



A CMMI LEVEL 5 COMPANY

**AZEUS SYSTEMS HOLDINGS LTD.**  
(incorporated in Bermuda on 10 May 2004)  
(Registration Number: 35312)

## **CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

<b><u>Table of Contents</u></b>	<b><u>Page</u></b>
A. Condensed Interim Consolidated Income Statement	2
B. Condensed Interim Consolidated Statement of Comprehensive Income	3
C. Condensed Interim Consolidated Statement of Financial Position	4
D. Condensed Interim Consolidated Statement of Changes in Equity	6
E. Condensed Interim Consolidated Statement of Cash Flow	8
F. Notes to the Condensed Interim Consolidated Financial Statements	10
G. Other Information Required by Listing Rule Appendix 7.2	26



A CMMI LEVEL 5 COMPANY

AZEUS SYSTEMS HOLDINGS LTD.

(incorporated in Bermuda on 10 May 2004)

(Registration Number: 35312)

**A. Condensed Interim Consolidated Income Statement**

**For the six months ended 30 September 2023**

**(Expressed in Hong Kong Dollars)**

		<u>Group</u>		
		Unaudited 1H FY2024 (Apr - Sep 23)	Unaudited 1H FY2023 (Apr - Sep 22)	+ / ( - ) %
	Note	HK\$'000	HK\$'000	
Revenue	4	132,808	116,426	14
Cost of revenue	5(a)	(41,846)	(31,752)	32
<b>Gross profit</b>		<b>90,962</b>	<b>84,674</b>	<b>7</b>
Other income	6	825	756	9
Other losses – net	6	(947)	(10,887)	(91)
Impairment losses of financial assets		(365)	(913)	(60)
Expenses				
- Research and development expenses	5(a)	(15,364)	(13,596)	13
- Selling and marketing expenses	5(a)	(25,419)	(23,910)	6
- Administrative expenses	5(a)	(21,197)	(16,180)	31
- Finance cost – lease interest	10(d)	(406)	(83)	389
<b>Profit before income tax</b>		<b>28,089</b>	<b>19,861</b>	<b>41</b>
Income tax (expense)/credit	5(b)	(744)	419	(278)
<b>Profit attributable to equity holders of the Company</b>		<b>27,345</b>	<b>20,280</b>	<b>35</b>



A CMMI LEVEL 5 COMPANY

AZEUS SYSTEMS HOLDINGS LTD.

(incorporated in Bermuda on 10 May 2004)

(Registration Number: 35312)

**B. Condensed Interim Consolidated Statement of Comprehensive Income**  
**For the six months ended 30 September 2023**  
**(Expressed in Hong Kong Dollars)**

	<b>Group</b>		
	<b>Unaudited</b>	<b>Unaudited</b>	
	<b>1H FY2024</b>	<b>1H FY2023</b>	
	<b>(Apr – Sep 23)</b>	<b>(Apr – Sep 22)</b>	<b>+ / ( - )</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>%</b>
<b>Profit for the period</b>	<b>27,345</b>	20,280	<b>35</b>
<b>Other comprehensive income</b>			
<u>Items that may be reclassified</u> <u>subsequently to profit or loss:</u>			
Currency translation losses arising from consolidation	<b>(1,014)</b>	(6,551)	<b>(85)</b>
<u>Items that will not be reclassified</u> <u>subsequently to profit or loss:</u>			
Actuarial gains on defined retirement benefits – net of tax	-	1,171	<b>(100)</b>
<b>Other comprehensive losses, net of tax</b>	<b>(1,014)</b>	(5,380)	<b>(81)</b>
<b>Total comprehensive income</b> <b>attributable to equity holders of the</b> <b>Company</b>	<b>26,331</b>	14,900	<b>77</b>



A CMMI LEVEL 5 COMPANY

**AZEUS SYSTEMS HOLDINGS LTD.**  
(incorporated in Bermuda on 10 May 2004)  
(Registration Number: 35312)

**C. Condensed Interim Consolidated Statements of Financial Position**

**As at 30 September 2023**

**(Expressed in Hong Kong Dollars)**

	Note	<u>Group</u>		<u>Company</u>	
		Unaudited 30 Sep 2023 HK\$'000	Audited 31 Mar 2023 HK\$'000	Unaudited 30 Sep 2023 HK\$'000	Audited 31 Mar 2023 HK\$'000
<b>Current assets</b>					
Cash and bank deposits		<b>163,797</b>	152,785	<b>668</b>	628
Trade and other receivables		<b>57,018</b>	60,618	<b>84,397</b>	87,855
Inventories		<b>3,654</b>	3,654	-	-
Contract assets		<b>34,817</b>	24,193	-	-
Current income tax assets		<b>2,420</b>	1,568	-	-
		<b>261,706</b>	242,818	<b>85,065</b>	88,483
<b>Non-current assets</b>					
Investment in subsidiaries		-	-	<b>53,802</b>	53,802
Property, plant and equipment	<b>9</b>	<b>5,891</b>	1,299	-	-
Right-of-use assets	<b>10(a)</b>	<b>29,480</b>	3,165	-	-
Intangible assets	<b>11</b>	-	-	-	-
Deferred income tax assets	<b>12</b>	<b>3,151</b>	3,299	-	-
Refundable deposit		<b>3,757</b>	3,786	-	-
		<b>42,279</b>	11,549	<b>53,802</b>	53,802
<b>Total assets</b>		<b>303,985</b>	254,367	<b>138,867</b>	142,285



A CMMI LEVEL 5 COMPANY

AZEUS SYSTEMS HOLDINGS LTD.

(incorporated in Bermuda on 10 May 2004)

(Registration Number: 35312)

**C. Condensed Interim Consolidated Statements of Financial Position (Continued)**

**As at 30 September 2023**

**(Expressed in Hong Kong Dollars)**

	Note	<u>Group</u>		<u>Company</u>	
		Unaudited 30 Sep 2023 HK\$'000	Audited 31 Mar 2023 HK\$'000	Unaudited 30 Sep 2023 HK\$'000	Audited 31 Mar 2023 HK\$'000
<b>Current liabilities</b>					
Trade and other payables		9,064	13,685	794	1,997
Contract liabilities		87,719	86,155	-	-
Lease liabilities	10(c)	3,004	3,005	-	-
Current income tax liabilities		1,936	2,801	-	-
		<b>101,723</b>	105,646	<b>794</b>	1,997
<b>Non-current liabilities</b>					
Contract liabilities		1,540	1,902	-	-
Lease liabilities	10(c)	24,872	157	-	-
Provision for defined retirement benefit		12,488	13,076	-	-
Provision for office reinstatement		3,559	114	-	-
		<b>42,459</b>	15,249	-	-
<b>Total liabilities</b>		<b>144,182</b>	120,895	<b>794</b>	1,997
<b>Net assets</b>		<b>159,803</b>	133,472	<b>138,073</b>	140,288
<b>Equity</b>					
Share capital	13	46,800	46,800	46,800	46,800
Share premium		56,489	56,489	56,726	56,726
Foreign currency translation reserve		(2,178)	(1,164)	-	-
Other reserves		1,774	1,774	-	-
Defined retirement benefits		(7,027)	(7,027)	-	-
Retained profits		63,945	36,600	34,547	36,762
<b>Total Equity</b>		<b>159,803</b>	133,472	<b>138,073</b>	140,288



A CMMI LEVEL 5 COMPANY

**AZEUS SYSTEMS HOLDINGS LTD.**  
(incorporated in Bermuda on 10 May 2004)  
(Registration Number: 35312)

**D. Condensed Interim Consolidated Statement of Changes in Equity**

**As at 30 September 2023**

**(Expressed in Hong Kong Dollars)**

<u>Group</u>	Share Capital HK\$'000	Share Premium HK\$'000	Foreign Currency Translation Reserve HK\$'000	Other Reserves HK\$'000	Defined Retirement Benefits HK\$'000	Retained Profits HK\$'000	Total Equity HK\$'000
Balance as at 1 April 2023	46,800	56,489	(1,164)	1,774	(7,027)	36,600	133,472
Profit for the period	-	-	-	-	-	27,345	27,345
Other comprehensive (loss) / income	-	-	(1,014)	-	-	-	(1,014)
Total comprehensive (loss) / income	-	-	(1,014)	-	-	27,345	26,331
Balance as at 30 September 2023	46,800	56,489	(2,178)	1,774	(7,027)	63,945	159,803
Balance as at 1 April 2022	46,800	56,489	3,039	1,750	(6,105)	52,714	154,687
Profit for the period	-	-	-	-	-	20,280	20,280
Other comprehensive (loss) / income	-	-	(6,551)	-	1,171	-	(5,380)
Total comprehensive (loss) / income	-	-	(6,551)	-	1,171	20,280	14,900
Balance as at 30 September 2022	46,800	56,489	(3,512)	1,750	(4,934)	72,994	169,587



A CMMI LEVEL 5 COMPANY

**AZEUS SYSTEMS HOLDINGS LTD.**  
(incorporated in Bermuda on 10 May 2004)  
(Registration Number: 35312)

**D. Condensed Interim Consolidated Statement of Changes in Equity (Continued)**

**As at 30 September 2023**

**(Expressed in Hong Kong Dollars)**

<u>Company</u>	Share Capital HK\$'000	Share Premium HK\$'000	Retained Profits HK\$'000	Total Equity HK\$'000
Balance as at 1 April 2023	46,800	56,726	36,762	140,288
Total comprehensive loss for the year	-	-	(2,251)	(2,215)
Balance as at 30 September 2023	<b>46,800</b>	<b>56,726</b>	<b>34,547</b>	<b>138,073</b>
Balance as at 1 April 2022	46,800	56,726	54,708	158,234
Total comprehensive loss for the year	-	-	(1,707)	(1,707)
Balance as at 30 September 2022	46,800	56,726	53,001	156,527



A CMMI LEVEL 5 COMPANY

AZEUS SYSTEMS HOLDINGS LTD.

(incorporated in Bermuda on 10 May 2004)

(Registration Number: 35312)

**E. Condensed Interim Consolidated Statement of Cash Flow**  
**For the six months ended 30 September 2023**  
**(Expressed in Hong Kong Dollars)**

	Note	<u>Group</u>	
		Unaudited 1H FY2024 (Apr – Sep 23) HK\$'000	Unaudited 1H FY2023 (Apr – Sep 22) HK\$'000
<b>Cash flows from operating activities</b>			
Profit after tax		27,345	20,280
Adjustments for:			
Income tax expenses/(credit)	5(b)	744	(419)
Depreciation of property, plant and equipment	9	300	207
Depreciation of right-of-use assets	10(b)	3,695	2,274
Amortisation of intangible assets	11	-	510
Interest income	6	(703)	(56)
Interest expense on lease liabilities	10(d)	406	83
<b>Operating cash flows before changes in working capital</b>		<b>31,787</b>	<b>22,879</b>
<b>Changes in working capital</b>			
Trade and other receivables		2,986	(4,423)
Contract assets		(10,639)	(7,232)
Refundable deposits		29	(42)
Inventories		-	(3,592)
Trade and other payables		(4,467)	(3,827)
Provision for retirement benefit		-	799
Contract liabilities		3,383	(108)
<b>Cash generated from operations</b>		<b>23,079</b>	<b>4,454</b>
Income tax paid		(2,222)	(1,221)
<b>Net cash provided by operating activities</b>		<b>20,857</b>	<b>3,233</b>





A CMMI LEVEL 5 COMPANY

AZEUS SYSTEMS HOLDINGS LTD.

(incorporated in Bermuda on 10 May 2004)

(Registration Number: 35312)

**E. Condensed Interim Consolidated Statement of Cash Flow (Continued)**  
**For the six months ended 30 September 2023**  
**(Expressed in Hong Kong Dollars)**

		<u>Group</u>	
		Unaudited 1H FY2024 (Apr – Sep 23) HK\$'000	Unaudited 1H FY2023 (Apr – Sep 22) HK\$'000
	Note		
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment	9	(4,916)	(582)
Interest received	6	703	56
<b>Net cash used in investing activities</b>		<b>(4,213)</b>	<b>(526)</b>
<b>Cash flows from financing activities</b>			
Decrease/(increase) in restricted cash		9,569	(39,386)
Principal payment of lease liabilities		(1,844)	(2,569)
Payment of interest on lease liabilities	10(d)	(406)	(83)
<b>Net cash provided by/(used in) financing activities</b>		<b>7,319</b>	<b>(42,038)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>23,963</b>	<b>(39,331)</b>
Cash and cash equivalents, statement of cash flows, beginning balance		103,263	198,656
<b>Effects of currency translation on cash and cash equivalents</b>		<b>(3,320)</b>	<b>(17,729)</b>
<b>Cash and cash equivalents, Statement of Cash flows ending balance (Note A)</b>		<b>123,906</b>	<b>141,596</b>
<b>Note A:</b>			
Cash and bank deposits		163,797	183,623
Less: Restricted cash		(39,891)	(42,027)
<b>Cash and cash equivalents as disclosed in consolidated statement of cash flows</b>		<b>123,906</b>	<b>141,596</b>



A CMMI LEVEL 5 COMPANY

**AZEUS SYSTEMS HOLDINGS LTD.**  
(incorporated in Bermuda on 10 May 2004)  
(Registration Number: 35312)

## **F. Notes to the Condensed Interim Consolidated Financial Statements**

### **1. Corporate Information**

Azeus Systems Holdings Ltd. (the “Company”) is incorporated as an exempt company with limited liability under the Companies Act 1981 of Bermuda and is listed on the mainboard of Singapore Exchange Securities Trading Limited (“SGX-ST”) on 22 October 2004. The address of its registered office is Canon’s Court, 22 Victoria Street, Hamilton HM1, Bermuda.

These condensed interim consolidated financial statements as at and for the six months ended 30 September 2023 comprise the Company and its subsidiaries (collectively, the “Group”).

The principal activity of the Company is that of an investment holding company. The principal activities of the Group are the provision of IT services and cloud-based subscription services of its software products.

### **2. Basis of preparation**

The condensed interim consolidated financial statements for the six months ended 30 September 2023 have been prepared in accordance with Singapore Financial Reporting Standard (“SFRS(I)”) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore.

The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 March 2023.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1 below.



A CMMI LEVEL 5 COMPANY

**AZEUS SYSTEMS HOLDINGS LTD.**

(incorporated in Bermuda on 10 May 2004)

(Registration Number: 35312)

## **F. Notes to the Condensed Interim Consolidated Financial Statements (Continued)**

### **2. Basis of preparation (Continued)**

The condensed interim consolidated financial statements are presented in Hong Kong dollar which is the Company's functional currency.

The latest audited annual financial statements of the Group are not subject to an adverse opinion, qualified opinion or disclaimer of opinion issued by the Company's auditors.

#### **Accounting convention**

The condensed interim consolidated financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

#### **2.1.1 New and amended standards adopted by the Group**

Other than the adoption of the new and amended standards from prior reporting year, there were no changes in accounting policies and methods of computation adopted in the condensed interim consolidated financial statements as compared to the most recently audited annual consolidated financial statements for the year ended 31 March 2023, which were in accordance with SFRS(I)s.



A CMMI LEVEL 5 COMPANY

**AZEUS SYSTEMS HOLDINGS LTD.**

(incorporated in Bermuda on 10 May 2004)

(Registration Number: 35312)

## **F. Notes to the Condensed Interim Consolidated Financial Statements (Continued)**

### **2. Basis of preparation (Continued)**

#### **2.1.1 New and amended standards adopted by the Group (Continued)**

There are a number of amendments to accounting standards that become applicable for annual reporting periods commencing on or after 1 January 2023 and entities will need to consider whether any of these amendments could affect their existing accounting policies for their 2023 interim reports:

- (a) Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
- (b) Definition of Accounting Estimates – Amendments to IAS 8
- (c) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12.

These applicable new and amended standards did not require any significant modification of the measurement methods or the presentation in the financial statements.

#### **2.1.2 New guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism**

In June 2022, the Government of the Hong Kong SAR gazetted the Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”), which will eventually abolish the statutory right of an employer to reduce its long service payment (“LSP”) and severance payment payable to a Hong Kong employee by drawing on its mandatory contributions to the mandatory provident fund (“MPF”) scheme (also known as the “offsetting mechanism”). The Government has subsequently announced that the Amendment Ordinance will come into effect from 1 May 2025. Separately, the Government is also expected to introduce a subsidy scheme to assist employers after the abolition of the offsetting mechanism.



A CMMI LEVEL 5 COMPANY

**AZEUS SYSTEMS HOLDINGS LTD.**

(incorporated in Bermuda on 10 May 2004)

(Registration Number: 35312)

**F. Notes to the Condensed Interim Consolidated Financial Statements (Continued)**

**2. Basis of preparation (Continued)**

**2.1.2 New guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism (Continued)**

In this interim financial report and in prior periods, the Group's wholly owned subsidiary incorporated in Hong Kong ("The Subsidiary") has been accounting for the accrued benefits derived from its mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed employee contributions towards the LSP. The impact of the change is not reasonably estimable at the time this interim financial report is authorised for issue, as the Subsidiary has yet to fully complete its assessment of the impact of the Amendment Ordinance.

The preparation of the unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2023 required the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.



A CMMI LEVEL 5 COMPANY

**AZEUS SYSTEMS HOLDINGS LTD.**

(incorporated in Bermuda on 10 May 2004)

(Registration Number: 35312)

## **F. Notes to the Condensed Interim Consolidated Financial Statements (Continued)**

### **2. Basis of preparation (Continued)**

#### **2.2 Critical judgements, assumptions and estimation uncertainties**

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income, and expense.

Estimates and underlying assumptions are reviewed on an ongoing basis. However, actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The nature and the carrying amount of such significant assets and liabilities are disclosed with further details in the relevant Notes to these condensed interim consolidated financial statements.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited annual consolidated financial statements as at and for the year ended 31 March 2023.

### **3. Seasonal operations**

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

### **4. Segment and revenue information**

The Group has two operating segments which are the IT Services and Azeus Products. There are 5 major revenue streams under IT Services and Azeus Products: Systems implementation and enhancement, sales of hardware and software, maintenance and support services, product licensing and product service.



A CMMI LEVEL 5 COMPANY

**AZEUS SYSTEMS HOLDINGS LTD.**

(incorporated in Bermuda on 10 May 2004)

(Registration Number: 35312)

**F. Notes to the Condensed Interim Consolidated Financial Statements (Continued)**

**4. Segment and revenue information (Continued)**

The segment information of the reportable segments are as follows:

	<u>IT Services</u>		<u>Azeus Products</u>		<u>Total</u>	
	<u>1H FY2024</u>	<u>1H FY2023</u>	<u>1H FY2024</u>	<u>1H FY2023</u>	<u>1H FY2024</u>	<u>1H FY2023</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>
<b>6 months ended 30 September</b>						
Segment revenue	<b>33,550</b>	32,392	<b>99,258</b>	84,034	<b>132,808</b>	116,426
Segment results	<b>12,767</b>	12,506	<b>37,781</b>	34,488	<b>50,548</b>	46,994
Amortisation of Intangible assets	-	-	-	(510)	-	(510)
<b>Unallocated income/(expenses)</b>						
Administrative salaries					<b>(6,076)</b>	(5,837)
Technical services and supplies					<b>(862)</b>	(889)
Other income					<b>825</b>	756
Other losses - net					<b>(947)</b>	(10,887)
Depreciation of property, plant and equipment					<b>(300)</b>	(207)
Depreciation of right-of-use asset					<b>(3,695)</b>	(2,274)
Directors' compensation					<b>(1,391)</b>	(1,373)
Rental expense on operating lease					<b>(1,864)</b>	(1,194)
Legal and professional fees					<b>(2,382)</b>	(1,100)
Insurance					<b>(781)</b>	(975)
Office reinstatement expenses					<b>(1,000)</b>	-
Bank and transaction charges					<b>(611)</b>	(486)
Recruitment and training					<b>(750)</b>	(1,275)
Other expenses					<b>(2,625)</b>	(882)
Profit before tax					<b>28,089</b>	19,861
Income tax (expense)/credit					<b>(744)</b>	419
Profit for the period					<b>27,345</b>	20,280



A CMMI LEVEL 5 COMPANY

**AZEUS SYSTEMS HOLDINGS LTD.**  
(incorporated in Bermuda on 10 May 2004)  
(Registration Number: 35312)

**F. Notes to the Condensed Interim Consolidated Financial Statements (Continued)**

**4. Segment and revenue information (Continued)**

	<u>IT Services</u>		<u>Azeus Products</u>		<u>Total</u>	
	Sep 2023 HK\$'000	Mar 2023 HK\$'000	Sep 2023 HK\$'000	Mar 2023 HK\$'000	Sep 2023 HK\$'000	Mar 2023 HK\$'000
<b>Assets and liabilities</b>						
Segment assets	<b>46,180</b>	29,733	<b>50,175</b>	50,235	<b>96,355</b>	79,968
Unallocated assets:						
Refundable deposits					<b>3,757</b>	3,786
Property, plant and equipment					<b>3,981</b>	1,299
Right-of-use assets					<b>25,190</b>	3,165
Deferred income tax assets					<b>3,151</b>	3,299
Cash and cash equivalents					<b>163,797</b>	152,785
Other receivables and deposits					<b>4,337</b>	3,564
Prepayments					<b>997</b>	4,933
Current income tax assets					<b>2,420</b>	1,568
					<b>207,630</b>	174,399
Total assets					<b>303,985</b>	254,367
Segment liabilities	<b>2,685</b>	2,886	<b>96,391</b>	91,917	<b>99,076</b>	94,803
Unallocated liabilities:						
Trade and other payables					<b>3,865</b>	6,939
Lease liabilities					<b>24,408</b>	3,162
Current income tax liabilities					<b>1,936</b>	2,801
Provision for defined retirement benefits					<b>12,488</b>	13,076
Provision for office reinstatement					<b>2,409</b>	114
					<b>45,106</b>	26,092
Total liabilities					<b>144,182</b>	120,895





A CMMI LEVEL 5 COMPANY

**AZEUS SYSTEMS HOLDINGS LTD.**  
(incorporated in Bermuda on 10 May 2004)  
(Registration Number: 35312)

**F. Notes to the Condensed Interim Consolidated Financial Statements (Continued)**

**4. Segment and revenue information (Continued)**

The revenue from external parties is measured in a manner consistent with that in the statement of profit and loss and other comprehensive income.

The management assesses the performance of the operating segments based on a measure of gross profits less selling and marketing expenses and research and development expenses. Assets and liabilities are managed on a group basis and are not allocated to operating segments except for trade receivables, contract assets, property, plant and equipment, intangible assets, right-of-use assets, lease liabilities and contract liabilities, as they cannot be directly attributable to individual segments, and it is impractical to arbitrarily allocate them to the segments.

(a) Revenue from major products and services

Revenue from external customers is derived mainly from the provision of IT Services and Azeus Products. Breakdown of the revenue is as follows:

	<b>Group</b>	
	<b>1H FY2024</b>	<b>1H FY2023</b>
	<b>(Apr - Sep 23)</b>	<b>(Apr - Sep 22)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
IT Services	<b>33,550</b>	32,392
Azeus Products	<b>99,258</b>	84,034
<b>Total</b>	<b>132,808</b>	116,426



A CMMI LEVEL 5 COMPANY

**AZEUS SYSTEMS HOLDINGS LTD.**

(incorporated in Bermuda on 10 May 2004)

(Registration Number: 35312)

**F. Notes to the Condensed Interim Consolidated Financial Statements (Continued)**

**4. Segment and revenue information (Continued)**

(b) Timing of revenue recognition

<u>1H FY2024</u>	<b>At a point in time HK\$'000</b>	<b>Over time HK\$'000</b>	<b>Total HK\$'000</b>
<b>IT Services</b>			
Systems implementation and enhancement	-	8,969	8,969
Maintenance and support services	-	24,581	24,581
	-	<b>33,550</b>	<b>33,550</b>
<b>Azeus Products</b>			
Product licensing revenue	-	74,648	74,648
Product service revenue	10,041	-	10,041
Systems implementation and enhancement	-	12,783	12,783
Maintenance and support services	-	1,786	1,786
	<b>10,041</b>	<b>89,217</b>	<b>99,258</b>
	<b>10,041</b>	<b>122,767</b>	<b>132,808</b>
<u>1H FY2023</u>	<b>At a point in time HK\$'000</b>	<b>Over time HK\$'000</b>	<b>Total HK\$'000</b>
<b>IT Services</b>			
Systems implementation and enhancement	-	10,149	10,149
Maintenance and support services	-	22,243	22,243
	-	<b>32,392</b>	<b>32,392</b>
<b>Azeus Products</b>			
Product licensing revenue	-	63,926	63,926
Product service revenue	10,535	-	10,535
Systems implementation and enhancement	-	7,713	7,713
Maintenance and support services	-	1,860	1,860
	<b>10,535</b>	<b>73,499</b>	<b>84,034</b>
	<b>10,535</b>	<b>105,891</b>	<b>116,426</b>



A CMMI LEVEL 5 COMPANY

**AZEUS SYSTEMS HOLDINGS LTD.**  
(incorporated in Bermuda on 10 May 2004)  
(Registration Number: 35312)

**F. Notes to the Condensed Interim Consolidated Financial Statements (Continued)**

**4. Segment and revenue information (Continued)**

(c) Geographical information

The Group's two business segments operate in the main geographical areas as follows:

	<b>Sales for continuing operations</b>	
	<b>1H FY2024 (Apr - Sep 23) HK\$'000</b>	<b>1H FY2023 (Apr - Sep 22) HK\$'000</b>
Hong Kong and Asia	<b>66,736</b>	59,441
United Kingdom and Europe	<b>22,817</b>	19,366
Middle East	<b>15,081</b>	13,759
Australia and New Zealand	<b>10,041</b>	9,192
Africa	<b>9,806</b>	8,170
North America and South America	<b>8,327</b>	6,498
<b>Total</b>	<b>132,808</b>	116,426

	<b>Non-current assets</b>	
	<b>Sep 2023 HK\$'000</b>	<b>Mar 2023 HK\$'000</b>
Hong Kong	<b>36,628</b>	5,388
Philippines	<b>5,042</b>	5,510
United Kingdom and Europe	<b>494</b>	82
Asia (except Hong Kong and Philippines)	<b>69</b>	516
Others	<b>46</b>	53
<b>Total</b>	<b>42,279</b>	11,549

Non-current assets information presented above consists of property, plant and equipment, right-of-use assets, intangible assets, deferred income tax assets and refundable deposits as presented in the consolidated balance sheet.



A CMMI LEVEL 5 COMPANY

**AZEUS SYSTEMS HOLDINGS LTD.**

(incorporated in Bermuda on 10 May 2004)

(Registration Number: 35312)

**F. Notes to the Condensed Interim Consolidated Financial Statements (Continued)**

**5. Profit and loss information**

**5(a) Expenses by nature**

Expenses included in cost of revenue, research and development, selling and marketing expenses and administrative expenses are analysed as follows:

	<b>1H FY2024</b> <b>(Apr - Sep 23)</b> <b>HK\$'000</b>	<b>1H FY2023</b> <b>(Apr - Sep 22)</b> <b>HK\$'000</b>
Directors' remuneration	<b>(1,391)</b>	(1,373)
Employee compensation	<b>(65,904)</b>	(51,771)
Depreciation of property, plant and equipment (Note 9)	<b>(300)</b>	(207)
Depreciation of right-of-use assets (Note 10(b))	<b>(3,695)</b>	(2,274)
Amortisation of intangible assets (Note 11)	-	(510)
Legal and professional fees	<b>(2,382)</b>	(1,101)
Rental expense on operating leases	<b>(1,864)</b>	(1,194)
Third-party hardware and software support cost	<b>(3,493)</b>	(3,312)
Project direct service cost, sub-contracting and consultancy fee	<b>(2,107)</b>	(1,766)
Third-party research and development expense	<b>(726)</b>	(828)
Cost of hosting services	<b>(4,671)</b>	(3,474)
Marketing activities expense	<b>(6,098)</b>	(6,568)
Utilities	<b>(792)</b>	(655)
Insurance	<b>(781)</b>	(975)
Sales consultancy fee	<b>(3,629)</b>	(4,544)
Sales commission	<b>(682)</b>	(973)
Technical supplies and services	<b>(862)</b>	(889)
Referral fee	<b>(98)</b>	(149)
Recruitment and training expenses	<b>(750)</b>	(1,275)
Fee on audit services	<b>(137)</b>	(37)
Bank and transaction charges	<b>(611)</b>	(486)
Office reinstatement expenses	<b>(1,000)</b>	-
Other expenses	<b>(1,853)</b>	(1,077)
<b>Total cost of revenue, research and development, selling and marketing and administrative expenses</b>	<b>(103,826)</b>	(85,438)



A CMMI LEVEL 5 COMPANY

**AZEUS SYSTEMS HOLDINGS LTD.**  
(incorporated in Bermuda on 10 May 2004)  
(Registration Number: 35312)

**F. Notes to the Condensed Interim Consolidated Financial Statements (Continued)**

**5. Profit and loss information (Continued)**

**5(b) Income tax**

	<b>1H FY2024</b> <b>(Apr - Sep 23)</b> <b>HK\$'000</b>	<b>1H FY2023</b> <b>(Apr - Sep 22)</b> <b>HK\$'000</b>
Tax expense attributable to profit is made up of:		
- Current income tax	<b>(1,020)</b>	-
- Withholding tax	<b>(307)</b>	(129)
Over provision in prior financial years:		
- Current income tax	<b>583</b>	-
- Deferred tax	-	548
	<b>(744)</b>	419

**6. Other income and other losses – net**

	<b>1H FY2024</b> <b>(Apr - Sep 23)</b> <b>HK\$'000</b>	<b>1H FY2023</b> <b>(Apr - Sep 22)</b> <b>HK\$'000</b>
Other income comprises of:		
Interest income	<b>703</b>	56
Sundry income	<b>122</b>	700
	<b>825</b>	756
Foreign exchange losses, net	<b>(947)</b>	(10,887)
	<b>(122)</b>	(10,131)



A CMMI LEVEL 5 COMPANY

**AZEUS SYSTEMS HOLDINGS LTD.**

(incorporated in Bermuda on 10 May 2004)

(Registration Number: 35312)

**F. Notes to the Condensed Interim Consolidated Financial Statements (Continued)**

**7. Earnings per ordinary share**

	<u>Group</u>	
	1H FY2024 (Apr - Sep 23)	1H FY2023 (Apr - Sep 22)
Profit attributable to equity holders of the Company (HK\$'000)	<b>27,345</b>	20,280
Weighted average number of shares	<b>29,999,993</b>	29,999,993
- Basic earnings per share (HK cents)	<b>91.15</b>	67.60
- Fully diluted earnings per share (HK cents)	<b>91.15</b>	67.60

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 2023 and 30 September 2022.

**8. Net asset value**

	<u>Group</u>		<u>Company</u>	
	30 Sep 2023 HK\$	31 Mar 2023 HK\$	30 Sep 2023 HK\$	31 Mar 2023 HK\$
Net asset value per ordinary share based on the existing share capital as at period end	<b>5.33</b>	4.45	<b>4.60</b>	4.68

**9. Property, plant and equipment**

During the six months ended 30 September 2023, the Group acquired assets amounting to HK\$4,916,000 (30 September 2022:HK\$419,000). There is no disposal of assets in 1H FY2023 (1H FY2022:HK\$6,500). The depreciation expense during the period amounted to HK\$300,000 (1H FY2023: HK\$207,000).



A CMMI LEVEL 5 COMPANY

AZEUS SYSTEMS HOLDINGS LTD.

(incorporated in Bermuda on 10 May 2004)

(Registration Number: 35312)

**F. Notes to the Condensed Interim Consolidated Financial Statements (Continued)**

**10. Leases – Right-of-use assets and Lease Liabilities**

The Group leases office space for the purpose of office operations. There are no externally imposed covenant on these lease arrangements.

	<b>Group</b>	
	<b>30 Sep 2023</b>	<b>31 Mar 2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
(a) Right of use assets – Carrying amount	<b>29,480</b>	3,165
(b) Depreciation charge during the period/year (Note 5(a))	<b>3,695</b>	4,430
(c) Lease Liabilities		
<i>Current</i>	<b>3,004</b>	3,005
<i>Non-current</i>	<b>24,872</b>	157
	<b>27,876</b>	3,162
(d) Interest expense on lease liabilities	<b>406</b>	208
(e) Lease expense not capitalised in lease liabilities Lease expense – short-term leases (Note 5(a))	<b>1,864</b>	2,769
(f) Total cash outflow for all the leases in the financial period ended 30 September 2023 was HK\$4,114,000 (1H FY2023: HK\$3,846,000).		
(g) The addition of right-of-use assets during the financial period ended 30 September 2023 amounted to HK\$30,010,000 (31 March 2023: HK\$ 3,972,000).		



A CMMI LEVEL 5 COMPANY

AZEUS SYSTEMS HOLDINGS LTD.

(incorporated in Bermuda on 10 May 2004)

(Registration Number: 35312)

## F. Notes to the Condensed Interim Consolidated Financial Statements (Continued)

### 10. Leases – Right-of-use assets and Lease Liabilities (Continued)

(h) Future cash outflow which are not capitalised in lease liabilities

(i) *Extension options*

The leases for certain office space contain extension periods, for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain to exercise these extension options. The Group negotiates extension options to optimise operational flexibility in terms of managing the assets used in the Group's operations. The majority of the extension options are exercisable by the Group and not by the lessor.

### 11. Intangible assets

#### Azeus Products

	<u>Group</u>	
	30 Sep 2023	31 Mar 2023
	HK\$'000	HK\$'000
<i>Cost</i>		
Beginning and end of financial period	<u>26,665</u>	<u>26,665</u>
<i>Accumulated amortisation</i>		
Beginning of financial period	26,665	26,018
Amortisation charge (Note 5(a))	-	647
End of financial period	<u>26,665</u>	<u>26,665</u>
<b><i>Net book value</i></b>	<u>-</u>	<u>-</u>

Intangible assets relate to the development costs for the proprietary products of the Group. No amortisation expense incurred in 1H FY2024 as all intangible assets were fully amortised.



**F. Notes to the Condensed Interim Consolidated Financial Statements (Continued)****12. Deferred income taxes**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The amounts, determined after appropriate offsetting, are shown on the balance sheets as follows:

	<b>Group</b>	
	<b>30 Sep 2023</b>	<b>31 Mar 2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Deferred income tax assets:</b>		
- to be recovered within one year	-	-
- to be recovered after one year	<b>3,151</b>	<b>3,299</b>
	<b>3,151</b>	<b>3,299</b>

Movement in deferred income tax account is as follows:

	<b>Group</b>	
	<b>30 Sep 2023</b>	<b>31 Mar 2023</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Beginning of financial year	<b>3,299</b>	1,517
Tax losses on defined retirement benefits credited to other comprehensive income	-	1,396
Currency translation differences	<b>(148)</b>	(226)
Tax credited to profit or loss	-	612
End of financial year	<b>3,151</b>	<b>3,299</b>

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable.



A CMMI LEVEL 5 COMPANY

**AZEUS SYSTEMS HOLDINGS LTD.**  
(incorporated in Bermuda on 10 May 2004)  
(Registration Number: 35312)

**F. Notes to the Condensed Interim Consolidated Financial Statements (Continued)**

**13. Share Capital**

	<b>Group and Company</b>	
	<b>Number of issued shares</b>	<b>Share capital amount</b>
	<b>'000</b>	<b>HK\$'000</b>
<b>Balance as at period end</b>	<b>30,000</b>	<b>46,800</b>

All ordinary shares are fully paid. The par value is US\$0.20 per share. As at 30 September 2023, share capital of the Company comprises 29,999,993 ordinary shares (31 March 2023: 29,999,993).

There were no outstanding convertibles, subsidiary holdings or treasury shares as at the end of the current financial period and as at the end of the corresponding period of the immediate preceding financial year.

**14. Significant related party transactions**

A cash advance of HK\$1.6 million (31 March 2023: HK\$1.4 million) was made to one of our Executive Director as at period ended 30 September 2023 for the settlement of the hosting cost through his credit card for the cash rebate benefit for the overall hosting cost savings.

**15. Borrowings**

The Group had no bank borrowings or debt securities as at 30 September 2023 and 31 March 2023.

**16. Subsequent events**

There are no known subsequent events which have led to adjustments to this set of interim financial statements.



A CMMI LEVEL 5 COMPANY

**AZEUS SYSTEMS HOLDINGS LTD.**

(incorporated in Bermuda on 10 May 2004)

(Registration Number: 35312)

**G. Other Information Required by Listing Rule Appendix 7.2**

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

The condensed interim consolidated statements of financial position of Azeus Systems Holding Ltd. and its subsidiaries as at 30 September 2023 and the related condensed interim consolidated income statement, condensed interim consolidated statement of comprehensive income, the condensed interim statements of changes in equity and condensed interim consolidated statement of cash flows for the six-month period ended and certain explanatory notes have not been audited or reviewed.

**2. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).**

Not applicable.

**3. Review of performance of the Group**

**3.1 Review of Statement of Profit or Loss**

**a. Revenue**

	<b>1H FY2024</b>	<b>1H FY2023</b>	<b>+ / (-)</b>
	<b>(Apr - Sep 23)</b>	<b>(Apr - Sep 22)</b>	<b>%</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>%</b>
<b>IT Services</b>			
System implementation and enhancement	<b>8,969</b>	10,149	(12)
Maintenance and Support Services	<b>24,581</b>	22,243	11
	<b>33,550</b>	32,392	4
<b>Azeus Products</b>	<b>99,258</b>	84,034	18
<b>Total Revenue</b>	<b>132,808</b>	116,426	14



A CMMI LEVEL 5 COMPANY

AZEUS SYSTEMS HOLDINGS LTD.

(incorporated in Bermuda on 10 May 2004)

(Registration Number: 35312)

## G. Other Information Required by Listing Rule Appendix 7.2 (Continued)

### 3.1 Review of Statement of Profit or Loss (Continued)

#### a. Revenue (Continued)

##### By Business Segment

Total Group revenue increased by 14.1% to HK\$132.8 million in 1H FY2024 from HK\$116.4 million in 1H FY2023.

##### IT Services

Overall, IT Services accounted for 25.3% (1H FY2023: 27.8%) of total Group revenue. Revenue from IT Services increased by HK\$1.2 million, or 3.7%, to HK\$33.6 million in 1H FY2024, from HK\$32.4 million in 1H FY2023.

Systems implementation and enhancement accounted for 6.8% of the total revenue for 1H FY2024 (1H FY2023: 8.7%). Revenue from this segment decreased by HK\$1.1 million, or 10.9%, from HK\$10.1 million in 1H FY2023 to HK\$9.0 million in 1H FY2024, mainly due to lower projects and enhancements realised in 1H FY2024.

Revenue from the recurring Maintenance and Support Services segment accounted for 18.5% (1H FY2023: 19.1%) of total revenue in 1H FY2024. Revenue from this segment increased by 10.8%, or HK\$2.4 million, from HK\$22.2 million in 1H FY2023 to HK\$24.6 million in 1H FY2024.

##### Azeus Products

Azeus Products accounted for 74.7% (1H FY2023: 72.2%) of total Group revenue in 1H FY2024. Revenue from Azeus Products increased by HK\$15.3 million, or 18.2%, from HK\$84.0 million in 1H FY2023 to HK\$99.3 million in 1H FY2024. Revenue from this segment is contributed from the license revenue of the Group's proprietary products — "Convene", "Convene AGM" and "AzeusCare" and their associated professional services. The increase during the period was mainly due the exploitation of a new product, "Convene Records" which was secured during the period together with the continued growth of our "Convene" subscription revenue.



A CMMI LEVEL 5 COMPANY

AZEUS SYSTEMS HOLDINGS LTD.

(incorporated in Bermuda on 10 May 2004)

(Registration Number: 35312)

## G. Other Information Required by Listing Rule Appendix 7.2 (Continued)

### 3.1 Review of Statement of Profit or Loss (Continued)

#### a. Revenue (Continued)

##### **By Geographical**

##### **Hong Kong and Asia**

The revenue from Hong Kong and Asia has increased from HK\$59.4 million in 1H FY2023, to HK\$66.7 million in 1H FY2024, by HK\$7.3 million or 12.3%. The increase is mainly contributed by the recognition of revenue from the CERKS project, which contributed to HK\$11.8 million revenue in 1H FY2024 (1H FY2023: HK\$7.1 million).

##### **United Kingdom and Europe**

The revenue from this region has increased from HK\$19.4 million in 1H FY2023 to HK\$22.8 million in 1H FY2024, by HK\$3.4 million (or by 17.5%). This is mainly contributed by the increase in revenue from the Convene business and Azeuscare, from the new contract secured during the period, contributing to approximately HK\$1.0 million increase in revenue.

##### **All other geographical regions**

For the other regions, the increase in revenue is mainly contributed by the Azeus Product revenue, which is in-line with management's direction of growing the product business globally and exploring into new markets.

#### b. Cost of revenue and gross profit margin

Cost of revenue mainly consists of 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 subcontracting and consultancy services and hosting the Group's cloud-based application.



A CMMI LEVEL 5 COMPANY

**AZEUS SYSTEMS HOLDINGS LTD.**

(incorporated in Bermuda on 10 May 2004)

(Registration Number: 35312)

**G. Other Information Required by Listing Rule Appendix 7.2 (Continued)**

**3.1 Review of Statement of Profit or Loss (Continued)**

**b. Cost of revenue and gross profit margin (continued)**

The Group's cost of revenue increased by HK\$10.0 million, or by 31.5%, to HK\$41.8 million in 1H FY2024 from HK\$31.8 million in 1H FY2023. Overall, the Group's gross profit margin decreased slightly by 4.2 percentage points to 68.5% in 1H FY2024 as compared to 72.7% in 1H FY2023. Higher resources are required together with the increase in implementation team personnel cost, to deliver the projects, resulting in a lower gross profit margin during the period.

**c. Research and development expenses**

Research and development expenses consist primarily of personnel and related expenses (including salaries, benefits, and bonuses) directly associated with product design and development teams.

Total research and development costs were HK\$15.4 million in 1H FY2024, showing an HK\$1.8 million, or 13.2% increase compared to HK\$13.6 million in 1H FY2023.

The increase was mainly due to the personnel cost, which has increased by HK\$2.4 million in 1H FY2024, to HK\$13.8 million (1H FY2023: HK\$11.4 million) due to higher research and development engineering team cost for product development. The increase is then offset by the decrease in the amortisation expense of the capitalised development expenditure, which has been fully amortised during the period under review (1H FY2023: HK\$0.5 million).



A CMMI LEVEL 5 COMPANY

**AZEUS SYSTEMS HOLDINGS LTD.**

(incorporated in Bermuda on 10 May 2004)

(Registration Number: 35312)

## **G. Other Information Required by Listing Rule Appendix 7.2 (Continued)**

### **3.1 Review of Statement of Profit or Loss (Continued)**

#### **d. Selling and marketing expenses**

Selling and marketing expenses consist primarily of salaries and related expenses of sales representatives of HK\$19.3 million in 1H FY2024 (1H FY2023: HK\$17.3 million) and cost of marketing activities of HK\$6.1 million (1H FY2023: HK\$6.6 million) which include advertising, trade shows and events, corporate communications, brand building and product marketing activities.

Selling and marketing expenses increased by 6.3% or HK\$1.5 million to HK\$25.4 million in 1H FY2024 as compared to HK\$23.9 million in 1H FY2023, mainly due to an increase in sales representative personnel cost of HK\$2.0 million, and a slight decrease in cost of marketing activities by HK\$0.5 million as compared to 1H FY2023. The Group has focused more on expanding the marketing team with talents during the period under review, contributing to the increased in sales and marketing personnel cost.

#### **e. Administrative expenses**

Administrative operating expenses include legal and professional fees, Directors' fees, audit fee, rent and rates and other operating expenses. The total expenses have increased by HK\$5.0 million, or 30.9%, to HK\$21.2 million in 1H FY2024 from HK\$16.2 million in 1H FY2023.

This is contributed mainly by the increase in the amortisation of right-of-use of assets by HK\$1.4 million to HK\$3.7 million in 1H FY2024 (1H FY2023: HK\$2.3 million) from the addition of right-of-use of asset during the period, the increase in legal and professional fees by HK\$1.3 million to HK\$2.4 million (1H FY2023: HK\$ 1.1 million) from the Group's engagement with various consultancy services, and the increase in office reinstatement expense of HK\$1.0 million during the period under review from the moving of the head office in Hong Kong.



A CMMI LEVEL 5 COMPANY

**AZEUS SYSTEMS HOLDINGS LTD.**

(incorporated in Bermuda on 10 May 2004)

(Registration Number: 35312)

**G. Other Information Required by Listing Rule Appendix 7.2 (Continued)**

**3.1 Review of Statement of Profit or Loss (Continued)**

**f. Other income and other losses– net**

	<b>1H FY2024</b> <b>(Apr – Sep 23)</b> <b>HK\$'000</b>	<b>1H FY2023</b> <b>(Apr – Sep 22)</b> <b>HK\$'000</b>	<b>+ / (-)</b> <b>%</b>
Other income comprises of:			
Interest income	<b>703</b>	56	<b>1,155</b>
Sundry income	<b>122</b>	700	<b>(83)</b>
	<b>825</b>	756	<b>9</b>
Foreign exchange losses	<b>(947)</b>	(10,887)	<b>(91)</b>
	<b>(122)</b>	(10,131)	<b>(99)</b>

The increase in interest income from banks is mainly contributed by the increase in fixed deposits placed by the Group as compared to 1H FY2023. The sundry income represents the subsidies and grants introduced by various governments to support businesses amid the COVID-19 pandemic and the amount has decreased as there were fewer measures during post-pandemic.

The decrease in other losses for 1H FY2024 was due to lower mark-to-market unrealised net foreign exchange losses arising from the translation of net monetary assets recorded during the period as compared to 1H FY2023.

**g. Finance cost – lease interest**

Finance lease interest arose from the lease of office space. The finance lease interest has increased by 300.0% in 1H FY2024 as compared to 1H FY2023, from HK\$0.1 million in 1H FY2023 to HK\$0.4 million in 1H FY2024 due to the capitalisation of new principal lease liability during 1H FY2024 from the Hong Kong office and Philippines office.

**h. Net profit after taxation**

The Group reported a net profit of HK\$27.3 million in 1H FY2024 as compared to a net profit of HK\$20.3 million in 1H FY2023, showing an increase of 34.5%.





A CMMI LEVEL 5 COMPANY

AZEUS SYSTEMS HOLDINGS LTD.

(incorporated in Bermuda on 10 May 2004)

(Registration Number: 35312)

## G. Other Information Required by Listing Rule Appendix 7.2 (Continued)

### 3.2 Review of Statement of Financial Position

#### a. Trade and other receivables

Trade and other receivables decreased by 5.9% from HK\$60.6 million as at 31 March 2023 to HK\$57.0 million as at 30 September 2023. The Group closely managed the recoverability of the receivables and recorded an impairment loss of financial assets of HK\$0.4 million in 30 September 2023 (31 March 2023: HK\$0.2 million).

#### b. Inventories

Inventories comprise of third-party hardware and software products to be used in IT services implementation projects under the relevant contract terms. The balance represents items that were delivered but pending for the completion of the corresponding acceptance tests. Therefore, revenue associated with these hardware and software products has not been recognised.

As of 30 September 2023, the Group has acquired HK\$3.6 million of inventories (31 March 2023: HK\$3.6 million). These are the inventories that will be used to implement as per the rollout plans of the project secured by the Group.

#### c. Contract assets

The Group's customers pay a fixed amount based on an agreed contractual payment schedule. Contract assets are recognised if the services rendered by the Group exceed the payment. Contract assets increased by HK\$10.6 million, or 43.8%, from HK\$24.2 million as at 31 March 2023 to HK\$34.8 million as at 30 September 2023 as contracts that were delivered during the period have not reached the payment milestone yet.



A CMMI LEVEL 5 COMPANY

AZEUS SYSTEMS HOLDINGS LTD.

(incorporated in Bermuda on 10 May 2004)

(Registration Number: 35312)

## G. Other Information Required by Listing Rule Appendix 7.2 (Continued)

### 3.2 Review of Statement of Financial Position (Continued)

#### d. Right-of-use assets

The right-of-use assets arises from office space lease arrangement that was entered by its subsidiaries for operational purposes. The right-of-use assets have increased by 821.9% from HK\$3.2 million as at 31 March 2023 to HK\$29.5 million as at 30 September 2023. The increase is due to the capitalisation of right-of-use of assets from the leases that were entered to during the period under review of HK\$30.0 million, netted off with the amortisation expense of HK\$3.7 million.

#### e. Refundable deposits

The refundable deposits have maintained relatively the same at HK\$3.8 million for both 30 September 2023 and 31 March 2023.

#### f. Lease liabilities – current and non-current

Similar to the right-of-use assets, lease liabilities arose from office space lease arrangement that was entered by the subsidiaries for operational purposes. As of 30 September 2023, the current lease liabilities have maintained relatively the same at HK\$3.0 million as compared to 31 March 2023. Non-current lease liabilities have increased by HK\$24.7 million, from HK\$0.2 million on 31 March 2023, to HK\$24.9 million on 30 September 2023. This is contributed by the repayment of the principal lease liabilities and interest, amounting to HK\$2.3 million made, and addition of principal lease liability totaling to HK\$26.6 million capitalised during the period under review.



A CMMI LEVEL 5 COMPANY

**AZEUS SYSTEMS HOLDINGS LTD.**

(incorporated in Bermuda on 10 May 2004)

(Registration Number: 35312)

## **G. Other Information Required by Listing Rule Appendix 7.2 (Continued)**

### **3.2 Review of Statement of Financial Position (Continued)**

#### **g. Contract liabilities – current and non-current**

Contract liabilities primarily consist of billings due, or payments received in advance of revenue recognition from subscription services and IT Services maintenance and support services respectively. Contract liabilities that will be recognised during the succeeding twelve months period are recorded as current contract liabilities while more than twelve months are recorded as non-current. Total contract liabilities increased by HK\$1.1 million (or by 1.2%), from HK\$88.1 million as of 31 March 2023 to HK\$89.2 million as of 30 September 2023, purely from the increased billings made.

#### **h. Current income tax assets/(liabilities)**

Current income tax assets have increased by HK\$0.8 million to HK\$2.4 million as at 30 September 2023 from the tax paid in advance by the Group (31 March 2023: HK\$1.6 million), while the current income tax liabilities have decreased by 32.1% or HK\$0.9 million equivalent from HK\$2.8 million as of 31 March 2023, compared to HK\$1.9 million as at 30 September 2023, mainly due to lower tax provision as at 30 September 2023 for half year results, as compared to a full year tax provision as at 31 March 2023. In addition, majority of the tax liability from the previous financial year has been settled, contributing further to the decrease.

#### **i. Share capital and reserves**

The Group's shareholders' equity increased from HK\$133.5 million as of 31 March 2023 to HK\$159.8 million as of 30 September 2023 mainly due to the net profit of HK\$27.3 million generated from the growth in revenue generated in 1H FY2024.



A CMMI LEVEL 5 COMPANY

**AZEUS SYSTEMS HOLDINGS LTD.**

(incorporated in Bermuda on 10 May 2004)

(Registration Number: 35312)

**G. Other Information Required by Listing Rule Appendix 7.2 (Continued)**

**3.3 Review of Statement of Cash Flows**

The Group's net cash provided by operating activities was HK\$20.9 million in 1H FY2024 as compared to HK\$3.2 million in 1H FY2023. Overall, the Group's cash position as of 30 September 2023 has increased by HK\$11.0 million (by 7.2%), to HK\$163.8 million as of 30 September 2023 (31 March 2023: HK\$152.8 million). The increase is mainly from the increase in revenue and hence, cash collection during the period under review.

**4. 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 FY2024 as compared to the prospect statement disclosed in the announcement of results for the full year ended 31 March 2023 on 30 May 2023.

**5. 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.**

Looking ahead, we expect that our product business lines will continue to grow. Our new product, Convene Records, which we are delivering under Hong Kong Government's "CERKS" project will grow in its contributions. Barring unforeseen circumstances, we remain optimistic on the outlook of FY2024. Our business fundamentals remain solid. We will continue to invest in sales and marketing to expand our global footprint, and in R&D to bring about new product offerings.



A CMMI LEVEL 5 COMPANY

AZEUS SYSTEMS HOLDINGS LTD.

(incorporated in Bermuda on 10 May 2004)

(Registration Number: 35312)

**G. Other Information Required by Listing Rule Appendix 7.2 (Continued)**

**6. Dividend**

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

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

Name of dividend	Interim
Dividend type	Cash
Dividend amount per share (HK\$ in cents)	HK\$ 0.90 cent per ordinary share
Tax rate	Tax-exempt (1-tier)

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

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

Yes, the details are as follows:

Name of dividend	Interim
Dividend type	Cash
Dividend amount per share (HK\$ in cents)	HK\$ 0.60 cent per ordinary share
Tax rate	Tax-exempt (1-tier)

Name of dividend	Final dividend
Dividend type	Cash
Dividend amount per share (HK\$ in cents)	HK\$ 1.08 cent per ordinary share
Tax rate	Tax-exempt (1-tier)

**(c) Date payable**

Date of proposed interim dividend payment will be announced later.

**(d) Books closure date**

Notice of book closure date will be announced later.

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

Not applicable.



A CMMI LEVEL 5 COMPANY

**AZEUS SYSTEMS HOLDINGS LTD.**

(incorporated in Bermuda on 10 May 2004)

(Registration Number: 35312)

**G. Other Information Required by Listing Rule Appendix 7.2 (Continued)**

- 8. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

- 9. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).**

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

- 10. Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual**

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six-month period ended 30 September 2023 to be false or misleading in any material aspect.

- 11. Disclosures on Incorporation of Entities, Acquisition and Realisation of Shares pursuant to Rule 706A.**

The Company did not incorporate, acquire, or dispose of any direct and indirect subsidiaries and associates during the half year ended 30 September 2023.

**BY ORDER OF THE BOARD**

**LEE WAN LIK**  
*Executive Chairman*  
14 November 2023

**MICHAEL YAP**  
*Chief Executive Officer*