



## NEWS RELEASE

### **AZEUS NET PROFIT INCREASES TO HK\$1.5 MILLION (US\$0.19 MILLION<sup>1</sup>) IN 1HFY2013**

- ***Higher revenue from IT Services and Business Process Outsourcing jumped to HK\$57.2 million (US\$7.38 million<sup>1</sup>)***
- ***Healthy gross margin of 39%***
- ***Earnings per share rises to 0.49 HK cents (0.06 US cents<sup>1</sup>)***

**Singapore, November 14, 2012** – Azeus Systems Holdings Ltd. (“Azeus” or the “Group”), a provider of IT consultancy services based in Hong Kong, today announced a 38% increase in net profit to HK\$1.5 million on the back of a turnover of HK\$57.2 million for the half year ended September 30, 2012 (“1HFY2013”).

Said Mr Lee Wan Lik, Managing Director of Azeus, “Our continued profitability stems from the Group’s commitment in maintaining high levels of quality in our solutions and services rendered to clients. The Group has an established international presence in Singapore, Dalian, Manila and most recently in the United Kingdom. Coupled with our extensive track record of developing large and complex IT systems for the Hong Kong government and the commercial sector, the Group is well-placed to be the preferred provider of IT consultancy services.”

### **Financial Review**

Group revenue jumped 26% to HK\$57.2 million from HK\$45.5 million in the previous corresponding period, largely due to higher turnover in the IT Services and Business Process Outsourcing (“BPO”) business segments.

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<sup>1</sup> Currency conversion based on HKD1 = USD0.12902 as quoted on Bloomberg L.P. on November 14, 2012

Turnover from IT services rose 53% from HK\$18.6 million in 1HFY2012 to HK\$28.4 million in 1HFY2013, contributing to 49.7% of total 1HFY2013 revenue, as the Group secured and implemented a greater number of projects during the period. Turnover from the BPO segment rose 25% to HK\$6.6 million in 1HFY2013 from HK\$5.3 million in 1HFY2012 due to the renewal of a 3-year BPO contract in December 2011, at higher chargeable rates and outsourced headcounts. The IT Services and BPO Services together account for 61.2% of Group revenue. Turnover from maintenance and support services held steady at HK\$22.2 million in 1HFY2013, contributing the remaining 38.8% of Group revenue.

In 1HFY2013, cost of sales rose to HK\$35 million due to a rise in direct salaries. Selling and marketing expenses increased by 38% or HK\$0.83 million due to expenditure on overseas presales projects. Administrative and other operating expenses also rose by HK\$6.9 million to HK\$16.9 million due to higher legal and professional fees, recruitment agency fees and other expenses.

As a result, 1HFY2013 net profit was HK\$1.5 million, an increase of 38% from HK\$1.1 million in 1HFY2012. Earnings per share also rose from 0.36 HK cents in the previous corresponding period to 0.49 HK cents in the period under review.

The Group maintains a healthy balance sheet with cash and cash equivalents of HK\$26.2 million as at September 30, 2012. The Group also has no bank borrowings or debt securities in 1HFY2013.

## **Outlook**

The near term outlook in the Hong Kong public sector is dependent on the timing of release of new tenders. The Group remains focused on sustaining its market share in the Hong Kong public sector by delivering high-value IT systems. Since the last financial year, the Group has secured contracts with an aggregate value of approximately HK\$214 million, with service periods ranging from one to five years. The Group is of the view that there are also opportunities in overseas markets and in particular, the public sector in the United Kingdom.

Said Mr. Lee, "To date, the Group has invested approximately 129 man years in developing public sector software products. We will continue to invest resources to commercially develop and enhance our intellectual property rights and software products, which the Group is marketing. The Group will leverage from our library of intellectual assets developed over the years and our strong track record of success as we bid for projects from various government authorities."

Barring unforeseen circumstances, the directors expect the Group to be profitable in FY2013.

### **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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