



NEWS RELEASE

AZEUS 1H FY2017 REVENUE RISES TO HK\$48.3 MILLION (US\$6.2 MILLION)

- ***Azeus Product Sales segment continues to show good growth potential***
- ***Maintains strong cash position of HK\$43.3 million (US\$5.6 million)***

Singapore, November 14, 2016 – Azeus Systems Holdings Ltd. (“**Azeus**” or the “**Group**”) today announced that its revenue for the six-month period ended September 30, 2016 (“**1H FY2017**”) rose 5.9% to HK\$48.3 million, compared to HK\$45.6 million in the last corresponding period (“**1H FY2016**”).

Mr. Lee Wan Lik, Managing Director of Azeus, said: “We have managed to maintain our revenue despite the ongoing market challenges. This underscores the consistent demand for our products and services. Our Group’s cloud-based offering continues to show good growth potential and we remain committed to build our capacity and invest in this segment.”

In September 2016, “Azeus Convene” was conferred two Silvers for *Most Innovative Product of the Year – Enterprise*, and *App of the Year – Enterprise and Small or Medium Business (SMB)* at the Best in Biz Awards 2016 International, in recognition of the platform’s various innovative features.

Financial Performance

For 1H FY2017, Azeus registered HK\$10.0 million in loss attributable to equity holders (“**net loss**”), compared to HK\$3.7 million in profit attributable to equity holders (“**net profit**”) in 1H FY2016, which was mainly bolstered by a significant one-off legal fee compensation of HK\$8.8 million for an arbitration with a customer.

Of the HK\$10.0 million in net loss for 1H FY2017, HK\$3.3 million was a result of a net foreign exchange loss arising from the translation of net monetary assets denominated in foreign currencies, particularly in Great British Pound (“**GBP**”), which significantly declined from 1 GBP to 11.75 Hong Kong Dollars (“**HKD**”) to 1 GBP to 10.06 HKD in 1H FY2017.

In line with the Group’s plans to build up its Azeus Products business segment, selling and marketing expenses rose by 62.5% to HK\$8.7 million, compared with HK\$5.4 million in the preceding year, as Azeus intensifies its sales and marketing efforts for its cloud-based offering, both domestically and internationally.

As at September 30, 2016, the Group maintained a healthy balance sheet, with a cash position of HK\$43.3 million. Azeus has no debt nor bank borrowings.

Review of Business Segments

In 1H FY2017, the Maintenance and Support Services (“**MSS**”) segment continues to be Azeus’ largest revenue contributor, accounting for HK\$27.1 million or approximately 56.1% of the total Group revenue for the period. The segment registered a 15.8% drop in revenue from HK\$32.2 million in 1H FY2016 due to the expiry of a major maintenance and support outsourcing contract in the beginning of this financial year.

The IT Services segment, which recorded a higher revenue of HK\$17.0 million in 1H FY2017 compared to HK\$10.4 million in 1H FY2016, now accounts for approximately 35.1% of the total Group revenue for the period.

Meanwhile, the Azeus Product Sales segment saw a 37.9% increase in revenue from HK\$3.1 million in 1H FY2016 to HK\$4.2 million in 1H FY2017. The segment accounts for 8.8% of the total revenue. The revenue is contributed by the sale of two proprietary products, “Azeus Convene” and “AzeusCare”, and their associated professional services.

Outlook

While the IT market conditions in Hong Kong are expected to remain challenging, Azeus' core business fundamentals remain sound. Azeus Products Sales, the Group's key growth driver, continues to grow from strength to strength. The Group has made good progress in its cloud-based offering.

Azeus plans to aggressively invest in growth in its products by expanding its domestic and international sales and marketing activities, building brand awareness, attracting new customers and sponsoring more marketing events.

About Azeus Systems Holdings Ltd.

Established in 1991, Azeus is a leading provider of IT consultancy services. Headquartered in Hong Kong, Azeus has presence in the United Kingdom (UK), Philippines and China, and regional offices in Australia and Malaysia. 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. In recent years, the Group has also expanded its operations into the UK, and established a growing track record of public sector projects for UK government bodies.

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

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