



NEWS RELEASE

AZEUS RETURNS TO PROFIT ON HIGHER REVENUE FOR FY2018

- ***FY2018 revenue grew 4.6% to HK\$102.4 million (US\$13.1 million¹)***
- ***Bolstered by a more than doubling in revenue from Azeus Products segment to HK\$24.4 million (US\$3.1 million¹) in FY2018***
- ***Recommends first and final dividend of 6.2 HK cents per ordinary share***

Singapore, May 30, 2018 – Azeus Systems Holdings Ltd. (“Azeus” or the “Group”), a provider of IT consultancy services based in Hong Kong, recorded a return in profitability with net profit of HK\$1.9 million for the year ended March 31, 2018 (“FY2018”), compared to a net loss of HK\$21.6 million in the previous corresponding period (“FY2017”).

Azeus’ FY2018 net profit was achieved on the back of HK\$102.4 million in revenue recorded in FY2018, a 4.6% increase from HK\$97.9 million reported in FY2017. The increase in net profit included a one-off income of HK\$7.3 million from settlement of a maintenance claim as well as higher currency exchange gain of HK\$4.5 million.

The Group’s total revenue achieved for the year was mainly bolstered by increased sales of its two proprietary products — “Azeus Convene” and “AzeusCare” — as well as professional services under the Azeus Products business segment. Revenue for the segment more than doubled to HK\$24.4 million in FY2018 from HK\$11.9 million in FY2017.

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

Selling and marketing expenses lowered by 9.0% to HK\$14.8 million in FY2018 from HK\$16.2 million in FY2017 due to a decrease in selling and marketing activities, such as conferences and sponsorships, undertaken for Azeus Products business segments. Nevertheless, the Group continues to invest in the expansion of its global sales team to focus on adding new customers.

Mr. Lee Wan Lik, Managing Director of Azeus, said, “Azeus’ FY2018 performance is reflective of the enhanced resilience of the Group’s business to be able to generate higher revenue without increasing our cost base. This has enabled us to achieve better margins which contributed to our profitability and we believe that this will position us well to take advantage of the traction we have achieved for our Azeus Products business.”

As at March 31, 2018, the Group further solidified its balance sheet with a cash position of HK\$58.6 million, up 50.1% from HK\$38.9 million in the previous year. Azeus has no debt nor bank borrowings.

To reward shareholders for their support, the Group recommends a first and final dividend of 6.2 HK cents per ordinary share.

Review of Business Segments

The Azeus Products segment saw its revenue more than double from HK\$11.9 million in FY2017 to HK\$24.4 million in FY2018. The segment now accounts for 23.8% of the Group’s total revenue, compared to 12.1% in FY2017. The revenue is contributed by the sale of two proprietary products, “Azeus Convene” and “AzeusCare”, and their associated professional services.

In FY2018, the Maintenance and Support Services segment continues to be Azeus’ largest revenue contributor, accounting for HK\$46.0 million or approximately 45.0% of the total Group revenue for the period. The segment registered a 13.7% decline in revenue from HK\$53.3 million in FY2017 due to the expiry of a major maintenance and support outsourcing contract in the beginning of this financial year.

Meanwhile, the IT Services segment, which recorded a lower revenue of HK\$31.9 million in FY2018 compared to HK\$32.7 million in FY2017, now accounts for approximately 31.2% of the total Group revenue for the period. This was due to a decrease in sales of third-party hardware and software by HK\$0.7 million in FY2017. Excluding the third-party hardware and software sales, the Group was able to achieve a same amount of IT Services revenue as compared to FY2017.

Outlook

Azeus' core business, "Professional IT Services", continues to remain sound. The Group managed to secure a few project wins since November 2017 which brought the total value of contracts secured by Azeus to over HK\$133.4 million in the year-to-date with contract periods ranging between two to ten years. The Group expects to see progressive recognition of revenues from the recent contract wins following their implementation in FY2019 and FY2020.

In addition, "Azeus Products" business demonstrated traction with newly acquired customers. The Group made good progress in its Azeus Products business and its revenue has more than doubled from FY2017. The Group will continue to invest further to attain greater market share and explore opportunities in new markets to diversify its future income streams.

Barring unforeseen circumstances, the Group remains cautious about the outlook of FY2019.

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, 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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