

**AZEUS SYSTEMS HOLDINGS LTD.**

**Unaudited Half Year Financial Statement and Dividend Announcement for  
the period ended 30 September 2018**

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

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

**Azeus Systems Holdings Ltd.**

**1(a)(i) Consolidated Income Statement for the first half year ended 30 September 2018**

**(Expressed in Hong Kong Dollars)**

	<b>The Group</b>		
	<b>1<sup>st</sup> Half FY2019</b>	<b>1<sup>st</sup> Half FY2018</b>	<b>+ / ( - )</b>
	<b>(Apr-Sep 2018)</b>	<b>(Apr-Sep 2017)</b>	
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>%</b>
Revenue	<b>63,071</b>	<b>41,211</b>	53
Cost of sales	<b>(36,173)</b>	<b>(32,489)</b>	11
	_____	_____	
Gross profit	<b>26,898</b>	<b>8,722</b>	208
Other income	<b>7</b>	<b>8</b>	(13)
Other (losses) / gains – net	<b>(2,988)</b>	<b>3,175</b>	(194)
Selling and marketing expenses	<b>(9,452)</b>	<b>(6,699)</b>	41
Administrative and other operating expenses	<b>(11,817)</b>	<b>(11,055)</b>	7
	_____	_____	
Profit / (loss) before tax	<b>2,648</b>	<b>(5,849)</b>	145
Income tax expense	<b>(567)</b>	<b>(11)</b>	5,055
	_____	_____	
Profit / (loss) attributable to equity holders of the Company	<b>2,081</b>	<b>(5,860)</b>	136
	_____	_____	
Earnings / (loss) per share (basic and diluted)	<b>6.94 cents</b>	<b>(19.53 cents)</b>	136
	_____	_____	

**1(a)(ii) Statement of Comprehensive Income for the first half year ended 30 September 2018**  
**(Expressed in Hong Kong Dollars)**

	<u>The Group</u>		
	1 <sup>st</sup> Half FY2019	1 <sup>st</sup> Half FY2018	+ / ( - )
	(Apr-Sep 2018)	(Apr-Sep 2017)	
	HK\$'000	HK\$'000	%
Profit / (loss) attributable to equity holders of the Company	2,081	(5,860)	136
<b><u>Other comprehensive income</u></b>			
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Currency translation differences arising from consolidation – gains/(losses)	1,997	(1,987)	201
<u>Items that will not be reclassified subsequently to profit or loss:</u>			
Actuarial (losses)/gains on defined retirement benefits – net of tax	(45)	108	(142)
Other comprehensive (loss)/income – net of tax	1,952	(1,879)	204
Total comprehensive profit/(losses) attributable to equity holders of the Company	4,033	(7,739)	152

**1(a)(iii) Note to Income Statement for the first half year ended 30 September 2018**

**(Expressed in Hong Kong Dollars)**

<b>Expenses included in cost of sales, selling and marketing expenses and administrative and other operating expense are analysed as follows.</b>			
	<b>The Group</b>		
	<b>1<sup>st</sup> Half FY2019</b>	<b>1<sup>st</sup> Half FY2018</b>	<b>+ / ( - )</b>
	<b>(Apr-Sep 2018)</b>	<b>(Apr-Sep 2017)</b>	
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>%</b>
Depreciation of property, plant and equipment	(306)	(212)	44
Legal and professional fee	(820)	(902)	(9)
Rental expenses – operating lease	(3,189)	(3,161)	1
Employee benefits expenses (include director remuneration)	(37,920)	(29,480)	29
Third party hardware and software	(194)	(275)	(29)
Amortisation of intangible assets	(2,139)	(5,060)	(58)
Repair and maintenance	(2,822)	(3,386)	(17)
Subcontractor fee	(159)	(777)	(80)
Sales consultants fee	(392)	(447)	(12)
Web services hosting	(2,056)	(1,003)	104
Sales commission	(997)	(47)	2,021
Insurance	(851)	(762)	12
Other expenses	(5,597)	(4,731)	18
	=====	=====	
<b>Total cost of sales, selling and marketing and administrative expenses</b>	<b>(57,442)</b>	<b>(50,243)</b>	<b>14</b>
	=====	=====	

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

**Azeus Systems Holdings Ltd.**  
**Balance Sheet as at 30 September 2018**  
**(Expressed in Hong Kong Dollars)**

	<u>The Group</u>			<u>The Company</u>		
	30 Sep 2018	31 Mar 2018	+ / ( - )	30 Sep 2018	31 Mar 2018	+ / ( - )
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
<b>Current assets</b>						
Cash and cash equivalents	48,657	58,619	(17)	1,248	3,054	(59)
Pledged bank deposits	1,506	1,504	-	-	-	-
Trade and other receivables	27,821	21,607	29	43,946	46,593	(6)
Inventories	9,170	5,285	74	-	-	-
Contract assets	20,389	12,769	60	-	-	-
Current income tax assets	1,583	1,566	1	-	-	-
	=====	=====		=====	=====	
	109,126	101,350	8	45,194	49,647	(9)
<b>Non-current assets</b>						
Investment in subsidiaries	-	-	-	50,467	50,467	-
Property, plant and equipment	1,064	952	12	-	-	-
Intangible assets	12,664	14,803	(14)	-	-	-
Deferred tax assets	212	219	(3)	-	-	-
Refundable deposit	1,387	1,382	-	-	-	-
	=====	=====		=====	=====	
	15,327	17,356	(12)	50,467	50,467	-
	=====	=====		=====	=====	
<b>Total assets</b>	124,453	118,706	5	95,661	100,114	(4)
	=====	=====		=====	=====	

**Azeus Systems Holdings Ltd.**  
**Balance Sheet as at 30 September 2018**  
**(Expressed in Hong Kong Dollars)**  
**(Continued)**

	<u>The Group</u>			<u>The Company</u>		
	30 Sep 2018	31 Mar 2018	+ / ( - )	30 Sep 2018	31 Mar 2018	+ / ( - )
	HK\$'000	HK\$'000	%	HK\$'000	HK\$'000	%
<b>Current liabilities</b>						
Trade and other payables	4,026	10,288	(61)	122	1,457	(92)
Contract liabilities	25,870	16,227	59	-	-	-
Current income tax liabilities	965	955	1	-	-	-
	_____	_____		_____	_____	
	30,861	27,470	12	122	1,457	(92)
<b>Non-current liabilities</b>						
Contract liabilities	1,305	952	37	-	-	-
Provision for defined retirement benefits	2,021	2,099	(4)	-	-	-
Other liabilities	-	92	(100)	-	-	-
	_____	_____		_____	_____	
	3,326	3,143	6	-	-	-
	_____	_____		_____	_____	
<b>Total liabilities</b>	34,187	30,613	12	122	1,457	(92)
	_____	_____		_____	_____	
<b>Net assets</b>	90,266	88,093	2	95,539	98,657	(3)
	_____	_____		_____	_____	
<b>REPRESENTED BY:</b>						
Share capital	46,800	46,800	-	46,800	46,800	-
Share premium	56,489	56,489	-	56,726	56,726	-
Foreign currency translation reserve	3,523	1,524	131	-	-	-
Other reserves	1,348	1,350	-	-	-	-
Defined retirement benefits	44	89	(51)	-	-	-
Accumulated losses	(17,938)	(18,159)	(1)	(7,987)	(4,869)	64
	_____	_____		_____	_____	
	90,266	88,093	2	95,539	98,657	(3)
	_____	_____		_____	_____	

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

The Group has no bank borrowings or debt securities as at 30 September 2018 and 31 March 2018.

- 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 first half year ended 30 September 2018**

	<b>The Group</b>	
	<b>1<sup>st</sup> Half FY2019</b>	<b>1<sup>st</sup> Half FY2018</b>
	<b>(Apr-Sep 2018)</b>	<b>(Apr-Sep 2017)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Cash flows from operating activities</b>		
Profit / (loss) attributable to equity holders of the Company	<b>2,081</b>	(5,860)
Adjustments for:		
Income tax expense	<b>567</b>	11
Depreciation of property, plant and equipment	<b>306</b>	212
Amortisation of intangible assets	<b>2,139</b>	5,060
Interest income	<b>(7)</b>	(8)
	—————	—————
	<b>5,086</b>	(585)
<b>Change in working capital:</b>		
Pledged bank deposit	<b>(2)</b>	1,680
Trade and other receivables	<b>(6,093)</b>	6,552
Contract assets	<b>(7,472)</b>	(5,129)
Refundable deposits	<b>(5)</b>	9
Inventories	<b>(3,885)</b>	109
Trade and other payables	<b>(6,232)</b>	(3,204)
Contract liabilities	<b>9,996</b>	3,693
	—————	—————
<b>Cash (used in)/ generated from operations</b>	<b>(8,607)</b>	3,125
Income tax paid	<b>(557)</b>	(74)
	—————	—————
<b>Net cash (used in)/ provided by operating activities</b>	<b>(9,164)</b>	3,051
	—————	—————

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

	<b>The Group</b>	
	<b>1<sup>st</sup> Half FY2019</b>	<b>1<sup>st</sup> Half FY2018</b>
	<b>(Apr-Sep 2018)</b>	<b>(Apr-Sep 2017)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(230)	(179)
Additions of intangible assets	-	(5,265)
Interest received	7	8
	—————	—————
<b>Net cash used in investing activities</b>	<b>(223)</b>	<b>(5,436)</b>
<b>Cash flows from financing activities</b>		
Dividends paid to shareholders	(1,860)	-
	—————	—————
<b>Cash used in financing activities</b>	<b>(1,860)</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(11,247)</b>	<b>(2,385)</b>
Cash and cash equivalents at the beginning of the financial period	58,619	38,856
Effects of currency translation on cash and cash equivalents	1,285	(788)
	—————	—————
<b>Cash and cash equivalents at the end of the financial period</b>	<b>48,657</b>	<b>35,683</b>
	—————	—————

**Non cash item:**

The increase in intangible assets is the capitalization of direct expenditure including employee costs.

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

**Statement of Changes in Equity for the half year ended 30 September 2018**

	Share Capital	Share Premium	Foreign Currency Translation Reserve	Other Reserves	Defined Retirement Benefits	(Accumulated Losses) / Retained Profits	Total
<u>Group</u>	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance as at 1 April 2018	46,800	56,489	1,524	1,350	89	(18,159)	88,093
Profit attributable to equity holders of the Company	-	-	-	-	-	2,081	2,081
Other comprehensive income/(loss)	-	-	1,997	-	(45)	-	1,952
Transfer from foreign currency translation reserve to other reserves	-	-	2	(2)	-	-	-
	=====	=====	=====	=====	=====	=====	=====
Total comprehensive income/(loss) for the period	-	-	1,999	(2)	(45)	2,081	4,033
FY2018 final dividends	-	-	-	-	-	(1,860)	(1,860)
Transfer from retained profits to other reserves	-	-	-	-	-	-	-
	=====	=====	=====	=====	=====	=====	=====
Balance as at 30 September 2018	46,800	56,489	3,523	1,348	44	(17,938)	90,266
	=====	=====	=====	=====	=====	=====	=====
Balance as at 1 April 2017	46,800	56,489	4,971	1,330	(7,788)	(20,004)	81,798
Loss attributable to equity holders of the Company	-	-	-	-	-	(5,860)	(5,860)
Other comprehensive income/(loss)	-	-	(1,987)	-	108	-	(1,879)
	=====	=====	=====	=====	=====	=====	=====
Total comprehensive income/(loss) for the period	-	-	(1,987)	-	108	(5,860)	(7,739)
Transfer from retained profits to other reserves	-	-	-	6	-	(6)	-
	=====	=====	=====	=====	=====	=====	=====
Balance as at 30 September 2017	46,800	56,489	2,984	1,336	(7,680)	(25,870)	74,059
	=====	=====	=====	=====	=====	=====	=====



	Share Capital	Share Premium	(Accumulated Loss) / Retained Profits	Total
<u>Company</u>	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance as at 1 April 2018	46,800	56,726	(4,869)	98,657
Total comprehensive loss for the period	-	-	(1,258)	(1,258)
FY2018 final dividends	-	-	(1,860)	(1,860)
	=====	=====	=====	=====
Balance as at 30 September 2018	46,800	56,726	(7,987)	95,539
	=====	=====	=====	=====
Balance as at 1 April 2017	46,800	56,726	(1,403)	102,123
Total comprehensive loss for the period	-	-	(1,144)	(1,144)
	=====	=====	=====	=====
Balance as at 30 September 2017	46,800	56,726	(2,547)	100,979
	=====	=====	=====	=====

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

Not applicable.

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

As at 30 September 2018, share capital of the Company comprised 29,999,993 ordinary shares (FY2018: 29,999,993). There were no treasury shares held by the Company at 30 September 2018 and 2017.

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

Not applicable.

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

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

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

Not applicable.

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

Except for the adoption of the new financial reporting framework as discussed in the paragraph below, the Company and the Group have applied the same accounting policies and methods of computation in the preparation of the financial statements for the current period, compared to the Company's and the Group's most recently audited financial statements for the year ended 31 March 2018.

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

On 1 April 2018, the Company and the Group adopted the new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)s) and have prepared their financial information under SFRS(I)s for the first half of the year ended 30 September 2018. In adopting SFRS(I)s, the Company and the Group are required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International). The Company's and the Group's opening balance sheets under SFRS(I)s have been prepared as at 1 April 2018, which is the Company's and the Group's date of transition to SFRS(I)s. The Company and the Group has also concurrently applied new major accounting standard (1) SFRS(I) 9 Financial Instrument and (2) SFRS(I) 15 Revenue from Contracts with customers.

The adoption of the new financial reporting framework has no material impact to the Company's and the Groups's accounting policies and financial statements.

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

	<u>The Group</u>	
	1 <sup>st</sup> Half FY2019	1 <sup>st</sup> Half FY2018
Profit / (Loss) attributable to equity holders of the Company (HK\$'000)	2,081	(5,860)
Weighted average number of shares	29,999,993	29,999,993
- Basic earnings / (loss) per share (HK cents)	6.94	(19.53)
- Fully diluted earnings / (loss) per share (HK cents)	6.94	(19.53)

Fully diluted earnings / (loss) per share is similar to the basic earnings/(loss) per share as the Group did not have any potential dilutive ordinary shares outstanding as at 30 September 2018 and 30 September 2017.

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

	<u>The Group</u>		<u>The Company</u>	
	30 Sep 2018	31 Mar 2018	30 Sep 2018	31 Mar 2018
	HK\$	HK\$	HK\$	HK\$
Net asset value per ordinary share based on the existing share capital as at the end of the respective period	3.01	2.94	3.18	3.29

The number of ordinary shares outstanding for the computation of net asset value per ordinary share is 29,999,993 (FY2018: 29,999,993).

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

**Income statement**

**a. Revenue**

	1 <sup>st</sup> Half FY2019	1 <sup>st</sup> Half FY2018	+ / (-)
	(Apr-Sep 18)	(Apr-Sep 17)	
<b>Professional IT Services</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>%</b>
IT Services, including sale of third-party hardware and software	19,453	10,138	92
Maintenance and Support Services	22,454	23,043	(3)
	—————	—————	
<b>Total Professional IT Services Revenue</b>	<b>41,907</b>	33,181	26
<b>Azeus Products</b>	<b>21,164</b>	8,030	164
	—————	—————	
Total Revenue	<b>63,071</b>	41,211	53

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

Group revenue increased by 53.0% to HK\$63.1 million in 1H FY2019, as compared to HK\$41.2 million in the last corresponding period.

IT services accounted for 30.8% (1H FY2018: 24.6%) of total revenue in 1H FY2019. The fees from IT services were higher in 1H FY2019 due to more contracts implemented in 1H FY2019.

Revenue from maintenance and support services decreased by 2.6% to HK\$22.5 million in 1H FY2019. This business segment accounted for 35.6% (1H FY2018: 55.9%) of total revenue in 1H FY2019. Less revenue was earned in 1H FY2019 due to decrease in number of maintenance and support services contracts from 37 to 29 contracts. A few contracts have reached the end of the support service period.

Azeus Products accounted for 33.6% (1H FY2018 19.5%) of the total Group revenue. Revenue from Azeus Products increased by 163.6% to HK\$21.2 million in 1H FY2019. The revenue is contributed by the sale of two proprietary products and its professional services, “Azeus Convene” and “AzeusCare” and associated professional services. We developed and commercialized both Azeus Products.

Azeus Products subscription revenues are recognised ratably over the contract terms from the commencement date of each contract, which is the date the Company’s service is made available to customers, while professional services are recognised by using the stage of completion method.

**b. Cost of Sales and Gross Profit Margin**

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

The Group’s cost of sales in 1H FY2019 increased by HK\$3.7 million, from HK\$32.5 million to HK\$36.2 million mainly due to decrease in capitalization of development costs of HK\$5.3 million.

Overall, the Group achieved a better gross profit margin of 42.6% in 1H FY2019 as compared to 21.2% at 1H FY2018, an increase by 21 percentage points.

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

	1 <sup>st</sup> Half FY2019	1 <sup>st</sup> Half FY2018	+ / (-)
	(Apr-Sep 18)	(Apr-Sep 17)	
	HK\$'000	HK\$'000	%
Other income comprised:			
Interest income	7	8	(13)
	_____	_____	
Subtotal	7	8	(13)
Other (losses)/gains - net comprised:			
Net foreign exchange (losses)/gains	(2,988)	3,175	(194)
	_____	_____	
Subtotal	(2,988)	3,175	(194)

Net foreign exchange difference in 1H FY2019 arose from the translation of net monetary assets denominated in foreign currencies especially in Great Britain Pound “GBP” at the closing rate at the balance sheet date. As at 30 September 2018, GBP weakened against HKD by 7.3% resulted in a net foreign exchange loss in 1H FY2019.

**d. Selling and marketing expenses**

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

Selling and marketing expenses increased by 41.8% or HK\$2.8 million in 1H FY2019 from HK\$6.7 million to HK\$9.5 million due to the increase in sales representative personnel cost of HK\$2.5 million. The Group continues to invest in expanding our global sales team to focus on adding new customers.

**e. Administrative and other operating expenses**

Administrative and other operating expenses includes legal and professional fee, Directors’ fee, rent and rates and other operating expense. Amount has increased by 6.9% or HK\$0.8 million in 1H FY2019.

**f. Net profit /loss after taxation**

The Group reported a turnaround with a net profit of HK\$2.1 million in 1H FY2019, compared to a net loss of HK\$5.9 million in 1H FY2018.

## **Balance Sheet**

### **a. Contract assets**

Contract assets relate to unbilled revenue on service contract. The customer pays a fixed amount based on a payment schedule. If the services rendered by the Group exceed payment, a contract asset is recognised. Contract assets increased by HK\$7.6 million due to more projects secured and implemented, but have not reached payment milestones.

### **b. Trade and other receivables**

Trade and other receivables increased by 33.3% from HK\$21.6 million to HK\$28.8 million, due to more billings issued nearing the end of 1H FY2019. All net trade receivables as at 30 September 2018 are considered recoverable.

### **c. Inventory**

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

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

Payroll related costs of employees who are directly attributable to the development of new features, upgrades and enhancements of Azeus Products are capitalised as intangible assets. Net carrying value at 30 September 2018 was HK\$12.6 million, a decrease from HK\$14.8 million mainly due to amortisation of HK\$2.1 million during 1H FY 2019

### **e. Contract liabilities**

Contract liabilities primarily consists of billings or payments received in advance of revenue recognition from subscription services and are recognised as the revenue recognition criteria are met. The Company generally invoices customers in annual installments. Contract liabilities that will be recognised during the succeeding twelve months period is recorded as current contract liability, while more than 12 months is recorded as non-current. Total contract liabilities has increased to HK\$27.2 million from HK\$17.2 million due to more collections from subscription agreements being entered into near the period-end. This in line with the strong growth of Azeus Product revenue in 1H FY 2019.

### **f. Share capital and reserves**

The Group's shareholders' equity increased from HK\$88.1 million at the beginning of the year to HK\$90.3 million as at 30 September 2018. This is mainly due to the net profit of HK\$2.1 million generated from operations in 1H FY2019.

### **Cash flow Statement**

For the six months ended 30 September 2018, the Group's net cash used in operating activities was HK\$9.2 million. Cash used in financing activities was primarily for the payment of FY 2018 final dividend of HK\$1.9 million.

Overall, the Group managed to maintain a healthy cash position of HK\$48.7 million as at 30 September 2018. The Group has no debts and bank borrowings.

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

There has been no significant variance in the results of the Group in the first half of FY2019 as compared to the prospect statement disclosed in the announcement of results for the full year ended 31 March 2018.

**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's "Professional IT Services" business remains sound. The recent wins from the Hong Kong and the United Kingdom governments reaffirm the Group's ability continuously in meeting customers' expectations and needs. The Group expects to see progressive recognition of revenues from the recent wins following their implementation in FY2019 and FY2020.

In addition, Azeus Products business continues to grow from strength to strength. Azeus Products' revenue has more than doubled from 1H FY2018, and is now positioned to be the engine of growth for the Group.

Barring any unforeseen circumstances, the Group expects to achieve a better set of results for the financial year ending 31 March 2019 ("FY2019").



**11. Dividend**

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

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

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

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

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

No interim dividend was declared/recommended during the period ended 30 September 2017.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

No interim dividend has been declared/recommended during the period.

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

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

Not applicable for half year results.

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

Not applicable for half year results.

- 15. A breakdown of sales.**

Not applicable for half year results.

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

Not applicable for half year results.

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

No IPT mandate obtained.

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

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

**BY ORDER OF THE BOARD**

**LEE WAN LIK**  
**MANAGING DIRECTOR**  
**14 November 2018**

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

We, Lee Wan Lik and Lam Pui Wan, being the two directors of Azeus Systems Holdings Ltd. do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to attention of the board of directors of the Company which may render the financial results for the period ended 30 September 2018 to be false or misleading.

On behalf of the Board of Directors

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LEE Wan Lik  
Executive Director

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LAM Pui Wan  
Executive Director