



NEWS RELEASE

AZEUS REPORTS FY2016 RESULTS

- ***Group registers net profit of HK\$1.3 million (equivalent to US\$0.17 million)***
- ***Maintains strong cash position of HK\$68.4 million (equivalent to US\$8.8 million)***
- ***Recommends first and final dividend of 4.47 HK cents per share***

Singapore, May 30, 2016 – Azeus Systems Holdings Ltd. (“**Azeus**” or the “**Group**”), a provider of IT consultancy services based in Hong Kong, today announced Group revenue of HK\$111.8 million for the year ended March 31, 2016 (“**FY2016**”). This was mainly attributable to a 15.4% rise in revenue from maintenance and support services that amounted to HK\$62.7 million in FY2016.

Azeus’ profit attributable to equity holders (“**net profit**”) for the latest financial year decreased to HK\$1.3 million, compared to HK\$3.7 million a year ago. The Group registered cost of sales of HK\$74.7 million in FY2016, compared with HK\$79.8 million in FY2015, while administrative and other operating expenses decreased by 3.3% to HK\$28.7 million.

Selling and marketing expenses more than doubled to HK\$14.2 million, compared with HK\$6.5 million in the preceding year, as Azeus intensifies its sales and marketing efforts for its cloud-based offering, both domestically and internationally. This is part of the Group’s plan to build up its Azeus Products business segment to drive growth.

As at March 31, 2016, the Group maintained a healthy balance sheet, with a cash position of HK\$68.4 million, inclusive of HK\$3.8 million in pledged deposits. Azeus has no debts, nor bank borrowings.

The Group has recommended a first and final dividend of 4.47 HK cents per share.

Review of Business Segments

In FY2016, the Maintenance and Support Services (“**MSS**”) segment surpassed the IT Services segment as Azeus’ largest revenue contributor, accounting for HK\$62.7 million or approximately 56.1% of the total Group revenue for FY2016. This was a 15.4% increase from HK\$54.4 million in FY2015.

The IT Services segment, which now accounts for HK\$41.7 million or approximately 37.3% of the total Group revenue for FY2016, saw a 22.8% decline from HK\$54.0 million a year ago, largely due to fewer contracts secured and implemented in FY2016.

The Group’s Azeus Product Sales segment saw a marginal decrease in revenue, from HK\$7.9 million in FY2015 to HK\$7.4 million in FY2016. The revenue is driven by the sale of two proprietary products, “Azeus Convene” and “AzeusCare”, and via two revenue sources – subscription revenue from customers and the related professional services such as project management, implementation services and training fees.

Outlook

The Group expects IT market conditions in Hong Kong to continue to remain challenging in view of a decrease in the number of open tenders, uncertain macroeconomic developments and existing government regulations.

Notwithstanding current market challenges, Azeus’ core business fundamentals ensure that the Group will continue to deliver and maintain high value complex IT systems for existing customers.

Azeus Products business serves as the growth engine of the Group. Azeus plans to continue investing in marketing and sales effort by expanding its domestic and international sales and marketing activities, building brand awareness, attracting new customers and sponsoring more marketing events.

Mr. Lee Wan Lik, Managing Director of Azeus, commented, “We have made very good progress in our software products and have secured clients in both the private and the public sectors in over 30 countries. We will continue to build our capacity in this business segment and make aggressive investment in our products.”

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 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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