

AZEUS SYSTEMS HOLDINGS LTD.

Unaudited Full Year Financial Statement and Dividend Announcement for the year ended 31 March 2021

Part I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL 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 year ended 31 March 2021

(Expressed in Hong Kong Dollars)

	The Group		
	2021	2020	+ / (-)
	HK\$'000	HK\$'000	%
Revenue	178,065	181,234	(2)
Cost of sales	(55,270)	(79,882)	(31)
	=====	=====	
Gross profit	122,795	101,352	21
Research and development expenses	(36,783)	(24,767)	49
Selling and marketing expenses	(31,855)	(23,375)	36
Administrative and other operating expenses	(31,177)	(29,403)	6
	=====	=====	
Operating profit	22,980	23,807	(3)
Other Income	1,006	117	760
Other gains/(losses) - net	6,480	(4,138)	257
Impairment losses of financial assets	(499)	(1,080)	(54)
Finance cost – lease interest	(648)	(698)	(7)
	=====	=====	
Profit before income tax	29,319	18,008	63
Income tax expense	(5,660)	(5,338)	6
	=====	=====	
Profit attributable to equity holders of the Company	23,659	12,670	87
	=====	=====	
Earnings per share (basic and diluted)	HK\$ 0.79	HK\$ 0.42	
	=====	=====	

1(a)(ii) Statement of Comprehensive Income for the financial year ended 31 March 2021
(Expressed in Hong Kong Dollars)

	The Group		
	2021	2020	+ / (-)
	HK\$'000	HK\$'000	%
Profit attributable to equity holders of the Company	23,659	12,670	87
Other comprehensive income			
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Currency translation gains arising from consolidation	302	484	(38)
<u>Items that will not be reclassified subsequently to profit or loss:</u>			
Actuarial gains/(losses) on defined retirement benefits – net of tax	565	(2,764)	120
Other comprehensive gains/(losses), net of tax	867	(2,280)	138
Total comprehensive income attributable to equity holders of the Company	24,526	10,390	136

1(a)(iii) Note to Income Statement for the financial year ended 31 March 2021

(Expressed in Hong Kong Dollars)

Expenses included in cost of sales, selling and marketing expenses and administrative and other operating expenses are analysed as follows:			
	2021	2020	+ / (-)
	HK\$'000	HK\$'000	%
Depreciation of property, plant and equipment	(489)	(532)	(8)
Depreciation of right-of-use assets	(5,103)	(4,932)	3
Amortisation of intangible assets	(3,483)	(4,183)	(17)
Legal and professional fees	(3,350)	(2,538)	32
Rental expense – operating lease	(1,798)	(1,952)	(8)
Employee benefits (including directors' remuneration)*	(105,689)	(92,998)	14
Third-party hardware and software	(431)	(13,528)	(97)
Third-party hardware and software support cost	(5,753)	(5,976)	(4)
Subcontracting and consultancy fee	(1,514)	(2,072)	(27)
Referral fee	(1,216)	-	N/A
Fee on audit services	(1,447)	(1,305)	11
Cost of hosting services	(7,841)	(10,604)	(26)
Insurance	(1,172)	(1,407)	(17)
Utilities	(1,842)	(1,715)	7
Marketing activities expense	(4,897)	(5,613)	(13)
Sales commission	(2,445)	(1,349)	81
Sales consultancy fee	(2,280)	(845)	170
Technical supplies and services	(1,594)	(1,816)	(12)
Other expenses	(2,741)	(4,062)	(33)
	=====	=====	
Total cost of sales, research and development, selling and marketing and administrative and other operating expenses	(155,085)	(157,427)	(1)
	=====	=====	
Income tax			
Current income tax expense	(2,354)	(3,504)	(33)
Tax underprovision	(502)	(694)	(28)
Withholding tax	(2,864)	(1,184)	142
Deferred income tax credit	60	44	36
	=====	=====	
Income tax expense	(5,660)	(5,338)	6
	=====	=====	

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 31 March 2021
(Expressed in Hong Kong Dollars)

	<u>The Group</u>			<u>The Company</u>		
	31 March 2021	31 March 2020	+ / (-)	31 March 2021	31 March 2020	+ / (-)
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Current assets						
Cash and bank deposits	158,284	102,032	55	722	1,769	(59)
Trade and other receivables	40,740	35,041	16	63,559	58,341	9
Contract assets	6,766	12,247	(45)	-	-	-
Current income tax assets	978	215	355	-	-	-
	206,768	149,535	38	64,281	60,110	7
Non-current assets						
Investment in subsidiaries	-	-	-	52,991	52,991	-
Property, plant and equipment	1,126	1,175	(4)	-	-	-
Right-of-use assets	8,602	12,951	(34)	-	-	-
Intangible assets	2,861	6,344	(55)	-	-	-
Deferred tax assets	1,170	1,056	11	-	-	-
Refundable deposit	1,601	1,558	3	-	-	-
	15,360	23,084	(33)	52,991	52,991	-
Total assets	222,128	172,619	29	117,272	113,101	4

Azeus Systems Holdings Ltd.
Balance Sheet as at 31 March 2021
(Expressed in Hong Kong Dollars)
(Continued)

	<u>The Group</u>			<u>The Company</u>		
	31 March 2021	31 March 2020	+ / (-)	31 March 2021	31 March 2020	+ / (-)
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
Current liabilities						
Trade and other payables	18,085	10,500	72	1,316	1,179	12
Contract liabilities	62,589	34,882	79	-	-	-
Lease liabilities	7,652	3,453	122	-	-	-
Current income tax liabilities	626	796	(21)	-	-	-
	=====	=====		=====	=====	
	88,952	49,631	79	1,316	1,179	12
	=====	=====		=====	=====	
Non-current liabilities						
Contract liabilities	1,914	2,036	(6)	-	-	-
Lease liabilities	1,572	9,943	(84)	-	-	-
Provision for defined retirement benefit	10,569	10,114	5	-	-	-
	=====	=====		=====	=====	
	14,055	22,093	(36)	-	-	-
	=====	=====		=====	=====	
Total liabilities	103,007	71,724	44	1,316	1,179	12
	=====	=====		=====	=====	
Net assets	119,121	100,895	18	115,956	111,922	4
	=====	=====		=====	=====	
Total Equity:						
Share capital	46,800	46,800	-	46,800	46,800	-
Share premium	56,489	56,489	-	56,726	56,726	-
Foreign currency translation reserve	4,289	3,987	8	-	-	-
Other reserves	1,589	1,383	15	-	-	-
Defined retirement benefits	(6,150)	(6,715)	(8)	-	-	-
Retained profits/ (Accumulated losses)	16,104	(1,049)	1,635	12,430	8,396	48
	=====	=====		=====	=====	
	119,121	100,895	18	115,956	111,922	4
	=====	=====		=====	=====	

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

The Group had no bank borrowings or debt securities as at 31 March 2021 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 year ended 31 March 2021

	<u>The Group</u>	
	2021	2020
	HK\$'000	HK\$'000
Cash flows from operating activities		
Profit attributable to equity holders of the Company	23,659	12,670
Adjustments for:		
Income tax expense	5,660	5,338
Depreciation of property, plant and equipment	489	532
Depreciation of right-of-use assets	5,103	4,932
Amortisation of intangible assets	3,483	4,183
Interest income	(15)	(26)
Interest expense on lease liabilities	648	698
Retirement benefit expense	1,949	1,542
	<hr/>	<hr/>
	40,976	29,869
Changes in working capital		
Trade and other receivables	3,260	(10,910)
Contract assets	14,097	23,195
Refundable deposits	25	(1,234)
Inventories	-	13,304
Trade and other payables	(2,819)	1,039
Provision for defined retirement benefits	(1,447)	(1,353)
Contract liabilities	27,585	6,635
	<hr/>	<hr/>
Cash generated from operations	81,677	60,545
Income tax paid	(4,094)	(4,557)
	<hr/>	<hr/>
Net cash provided by operating activities	77,583	55,988

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 year ended 31 March 2021 (continued)

	The Group	
	2021	2020
	HK\$'000	HK\$'000
Cash flows from investing activities		
Purchases of property, plant and equipment	(397)	(757)
Interest received	15	26
	=====	=====
Net cash used in investing activities	(382)	(731)
Cash flows from financing activities		
Increase in restricted cash	(5)	(505)
Dividends paid to equity holders of the Company	(6,300)	(6,300)
Principal payment of lease liabilities	(4,922)	(4,587)
Payment of interest on lease liabilities	(648)	(698)
	=====	=====
Net cash used in financing activities	(11,875)	(12,090)
Net increase in cash and cash equivalents	65,326	43,167
Cash and cash equivalents at the beginning of the financial year	100,019	52,741
Effects of currency translation on cash and cash equivalents	(9,079)	4,111
	=====	=====
Cash and cash equivalents at the end of the financial year	156,266	100,019
	=====	=====
Cash and bank deposits	158,284	102,032
Less: Restricted cash	(2,018)	(2,013)
	=====	=====
Cash and cash equivalents at the end of the financial year	156,266	100,019

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 31 March 2021

	Share Capital	Share Premium	Foreign Currency Translation Reserve	Other Reserves	Defined Retirement Benefits	(Accumulated Losses) / Retained Profits	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	-	-	-	-	-	23,659	23,659
Other comprehensive income	-	-	302	-	565	-	867
	_____	_____	_____	_____	_____	_____	_____
Total comprehensive income	-	-	302	-	565	23,659	24,526
Transfer from retained profits to other reserves	-	-	-	206	-	(206)	-
FY2020 final dividends paid	-	-	-	-	-	(6,300)	(6,300)
	_____	_____	_____	_____	_____	_____	_____
Balance as at 31 March 2021	46,800	56,489	4,289	1,589	(6,150)	16,104	119,121
	_____	_____	_____	_____	_____	_____	_____
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	-	-	-	-	-	12,670	12,670
Other comprehensive income / (loss)	-	-	484	-	(2,764)	-	(2,280)
	_____	_____	_____	_____	_____	_____	_____
Total comprehensive income / (loss)	-	-	484	-	(2,764)	12,670	10,390
Transfer from retained profits to other reserves	-	-	-	33	-	(33)	-
FY2019 final dividends paid	-	-	-	-	-	(6,300)	(6,300)
	_____	_____	_____	_____	_____	_____	_____
Balance as at 31 March 2020	46,800	56,489	3,987	1,383	(6,715)	(1,049)	100,895
	_____	_____	_____	_____	_____	_____	_____
				Share Capital	Share Premium	Retained Profit	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 income for the year						10,334	10,334
FY2020 final dividends paid						(6,300)	(6,300)
				_____	_____	_____	_____
Balance as at 31 March 2021				46,800	56,726	12,430	115,956
				_____	_____	_____	_____
Balance as at 1 April 2019				46,800	56,726	6,534	110,060
Total comprehensive income for the year				-	-	8,162	8,162
FY2019 final dividends paid				-	-	(6,300)	(6,300)
				_____	_____	_____	_____
Balance as at 31 March 2020				46,800	56,726	8,396	111,922

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 31 March 2021, 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 31 March 2021 and 2020.

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 changes and the adoption of the new financial reporting framework as discussed in the note 5 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 2021.

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 finance statements of the Group.

An adjustment has been made in the current year to reflect the expenses incurred in relation to research and development activities for Azeus Product under “Research and developments instead of “Costs of sales”. Prior year comparatives have been reclassified to reflect this adjustment. The Group believes the revised classification will provide users of the financial statements with more representative information to better understand the Group’s financial results.

Changes in consolidated statement of profit and loss and other comprehensive income

	2020	2020	Increase/ (decrease)
	HK\$'000	HK\$'000	HK\$'000
	(Previously reported)	(As reclassified)	
Revenue	181,234	181,234	-
Cost of sales	(104,649)	(79,882)	(24,767)
	=====	=====	
Gross profit	76,585	101,352	(24,767)
Expenses			
- Research and development expenses	-	(24,767)	24,767
	=====	=====	

The adjustment does not have any impact on the balance sheet, statement of change in equity, consolidated statement of cash flows and earnings per share.

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.**

	The Group	
	2021	2020
Profit attributable to equity holders of the Company (HK\$'000)	23,659	12,670
Weighted average number of shares	29,999,993	29,999,993
- Basic earnings per share (HK dollars)	0.79	0.42
- Fully diluted earnings per share (HK dollars)	0.79	0.42

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 31 March 2021 and 31 March 2020.

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.**

Net Asset Value Per Share	The Group		The Company	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	HK\$	HK\$	HK\$	HK\$
Net asset value per ordinary share based on the existing share capital as at the end of the financial year.	3.97	3.36	4.07	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

	2021	2020	+ / (-)
	HK\$'000	HK\$'000	%
IT Services			
System implementation and enhancement	18,954	36,210	(48)
Sale of third-party hardware and software	597	15,777	(96)
Maintenance and Support Services	45,320	45,307	-
	=====	=====	
	64,871	97,294	(33)
Azeus Products Revenue	113,194	83,940	35
	=====	=====	
Total Revenue	178,065	181,234	(2)

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, sale of third-party hardware and software and maintenance and support services.

Total Group revenue decreased by 1.7% to HK\$178.1 million in FY2021 from HK\$181.2 million in FY2020.

Systems implementation and enhancement accounted for 10.6% of the Group's total revenue for FY2021 (FY2020: 20.0%). Revenue from this segment decreased by HK\$17.2 million or 47.7% from HK\$36.2 million in FY2020 to HK\$19.0 million in FY2021 mainly due to the fewer projects and enhancements secured in FY 2021.

Sale of third-party hardware and software decreased by 96.2% to HK\$0.6 million in FY2021 from HK\$15.8 million in FY2020. This business segment accounted for 0.3% (FY2020: 8.7%) of total revenue in FY2021. Revenue decreased mainly due to the majority of the projects completed in FY2021 required customisation services. Less projects required third-party hardware and software items.

Revenue from Maintenance and Support Services in FY2021 remained the same as in FY2020. This business segment accounted for 25.5% (FY2020: 25.0%) of total revenue in FY2021.

Azeus Products accounted for 63.6% (FY2020: 46.3%) of the total Group revenue. Revenue from Azeus Products increased by HK\$29.3 million or 34.9% from HK\$83.9 million in FY2020 to HK\$113.2 million in FY2021. Revenue from this segment is contributed by the sale of three proprietary products — “Azeus Convene”, “AzeusCare”, “AGM@Convene” (a new product launched in FY2021) and associated professional services. The Group has made good progress in expanding its customer and revenue base.

b. Cost of sales and gross profit margin

Cost of sales mainly consist 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 and cost of consultancy and subcontracting services incurred in IT services system implementation and maintenance projects, and cost of hosting services to our Azeus products subscribers.

The Group’s cost of sales decreased by HK\$24.6 million or 30.8% to HK\$55.3 million in FY2021 from HK\$79.9 million in FY 2020 mainly due to the decrease in cost of hosting services of HK\$2.8 million, cost of third-party hardware and software of HK\$13.1 million, and direct salaries of HK\$8.2 million which in line with the decrease in IT services revenue.

Overall, the Group was able to achieve a higher gross profit margin of 68.9% in FY2021 as compared to 55.9% in FY2020.

c. Research and development expenses

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

The proportion of product design and development expenses that creates a benefit in future years and meets certain requirements under IFRS is capitalisable as an intangible asset and is then amortised over the estimated life of the asset created. The amount amortised relating to the Azeus product is included as a research and development expense.

Total research and development costs were HK\$36.8 million in FY2021, HK\$12.0 million or 49.0% higher than in FY2020. This highlights the continued investment in Azeus' Product business segment as research and development costs keep pace with revenue growth.

The amortisation of previously capitalised design and development expenditure was HK\$ 3.5 million (FY2020:HK\$4.2 million). Amortisation decreased due to lower intangibles balances than in FY2020.

d. Selling and marketing expenses

Selling and marketing expenses consist primarily of personnel and related expenses associated with the group sales and marketing teams. Other sales and marketing expenses included cost of advertising, trade shows and events, corporate communications, brand building and product marketing activities.

Selling and marketing expenses increased by 36.3% or HK\$8.5 million to HK\$31.9 million in FY2021 as compared to HK\$23.4 million in FY2020 due to an increase in sales representative personnel cost and their commission of HK\$7.3 million. The increase is in line with the Group's strategy to expand its sales team to pursue subscriber growth.

e. Administrative and other operating expenses

Administrative and other operating expenses includes personnel and related expenses for directors, executives, finance, legal and human resources and administrative employees. It also includes legal, auditing and other professional fees, insurance premiums, short term rent and rates and other operating expenses. Amount increased by HK\$1.8 million or 6.0% to HK\$31.2 million in FY2021. Increase was due to increase in legal and professional fee, short term rental and director and executive personnel related expenses as the Group continues to scale.

f. Other income and other losses – net

	2021	2020	+ / (-)
	HK\$'000	HK\$'000	%
Other income comprises of:			
Interest income	15	26	(42)
Sundry income	991	91	989
	=====	=====	
	1,006	117	760
	=====	=====	
Other gains/(losses)– net foreign exchange gains/(losses)	6,480	(4,138)	257
	=====	=====	

Net foreign exchange gain arose from the translation of net monetary assets denominated in foreign currencies mainly in Great British Pound (“GBP”) and Australian Dollar (“AUD”) at the closing rate at the balance sheet date. As at 31 March 2021, GBP and AUD strengthened against HKD by 12% and 24% (FY2020: weakened by 6% and 15%), which resulted in a net foreign exchange gain of HK\$6.5 million for FY 2021 (FY2020: loss HK\$4.1 million).

g. Net profit after taxation

The Group reported a net profit of HK\$23.7 million in FY2021 as compared to a net profit of HK\$12.7 million in FY2020.

Balance sheet

a. Contract assets

The customer pays the fixed amount based on an agreed contractual payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognised. Contract assets decreased by HK\$5.4 million, from HK\$12.2 million to HK\$6.8 million, as majority of the IT Services implementation projects on hand were completed and paid in FY2021.

b. Trade and other receivables

Trade and other receivables increased by 16.3% from HK\$35.0 million to HK\$40.7 million due to more billings issued nearing the end of FY2021 which in line with our increase in Azeus Product Revenue. The Group recorded impairment losses of financial assets of HK\$0.5 million in FY2021 (FY2020: HK\$1.1 million).

c. 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 if accounting standards are met. Net carrying value at 31 March 2021 was HK\$2.9 million, a decrease from HK\$6.3 million mainly due to amortisation of HK\$3.4 million in FY2021. There is no capitalisation of development cost in FY2021.

d. 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 74.8% to HK\$64.5 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 in FY2021.

f. Share capital and reserves

The Group's shareholders' equity increased from HK\$100.9 million as at 31 March 2020 to HK\$119.1 million as at 31 March 2021 mainly due to the net profit of HK\$24.5 million generated in FY2021 net off with the final dividend of FY2020 of HK\$6.3 million paid during the year.

Cash flow statement

For the year ended 31 March 2021, the Group's net cash provided by operating activities was HK\$77.6 million as opposed to HK\$56.0 million in FY2020 as the receipts from customer was higher which is aligned with the operating revenue growth. During the year, the Group also paid a total of HK\$6.3 million in final dividend for FY2020 and lease liabilities payments of HK\$4.9 million as financing activities. Overall, the Group managed to maintain a higher cash position of HK\$156.3 million as at 31 March 2021 as compared to HK\$100.0 million as at 31 March 2020.

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

The Group issued a profit guidance for FY2021 on 13 November 2020. The financial results of FY2021 is consistent with the statements made in the profit guidance.

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.

"Azeus Products" business segment grew by 35% during the year and the segment is expected to remain as the growth engine of the Group. The Group will continue to invest in the Azeus Products segment including expanding into more territories and adding new products features and modules.

For the "Azeus IT Services" segment, the Group expects improvement from last year with increased activities in growing projects pipeline.

Barring unforeseen circumstances, the Group remains cautiously optimistic about the outlook of FY2022.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

A first and final dividend of HK\$0.39 per ordinary share is recommended for this financial year ended 31 March 2021. The said dividend will be subject to shareholders' approval in the upcoming Annual General Meeting.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

A final dividend of HK\$0.21 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

To be announced later.

(d) Books closure date

To be announced later.

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

Not applicable.

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.**

Management has evaluated the operating segments based on the reports reviewed by the chief operating decision makers (CODM) to make strategic decisions. The CODM consist of the Managing Director, Executive Directors and Senior Management.

The CODM considers the Group to have 2 operating segments which are the provision of Information Technology Services (“IT Services”) and sale of computer software and the related subscription and professional services (“Azeus Products”). There are 3 major revenue streams under IT Services: “Systems implementation and enhancement”, “Sales of third party hardware and software” and “Maintenance and support services” as the services and customers are similar in nature. Revenue from Azeus Products is contributed by the sale of three proprietary products and their services — “Azeus Convene”, “AzeusCare”, “AGM@Convene” (a new product launched in FY2021).The CODM assess the performance of the operating segments based on a measure of gross profit less selling and marketing expenses.

- 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.**

Please refer to note 8.

15. Segment Information (unaudited)

	IT Services		Azeus Products		Total	
	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers	64,871	97,294	113,194	83,940	178,065	181,234
Segment results	26,453	31,262	32,781	26,129	59,234	57,391
Amortisation of Intangible assets	-	-	(3,483)	(4,183)	(3,483)	(4,183)
Unallocated income / (expenses):						
Technical services and supplies					(1,594)	(1,816)
Other income					1,006	117
Other gains/(losses) - net					6,481	(4,138)
Depreciation of property, plant and equipment					(489)	(532)
Depreciation of right-of use asset					(5,103)	(4,932)
Legal and professional fee					(3,350)	(2,538)
Rental expense – operating lease					(1,798)	(1,952)
Retirement benefit expense					(1,949)	(1,542)
Fees on audit services					(1,447)	(1,305)
Administrative salaries					(8,268)	(7,867)
Insurance					(1,172)	(1,407)
Directors compensation					(2,719)	(1,249)
Others expense					(6,030)	(6,039)
Profit before tax					29,319	18,008
Income tax expense					(5,660)	(5,338)
Profit attributable to equity holders of the Company					23,659	12,670

15. Segment Information (unaudited) (continued)

	IT Services		Azeus Products		Total	
	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets and liabilities						
Segment assets	8,711	15,538	34,183	30,417	42,894	45,955
	=====	=====	=====	=====		
Unallocated assets					179,234	126,664
					=====	=====
Total assets					222,128	172,619
					=====	=====
Segment liabilities	4,526	3,667	66,787	35,739	71,313	39,406
	=====	=====	=====	=====		
Unallocated liabilities					31,694	32,318
					=====	=====
Total liabilities	-	-	-	-	103,007	71,724
					=====	=====

CODM monitors the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Assets and liabilities are managed on a group basis and are not allocated to operating segments except for trade receivables, contract assets, intangible assets, and contract liabilities as they cannot be directly attributable to individual segments and it is impractical to arbitrarily allocate them to the segments.

Geographical segments

Revenue information is based on the geographical location of customers.

	Revenue	
	2021	2020
	HK\$'000	HK\$'000
Hong Kong and Asia	93,670	113,759
United Kingdom and Europe	34,808	28,975
Australia and New Zealand	15,773	10,917
North America	9,479	7,474
Middles East	14,872	12,764
Africa	9,463	7,345
	=====	=====
Total	178,065	181,234

Note: Management restated 2020 comparative to conform with the current year presentation. The revenue recognised from those additional regions presented in current year were material and considered these should be separately disclosed.

15. Segment Information (unaudited) (continued)

A total of HK\$65.1 million, 36.5% of total revenue (FY2020: HK\$97.0 million, 53.5% of total revenue) from external customers is derived from the provision of IT services and Azeus Products to the public sector of Hong Kong Government.

Segment non-current assets are based on the geographical location of the assets.

	Non-current assets	
	2021	2020
	HK\$'000	HK\$'000
Hong Kong and China	6,217	9,909
United Kingdom	706	103
Philippines	5,048	6,472
Bermuda and BVI	2,861	6,344
Others	528	256
Total	15,360	23,084

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

16. A breakdown of sales

	The Group		
	2021	2020	+ / (-)
	HK\$'000	HK\$'000	%
Sales reported for first half year	79,437	72,102	10
Net profit after tax for first half year	10,950	4,937	122
Sales reported for second half year	98,628	109,132	(10)
Net profit after tax for second half year	12,709	7,733	64

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.

	The Group		
	2021	2020	+ / (-)
	HK\$'000	HK\$'000	%
Ordinary (note 11)	11,830	6,335	87
Preference	N/A	N/A	N/A
Total	11,830	6,335	87

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year position was first held	Details of changes in duties and position held, if any, during the year
Lee Wan Lik	59	Spouse of Ms Lam Pui Wan, Executive Director	<p>Managing Director of the Company with effect from 12 May 2004.</p> <p>Director of Azeus Systems Limited, Hong Kong, a wholly-owned subsidiary of the Company, with effect from 15 January 1991.</p> <p>Director of Azeus Systems Philippines Inc., a wholly-owned subsidiary of the Company, with effect from 15 July 1994.</p> <p>Director of Azeus Systems Manila (BVI) Ltd, a wholly-owned subsidiary of the Company, with effect from 12 May 2004.</p> <p>Director of Convene SG Pte. Ltd.(formerly BigontheNet Pte Ltd.), a wholly-owned subsidiary of the Company, with effect from 17 February 2005.</p> <p>Director of Azeus UK Ltd., a wholly-owned subsidiary of the Company, with effect from 25 May 2010.</p> <p>Director of Convene Pty Ltd. (formerly Azeus Pty Ltd.), a wholly-owned subsidiary of the Company, with effect from 12 February 2015.</p> <p>Director of Azeus Convene (BVI) Limited, a wholly-owned subsidiary of the Company, with effect from 22 June 2016.</p> <p>Director of Convene, Inc., a wholly-owned subsidiary of the Company, with effect from 4 November 2016.</p> <p>Director of Convene DWC LLC, a wholly-owned subsidiary of the Company, with effect from 28 March 2018.</p> <p>Director of Convene India Private Limited, a wholly-owned subsidiary of the Company, with effect from 2 March 2019.</p>	N.A.

- 18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**
(continued)

Lam Pui Wan	61	Spouse of Mr Lee Wan Lik, Managing Director	Executive Director of the Company with effect from 12 May 2004. Director of Azeus Systems Limited, Hong Kong, a wholly-owned subsidiary of the Company, with effect from 15 January 1991. Director of Azeus Systems Manila (BVI) Ltd, a wholly-owned subsidiary of the Company, with effect from 12 May 2004. Director of Convene Malaysia Sdn. Bhd. (formerly Azeus Convene Malaysia Sdn. Bhd.), a wholly-owned subsidiary of the Company, with effect from 19 April 2016.	N.A.
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- 19. If no IPT mandate has been obtained, a statement to that effect.**

No IPT mandate obtained.

- 20. 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

27 May 2021