

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SECOND HALF AND THE FULL YEAR ENDED 31 MARCH 2022**

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

**A. Consolidated Income Statement for the second half (six months) and full year ended 31 March 2022**  
(Expressed in Hong Kong Dollars)

	Note	<u>Group</u>					
		2H FY2022 HK\$'000	2H FY2021 HK\$'000	+ / (-) %	FY2022 HK\$'000	FY2021 HK\$'000	+ / (-) %
Revenue	4	122,223	98,628	24	217,658	178,065	22
Cost of revenue	5(a)	(28,841)	(27,295)	6	(60,054)	(55,270)	9
<b>Gross profit</b>		<b>93,382</b>	71,333	31	<b>157,604</b>	122,795	28
Other income	6	194	267	(27)	326	1,006	(68)
Other gains/(losses) – net	6	138	4,310	(97)	(765)	6,480	(112)
Impairment losses of financial assets	7	(4,093)	33	(12,503)	(4,565)	(499)	815
Expenses							
- Research and development expenses	5(a)	(13,787)	(22,528)	(39)	(27,589)	(36,783)	(25)
- Selling and marketing expenses	5(a)	(22,202)	(18,246)	22	(40,062)	(31,855)	26
- Administrative expenses	5(a)	(22,236)	(16,932)	31	(35,564)	(31,177)	14
- Finance cost – lease interest	11(d)	(142)	(272)	(48)	(370)	(648)	(43)
<b>Profit before income tax</b>		<b>31,254</b>	17,965	74	<b>49,015</b>	29,319	67
Income tax expense	5(b)	(299)	(5,256)	(94)	(565)	(5,660)	(90)
<b>Profit attributable to equity holders of the Company</b>		<b>30,955</b>	12,709	144	<b>48,450</b>	23,659	105

**AZEUS SYSTEMS HOLDINGS LTD.**  
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**B. Consolidated Statement of Comprehensive Income**  
**for second half (six months) and full year ended 31 March 2022**  
**(Expressed in Hong Kong Dollars)**

	2H FY2022 HK\$'000	2H FY2021 HK\$'000	Group		FY2021 HK\$'000	+ / ( - ) %
			+ / ( - ) %	FY2022 HK\$'000		
<b>Profit for the year</b>	<b>30,955</b>	12,709	144	<b>48,450</b>	23,659	105
<b>Other comprehensive income</b>						
<u>Items that may be reclassified subsequently to profit or loss:</u>						
Currency translation gains/(losses) arising from consolidation	<b>638</b>	(1,041)	161	<b>(1,229)</b>	302	(507)
<u>Items that will not be reclassified subsequently to profit or loss:</u>						
Actuarial gains on defined retirement benefits – net of tax	<b>(158)</b>	565	(128)	<b>102</b>	508	(80)
<b>Other comprehensive income/(losses), net of tax</b>	<b>480</b>	(476)	201	<b>(1,127)</b>	810	(239)
<b>Total comprehensive income attributable to equity holders of the Company</b>	<b>31,435</b>	12,233	257	<b>47,323</b>	24,469	100

Note: n/m = not meaningful

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**C. Consolidated Statements of Financial Position as at 31 March 2022**  
(Expressed in Hong Kong Dollars)

	Note	<u>Group</u>		<u>Company</u>	
		31 Mar 2022 HK\$'000	31 Mar 2021 HK\$'000	31 Mar 2022 HK\$'000	31 Mar 2021 HK\$'000
<b>Current assets</b>					
Cash and bank deposits		201,296	158,284	526	722
Trade and other receivables		36,116	40,740	107,765	63,559
Contract assets		11,010	6,766	-	-
Current income tax assets		336	978	-	-
		<b>248,758</b>	206,768	<b>108,291</b>	64,281
<b>Non-current assets</b>					
Investment in subsidiaries		-	-	52,991	52,991
Property, plant and equipment	10	898	1,126	-	-
Right-of-use assets	11(a)	3,623	8,602	-	-
Intangible assets	12	647	2,861	-	-
Deferred income tax assets	13	1,517	1,113	-	-
Refundable deposit		4,094	1,601	-	-
		<b>10,779</b>	15,303	<b>52,991</b>	52,991
<b>Total assets</b>		<b>259,537</b>	222,071	<b>161,282</b>	117,272

**AZEUS SYSTEMS HOLDINGS LTD.**  
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**C. Consolidated Statements of Financial Position as at 31 March 2022 (Continued)**  
(Expressed in Hong Kong Dollars)

	Note	<u>Group</u>		<u>Company</u>	
		31 Mar 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Current liabilities</b>					
Trade and other payables		19,910	18,085	3,048	1,316
Contract liabilities		67,892	62,589	-	-
Lease liabilities	11(c)	3,509	5,710	-	-
Current income tax liabilities		1,338	626	-	-
		<b>92,649</b>	87,010	<b>3,048</b>	1,316
<b>Non-current liabilities</b>					
Contract liabilities		1,066	1,914	-	-
Lease liabilities	11(c)	493	3,514	-	-
Provision for defined retirement benefit		10,642	10,569	-	-
		<b>12,201</b>	15,997	-	-
<b>Total liabilities</b>		<b>104,850</b>	103,007	<b>3,048</b>	1,316
<b>Net assets</b>		<b>154,687</b>	119,064	<b>158,234</b>	115,956
<b>Equity</b>					
Share capital	14	46,800	46,800	46,800	46,800
Share premium		56,489	56,489	56,726	56,726
Foreign currency translation reserve		3,039	4,289	-	-
Other reserves		1,750	1,589	-	-
Defined retirement benefits		(6,105)	(6,207)	-	-
Retained profits		52,714	16,104	54,708	12,430
<b>Total Equity</b>		<b>154,687</b>	119,064	<b>158,234</b>	115,956

**AZEUS SYSTEMS HOLDINGS LTD.**  
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**D. Consolidated Statement of Changes in Equity**  
**for the full year ended 31 March 2022**  
**(Expressed in Hong Kong Dollars)**

<u>Group</u>	Share Capital HK\$'000	Share Premium HK\$'000	Foreign Currency Translation Reserve HK\$'000	Other Reserves HK\$'000	Defined Retirement Benefits HK\$'000	Retained Profits HK\$'000	Total Equity HK\$'000
<b>Balance as at 1 April 2021</b>	<b>46,800</b>	<b>56,489</b>	<b>4,289</b>	<b>1,589</b>	<b>(6,207)</b>	<b>16,104</b>	<b>119,064</b>
<b>Profit for the year</b>	-	-	-	-	-	<b>48,450</b>	<b>48,450</b>
<b>Other comprehensive (loss) / income</b>	-	-	<b>(1,250)</b>	<b>21</b>	<b>102</b>	-	<b>(1,127)</b>
<b>Total comprehensive (loss) / income</b>	-	-	<b>(1,250)</b>	<b>21</b>	<b>102</b>	<b>48,450</b>	<b>47,323</b>
<b>Transfer from retained profits to other reserves</b>	-	-	-	<b>140</b>	-	<b>(140)</b>	-
<b>FY2021 final dividends paid</b>	-	-	-	-	-	<b>(11,700)</b>	<b>(11,700)</b>
<b>Balance as at 31 March 2022</b>	<b>46,800</b>	<b>56,489</b>	<b>3,039</b>	<b>1,750</b>	<b>(6,105)</b>	<b>52,714</b>	<b>154,687</b>
<b>Balance as at 1 April 2020</b>	<b>46,800</b>	<b>56,489</b>	<b>3,987</b>	<b>1,383</b>	<b>(6,715)</b>	<b>(1,049)</b>	<b>100,895</b>
<b>Profit for the year</b>	-	-	-	-	-	<b>23,659</b>	<b>23,659</b>
<b>Other comprehensive income</b>	-	-	<b>302</b>	-	<b>508</b>	-	<b>810</b>
<b>Total comprehensive income</b>	-	-	<b>302</b>	-	<b>508</b>	<b>23,659</b>	<b>24,469</b>
<b>Transfer from retained profits to other reserves</b>	-	-	-	<b>206</b>	-	<b>(206)</b>	-
<b>FY2020 final dividends paid</b>	-	-	-	-	-	<b>(6,300)</b>	<b>(6,300)</b>
<b>Balance as at 31 March 2021</b>	<b>46,800</b>	<b>56,489</b>	<b>4,289</b>	<b>1,589</b>	<b>(6,207)</b>	<b>16,104</b>	<b>119,064</b>

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**D. Consolidated Statement of Changes in Equity (Continued)**  
**for the full year ended 31 March 2022**  
**(Expressed in Hong Kong Dollars)**

<u>Company</u>	Share Capital HK\$'000	Share Premium HK\$'000	Retained Profits HK\$'000	Total Equity HK\$'000
<b>Balance as at 1 April 2021</b>	<b>46,800</b>	<b>56,726</b>	<b>12,430</b>	<b>115,956</b>
<b>Total comprehensive income for the year</b>	-	-	<b>53,978</b>	<b>53,978</b>
<b>FY2021 final dividends paid</b>	-	-	<b>(11,700)</b>	<b>(11,700)</b>
<b>Balance as at 31 March 2022</b>	<b>46,800</b>	<b>56,726</b>	<b>54,708</b>	<b>158,234</b>
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

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**E. Consolidated Statement of Cash Flow for the full year ended 31 March 2022**  
(Expressed in Hong Kong Dollars)

Cash flows from operating activities	Note	Group	
		FY2022 HK\$'000	FY2021 HK\$'000
Profit after tax		48,450	23,659
Adjustments for:			
Income tax expense	5(b)	565	5,660
Depreciation of property, plant and equipment	10	828	489
Depreciation of right-of-use assets	11(b)	4,959	5,103
Amortisation of intangible assets	12	2,214	3,483
Interest income	6	(24)	(15)
Interest expense on lease liabilities	11(d)	370	648
Retirement benefit expense		2,008	1,949
<b>Operating cash flows before changes in working capital</b>		<b>59,370</b>	<b>40,976</b>
<b>Changes in working capital</b>			
Trade and other receivables		1,983	(7,444)
Contract assets		(6,668)	7,159
Refundable deposits		(1,070)	(56)
Trade and other payables		1,842	6,045
Provision for defined retirement benefits		(1,470)	(1,447)
Contract liabilities		4,455	36,070
<b>Cash generated from operations</b>		<b>58,442</b>	<b>81,303</b>
Income tax paid		(395)	(3,720)
<b>Net cash provided by operating activities</b>		<b>58,047</b>	<b>77,583</b>



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**E. Consolidated Statement of Cash Flow for the full year ended 31 March 2022**  
(Continued)  
(Expressed in Hong Kong Dollars)

		<u>Group</u>	
	Note	FY2022 HK\$'000	FY2021 HK\$'000
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment	10	(630)	(397)
Disposal of property, plant and equipment		22	-
Interest received	6	24	15
<b>Net cash used in investing activities</b>		<u>(584)</u>	<u>(382)</u>
<b>Cash flows from financing activities</b>			
Increase in restricted cash		(622)	(5)
Dividends paid to equity holders of the Company		(11,700)	(6,300)
Principal payment of lease liabilities		(5,222)	(4,922)
Payment of interest on lease liabilities	11(d)	(370)	(648)
<b>Net cash used in financing activities</b>		<u>(17,914)</u>	<u>(11,875)</u>
<b>Net increase in cash and cash equivalents</b>		<b>39,549</b>	65,326
Cash and cash equivalents, statement of cash flows, beginning balance		<b>156,266</b>	100,019
<b>Effects of currency translation on cash and cash equivalents</b>		<b>2,841</b>	(9,079)
<b>Cash and cash equivalents, Statement of Cash flows ending balance (Note A)</b>		<u><b>198,656</b></u>	<u>156,266</u>
<b>Note A:</b>			
Cash and bank deposits		<b>201,296</b>	158,284
Less: Restricted cash		<u>(2,640)</u>	<u>(2,018)</u>
<b>Cash and cash equivalents as disclosed in consolidated statement of cash flows</b>		<u><b>198,656</b></u>	<u>156,266</u>

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**F. Notes to the Consolidated Financial Statements**

**1. Corporate Information**

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

These consolidated financial statements as at and for the year ended 31 March 2022 comprise the Company and its subsidiaries (collectively, the “Group”).

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

**2. Basis of preparation**

The 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 2021. 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.

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

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

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

The financial information contained in this announcement has neither been audited nor reviewed by the Company's auditors.

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

**Accounting convention**

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

**2.1 New and amended standards adopted by the Group**

Other than the adoption of the new and amended standards from prior reporting year, there were no changes in accounting policies and methods of computation adopted in the consolidated financial statements as compared to the most recently audited annual consolidated financial statements for the year ended 31 March 2021, which were in accordance with SFRS(I)s.

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

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

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

There is a number of amendments to accounting standards that become applicable for annual reporting years commencing on or after 1 January 2021 and entities will need to consider whether any of these amendments could affect their existing accounting policies for their 2021 reports:

- (a) *Covid-19-related Rent Concessions – Amendments to IFRS 16*
- (b) *Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.*

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

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

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

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the audited annual consolidated financial statements as at and for the year ended 31 March 2022.

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

**3. Seasonal operations**

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

**4. Segment and revenue information**

The Group has 2 operating segments which are the provision of professional IT Services ("IT Services") and the sale and licensing of its proprietary products ("Azeus Products"). There are 3 major revenue streams under IT Services: Systems implementation and enhancement, sales of hardware and software, and maintenance and support services.

The segment information of the reportable segments are as follows:

	<b>IT Services</b>		<b>Azeus Products</b>		<b>Total</b>	
	<b>2H FY2022</b>	<b>2H FY2021</b>	<b>2H FY2022</b>	<b>2H FY2021</b>	<b>2H FY2022</b>	<b>2H FY2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>For the year ended 31 March</b>						
Segment revenue	<b>48,526</b>	37,262	<b>73,697</b>	61,366	<b>122,223</b>	98,628
Segment results	<b>24,582</b>	18,050	<b>32,934</b>	14,736	<b>57,516</b>	32,786
Amortisation of Intangible assets	-	-	<b>(915)</b>	(1,355)	<b>(915)</b>	(1,355)
<b>Unallocated income/(expenses)</b>						
Other income and interest income					<b>194</b>	267
Administrative salaries					<b>(6,726)</b>	(3,284)
Technical services and supplies					<b>(633)</b>	(872)
VAT written-off					<b>(3,885)</b>	
Other (losses)/gains - net					<b>138</b>	4,310
Depreciation of property, plant and equipment					<b>(372)</b>	(236)
Depreciation of right-of-use asset					<b>(2,491)</b>	(2,565)
Defined retirement benefit expense					<b>(2,008)</b>	(1,949)
Directors' compensation					<b>(3,577)</b>	(1,281)
Rental expense on operating lease					<b>(975)</b>	(855)
Legal and professional fees					<b>(1,469)</b>	(1,986)
Insurance					<b>(857)</b>	(650)
Fees on audit services					<b>(1,669)</b>	(1,397)
Other expenses					<b>(1,017)</b>	(2,968)
Profit before tax					<b>31,254</b>	17,965
Income tax expense					<b>(299)</b>	(5,256)
Profit for the year					<b>30,955</b>	12,709

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

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

The segment information of the reportable segments are as follows (Continued):

	<u>IT Services</u>		<u>Azeus Products</u>		<u>Total</u>	
	<u>FY2022</u>	<u>FY2021</u>	<u>FY2022</u>	<u>FY2021</u>	<u>FY2022</u>	<u>FY2021</u>
	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>	<u>HK\$'000</u>
<b>For the year ended 31 March</b>						
Segment revenue	<b>78,209</b>	64,871	<b>139,449</b>	113,194	<b>217,658</b>	178,065
Segment results	<b>35,505</b>	26,453	<b>56,662</b>	32,781	<b>92,167</b>	59,234
Amortisation of Intangible assets	-	-	<b>(2,214)</b>	(3,483)	<b>(2,214)</b>	(3,483)
<b>Unallocated income/(expenses)</b>						
Other income and interest income					<b>326</b>	1,006
Administrative salaries					<b>(11,246)</b>	(8,268)
Technical services and supplies					<b>(1,425)</b>	(1,594)
VAT written-off					<b>(3,885)</b>	
Other (losses)/gains - net					<b>(765)</b>	6,480
Depreciation of property, plant and equipment					<b>(828)</b>	(489)
Depreciation of right-of-use asset					<b>(4,959)</b>	(5,103)
Defined retirement benefit expense					<b>(2,008)</b>	(1,949)
Directors' compensation					<b>(4,961)</b>	(2,719)
Rental expense on operating lease					<b>(2,053)</b>	(1,798)
Legal and professional fees					<b>(2,501)</b>	(3,350)
Insurance					<b>(1,619)</b>	(1,172)
Fees on audit services					<b>(1,696)</b>	(1,447)
Other expenses					<b>(3,318)</b>	(6,029)
Profit before tax	<b>49,015</b>	29,319			<b>49,015</b>	29,319
Income tax expense	<b>(565)</b>	(5,660)			<b>(565)</b>	(5,660)
Profit for the year	<b>48,450</b>	23,659			<b>48,450</b>	23,659

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

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

The segment information of the reportable segments are as follows (Continued):

	<u>IT Services</u>		<u>Azeus Products</u>		<u>Total</u>	
	31 Mar 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021	31 Mar 2022	31 Mar 2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Assets and liabilities</b>						
Segment assets	<b>15,091</b>	8,711	<b>29,717</b>	34,183	<b>44,808</b>	42,894
Unallocated assets:						
Refundable deposits					<b>4,094</b>	1,601
Property, plant and equipment					<b>898</b>	1,126
Right-of-use assets					<b>3,623</b>	8,602
Deferred income tax assets					<b>1,517</b>	1,113
Cash and cash equivalents					<b>201,296</b>	158,284
Other receivables and deposits					<b>1,983</b>	6,878
Prepayments					<b>982</b>	595
Current income tax assets					<b>336</b>	978
					<b>214,729</b>	179,177
Total assets					<b>259,537</b>	222,071
Segment liabilities	<b>1,465</b>	4,526	<b>76,235</b>	66,787	<b>77,700</b>	71,313
Unallocated liabilities:						
Trade and other payables					<b>11,168</b>	11,275
Lease liabilities					<b>4,002</b>	9,224
Current income tax liabilities					<b>1,338</b>	626
Provision for defined retirement benefits					<b>10,642</b>	10,569
					<b>27,150</b>	31,694
Total liabilities					<b>104,850</b>	103,007

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

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

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

The management assesses the performance of the operating segments based on a measure of gross profits less selling and marketing expenses. 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.

(a) Revenue from major products and services

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

	<b>2H FY2022</b>	<b>2H FY2021</b>	<b>Group FY2022</b>	<b>FY2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
IT Services	<b>48,526</b>	37,262	<b>78,209</b>	64,871
Azeus Products	<b>73,697</b>	61,366	<b>139,449</b>	113,194
<b>Total</b>	<b>122,223</b>	98,628	<b>217,658</b>	178,065



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

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

(b) Timing of revenue recognition

	<b>At a point in time HK\$'000</b>	<b>Over time HK\$'000</b>	<b>Total HK\$'000</b>
<b>2H FY2022</b>			
<b>IT Services</b>			
Systems implementation and enhancement	-	23,874	23,874
Sales of hardware and software	-	-	-
Maintenance and support services	-	24,652	24,652
	-	48,526	48,526
<b>Azeus Products</b>			
Product licensing revenue	-	58,223	58,223
Product service revenue	8,916	-	8,916
Systems implementation and enhancement	-	1,639	1,639
Sales of hardware and software	2,100	-	2,100
Maintenance and support services	-	2,819	2,819
	11,016	62,681	73,697
	11,016	111,207	122,223
<b>2H FY2021</b>			
<b>IT Services</b>			
Systems implementation and enhancement	-	14,496	14,496
Sales of hardware and software	134	-	134
Maintenance and support services	-	22,632	22,632
	134	37,128	37,262
<b>Azeus Products</b>			
Product licensing revenue	-	46,457	46,457
Product service revenue	10,659	-	10,659
Systems implementation and enhancement	-	3,150	3,150
Maintenance and support services	-	1,100	1,100
	10,659	50,707	61,366
	10,793	87,835	98,628

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

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

(b) Timing of revenue recognition

<b>FY2022</b>	<b>At a point in time HK\$'000</b>	<b>Over time HK\$'000</b>	<b>Total HK\$'000</b>
<b>IT Services</b>			
Systems implementation and enhancement	-	30,230	30,230
Sales of third-party hardware and software	63	-	63
Maintenance and support services	-	47,916	47,916
	<b>63</b>	<b>78,146</b>	<b>78,209</b>
<b>Azeus Products</b>			
Product licensing revenue	-	111,467	111,467
Product service revenue	18,559	-	18,559
Systems implementation and enhancement	-	3,820	3,820
Sales of hardware and software	2,100	-	2,100
Maintenance and support services	-	3,503	3,503
	<b>20,659</b>	<b>118,790</b>	<b>139,449</b>
	<b>20,722</b>	<b>196,936</b>	<b>217,658</b>

<b>FY2021</b>	<b>At a point in time HK\$'000</b>	<b>Over time HK\$'000</b>	<b>Total HK\$'000</b>
<b>IT Services</b>			
Systems implementation and enhancement	-	18,954	18,954
Sales of hardware and software	597	-	597
Maintenance and support services	-	45,320	45,320
	<b>597</b>	<b>64,274</b>	<b>64,871</b>
<b>Azeus Products</b>			
Product licensing revenue	-	87,254	87,254
Product service revenue	19,475	-	19,475
Systems implementation and enhancement	-	4,625	4,625
Maintenance and support services	-	1,840	1,840
	<b>19,475</b>	<b>93,719</b>	<b>113,194</b>
	<b>20,072</b>	<b>157,993</b>	<b>178,065</b>

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

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

(c) Geographical information

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

	<b>Sales for continuing operations</b>			
	<b>2H FY2022</b>	<b>2H FY2021</b>	<b>FY2022</b>	<b>FY2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Hong Kong and Asia	<b>68,504</b>	51,418	<b>116,749</b>	93,670
United Kingdom and Europe	<b>21,022</b>	19,498	<b>39,365</b>	34,808
Australia and New Zealand	<b>9,137</b>	8,406	<b>17,516</b>	15,773
North America and South America	<b>6,480</b>	4,913	<b>12,001</b>	9,479
Middle East	<b>11,088</b>	9,162	<b>20,446</b>	14,872
Africa	<b>5,992</b>	5,231	<b>11,581</b>	9,463
<b>Total</b>	<b>122,223</b>	98,628	<b>217,658</b>	178,065

	<b>Non-current assets</b>	
	<b>31 Mar 2022</b>	<b>31 Mar 2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Hong Kong and Asia	<b>6,387</b>	6,217
United Kingdom and Europe	<b>61</b>	706
Philippines	<b>3,662</b>	4,991
Bermuda and British Virgin Islands	<b>647</b>	2,861
Others	<b>22</b>	528
<b>Total</b>	<b>10,779</b>	15,303

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

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

**5. Profit and loss information**

**5(a) Expenses by nature**

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

	2H FY2022 HK\$'000	2H FY2021 HK\$'000	FY2022 HK\$'000	FY2021 HK\$'000
Employee compensation including directors emoluments	(59,420)	(59,929)	(108,548)	(105,689)
Depreciation of property, plant, and equipment (Note 10)	(372)	(236)	(828)	(489)
Depreciation of right-of-use assets (Note 11(b))	(2,491)	(2,565)	(4,959)	(5,103)
Amortisation of intangible assets (Note 12)	(915)	(1,355)	(2,214)	(3,483)
Legal and professional fees	(1,469)	(1,986)	(2,501)	(3,350)
Rental expense on operating leases	(975)	(855)	(2,053)	(1,798)
Third-party hardware and software support cost	(3,721)	(2,783)	(6,804)	(5,753)
Project direct service cost, sub-contracting and consultancy fee	(767)	(663)	(2,817)	(1,514)
Third-party hardware and software cost	-	(84)	(19)	(431)
Cost of hosting services	(2,830)	(3,285)	(5,819)	(7,841)
Marketing activities expense	(4,380)	(2,612)	(7,775)	(4,897)
Utilities	(713)	(973)	(1,382)	(1,842)
Insurance	(857)	(650)	(1,619)	(1,172)
Reversal of/(provision) of service warranties	2,016	-	(246)	-
Sales consultancy fee	(3,561)	(1,623)	(6,221)	(2,280)
Sales commission	(1,668)	127	(2,683)	(2,445)
Technical supplies and services	(633)	(872)	(1,425)	(1,594)
Referral fee	(68)	(1,216)	(133)	(1,216)
Recruitment and training	(260)	(85)	(595)	(104)
Fee on audit services	(1,658)	(1,447)	(1,696)	(1,447)
Other expenses	(2,324)	(1,994)	(2,932)	(2,637)
<b>Total cost of revenue, research, and development, selling and marketing and administrative expenses</b>	<b>(87,066)</b>	<b>(85,001)</b>	<b>(163,269)</b>	<b>(155,085)</b>

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

**5. Profit and loss information**

**5(b) Income tax expense**

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year.

	<b>2H FY2022</b>	<b>2H FY2021</b>	<b>FY2022</b>	<b>FY2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Tax expense attributable to profit is made up of:				
- Current income tax	<b>2,190</b>	2,354	<b>2,263</b>	2,354
- Deferred income tax credit	<b>(224)</b>	(60)	<b>(237)</b>	(60)
	<b>1,966</b>	2,294	<b>2,026</b>	2,294
Under/(over)provision in prior financial years:				
- Current income tax	<b>(1,338)</b>	11	<b>(513)</b>	415
- Withholding tax	<b>(809)</b>	87	<b>(1,474)</b>	87
	<b>(2,147)</b>	98	<b>(1,987)</b>	502
Withholding tax	<b>480</b>	2,864	<b>526</b>	2,864
	<b>299</b>	5,256	<b>565</b>	5,660

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

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

	<b>Group</b>			
	<b>2H FY2022</b>	<b>2H FY2021</b>	<b>FY 2022</b>	<b>FY 2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Other income comprises of:				
Interest income from bank deposits	<b>19</b>	6	<b>24</b>	15
Sundry income	<b>175</b>	261	<b>302</b>	991
	<b>194</b>	267	<b>326</b>	1,006
Currency exchange gains/(losses), net	<b>138</b>	4,310	<b>(765)</b>	6,480
	<b>332</b>	4,577	<b>(439)</b>	7,486

**7. Impairment losses of financial assets**

	<b>Group</b>			
	<b>2H FY2022</b>	<b>2H FY2021</b>	<b>FY 2022</b>	<b>FY 2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Impairment losses of financial assets comprises of:				
Bad debts	<b>(208)</b>	33	<b>(680)</b>	(499)
Provision for impairment of VAT receivables	<b>(3,885)</b>	-	<b>(3,885)</b>	-
	<b>(4,093)</b>	33	<b>(4,565)</b>	(499)

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

**8. Earnings per ordinary share**

	<b>FY2022</b>	<u><b>Group</b></u>	<b>FY2021</b>
Profit attributable to equity holders of the Company (HK\$'000)	<b>48,450</b>		23,659
Weighted average number of shares	<b>29,999,993</b>		29,999,993
- Basic earnings per share (HK dollars)	<b>1.62</b>		0.79
- Fully diluted earnings per share (HK dollars)	<b>1.62</b>		0.79

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 2022 and 31 March 2021.

**9. Net asset value**

	<u><b>Group</b></u>		<u><b>Company</b></u>	
	<b>31 Mar 2022</b>	31 Mar 2021	<b>31 Mar 2022</b>	31 Mar 2021
	<b>HK\$</b>	HK\$	<b>HK\$</b>	HK\$
Net asset value per ordinary share based on the existing share capital as at year end	<b>5.16</b>	3.97	<b>5.33</b>	3.87

**10. Property, plant and equipment**

During the year ended 31 March 2022, the Group acquired assets amounting to HK\$630,000 (31 March 2021: HK\$397,000) and disposed of assets amounting to net book value of HK\$18,000 (31 March 2021: HK\$ 0). The depreciation expense during the year amounted to HK\$828,000 (31 March 2021: HK\$489,000).

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

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

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

	<b>Group</b>	
	<b>FY2022</b>	<b>FY2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
(a) Right of use assets – Carrying amount	<b>3,623</b>	8,602
(b) Depreciation charge during the year (Note 5(a))	<b>4,959</b>	5,103
(c) Lease Liabilities		
<i>Current</i>	<b>3,509</b>	5,710
<i>Non-current</i>	<b>493</b>	3,514
	<b>4,002</b>	9,224
(d) Interest expense on lease liabilities	<b>370</b>	648
(e) Lease expense not capitalised in lease liabilities Lease expense – short-term leases (Note 5(a))	<b>2,053</b>	1,798
(f) Total cash outflow for all the leases in the financial year ended 31 March 2022 was HK\$7,645,000 (2021: HK\$7,368,000).		
(g) There is no addition of right-of-use assets during the financial year ended 31 March 2022 (2021: HK\$675,000).		



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

**11. Leases – Right-of-use assets and Lease Liabilities (Continued)**

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

(i) *Extension options*

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

**12. Intangible assets**

**Azeus Products**

	<u>Group</u>	
	31 Mar 2022	31 Mar 2021
	HK\$'000	HK\$'000
<i>Cost</i>		
Beginning and end of financial year	<u>26,665</u>	<u>26,665</u>
<i>Accumulated amortisation</i>		
Beginning of financial year	23,804	20,321
Amortisation charge (Note 5(a))	<u>2,214</u>	<u>3,483</u>
End of financial year	<u>26,018</u>	<u>23,804</u>
<b>Net book value</b>	<u>647</u>	<u>2,861</u>

Amortisation expense included in the consolidated income statement and comprehensive income is analysed as follows:

	<u>Group</u>	
	FY2022	FY2021
	HK\$'000	HK\$'000
Research and development expenses (Note 5(a))	<u>2,214</u>	<u>3,483</u>

Intangible asset relates to the development costs for the proprietary products of the Group.

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

**13. Deferred income taxes**

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

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

	<u>Group</u>	
	31 Mar 2022	31 Mar 2021
	HK\$'000	HK\$'000
<b>Deferred income tax assets:</b>		
- to be recovered within one year	-	-
- to be recovered after one year	1,517	1,113
	<u>1,517</u>	<u>1,113</u>

Movement in deferred income tax account is as follows:

	<u>Group</u>	
	31 Mar 2022	31 Mar 2021
	HK\$'000	HK\$'000
Beginning of financial year	1,113	1,056
Tax credit/(losses) on defined retirement benefits credited to other comprehensive income	241	(57)
Currency translation differences	(74)	54
Tax credited to profit or loss (Note 5(b))	237	60
End of financial year	<u>1,517</u>	<u>1,113</u>

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

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

**14. Share Capital**

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

All ordinary shares are fully paid. The par value is US\$0.20 per share. As at 31 March 2022, share capital of the Company comprises 29,999,993 ordinary shares (31 March 2021: 29,999,993).

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

**15. Significant related party transactions**

One of the subsidiary corporations has entered into a short-term lease agreement with a company which has a common Director. For the year ended 31 March 2022, the short-term lease payment amount to HK\$49,000 was made (FY2021:HK\$ 64,000). It is based on normal commercial terms and conditions.

**16. Borrowings**

The Group had no bank borrowings or debt securities as at 31 March 2022 and 31 March 2021.

**17. Dividends**

	<u>Group and Company</u>	
	FY2022 HK'000	FY2021 HK\$'000
<b>Ordinary dividends paid</b>		
HK\$0.39 per ordinary share (2021: HK\$0.21 per share)	<u>11,700</u>	<u>6,300</u>

At the Annual General Meeting on 15 July 2022, a final dividend of HK\$1.62 per share amounting to a total of HK\$48,450,000 will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 March 2022.

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

**18. Subsequent events**

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

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

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

The consolidated statements of financial position of Azeus Systems Holdings Limited and its subsidiaries as at 31 March 2022 and the related consolidated income statement, consolidated statement of comprehensive income, the statements of changes in equity and consolidated statement of cash flows for the year then ended and certain explanatory notes have not been audited or reviewed.

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

Not applicable.

- 3. Review of performance of the Group**

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

**a. Revenue**

	<b>2H FY2022</b>	<b>2H FY2021</b>	<b>+ / (-)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>%</b>
<b>IT Services</b>			
System implementation and enhancement	<b>23,874</b>	14,496	65
Sale of hardware and software	-	134	(100)
Maintenance and Support Services	<b>24,652</b>	22,632	9
	<b>48,526</b>	37,262	30
<b>Azeus Products</b>	<b>73,697</b>	61,366	20
<b>Total Revenue</b>	<b>122,223</b>	98,628	24

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

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

**a. Revenue (Continued)**

	<b>FY2022</b>	FY2021	<b>+ / (-)</b>
	<b>HK\$'000</b>	HK\$'000	<b>%</b>
<b>IT Services</b>			
System implementation and enhancement	<b>30,230</b>	18,954	59
Sale of hardware and software	<b>63</b>	597	(89)
Maintenance and Support Services	<b>47,916</b>	45,320	6
	<b>78,209</b>	64,871	21
<b>Azeus Products</b>	<b>139,449</b>	113,194	23
<b>Total Revenue</b>	<b>217,658</b>	178,065	22

In 2H of the year, the Group's revenue has increased from HK\$98.6 million in 2H 2021 to HK\$122.2 million or 23.9% in 2H 2022. Total Group revenue has increased by 22.2% to HK\$217.7 million in FY2022 from HK\$178.1 million in FY2021.

IT Services accounted for 39.7% of the Group Revenue in 2H 2022 (2H 2021: 37.8%), and 35.9% in FY2022 (FY2021: 36.4%) of total Group revenue. Revenue from IT Services increased by HK\$11.2 million, or 30.0%, to HK\$48.5 million in 2H 2022, up from HK\$37.3 million in 2H 2021. The full year revenue from IT Services increased by HK\$13.3 million, or 20.5%, to HK\$78.2 million in FY2022, up from HK\$64.9 million in FY2021. This is mainly due to more projects and enhancements secured in FY2022.

Systems implementation and enhancement accounted for 19.5% of the total revenue for 2H 2022 (2H 2021: 14.7%) and 13.9% of the total revenue in FY2022 (FY2021: 10.6%). Revenue from this segment increased by HK\$9.4 million, or 64.7%, from HK\$14.5 million in 2H 2021 to HK\$23.9 million in 2H 2022, and on a full year basis, increased by HK\$11.3 million, or 59.5% from HK\$19.0 million in FY2021 to HK\$30.2 million in FY2022, mainly due to more projects and enhancements secured in FY2022.

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

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

**a. Revenue (Continued)**

Revenue from the recurring Maintenance and Support Services segment accounted for 20.2% (2H 2021: 22.9%) of total revenue in 2H 2022, and 22.0% (FY2021: 25.5%) of total revenue in FY2022. Revenue from this segment increased slightly by 5.7%, or HK\$2.6 million, from HK\$45.3 million in FY2021 to HK\$47.9 million in FY2022. The increase in revenue was mainly attributable to an increase in chargeable rates price of a few maintenance projects.

Azeus Products accounted for 60.3% (2H 2021: 62.2%) of total Group revenue in 2H FY2022, and 64.1% (FY2021: 63.6%) of total Group revenue in FY2022. Revenue from Azeus Products increased by HK\$26.3 million, or 23.2%, from HK\$113.2 million in FY2021 to HK\$139.4 million in FY2022. Revenue from this segment is contributed mainly from the sale of the Group's proprietary products — "Azeus Convene", "AGM@Convene" and "AzeusCare" and their associated professional services.

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

Cost of revenue mainly consists of direct expenses related to direct employee salaries for the delivery of service and provision of support services, cost of third-party hardware and software products used in IT services system implementation and maintenance projects, cost subcontracting and consultancy services and hosting the Group's cloud-based application.

The Group's cost of revenue increased by HK\$1.5 million, or 5.5% in 2H FY2022, and increased by HK\$4.8 million, or 8.7%, to HK\$60.1 million in FY2022 from HK\$55.3 million in FY2021. Overall, the Group's gross profit margin improved by four percentage points in 2H FY2022 (2H FY2022: 76.4%; 2H FY2021: 72.3%), and three percentage point on a full year basis to 72.4% in FY2022 as compared to 69.0% in FY2021.

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

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

**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\$13.8 million in 2H FY2022, showing a decrease of 38.7% compared to 2H FY2021, and a decrease of HK\$9.2 million from HK\$36.8 million in FY2021, or 25.0% as compared to FY2022 of HK\$27.6 million. The decrease was mainly due to the decrease of research and development engineering team cost, less manpower was assigned to research and development in FY2022. In addition, the decrease is contributed by lower amortisation expense during the period due to lower intangible assets balances than in FY2021.

**d. Selling and marketing expenses**

Selling and marketing expenses consist primarily of salaries and related expenses of the sales representatives of HK\$17.8 million (2H FY2021: HK\$6.3 million) and HK\$32.3 million (FY2021: HK\$17.5 million) in the full year of FY2022. Cost of marketing activities of HK\$4.4 million in 2H FY2022 (2H FY2021: HK\$2.6 million) and on overall FY2022, HK\$7.8 million (FY2021: HK\$4.9 million) includes advertising, trade shows and events, corporate communications, brand building and product marketing activities.



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

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

**d. Selling and marketing expenses**

When compared to FY2021, both full year and 2H of FY2022 has selling and marketing expenses increased. This is due to an increase in sales representative personnel cost, along with the increase in sales and marketing team headcount. The increase is in line with the Group's strategy to expand its sales team to pursue subscriber growth.

**e. Administrative expenses**

Administrative operating expenses includes legal and professional fees, Directors' fees, audit fee, rent and rates and other operating expenses. The total expenses were HK\$22.2 million in 2H FY2022 (2H FY2021: HK\$17.0 million), and on a full year expense of HK\$35.6 million (FY2021: HK\$31.2 million). Overall, administrative expense was higher by HK\$4.4 million, or 14.1% due to increase in Human Resource, Finance, Management team and Directors personnel cost.

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

	<b>2H FY2022</b>	2H FY2021	<b>+ / (-)</b>
	<b>HK\$'000</b>	HK\$'000	<b>%</b>
Other income comprises of:			
Interest income from bank deposits	<b>19</b>	6	217
Sundry income	<b>175</b>	261	(33)
	<b>194</b>	267	(27)
Currency exchange gains, net	<b>138</b>	4,310	(97)
	<b>332</b>	4,577	(93)

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

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

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

	<b>FY2022</b>	<b>FY2021</b>	<b>+ / (-)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>%</b>
Other income comprises of:			
Interest income from bank deposits	<b>24</b>	15	60
Sundry income	<b>302</b>	991	(70)
	<b>326</b>	1,006	(68)
Currency exchange (losses)/gains, net	<b>(765)</b>	6,480	(112)
	<b>(439)</b>	7,486	(106)

The sundry income represented the subsidies and grants introduced by various governments to support businesses amid the COVID-19 pandemic. There were less grants offered in FY2022.

The decrease in other income for FY2022 was due to lower net foreign exchange gain arising from the translation of net monetary assets recorded during the year as compared to FY2021.

**g. Impairment losses of financial assets**

	<b>2H FY2022</b>	<b>2H FY2021</b>	<b>+ / (-)</b>	<b>FY 2022</b>	<b>FY 2021</b>	<b>+ / (-)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>%</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>%</b>
Impairment losses of financial assets comprises of:						
Bad debts	<b>(208)</b>	33	(730)	<b>(680)</b>	(499)	36
Provision for impairment of VAT receivables	<b>(3,885)</b>	-	100	<b>(3,885)</b>	-	100
	<b>(4,093)</b>	33	(125)	<b>(4,565)</b>	(499)	815

During 2H FY2022, the Company has made a provision for impairment of VAT receivable of HK\$3.9 million during the year, therefore, causing a significant increase in the impairment losses of financial assets.

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

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

**h. Finance cost – lease interest**

Finance lease interest arises from the lease of office space. The finance lease interest has decreased by 42.9% in FY2022 as compared to FY2021, from HK\$0.6 million in FY2021 to HK\$0.4 million in FY2022. In second half of both FY2022 and FY2021, the finance lease interest has declined from HK\$0.3 million in 2H FY2021 to HK\$0.1 million in 2H FY2022. This is all due to lower principal lease liability as compared to FY2021, from the repayment made during the financial year under review.

**i. Net profit after taxation**

As a result of the above explained, the Group reported a net profit of HK\$31.0 million in 2H FY2022 and net profit for the financial year of HK\$48.5 million in FY2022, as compared to HK\$12.7 million in 2H FY2021 and net profit for the financial year of HK\$23.7 million in FY2021.

**3.2 Review of Statement of Financial Position**

**a. Trade and other receivables**

Trade and other receivables decreased by 11.3% from HK\$40.7 million as at 31 March 2021 to HK\$36.1 million as at 31 March 2022. The Group closely managed the recoverability of the receivables and recorded an impairment loss of financial assets of HK\$0.7 million in FY2022 (FY 2021: HK\$0.5 million).

**b. Contract assets**

The Group's customers pay the fixed amount based on an agreed contractual payment schedule. Contract assets are recognised if the services rendered by the Group exceed the payment. Contract assets increased by HK\$4.3 million, or 61.7%, from HK\$6.8 million to HK\$11.0 million as more contracts were secured in FY2022 and have not reached the milestone payment yet.

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

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

**c. Right-of-use assets**

The right-of-use assets arises from office space lease arrangement that was entered by its subsidiaries for operational purposes. The right-of-use assets has decreased by 58.1% as at 31 March 2022, from HK\$8.6 million as at 31 March 2021 to HK\$3.6 million as at 31 March 2022, purely due to the depreciation charged during the year, amounted to HK\$5.0 million.

**d. 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. Net carrying value as at 31 March 2022 amounted to HK\$0.6 million, a decrease from HK\$2.9 million mainly due to the amortisation of HK\$2.2 million in FY2022.

**e. Refundable deposits – non-current**

The refundable deposits were increased by HK\$2.5 million, or 156.3%, from HK\$1.6 million as at 31 March 2021, to HK\$4.1 million as at 31 March 2022. More contract deposits were requested by customers due to higher number of new contracts secured in FY2022.

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

Similar to the right-of-use assets, lease liabilities arise from office space lease arrangement that was entered by the subsidiaries for operational purposes. As of 31 March 2022, the current lease liabilities have decreased by HK\$2.1 million, or by 36.8% as compared to 31 March 2021, from HK\$5.7 million to HK\$3.6 million. While the non-current lease liabilities have decreased by HK\$3.1 million, or by 88.6%, from HK\$3.5 million on 31 March 2021, to HK\$0.4 million on 31 March 2022. The decrease were due to the repayment of the principal lease liabilities amounted to HK\$5.2 million made during the year, while another HK\$0.4 million was made for the payment of interest on lease liabilities.

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

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

**g. Contract liabilities**

Contract liabilities primarily consists of billings due, or payments received in advance of revenue recognition from subscription services and IT Services maintenance and support services respectively. Contract liabilities that will be recognised during the succeeding twelve months period is recorded as current contract liabilities while more than twelve months is recorded as non-current. Total contract liabilities remain relatively stable, amounted to HK\$69.0 million as at 31 March 2022 as compared to HK\$64.5 million as at 31 March 2021, increased by HK\$4.5 million, or 7.0%.

**h. Current income tax liabilities**

Current income tax liabilities have increased by 116.7% or HK\$0.7 million equivalents from HK\$0.6 million as of 31 March 2021, compared to HK\$1.3 million in 31 March 2022.

**i. Share capital and reserves**

The Group's shareholders' equity increased from HK\$119.1 million as of 31 March 2021 to HK\$154.7million as at 31 March 2022 mainly due to the net profit of HK\$48.5 million which was due to the higher growth in revenue generated while the Group can maintain a stable cost growth in FY2022. The shareholders equity amount was set-off with the payment of FY2021 dividend of HK\$11.7 million.

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

**3.3 Review of Statement of Cash Flows**

The Group's net cash generated from operating activities was HK\$58.0 million in FY2022 as compared to HK\$77.5 million in FY2021. Overall, the Group managed to maintain a higher cash position of HK\$201.3 million as of 31 March 2022 (31 March 2021: HK\$158.3 million).

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

There has been no significant variance in the FY2022 results of the Group as compared to the prospect statement disclosed in the announcement of results for the half year ended 30 September 2021 on 12 November 2021.

**5. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting year.**

Azeus continues to invest and execute on our plan to grow the product segment. With the growth of our flagship product "Azeus Convene" and new product offerings such as "Convene Records", we are excited with our growth potential and look forward to expanding our footprints globally.

**6. Dividend**

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

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

A first and final of HK\$1.62 per ordinary share will be recommended at the Annual General Meeting on 15 July 2022.

These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ended 31 March 2023.

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

**6. Dividend (Continued)**

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

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

A first and final dividend of HK\$0.39 per ordinary share was recommended and approved in respect of the financial year ended 31 March 2021. The total dividend amount of HK\$11.7 million was paid on 29 October 2021.

***(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax of net of tax, state the tax rate and the country where the dividend is derived. (if the dividend is not taxable in the hands of shareholders, this must be stated).***

The Final Dividend is not taxable in the hands of Shareholders.

***(d) Date payable***

Subject to Shareholder's approval at the forthcoming annual general meeting of the Company, the payment date of the Final Dividend is to be advised.

***(e) The date on which Registrable Transfers received by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.***

Subject to Shareholder's approval at the forthcoming annual general meeting of the Company, the record date of the Final Dividend is to be advised.

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

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

Not applicable.

**8. Interested person transactions**

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

**9. A breakdown of revenue:**

	<b>FY2022</b>	<b>Group</b>	<b>Increase/</b>
	<b>HK\$'000</b>	FY2021	<b>(Decrease)</b>
		HK\$'000	<b>%</b>
Revenue reported for first half year	<b>95,435</b>	79,437	20
Operating profit after tax before deducting non-controlling interest reported for first half year	<b>17,495</b>	10,950	60
Revenue reported for second half year	<b>122,223</b>	98,628	24
Operating profit after tax before deducting non-controlling interest reported for second half year	<b>30,955</b>	12,709	144



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

- 10. 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	60	Spouse of Ms Lam Pui Wan, substantial shareholder (deceased)	<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.

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

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

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

**12. Additional information required pursuant to Rule 706A**

Not applicable. There was no incorporation of new entities, acquisitions and realisation of shares during the year.

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

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the year ended 31 March 2022 to be false or misleading in any material aspect.

On behalf of the Board of Directors

**Lee Wan Lik**  
Chairman  
27 May 2022

**Yap Kiam Siew Michael**  
Chief Executive Officer