative and other operating expense are analysed as follows.</b>			
	<b>The Group</b>		
	<b>1<sup>st</sup> Half FY2020</b>	<b>1<sup>st</sup> Half FY2019</b>	<b>+ / ( - )</b>
	<b>(Apr-Sep 2019)</b>	<b>(Apr-Sep 2018)</b>	
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>%</b>
Depreciation of property, plant and equipment	(268)	(306)	(12)
Depreciation of right-of-use assets	(2,893)	-	N/A
Legal and professional fee	(1,121)	(820)	37
Operating lease expenses and management fee	(418)	(3,189)	(87)
Interest expense	(560)	-	N/A
Employee benefits expenses (include director remuneration)	(41,707)	(38,917)	7
Third party hardware and software	-	(194)	(100)
Amortisation of intangible assets	(2,128)	(2,139)	(1)
Repair and maintenance	(3,126)	(2,822)	11
Subcontractor fee	(971)	(159)	511
Sales consultants fee	(362)	(392)	(8)
Cost of data centre and IT infrastructure	(3,820)	(2,056)	86
Insurance	(760)	(851)	(11)
Other expenses	(6,267)	(5,790)	8
	=====	=====	
<b>Total cost of sales, selling and marketing and administrative expenses</b>	<b>(64,401)</b>	<b>(57,635)</b>	<b>12</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 2019**  
**(Expressed in Hong Kong Dollars)**

	<u>The Group</u>			<u>The Company</u>		
	30 Sep 2019	31 Mar 2019	+ / ( - )	30 Sep 2019	31 Mar 2019	+ / ( - )
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
<b>Current assets</b>						
Cash and cash equivalents	60,921	52,741	16	751	774	(3)
Pledged bank deposits	1,510	1,508	-	-	-	-
Trade and other receivables	50,819	25,109	102	54,933	60,310	(9)
Inventories	13,304	13,304	-	-	-	-
Contract assets	21,596	37,976	(43)	-	-	-
Current income tax assets	320	345	(7)	-	-	-
	—————	—————		—————	—————	
	<b>148,470</b>	130,983	13	<b>55,684</b>	61,084	(9)
<b>Non-current assets</b>						
Investment in subsidiaries	-	-	-	53,116	50,283	6
Property, plant and equipment	1,011	954	6	-	-	-
Right-of-use assets	17,252	-	100	-	-	-
Intangible assets	8,398	10,527	(20)	-	-	-
Deferred tax assets	700	689	2	-	-	-
Refundable deposit	474	435	9	-	-	-
	—————	—————		—————	—————	
	<b>27,835</b>	12,605	121	<b>53,116</b>	50,283	6
	—————	—————		—————	—————	
<b>Total assets</b>	<b>176,305</b>	143,588	23	<b>108,800</b>	111,367	(3)
	—————	—————		—————	—————	

**Azeus Systems Holdings Ltd.**  
**Balance Sheet as at 30 September 2019**  
**(Expressed in Hong Kong Dollars)**  
**(Continued)**

	<u>The Group</u>			<u>The Company</u>		
	30 Sep 2019	31 Mar 2019	+ / ( - )	30 Sep 2019	31 Mar 2019	+ / ( - )
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
<b>Current liabilities</b>						
Trade and other payables	4,897	7,643	(36)	105	1,307	(92)
Contract liabilities	40,147	28,773	40	-	-	-
Lease liabilities	6,533	-	100	-	-	-
Current income tax liabilities	1,667	2,160	(23)	-	-	-
	—————	—————		—————	—————	
	<b>53,244</b>	38,576	38	<b>105</b>	1,307	(92)
<b>Non-current liabilities</b>						
Contract liabilities	2,174	1,510	44	-	-	-
Lease liabilities	11,156	-	100	-	-	-
Provision for defined retirement benefits	6,804	6,697	2	-	-	-
	—————	—————		—————	—————	
	<b>20,134</b>	8,207	145	-	-	-
	—————	—————		—————	—————	
<b>Total liabilities</b>	<b>73,378</b>	46,783	57	<b>105</b>	1,307	(92)
	—————	—————		—————	—————	
<b>Net assets</b>	<b>102,927</b>	96,805	6	<b>108,695</b>	110,060	(1)
	—————	—————		—————	—————	
<b>REPRESENTED BY:</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	4,738	3,503	35	-	-	-
Other reserves	1,380	1,350	2	-	-	-
Defined retirement benefits	(3,997)	(3,951)	1	-	-	-
Accumulated losses	(2,483)	(7,386)	(66)	5,169	6,533	(21)
	—————	—————		—————	—————	
	<b>102,927</b>	96,805	6	<b>108,695</b>	110,060	(1)
	—————	—————		—————	—————	

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

The Group has no bank borrowings or debt securities as at 30 September 2019 and 31 March 2019.

**1(c) A cashflow 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 first half year ended 30 September 2019**

	<b>The Group</b>	
	<b>1<sup>st</sup> Half FY2020</b>	<b>1<sup>st</sup> Half FY2019</b>
	<b>(Apr-Sep 2019)</b>	<b>(Apr-Sep 2018)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Cash flows from operating activities</b>		
Profit attributable to equity holders of the Company	4,937	2,081
Adjustments for:		
Income tax expense	529	567
Depreciation of property, plant and equipment	268	306
Depreciation of right-of-use assets	2,893	-
Amortisation of intangible assets	2,129	2,139
Interest income	(12)	(7)
Interest expense on lease liabilities	560	-
	—————	—————
	<b>11,304</b>	<b>5,086</b>
<b>Change in working capital:</b>		
Pledged bank deposit	(2)	(2)
Trade and other receivables	(25,965)	(6,093)
Contract assets	16,217	(7,472)
Refundable deposits	(39)	(5)
Inventories	-	(3,885)
Trade and other payables	(2,773)	(6,232)
Contract liabilities	12,038	9,996
Provision for defined retirement benefits	107	-
	—————	—————
<b>Cash generated/(used in) from operations</b>	<b>10,887</b>	<b>(8,607)</b>
Income tax paid	(980)	(557)
	—————	—————
<b>Net cash provided by/(used in) operating activities</b>	<b>9,907</b>	<b>(9,164)</b>
	—————	—————

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

	<b>The Group</b>	
	<b>1<sup>st</sup> Half FY2020</b>	<b>1<sup>st</sup> Half FY2019</b>
	<b>(Apr-Sep 2019)</b>	<b>(Apr-Sep 2018)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(333)	(230)
Interest received	12	7
	—————	—————
<b>Net cash used in investing activities</b>	<b>(321)</b>	<b>(223)</b>
<b>Cash flows from financing activities</b>		
Dividends paid to shareholders	-	(1,860)
Principal payment of lease liabilities	(2,456)	-
Payment of interest on lease liabilities	(560)	-
	—————	—————
<b>Cash used in financing activities</b>	<b>(3,016)</b>	<b>(1,860)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>6,570</b>	<b>(11,247)</b>
Cash and cash equivalents at the beginning of the financial period	52,741	58,619
Effects of currency translation on cash and cash equivalents	1,610	1,285
	—————	—————
<b>Cash and cash equivalents at the end of the financial period</b>	<b>60,921</b>	<b>48,657</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 half year ended 30 September 2019**

	Share Capital	Share Premium	Foreign Currency Translation Reserve	Other Reserves	Defined Retirement Benefits	(Accumulated Losses) / Retained Profits	Total
<u>Group</u>	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
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) for the period	-	-	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
	————	————	————	————	————	————	————
Balance as at 1 April 2018	46,800	56,489	1,524	1,350	89	(18,159)	88,093
Profit attributable to equity holders of the Company	-	-	-	-	-	2,081	2,081
Other comprehensive income/(loss)	-	-	1,997	-	(45)	-	1,952
Transfer from foreign currency translation reserve to other reserves	-	-	2	(2)	-	-	-
	————	————	————	————	————	————	————
Total comprehensive income/(loss) for the period	-	-	1,999	(2)	(45)	2,081	4,033
FY2018 final dividends	-	-	-	-	-	(1,860)	(1,860)
Transfer from retained profits to other reserves	-	-	-	-	-	-	-
	————	————	————	————	————	————	————
Balance as at 30 September 2018	46,800	56,489	3,523	1,348	44	(17,938)	90,266
	————	————	————	————	————	————	————



	Share Capital	Share Premium	Retained Profits/(Accumulated Loss)	Total
<u>Company</u>	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance as at 1 April 2019	46,800	56,726	6,534	110,060
Total comprehensive loss for the period	-	-	(1,365)	(1,365)
	_____	_____	_____	_____
Balance as at 30 September 2019	46,800	56,726	5,169	108,695
	_____	_____	_____	_____
Balance as at 1 April 2018	46,800	56,726	(4,869)	98,657
Total comprehensive loss for the period	-	-	(1,258)	(1,258)
FY2018 final dividends	-	-	(1,860)	(1,860)
	_____	_____	_____	_____
Balance as at 30 September 2018	46,800	56,726	(7,987)	95,539
	_____	_____	_____	_____

**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 2019, share capital of the Company comprised 29,999,993 ordinary shares (FY2018: 29,999,993). There were no treasury shares held by the Company at 30 September 2019 and 2018.

**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 2019.

**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.**

On 1 April 2019, the Group adopted new or amended SFRS(I)s and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year, including SFRS(I) 16 Leases. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I).

Upon the adoption of SFRS(I) 16 Leases, the Group applied certain transition reliefs under a simplified approach and did not restate comparative amounts.

Practical expedients were applied to recognise right-of-use ("ROU") assets that is equivalent to its lease liabilities of approximately HK\$20,138,000 on the balance sheet on 1 April 2019. Recognition exemptions for short-term leases and leases of low-value items are used as permitted by the standard. Under SFRS(I) 16, the recognition of operating lease expenses on a straight-line basis is replaced with the combination of depreciation expenses for ROU assets and

interest expense on lease liabilities.

6. **Earnings/(loss)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 dividends.**

	<u>The Group</u>	
	1 <sup>st</sup> Half FY2020	1 <sup>st</sup> Half FY2019
Profit attributable to equity holders of the Company (HK\$'000)	4,937	2,081
Weighted average number of shares	29,999,993	29,999,993
- Basic earnings per share (HK cents)	16.46	6.94
- Fully diluted earnings per share (HK cents)	16.46	6.94

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 2019 and 30 September 2018.

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.**

	<u>The Group</u>		<u>The Company</u>	
	30 Sep 2019	31 Mar 2019	30 Sep 2019	31 Mar 2019
	HK\$	HK\$	HK\$	HK\$
Net asset value per ordinary share based on the existing share capital as at the end of the respective period	3.43	3.23	3.62	3.67

The number of ordinary shares outstanding for the computation of net asset value per ordinary share is 29,999,993 (FY2019: 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

	1 <sup>st</sup> Half FY2020	1 <sup>st</sup> Half FY2019	+/( -)
	(Apr-Sep 19)	(Apr-Sep 18)	
Professional IT Services	HK\$'000	HK\$'000	%
Systems implementation and enhancement	11,894	19,255	(38)
Sales of hardware and software	-	198	(100)
Maintenance and support services	22,329	22,454	(1)
	_____	_____	
<b>Total Professional IT Services Revenue</b>	<b>34,223</b>	41,907	(18)
<b>Azeus Products</b>	<b>37,879</b>	21,164	79
	_____	_____	
Total Revenue	<b>72,102</b>	63,071	14

The Group derives its revenue from two operating segments – Professional IT Services and Azeus Products. Professional IT Services includes two core business areas, Systems implementation and enhancement, and maintenance and support services.

The Group's revenue increased by 14.3% to HK\$72.1 million in 1H FY2020, as compared to HK\$63.1 million in the last corresponding period.

Systems implementation and enhancement accounted for 16.5% (1H FY2019: 30.8%) of total revenue in 1H FY2020. The fees from IT services were lower in 1H FY2020 due to fewer contracts secured and implemented in 1H FY2020.

Revenue from maintenance and support services decreased slightly by 0.6% to HK\$22.3 million in 1H FY2020 due to a decrease in the number of maintenance and support services contracts from 29 to 28 contracts. This business segment accounted for 31.0% (1H FY2019: 35.6%) of

total revenue in 1H FY2020.

Azeus Products accounted for 52.5% (1H FY2019: 33.6%) of the total Group revenue. Revenue from Azeus Products increased by 79.0% to HK\$37.9 million in 1H FY2020. The revenue was contributed by the sale of two proprietary products “Azeus Convene”, a Software as a Service (“SaaS”) solution 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, cost of third party hardware and software products to be used in IT service implementation projects, hosting the Group’s cloud-based application, subcontractor and consultancy services fees and amortisation of intangible assets.

The Group’s cost of sales in 1H FY2020 increased by HK\$4.1 million, from HK\$36.2 million to HK\$40.3 million mainly due to increased costs in data centre and IT infrastructure of HK\$1.8 million, direct employee expenses of \$1.0 million and IT service consultancy fee of HK\$0.7 million.

Overall, the Group achieved a better gross profit margin of 44.1% in 1H FY2020 as compared to 42.6% at 1H FY2019, an increase of 1.5 percentage points.

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

	<b>1<sup>st</sup> Half FY2020</b>	<b>1<sup>st</sup> Half FY2019</b>	<b>+ / ( - )</b>
	<b>(Apr-Sep 19)</b>	<b>(Apr-Sep 18)</b>	
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>%</b>
Other income comprised:			
Interest income	<b>12</b>	7	71
	—————	—————	
Subtotal	<b>12</b>	7	71
Other (losses)/gains - net comprised:			
Net foreign exchange (losses)/gains	<b>(2,247)</b>	(2,988)	(25)
	—————	—————	
Subtotal	<b>(2,247)</b>	(2,988)	(25)

Net foreign exchange difference in 1H FY2020 arose from the translation of net monetary assets denominated in foreign currencies especially in Great Britain Pound “GBP” at the closing rate at

the balance sheet date. There is no significant variance in 1H FY2020 as compared with 1H FY2019.

**d. Selling and marketing expenses**

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

Selling and marketing expenses increased slightly by 6.9% or HK\$0.6 million in 1H FY2020 from HK\$9.5 million to HK\$10.1 million. The Group will continue to invest in expanding its global sales team to focus on adding new customers.

**e. Administrative and other operating expenses**

Administrative and other operating expenses which include legal and professional fee, Directors' fee, rent and rates and other operating expenses increased by 13.7% or HK\$1.6 million in 1H FY2020.

**f. Net profit after taxation**

The Group reported a net profit of HK\$4.9 million in 1H FY2020 as compared to a net profit of HK\$2.1 million in 1H FY2019. The Group achieved a higher net margin of 6.8% in 1H FY2020 as compared to 3.3% previous corresponding period.

**Balance Sheet**

**a. Contract assets**

Contract assets relate to unbilled revenue on service contract. The customer pays a fixed amount based on a payment schedule. If the services rendered by the Group exceed payment, a contract asset is recognised. Contract assets decreased by HK\$16.4 million due to more billings issued near period end as more projects have reached their payment milestones.

**b. Trade and other receivables**

Trade and other receivables increased by 102.4% from HK\$25.1 million to HK\$50.8 million, due to more billings issued nearing the end of 1H FY2020. Majority of the billings were settled after subsequent period end.

**c. Inventory**

Inventories comprise third-party hardware and software products to be used in a new IT Service implementation project. The balance represents items that were pending the completion of the corresponding acceptance tests. Therefore, revenue associated with these hardware and software products have not been recognised.

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

Payroll related costs of employees who are directly attributable to the development of new features, upgrades and enhancements of Azeus Products are capitalised as intangible assets. Net carrying value at 30 September 2019 was HK\$8.4 million, a decrease from HK\$10.5 million mainly due to amortisation of HK\$2.1 million during 1H FY2020. There is no capitalisation of development cost in 1H FY2020.

**e. Contract liabilities**

Contract liabilities primarily consists of billings or payments received in advance of revenue recognition from subscription services and professional IT services contracts. Contract liabilities that will be recognised during the succeeding twelve months period is recorded as current contract liability, while more than 12 months is recorded as non-current. Total contract liabilities increased to HK\$42.3 million from HK\$30.3 million by HK\$12.0 million or 39.6% due to more collections from subscription agreements and professional IT services contracts being entered into near the period-end. This is in line with the strong growth of Azeus Product revenue in 1H FY2020.

**f. Share capital and reserves**

The Group's shareholders' equity increased from HK\$96.8 million at the beginning of the year to HK\$102.9 million as at 30 September 2019. This is mainly contributed by the net profit of HK\$4.9 million generated from operations in 1H FY2020.

**Cash flow Statement**

For the six months ended 30 September 2019, the Group's net cash provided by operating activities was HK\$9.9 million.

Overall, the Group managed to maintain a healthy cash position of HK\$60.9 million as at 30 September 2019. The Group has no debts and bank borrowings.

**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 FY2020 as compared to the prospect statement disclosed in the announcement of results for the full year ended 31 March 2019.

**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 has made good progress in the growth of the “Azeus Products” business segment, particularly the Software as a Service (“SaaS”) solution “Azeus Convene” and expects to continue the upward momentum.

In addition, Azeus “Professional IT Services” business segment continues to remain as a stable pillar for the Group.

The Group remains cautiously optimistic about the outlook for the next 12 months.

**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 2019.

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

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

No interim dividend was declared/recommended during the period ended 30 September 2018.

**(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 after taking into consideration of the Group's cash flow requirements.

**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. A breakdown of sales.**

Not applicable for half year results.

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

Not applicable for half year results.

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

No IPT mandate obtained.

- 18. 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  
14 November 2019**

**Confirmation Pursuant to 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 attention of the board of directors of the Company which may render the financial results for the period ended 30 September 2019 to be false or misleading.

On behalf of the Board of Directors

---

LEE Wan Lik  
Executive Director

---

LAM Pui Wan  
Executive Director