AZEUS SYSTEMS HOLDINGS LTD
(Incorporated in Bermuda)
(Company Registration No. 35312)

UPDATE ON CENTRAL ELECTRONIC RECORDKEEPING SYSTEM PROJECT

The Board of Directors of Azeus Systems Holdings Ltd (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to provide an update on its current Central Electronic Recordkeeping System ("**CERKS**") project.

The Company first announced that it had been awarded a contract from the Hong Kong SAR Government for the implementation of its CERKS on 9 May 2022 and stated, "*The total estimated contract value is HK$1.02 billion (US$132.0 million) and will cover the design and development of the CERKS with a total implementation price of HK$633.9 million (US$82.4 million), as well the system's maintenance and support for ten years of HK$381.4 million (US$49.6 million) following its implementation.*

The core of the CERKS is based on Convene Records which is a content and records management product designed and developed by Azeus. This Azeus product, Convene Records, will be customised and then deployed to majority of bureaux and departments in the Hong Kong SAR Government. An expected 75% of the total estimated contract value (HK$1.02 billion) would be for the license and maintenance fees of the Convene Records software – which is based on the number of users and number of bureaux/departments estimated by the Government as specified in the tender. The actual total contract value will be subject to change by the Government upon its confirmation of these two numbers in the course of the project."

Additionally, the Company had provided an update on the progress of CERKS in its results announcement for the financial year ended 31 March 2025 ("FY2025") released on 30 May 2025. In the announcement, the Company noted that, "*The CERKS Project has successfully entered its deployment phase, progressing on schedule and receiving positive feedback. The system is currently being rolled out across various government agencies and bureaus. The remaining revenue from licensing and deployment services will be recognised over FY2026 and FY2027, aligning with the estimated project deployment timeline. Preliminary indicators suggests that the actual number of users may be below the initial projections outlined in the tender, which could lead to a decrease in projected revenue. However, there is also the possibility of additional government agencies adopting the system, which could help offset this variance. The final number of deployed users is expected to fluctuate as the deployment continues*."

The Company now wishes to update that the latest numbers provided by the customer on the number of users is expected to be lower than the projections indicated in the tender. However, the actual number of users may still vary upward or downward over the coming 12 months. The final numbers will be confirmed near project completion, expected before September 2026.

The decrease in the number of users will have an impact on the license fees revenue as there will be fewer client licenses and server licenses required to run the project.

Based on the latest committed client license numbers, the total contract value may be reduced by about 8.9% to 11.4%, amounting to approximately HK$91.1 million to HK$116.3 million (equivalent to US$11.8 – US$15.1 million). This estimated reduction includes the one-off license revenue that will be recognised in FY2027 and the 10 years of maintenance revenue that will be recognised starting from the estimated completion date in September 2026 until 2037. The Company expects no significant impact on its FY2026 results.

Additionally, the Group and the customer have different approaches to the method of calculating the server license fees to be charged. The Group is currently in discussion with the customer to resolve the method of the license fee computation. Pending the outcome of these discussions with the customer, the Group is currently unable to assess the financial impact on the FY2027 results. If the results of the discussions confirm that the customer's interpretation is correct, there may be a further adverse impact on the revenue from this project going forward, FY2027 and beyond.

For and on behalf of the Board

BY ORDER OF THE BOARD

Lee Wan Lik
Executive Chairman
5 November 2025