

## NEWS RELEASE

### AZEUS NARROWS LOSS IN 1H FY2018

- ***Narrowed loss by 41.2% to HK\$5.9 million (US\$0.76 million<sup>1</sup>) from HK\$10.0 million (US\$1.3 million<sup>1</sup>) a year ago***
- ***Azeus Products segment's revenue rose 89.4% to HK\$8.0 million (US\$1.03 million<sup>1</sup>)***
- ***Recent contract wins bring total value of contracts secured YTD to over HK\$112.9 million (US\$14.5 million<sup>1</sup>)***

**Singapore, 13 November 2017** – Azeus Systems Holdings Ltd. (“Azeus” or the “Group”), a provider of IT consultancy services based in Hong Kong, today announced a 41.2% narrowing of loss attributable to equity holders (“net loss”) to HK\$5.9 million for the six-month period ended 30 September 2017 (“1H FY2018”), compared to HK\$10.0 million in the previous corresponding period (“1H FY2017”).

Group revenue in 1H FY2018 was HK\$41.2 million, compared to HK\$48.3 million in 1H FY2017, on the back of an 89.4% increase in revenue from the Azeus Products segment to HK\$8.0 million offset by lower revenue from the Professional IT services segment.

Selling and marketing expenses decreased by 23.0% or HK\$2.0 million to HK\$6.7 million due to a decrease in contracted sales representatives cost of HK\$1.3 million and the Group's success in lowering its cost in customer acquisition. Meanwhile, the Group also reduced its administrative and other operating expenses in 1H FY2018 by 14.9% to HK\$11.1 million compared to HK\$13.0 million in the previous corresponding period.

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<sup>1</sup> Based on conversion rate of 1 HKD = 0.13 USD, rounded up to one decimal place

As at 30 September 2017, Azeus maintained a healthy balance sheet, with a cash position of HK\$35.7 million. The Group has no debt nor bank borrowings.

### **Contract Wins**

Between July and November 2017, Azeus announced a series of contract wins for the provision of IT services and maintenance works to various governmental departments in Hong Kong. The total value of the contracts secured year-to-date by the Group amounted to over HK\$112.9 million, which will be progressively recognised over the contract periods ranging from two to ten years.

On 21 July 2017, the Group was one of 49 companies that were awarded the Standing Offer Agreement for Quality Professional Services 4 (“SOA-QPS4”) for Service Categories 1, 2 and 3. The SOA-QPS4 was conferred to Azeus for the fifth consecutive term and will allow the Group to tender for various government IT professional services contracts, including IT project management and system development services, of up to HK\$15 million.

Mr. Lee Wan Lik, Managing Director of Azeus, said: “The Hong Kong public sector has been an important client for Azeus. The momentum of these recent contract wins is a recognition of our Group’s attunement towards our customers’ expectations and underscores our capabilities in providing quality and reliable IT solutions and service delivery. We look forward to leveraging our established public sector track record in Hong Kong to continue furthering our business in the public and private sectors, both in Hong Kong and overseas.”

### **Review of Business Segments**

In 1H FY2018, the Azeus Products segment recorded an 89.4% increase in revenue to HK\$8.0 million, up from HK\$4.2 million in 1H FY2017. The segment now accounts for 19.5% of the Group’s total revenue, which is more than double that of the preceding year (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.

Maintenance and Support Services segment continues to be Azeus' largest revenue contributor, accounting for HK\$23.0 million or approximately 55.9% of the total Group revenue for 1H FY2018. The segment registered a 15.0% drop in revenue from HK\$27.1 million in the preceding period due to the expiry of a major maintenance and support contract in 1H FY2017.

Meanwhile, the IT Services segment, which recorded a lower revenue of HK\$10.1 million in 1H FY2018 compared to HK\$17.0 million in 1H FY2017, now accounts for approximately 24.6% of the total Group revenue for the period. This was due to fewer contracts implemented in 1H FY2018.

### **Outlook**

Barring any unforeseen circumstances, the Group remains cautious about the outlook for FY2018 although it expects an improved result from the significant loss recorded in FY2017, in view of the progressive recognition of revenues from the recent contract wins following their implementation in the second half of FY2018.

In addition, Azeus' products business demonstrated traction with newly acquired customers. Although Azeus has made progress in its cloud-based offering, the Group needs to invest further to attain greater market share and explore opportunities in new markets to diversify its future income stream.

## **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, the Philippines and China. 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 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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ISSUED ON BEHALF OF	:	Azeus Systems Holdings Ltd
BY	:	Citigate Dewe Rogerson Singapore Pte Ltd. 55 Market Street #02-01 Singapore 048941
CONTACT	:	Mr. Winston Choo / Ms Melissa Chia at 6534-5122
EMAIL	:	<a href="mailto:winstonchoo@citigatedewerogerson.com">winstonchoo@citigatedewerogerson.com</a> / <a href="mailto:melissa.chia@citigatedewerogerson.com">melissa.chia@citigatedewerogerson.com</a>

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