



FIRST CMM LEVEL 5 IN GREATER CHINA

## NEWS RELEASE

### **AZEUS REPORTS NET PROFIT OF US\$0.1 MILLION\* FOR FY2009**

- **Revenue up 1% to HK\$76.4 million**
- **Maintains strong cash position of HK\$62.6 million**

*Singapore, May 28, 2009* - Azeus Systems Holdings Ltd. ("Azeus" or the "Group"), a provider of IT consultancy services based in Hong Kong, today reported a 89% decline in net profit to HK\$0.8 million (approximately US\$0.1 million\*) for the full year ended March 31, 2009 ("FY2009"), from HK\$7.2 million (approximately US\$0.9 million\*) in FY2008. The lower performance for FY2009 is in line with the profit guidance issued by the Group on March 10, 2009.

Said Mr Lee Wan Lik, Founder and Managing Director of Azeus: "As we face an uncertain economic outlook, we are pleased to be backed by a number of contracts secured in FY2009 - a HK\$26.6 million contract with one of the departments of the Hong Kong Government and two small-scale contracts worth HK\$8.0 million secured in 1HFY2009, as well as a HK\$9.0 million contract secured in March 2009.

"Sustaining market share in the Hong Kong public sector remains our key focus as we expand our business amidst the current recession. We believe that our reinforced staff strength, established track record and CMMI-SW Level 5 accreditation will serve us well as we ride out the economic turmoil."

\* Based on the pegged rate of HK\$7.78 = US\$1

## **Financial Review**

Despite a marginal decrease in revenue from the Group's major revenue contributor, IT services, Group revenue increased 1% to HK\$76.4 million in FY2009, supported by better performance from its Maintenance and Support services, and Business Process Outsourcing ("BPO") segments.

IT services registered a marginal 1% decrease in revenue to HK\$41.0 million in FY2009 from HK\$41.5 million in FY2008 due to slightly lower fees received from lower third party hardware sales of HK\$1.1 million recorded during the year. In addition, Group revenue also declined as a result of the delay of a HK\$60.7 million IT service contract secured in FY2008 and the consequent lower than expected percentage of completion in FY2009. This segment accounted for 53.7% of total Group revenue in FY2009.

Revenue from the Group's Maintenance and Support services segment rose by 4% to HK\$25.7 million in FY2009 from HK\$24.6 million in FY2008 due to the increase in the value of contracts upon yearly renewal. This segment represented 33.6% of Group revenue.

The Group's BPO segment also climbed 4% to HK\$9.7 million in FY2009 from HK\$9.4 million in FY2008 as a result of the number of headcount that was outsourced during the year as well as higher chargeable rates compared to FY2008. The BPO segment made up the remaining 12.7% of total revenue for the period.

The Group's cost of sales increased by HK\$1.1 million or 3% in FY2009 due to an increase in direct salaries offset by decrease in sale of third party hardware and software, licence fee and other project expenses.

Gross profit margin fell one percentage point to 42% mainly due to higher direct cost incurred in FY2009.

The Group also registered a HK\$4.0 million decline in other gains for the period mainly due to a drop in net foreign exchange gain and other income of HK\$2.1 million and HK\$1.9 million respectively.

Administrative and other operating expenses increased 26% or HK\$4.8 million during the period under review due to a one-off legal fee of HK\$2.0 million incurred for the handling of the dispute of a service contract, HK\$1.0 million for office rental, HK\$1.2 million for repair and maintenance and HK\$1.0 million for provision for long service payment, which were offset by a net decrease in other expenses.

The Group maintained a strong cash position of HK\$62.6 million as at March 31, 2009.

To reward its loyal shareholders, the Group has declared a first and final cash dividend of 0.26 HK cent (approximately 0.05 Singapore cent\*\*) per ordinary share.

## **Outlook**

In view of the financial turmoil and resulting recession, the Group has called for a cautious review of its business strategy, focus and operations and has undertaken prudent measures to control the Group's cost structure whilst maintaining the efficiency of its business operations.

Added Mr Lee: "Our employees are our most valued assets. As such, we have continued to invest in the training and development of the skills of our employees and tightened our performance management system so as to equip us with a competitive edge when we emerge from the economic downturn.

"Going forward, we also hope to complement our proven technology with companies searching for successful solutions to be incorporated into new products and services, through strategic partnerships."

*\*\* Based on the exchange rate of HK\$5.348 = S\$1 as at May 25, 2009*

As the Group continues to monitor its performance closely, it remains focused on sustaining its market share in the Hong Kong public sector and expects contracts from the Hong Kong Government to continue to be the Group's main growth driver.

Barring any unforeseen circumstances, the Group remains cautiously optimistic of its outlook for FY2010.

### **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 processes 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 many government departments and over 15 projects for the commercial sector in Hong Kong.

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

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