



NEWS RELEASE

AZEUS REPORTS NET PROFIT OF HK\$1.6 MILLION FOR 1HFY2009

- **Records 3% increase in revenue to HK\$35.5 million**
- **Maintains strong cash position of HK\$55.2 million**
- **Remains focused on sustaining market share in the Hong Kong public sector**
 - o **Secured HK\$26.6 million contract with the Hong Kong government**

Singapore, November 13, 2008 – Azeus Systems Holdings Ltd (“Azeus” or the “Group”), a provider of IT consultancy services based in Hong Kong, today reported a 24% fall in net profit to HK\$1.6 million for the half year ended September 30, 2008 (“1HFY2009”) from HK\$2.1 million for the previous corresponding period (“1HFY2008”).

Mr Lee Wan Lik, Founder and Managing Director of Azeus, said: “We are heartened that, despite facing stiff challenges, we were able to secure a new HK\$26.6 million contract with one of the departments of the Hong Kong Government, as well as two small-scale contracts worth HK\$8.0 million in 1HFY2009. Going forward, our focus will remain on sustaining market share in the Hong Kong public sector as we continue to bid for large tenders.”

Financial Review

As a result of an across-the-board increase in revenue from the Group’s three core businesses, Group revenue increased 3% to HK\$35.5 million for the half year under review from HK\$34.5 million in 1HFY2008. Despite this increase, Group net profit fell 24% to S\$1.6 million in 1HFY2009 from S\$2.1 million in the previous corresponding period.

Accounting for 53.6% of total Group revenue, the Group's IT services segment continued to drive revenue in 1HFY2009. As a result of a HK\$0.7 million increase in fees due to higher value contracts secured in 1HFY2009, revenue from this segment increased 4% to HK\$19.0 million in 1HFY2009 from HK\$18.3 million in 1HFY2008.

Revenue from the Group's Maintenance & Support Services segment increased marginally by 1% to HK\$11.6 million in 1HFY2009 from HK\$11.5 million in 1HFY2008 due to the increase in value of contracts upon yearly renewal. This segment made up 32.7% of total revenue.

The Group's Business Process Outsourcing segment climbed 3% to HK\$4.8 million in 1HFY2009 from HK\$4.7 million in 1HFY2008. The increase in revenue from this segment was due to higher headcount that were outsourced during the period under review. This segment contributed to the remaining 13.7% of total revenue.

The Group's cost of sales decreased by HK\$0.3 million to HK\$20.2 million in 1HFY2009 from HK\$20.5 million in 1HFY2008.

Gross profit margins for the Group increased two percentage points to 43% in 1HFY2009 from 41% in 1HFY2008 due to a decrease in the sale of third party hardware and software, which have lower profit margins as compared to other IT services.

The Group registered a HK\$1.6 million decrease in other gains to HK\$0.3 million in 1HFY2009 from HK\$1.9 million in 1HFY2008 mainly due to a decrease in interest income of HK\$0.9 million and an increase in the net foreign exchange losses of HK\$0.7 million. Administrative and other operating expenses increased 21% or HK\$1.7 million in 1HFY2009 due to an increase in legal fees, office rentals and administrative and finance salaries.

The Group maintained a strong cash position of HK\$55.2 million as at September 30, 2008.

Outlook and Future Plans

Looking ahead, the Group expects the business and economic outlook for the second half to remain challenging.

In FY2008, the Group secured a HK\$60.7 million IT service contract for the one-off implementation of IT system. Due to differing views towards the interpretation of requirements within the contract between the Group and the customer, the Group has not obtained the requisite approval for the system design of the system from the customer. As a result of operating costs accrued without corresponding revenue contribution, the Group expects an impact on revenue and profit contribution for FY2009.

Currently, the Group has bid for a number of large tenders of which results have been postponed. Going forward, the Group will also continue to focus on sustaining its market share in the Hong Kong public sector.

About Azeus Systems Holdings Ltd.

Established in 1991, Azeus is a leading provider of IT consultancy services. Headquartered in Hong Kong, Azeus has established offshore software development centres in the Philippines and China. The Group acquired BIGontheNet, an award-winning provider of eBusiness software solutions based in Singapore, in February 2005.

Besides designing as well as implementing a wide range of IT software and systems to fulfil the outsourcing needs of customers, Azeus also provides maintenance and support services. The Group has won the first and thus far, only business outsourcing project from the Hong Kong government, covering IT consulting, IT maintenance and support, as well as office operations and support services.

Azeus is appraised at the highest level of the CMMI-SW model, endorsing its commitment to delivering high quality work. Its emphasis on consistently high quality solutions has enabled the Group to build a solid track record of over 100 projects for more than 40 government departments and over 15 projects for the commercial sector in Hong Kong.

Azeus was listed on the Main Board of SGX-ST in October 2004.

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