



NEWS RELEASE

AZEUS REVENUE INCREASES BY 7.0% TO HK\$44.1 MILLION FOR 1HFY2011

- Further strengthens cash position to HK\$81.3 million

Singapore, November 12, 2010 - Azeus Systems Holdings Ltd. (“Azeus” or the “Group”), a provider of IT consultancy services based in Hong Kong, today reported an increase in revenue to HK\$44.1 million for the half year ended September 30, 2010 (“1HFY2011”).

Said Mr Lee Wan Lik, Founder and Managing Director of Azeus: “For the period under review, IT services accounted for 58% of the Group’s revenue contribution. This business segment continues to be our fundamental strength.”

“We will continue to invest in our employees through training and building their skills across various technologies and domains. Our continuous investment in capability development and training would make us more competitive.”

Financial Review

Group revenue increased by 7% to HK\$44.1 million in 1HFY2011, compared to HK\$41.1 million in the last corresponding period.

IT services remained the Group's major revenue contributor, accounting for 58% of total revenue in 1HFY2011. The fees from IT services were higher in 1HFY2011 by HK\$1.2 million because of a higher third party hardware sale of HK\$11.9 million in 1HFY2011 as compared to HK\$0.9 million in 1HFY2010. Excluding third party hardware and software sales, the Group's IT service sales were lower by HK\$9.8 million by 42% due to lesser new projects secured in this current period.

Fees from maintenance and support services increased by 8% to HK\$12.8 million in 1HFY2011 from HK\$11.8 million in 1HFY2010 due to the increase in number and value of contracts, renewed annually. This segment made up 29% of total revenue in 1HFY2011.

Fees from BPO, which constitutes 13% of revenue, increased by 15% to HK\$5.8 million in 1HFY2011 due to the higher chargeable rate for 1HFY2011 compared to the previous corresponding period.

Cost of sales increased by 28% to HK\$30.7 million due to an increase in sale of third party hardware and software in 1HFY2011.

Overall, the Group managed to improve its cash position substantially from HK\$36.5 million as at March 31, 2010 (“FY2010”) to HK\$81.3 million in 1HFY2011. However, due to less sales recognised during the period under review, both gross profit margin and net profit margin decreased by 12 percentage points and 11 percentage points respectively.

Outlook

Added Mr Lee: “The near term outlook in the Hong Kong public sector is dependent on the timing of release of new tenders with potential impact on sales and profit. At present, the Group has bid for a number of large tenders of which the results have been postponed. Due to the timing of the outcome of the current bids, the business and economic outlook for the second half remains conservative with limited visibility.”

“We have a library of intellectual assets that have been developed over the years and believe that there are opportunities to utilise our assets, domain experience and technical expertise in software products investment to leverage our market position in new markets. We will continue to invest a material amount to commercially develop and enhance our intellectual property rights and software products.”

“Our Group’s growth strategy involves investment in continued expansion of its marketing network, and in research and development for new and innovative software products, which will cater to our customers’ demand. The Directors expect the Group to report a substantially lower profit with a possibility of incurring a loss for FY2011 as compared to FY2010. The Board will continue to closely monitor the performance of the Group into the new financial year.” Mr Lee concluded.

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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