



NEWS RELEASE

AZEUS REPORTS FY2017 RESULTS

- ***Registers revenue of HK\$97.9 million (US\$12.7 million¹)***
- ***Revenue from Azeus Products segment surges 60.4% to HK\$11.9 million (US\$1.5 million¹) in FY2017 - accounting for 12.1% of the total revenue***
- ***Azeus Products segment set to see continued growth***

Singapore, May 30, 2017 – Azeus Systems Holdings Ltd. (“Azeus” or the “Group”), a provider of IT consultancy services based in Hong Kong, today announced its financial results for the year ended March 31, 2017 (“FY2017”). Group revenue declined by 12.4% to HK\$97.9 million, compared to HK\$111.8 million in the previous corresponding year (“FY2016”).

Azeus registered HK\$21.6 million in loss attributable to equity holders (“net loss”) in FY2017, compared to HK\$1.3 million in profit attributable to equity holders (“net profit”) in the preceding year. This was mainly attributable to the absence of a legal fee compensation of HK\$8.8 million and a material third-party hardware and software sale income of HK\$6.2 million in FY2016, as well as a net foreign exchange loss of HK\$4.9 million in FY2017, which resulted from the translation of net monetary assets denominated in foreign currencies, particularly in Great British Pound, which significantly weakened against the Hong Kong Dollar by 12.9%.

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

The Group's selling and marketing expenses increased by 14.1% to HK\$16.2 million in FY2017 as compared to HK\$14.2 million in FY2016. This was in line with the Group's strategy in building up the Azeus Products business segment with the amount used to expand the global sales team to focus on adding new customers. During the year, the Group reduced its administrative and other operating expenses by 9.0% to HK\$26.1 million.

As at March 31, 2017, the Group maintained a healthy balance sheet, with a cash position of HK\$38.9 million. Azeus has no debt nor bank borrowings.

Review of Business Segments

The Azeus Products segment saw an increase of 60.4% in revenue from HK\$7.4 million in FY2016 to HK\$11.9 million in FY2017. The segment now accounts for 12.1% of the total revenue, which is almost twice that of the preceding year (6.6% of the total revenue). The revenue is contributed by the sale of two proprietary products, "Azeus Convene" and "AzeusCare", and their associated professional services.

In FY2017, the Maintenance and Support Services segment continues to be Azeus' largest revenue contributor, accounting for HK\$53.3 million or approximately 54.5% of the total Group revenue for the period. The segment registered a 15.0% drop in revenue from HK\$62.7 million in FY2016 due to the expiry of a major maintenance and support contract in the beginning of this financial year.

Meanwhile, the IT Services segment, which recorded a lower revenue of HK\$32.7 million in FY2017 compared to HK\$41.7 million in FY2016, now accounts for approximately 33.4% of the total Group revenue for the period. This was due to a decrease in sales of third-party hardware and software by HK\$11.3 million in FY2017. Excluding the third-party hardware and software sales, the Group was able to achieve a 8.0% increase in IT Services revenue.

Outlook

The IT market conditions in Hong Kong continue to remain challenging, but Azeus' core business fundamentals remain sound and the Group is confident that the Professional IT services business is and will remain profitable.

The Group also made good progress in its Azeus Products business, and expects to see continued growth in demand in the next financial year.

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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