

**AZEUS SYSTEMS HOLDINGS LTD.**

**Unaudited Full Year Financial Statement and Dividend Announcement for the year ended 31 March 2015**

**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 2015

(Expressed in Hong Kong Dollars)

	<b>The Group</b>		
	<b>2015</b>	<b>2014</b>	<b>+ / ( - )</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>%</b>
Sales	<b>124,980</b>	169,995	(26)
Cost of sales	<b>(79,756)</b>	(114,833)	(31)
Gross profit	<b>45,224</b>	55,162	(18)
Other income	<b>227</b>	250	(9)
Other (losses) / gains - net	<b>(2,269)</b>	714	(418)
Selling and marketing expenses	<b>(6,505)</b>	(4,467)	46
Administrative and other operating expenses	<b>(29,680)</b>	(27,563)	8
Profit before tax	<b>6,997</b>	24,096	(71)
Income tax expense	<b>(3,307)</b>	(5,470)	(40)
Profit attributable to equity holders of the Company	<b>3,690</b>	18,626	(80)
Earnings per share (basic and diluted)	<b>1.23 cents</b>	6.21 cents	

**1(a)(ii) Statement of Comprehensive Income for the financial year ended 31 March 2015**  
(Expressed in Hong Kong Dollars)

	<b>The Group</b>		
	<b>2015</b>	<b>2014</b>	<b>+ / ( - )</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>%</b>
Profit attributable to equity holders of the Company	3,690	18,626	(80)
<b><u>Items that may be reclassified subsequently to profit or loss:</u></b>			
Currency translation differences arising from consolidation – gains	1,137	38	2,892
<b><u>Items that will not be reclassified subsequently to profit or loss:</u></b>			
Effect of change in accounting policy:			
Remeasurements of defined retirement benefits	-	1,650	(100)
Tax on remeasurements	-	(165)	(100)
Actuarial losses on defined retirement benefits	(2,650)	-	N/A
Tax on actuarial loss	265	-	N/A
	<u>(2,385)</u>	<u>1,485</u>	<u>(261)</u>
Other comprehensive (loss) / income, net of tax	(1,248)	1,523	(182)
Total comprehensive income attributable to equity holders of the Company	<u>2,442</u>	<u>20,149</u>	<u>(88)</u>

**1(a)(iii) Note to Income Statement for the financial year ended 31 March 2015**

(Expressed in Hong Kong Dollars)

<b>Expenses included in cost of sales, selling and marketing expenses and administrative and other operating expenses are analysed as follows:</b>			
	<b>2015</b>	<b>2014</b>	<b>+ / ( - )</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>%</b>
Depreciation of property, plant and equipment	(423)	(387)	9
Amortisation of intangible assets	(840)	-	N/A
Legal and professional fee	(2,301)	(2,078)	11
Rental expense – operating lease	(6,020)	(5,153)	17
Employee benefits (including directors remuneration)	(86,751)	(81,990)	6
Retirement benefit expense	(1,157)	(998)	16
Hardware and software	(961)	(32,448)	(97)
Repairs and maintenance	(8,072)	(6,871)	17
Other expenses	(9,416)	(16,938)	(44)
	=====	=====	
Total cost of sales, selling and marketing and administrative and other operating expenses	(115,941)	(146,863)	(21)
	=====	=====	

<b>Income tax</b>			
Current income tax	(3,414)	(5,530)	(38)
Deferred income tax	59	29	103
Over provision of tax in prior years	48	31	55
	=====	=====	
Income tax expenses	(3,307)	(5,470)	

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 2015**  
**(Expressed in Hong Kong Dollars)**

	<u>The Group</u>			<u>The Company</u>		
	31 March 2015	31 March 2014	+ / (-)	31 March 2015	31 March 2014	+ / (-)
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
<b>Current assets</b>						
Cash and cash equivalents	59,617	85,542	(30)	1,591	421	278
Pledged bank deposits	3,775	7,178	(47)	-	-	-
Trade and other receivables	21,220	12,512	70	57,339	74,455	(23)
Inventories	5,809	351	1,555	-	-	-
Unbilled revenue on service contracts	33,198	36,909	(10)	-	-	-
Other current assets	40	40	-	-	-	-
	=====	=====		=====	=====	
	123,659	142,532	(13)	58,930	74,876	(21)
	=====	=====		=====	=====	
<b>Non-current assets</b>						
Investment in subsidiaries	-	-	-	50,423	50,443	-
Property, plant and equipment	758	709	7	-	-	-
Intangible assets	5,204	-	N/A	-	-	-
Deferred tax assets	938	615	53	-	-	-
Refundable deposit	369	346	7	-	-	-
	=====	=====		=====	=====	
	7,269	1,670	335	50,423	50,443	-
	=====	=====		=====	=====	
<b>Total assets</b>	130,928	144,202	(9)	109,353	125,319	(13)
	=====	=====		=====	=====	

**Azeus Systems Holdings Ltd.**  
**Balance Sheet as at 31 March 2015**  
**(Expressed in Hong Kong Dollars)**  
**(Continued)**

	<u>The Group</u>			<u>The Company</u>		
	31 March 2015	31 March 2014	+ / (-)	31 March 2015	31 March 2014	+ / (-)
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
<b>Current liabilities</b>						
Trade and other payables	16,935	17,181	(1)	1,498	1,430	5
Current income tax liabilities	228	60	280	-	-	-
	=====	=====		=====	=====	
	17,163	17,241	(1)	1,498	1,430	5
	=====	=====		=====	=====	
<b>Non-current liability</b>						
Provision for defined retirement benefit	9,063	6,071	49	-	-	-
	=====	=====		=====	=====	
	9,063	6,071	49	-	-	-
	=====	=====		=====	=====	
<b>Total liabilities</b>	<b>26,226</b>	<b>23,312</b>	<b>13</b>	<b>1,498</b>	<b>1,430</b>	<b>5</b>
	=====	=====		=====	=====	
<b>Net assets</b>	<b>104,702</b>	<b>120,890</b>	<b>(13)</b>	<b>107,855</b>	<b>123,889</b>	<b>(13)</b>
	=====	=====		=====	=====	
<b>Total Equity:</b>						
Share capital	46,800	46,800	-	46,800	46,800	-
Share premium	56,489	56,489	-	56,726	56,726	-
Foreign currency translation reserve	1,251	114	997	-	-	-
Other reserves	1,328	1,328	-	-	-	-
Defined retirement benefits	(6,457)	(4,072)	59	-	-	-
Retained earnings	5,291	20,231	(74)	4,329	20,363	(79)
	=====	=====		=====	=====	
	104,702	120,890	(13)	107,855	123,889	(13)
	=====	=====		=====	=====	

**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 2015 and 31 March 2014.

**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 2015**

	<b>The Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Cash flows from operating activities</b>		
Profit attributable to equity holders of the Company	3,690	18,626
Adjustments for:		
Income tax expense	3,307	5,470
Depreciation of property, plant and equipment	423	387
Amortisation of intangible assets	840	-
Interest income	(155)	(141)
Provision for defined retirement benefit	1,157	998
Exchange differences	(30)	(547)
	—————	—————
<b>Operating cash flow before working capital change</b>	<b>9,232</b>	<b>24,793</b>
<b>Changes in working capital</b>		
Pledged bank deposits	3,460	(24)
Trade and other receivables	(8,620)	2,200
Unbilled revenue on service contracts	3,773	26,324
Refundable deposits	(23)	6
Inventories	(5,367)	29,068
Trade and other payables	(216)	(2,450)
	—————	—————
<b>Cash generated from operations</b>	<b>2,239</b>	<b>79,917</b>
Contributions to retirement fund	(813)	(672)
Income tax paid	(3,138)	(11,104)
	—————	—————
<b>Net cash (used in) / generated from operating activities</b>	<b>(1,712)</b>	<b>68,141</b>

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

**Consolidated Statement of Cash Flows for the financial year ended 31 March 2015 (continued)**

	<u>The Group</u>	
	2015	2014
	HK\$'000	HK\$'000
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(477)	(226)
Additions of intangible assets	(6,044)	-
Disposal of property, plant and equipment	6	-
Interest received	155	141
	=====	=====
<b>Net cash used in investing activities</b>	<b>(6,360)</b>	<b>(85)</b>
<b>Cash flows from financing activities</b>		
Dividends paid to shareholders	(18,630)	(31,140)
	=====	=====
<b>Cash used in financing activities</b>	<b>(18,630)</b>	<b>(31,140)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(26,702)</b>	<b>36,916</b>
Cash and cash equivalents at the beginning of the financial year	85,542	48,626
<b>Effects of currency translation on cash and cash equivalents</b>	<b>777</b>	<b>-</b>
	=====	=====
<b>Cash and cash equivalents at the end of the financial year</b>	<b>59,617</b>	<b>85,542</b>
	=====	=====

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

**Statement of Changes in Equity for the financial year ended 31 March 2015**

	Share Capital	Share Premium	Foreign Currency Translation Reserve	Other Reserves	Defined Retirement Benefits	Retained Profits	Total Equity
Group	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance as at 1 April 2014	46,800	56,489	114	1,328	(4,072)	20,231	120,890
Profit attributable to equity holders of the Company	-	-	-	-	-	3,690	3,690
Other comprehensive income / (loss)	-	-	1,137	-	(2,385)	-	(1,248)
<b>Total comprehensive income / (loss)</b>	-	-	1,137	-	(2,385)	3,690	2,442
FY2014 final dividends paid	-	-	-	-	-	(18,630)	(18,630)
<b>Balance as at 31 March 2015</b>	<b>46,800</b>	<b>56,489</b>	<b>1,251</b>	<b>1,328</b>	<b>(6,457)</b>	<b>5,291</b>	<b>104,702</b>
Balance as at 1 April 2013 as previously reported	46,800	56,489	156	1,328	-	32,715	137,488
Effect of change in accounting policy	-	-	(80)	-	(5,557)	30	(5,607)
Balance as at 1 April 2013, as restated	46,800	56,489	76	1,328	(5,557)	32,745	131,881
Profit attributable to equity holders of the Company	-	-	-	-	-	18,626	18,626
Other comprehensive income	-	-	38	-	1,485	-	1,523
<b>Total comprehensive income</b>	-	-	38	-	1,485	18,626	20,149
FY2013 final dividends paid	-	-	-	-	-	(31,140)	(31,140)
Balance as at 31 March 2014	46,800	56,489	114	1,328	(4,072)	20,231	120,890



**Statement of Changes in Equity for the financial year ended 31 March 2015 (continued)**

	Share Capital	Share Premium	Retained Profits	Total Equity
<b>Company</b>	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance as at 1 April 2014	46,800	56,726	20,363	123,889
Total comprehensive income for the year	-	-	2,596	2,596
FY2014 final dividends paid	-	-	(18,630)	(18,630)
	=====	=====	=====	=====
<b>Balance as at 31 March 2015</b>	<b>46,800</b>	<b>56,726</b>	<b>4,329</b>	<b>107,855</b>
	=====	=====	=====	=====
Balance as at 1 April 2013	46,800	56,726	29,534	133,060
Total comprehensive income for the year	-	-	21,969	21,969
FY2013 final dividends paid	-	-	(31,140)	(31,140)
	=====	=====	=====	=====
Balance as at 31 March 2014	46,800	56,726	20,363	123,889

**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 2015, share capital of the Company comprised 300,000,000 ordinary shares (FY2014: 300,000,000). There were no treasury shares held by the Company at 31 March 2015 and 2014.

**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.**

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 reporting period compared with those for the audited financial statements for the year ended 31 March 2014, except for the adoption of following accounting standards (including their consequential amendments) and interpretations applicable for financial period beginning 1 April 2014.

FRS 110 Consolidated Financial Statements  
FRS 111 Joint Arrangements  
FRS 112 Disclosure of Interest in Other Entities

The adoption of the above new/revised accounting standards and interpretations does not have any material impact on the financial statements of the Group and of the Company but will require more disclosures in the financial statements.

- 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.**

Except as disclosed under Note 4 above, the Group has applied the same accounting policies and methods of computation in the financial information for the current reporting financial period compared with the financial statements for the year ended 31 March 2014.

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.**

**Earnings per share for the year ended 31 March 2015**

	<u>The Group</u>	
	2015	2014
Net profit of the Group (HK\$'000)	3,690	18,626
Weighted average number of shares ('000)	300,000	300,000
- Basic earnings per share (HK cents)	1.23	6.21
- Fully diluted earnings per share (HK cents)	1.23	6.21

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 2015 and 31 March 2014.

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**

	<u>The Group</u>		<u>The Company</u>	
	31 March 2015	31 March 2014	31 March 2015	31 March 2014
	HK cents	HK cents	HK cents	HK cents
Net asset value per ordinary share based on the existing share capital as at the end of the financial year.	34.90	40.30	35.95	41.30

The number of ordinary shares outstanding for the computation of net asset value per ordinary share is 300,000,000 (2014: 300,000,000).

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

	2015	2014	+ / ( - )
	HK\$'000	HK\$'000	%
<b>Professional IT Services</b>			
IT Services, including sales of third party hardware and software	54,221	111,459	(51)
Maintenance and Support Services	54,510	44,608	22
Business Process Outsourcing (BPO)	8,661	12,901	(33)
	—————	—————	
<b>Total Professional IT Services Revenue</b>	<b>117,392</b>	168,968	(31)
<b>Azeus Product Sales</b>	<b>7,588</b>	1,027	639
	—————	—————	
<b>Total Revenue</b>	<b>124,980</b>	169,995	(26)

The Group derives its revenue from two operating segments – Professional IT Services and Azeus Product Sales. Professional IT Services includes three core business areas, IT services, maintenance and support services, and business process outsourcing (BPO).

Group revenue decreased by 26.5% to HK\$125.0 million for FY 2015 as compared to HK\$170.0 million in FY 2014.

IT services remained as the Group's major revenue contributor, accounting for 43.4% of total revenue for FY 2015 (FY 2014: 65.6%). The extent of revenue recognised in each financial period is dependent on the stage of completion of the milestones for the development and implementation of the projects in which contracts vary in size and scope. Revenue from IT services decreased by HK\$57.2 million or 51.4% as there were less contracts secured and implemented in FY 2015. In addition, there was a lower third party hardware and software sales of HK\$2.5 million in FY 2015 as compared with HK\$43.0 million in FY 2014.

Revenue from maintenance and support services increased by 22.2% to HK\$54.5 million in FY 2015 from HK\$44.6 million in FY 2014. This business segment accounted for 43.6% (FY 2014: 26.2%) of total revenue in FY 2015.

Revenue from BPO decreased by 32.9% to HK\$8.7 million in FY 2015 due to the contract ended on 30 Nov 2014 and was not renewed since then. This business segment accounted for 6.9% (FY 2014: 7.6%) of total revenue in FY 2015.

Azeus Product Sales accounts for 6.1% of the total revenue and has increased by 638.9%. The revenue is contributed by the sale of two proprietary products, “Azeus Convene” and “AzeusCare”. Sales increased was due to the latest contract win of GBP1.4 million (equivalent to approximately HK\$16.8 million) to supply, customise, implement and support our proprietary social care product – “AzeusCare” for ten years.

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

The Group’s cost of sales decreased by HK\$35.1 million or 30.5% to HK\$79.8 million in FY 2015. The major cost was the cost of the third party hardware and software which decreased by HK\$31.5 million or 97.0%. This is in tandem with lower revenue from sale of third party hardware and software sales in FY 2015.

Overall, the Group was able to achieve a gross profit margin at 36.2% in FY 2015 as compared to 32.4% at FY 2014.

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

	2015	2014	+ / (-)
	HK\$'000	HK\$'000	%
Other income comprised:			
Interest income	155	141	10
Sundry income	72	109	(34)
	=====	=====	
Subtotal	227	250	(9)
Other gains - net comprised:			
Net foreign exchange (loss) / gain	(2,269)	714	(418)
	=====	=====	
Subtotal	(2,269)	714	(418)

**d. Selling and marketing expenses**

Selling and marketing expenses increased by 45.6% or HK\$2.0 million to HK\$6.5 million in FY 2015 as compared to HK\$4.5 million in FY 2014 was due to more marketing

activities in FY 2015. Amounts were used to expand our global sales team, increase sales and marketing efforts for lead generation.

**e. Administrative and other operating expenses**

Administrative and other operating expenses increased by 7.7% or HK\$2.1 million in FY 2015 mainly due to increase in net exchange loss and rental expense.

**f. Net profit after taxation**

Overall, due to the lower IT Services revenue recognised in this financial year, the Group's net profit margin decreased from 11.0% in FY 2014 to 3.0% in FY 2015 with a net profit of HK\$3.7 million.

**Balance sheet**

**a. Unbilled revenue on service contracts**

The decrease in unbilled revenue on service contracts of HK\$3.7 million was due to the completion of majority of the projects on hand and milestones payment were reached near end of FY 2015.

**b. Trade and other receivables**

Balance increased from HK\$12.5 million to HK\$21.2 million by 69.6% as billings were issued near 31 March 2015. Majority amounts were all subsequently settled after year end.

**c. Inventories**

Inventories as at year end comprise of hardware and software products that were delivered but pending customers' acceptance. Inventory increased from HK\$0.4 million to HK\$5.8 million as more products were required under the specific contract terms.

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

Costs include payroll related costs of employees directly attributable to the development of two proprietary products (i.e. Azeus Convene and AzeusCare) are capitalised as intangible assets. The amount of intangible assets capitalised was HK\$6.0 million and amortisation expense of HK\$0.8 million was recognised in FY 2015.

**e. Share capital and reserves**

The Group's shareholders' equity for FY 2015 was lower than FY 2014 by HK\$16.2 million due to the profit generated from operations of HK\$3.7 million in FY 2015, offset by the payment of FY 2014 final dividend of HK\$18.6 million.

**Cash flow statement**

For the year ended 31 March 2015, the Group's net cash used in operations was HK\$1.7 million. The cash inflow from operations declined was due to the reduced profit. Cash used in financing activities was primarily for the payment of FY 2014 final dividend of HK\$18.6 million in September 2014. Overall, the Group is still able to maintain a healthy cash position of HK\$63.4 million in FY 2015, including HK\$3.8 million as pledged deposits.

**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 profit guidance for FY 2015 on 10 October 2014 and 14 November 2014, in which it stated that profits for FY 2015 were expected to be significantly lower than FY 2014. The financial results for the financial year ended 31 March 2015 were 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.**

The proceeding regarding the legal costs associated with the arbitration was settled in favor of the Group on 15 April 2015. A settlement was made between the Group and the customer with a payment of HK\$8.75 million received subsequently after financial year end. This amount will be recognised as income in next financial year.

IT Service business from Hong Kong public sector remains as the Group's major revenue contributor. The Group continues to deliver and maintain high value complex IT systems for existing customers. However, we do not expect a material growth of Hong Kong IT Services business in the near term.

With our enterprise software engineering skills, we have developed two proprietary products i.e. Azeus Convene and AzeusCare. Azeus Convene, our board meeting software, has achieved a worldwide customer base without much outbound sales and marketing. In addition, we have made further headway in the UK IT services market with the latest contract win of GBP1.4 million (equivalent to approximately HK\$16.8 million) for the provision of social care product – AzeusCare for ten years. While there is no guarantee of success, we believe that further investments in sales and marketing and product development will bring potentially future growth. Barring unforeseen circumstances, the Group is maintaining a cautious outlook for FY 2016.

**11. Dividend**

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

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

A first and final dividend of 1.23 HK cents per ordinary share will be recommended for this financial year ended 31 March 2015. The said dividend will be subject to shareholders' approval in the upcoming Annual General Meeting on 9 July 2015. It has not been included as a liability in these financial statements. It is proposed that the final dividend be paid after approval is obtained.

**(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 was recommended and approved in respect of financial year ended 31 March 2014 of 6.21 HK cents. The final dividend amounting to HK\$18.6 million was paid in September 2014.

**(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 to make strategic decisions. The chief operating decision makers consist of the Managing Director, the Executive Directors and the Senior Management.

Because of the significant increase in Azeus Product Sales and its selling and marketing expenses and assets, the chief operating decision makers considers the Group to have 2 operating segments which are the provision of Professional Information Technology Services (“Professional IT Services”) and sale of proprietary products (Azeus Product Sales”). There are 3 major revenue streams under Professional IT Services: “IT Services, including sales of third party hardware and software”, “Maintenance and Support Services” and “Business Process Outsourcing” as the services are similar in nature. The chief operating decision makers 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.**

Not applicable.

15. Segment Information (unaudited)

	Professional IT Services		Azeus Product Sales		Total	
	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sales to external customers	117,392	168,968	7,588	1,027	124,980	169,995
Segment results	38,883	53,756	(139)	(3,040)	38,744	50,716
Provision for impairment of trade receivables	(1,253)	(506)	-	-	(1,253)	(506)
Provision for doubtful debts on unbilled revenue on service contracts	(571)	-	-	-	(571)	-
<b>Unallocated income/ (expenses):</b>						
Other income					227	250
Other (losses) / gains - net					(2,269)	714
Depreciation of property, plant and equipment					(477)	(387)
Legal and professional fee					(2,301)	(2,078)
Rental expense – operating lease					(6,020)	(5,153)
Retirement benefit expense					(1,157)	(998)
Repair and maintenance					(118)	(93)
Fees on audit services					(1,439)	(1,339)
Administrative salaries					(5,221)	(6,672)
Insurance					(1,661)	(1,485)
Directors compensation					(1,421)	(1,430)
Others expense					(8,158)	(7,443)
					—————	—————
Profit before tax					6,997	24,096
Income tax expense	-	-	-	-	(3,307)	(5,470)
					—————	—————
Profit attributable to equity holders of the Company					3,690	18,626

## 15. Segment Information (unaudited) (continued)

	Professional IT Services		Azeus Products Sales		Total	
	2015	2014	2015	2014	2015	2014
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Assets and liabilities</b>						
Segment assets	<b>49,853</b>	40,743	<b>6,227</b>	8	<b>56,080</b>	40,751
Unallocated assets					<b>74,848</b>	103,451
Total assets					<b>130,928</b>	144,202
Segment liabilities	<b>6,730</b>	5,028	-	-	<b>6,730</b>	5,028
Unallocated liabilities					<b>19,496</b>	18,284
Total liabilities					<b>26,226</b>	23,312

Chief Operating Decision Makers monitor 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 trades receivable, unbilled revenue on service contracts, intangible assets and advances received from customers 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	
	2015	2014
	HK\$'000	HK\$'000
Hong Kong	<b>114,256</b>	164,261
U.K.	<b>9,116</b>	5,140
Others	<b>1,608</b>	594
<b>Total</b>	<b>124,980</b>	169,995

A total of HK\$114.2 million, 91.4% of total revenue (FY 2014: HK\$164.2 million, 96.6% of total revenue) from external customers is derived from the provision of IT services to the public sector of Hong Kong Government.

**15. Segment Information (unaudited) (continued)**

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

	<b>Non-current assets</b>	
	<b>FY 2015</b>	<b>FY 2014</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Hong Kong	261	430
U.K.	64	44
Philippines	1,740	1,196
Bermuda	5,204	-
<b>Total</b>	<b>7,269</b>	<b>1,670</b>

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

**16. A breakdown of sales**

	<b>The Group</b>		
	<b>2015</b>	<b>2014</b>	<b>+ / (-)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>%</b>
Sales reported for first half year	60,587	73,708	(18)
Net profit after tax for first half year	2,328	8,888	(74)
Sales reported for second half year	64,393	96,287	(33)
Net profit after tax for second half year	1,362	9,738	(86)

**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.**

	<b>The Group</b>		
	<b>2015</b>	<b>2014</b>	<b>+ / (-)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>%</b>
Ordinary (note 12)	3,690	18,630	(80)
Preference	-	-	-
<b>Total</b>	<b>3,690</b>	<b>18,630</b>	<b>(80)</b>

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 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	53	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 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>	N.A.
Lam Pui Wan	55	Spouse of Mr Lee Wan Lik, Managing Director	<p>Executive 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 Manila (BVI) Ltd, a wholly-owned subsidiary of the Company, with effect from 12 May 2004.</p>	N.A.

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

No IPT mandate obtained.

**BY ORDER OF THE BOARD**

**LEE WAN LIK**

**MANAGING DIRECTOR**

**27 May, 2015**