



NEWS RELEASE

AZEUS NET PROFIT FOR 1H FY2021 MORE THAN DOUBLES TO HK\$11.0 MILLION (EQUIVALENT TO US\$1.4 MILLION¹)

- ***1H FY2021 revenue increases 10.2% to HK\$79.4 million (approximately US\$10.3 million¹)***
- ***Strong performance driven by 36.8% increase in revenue of Azeus Products to HK\$51.8 million (approximately US\$6.7 million¹)***
- ***Gross profit margin improves 2.7 percentage points to 46.8%***

Singapore, 13 November 2020 – Azeus Systems Holdings Ltd. (“Azeus” or the “Group”), a leading provider of IT consultancy services based in Hong Kong, today announced a 121.8% surge in net profit to HK\$11.0 million for the financial period ended 30 September 2020 (“1H FY2021”), compared to HK\$4.9 million in the previous corresponding period (“1H FY2020”). For the period under review, Azeus recorded a 10.2% increase in revenue to HK\$79.4 million, driven by a significant growth from the Azeus Products segment.

Correspondingly, the Group’s shareholders’ equity increased from HK\$100.9 million as at 31 March 2020 to HK\$113.2 million as at 30 September 2020. This was mainly due to the net profit of HK\$11.0 million generated from the Group’s businesses and HK\$1.3 million of foreign currency reserve generated in 1H FY2021.

As at 30 September 2020, the Group’s financial position continues to strengthen with a net cash position of HK\$126.4 million. The Group has no bank borrowings or debt securities.

¹ Based on the conversion rate of 1 HK\$ = 0.13 US\$, rounded up to one decimal place.

Review of Business Segments

Azeus has achieved strong growth in the Azeus Products business segment with a 36.8% increase in revenue to HK\$51.8 million in 1H FY2021, from the sale of the Group's proprietary products, "Azeus Convene" and "AzeusCare", and their associated professional services. This segment was Azeus' largest revenue contributor in 1H FY2021 and accounted for 65.2% of the Group's total revenue, compared to 52.5% in 1H FY2020.

Revenue contribution from IT Services, which includes three core business areas, system implementation and enhancement, sales of third-party hardware and software and maintenance and support services, declined 19.3% to HK\$27.6 million due to fewer projects and enhancements secured in 1H FY2021. The segment accounted for 34.8% of the Group's total revenue in 1H FY2021, from 47.5% in 1H FY2020.

Revenue from systems implementation and enhancement decreased by 62.5% to HK\$4.5 million in 1H FY2021 mainly due to the fewer projects and enhancements secured.

The Group also recorded sales of third-party hardware and software of HK\$0.5 million in 1H FY2021 mainly due to the delivery and acceptance of a small project completed.

Meanwhile, the Maintenance and Support Services segment continues to contribute a stream of recurring income for the Group with a marginal 1.6% increase in revenue from the segment to HK\$22.7 million. The higher revenue was due to positive price adjustment for a few maintenance projects.

In line with the higher revenue, the Group's cost of sales increased by 4.8% to HK\$42.2 million in 1H FY2021 from HK\$40.3 million in 1H FY2020 mainly due to increase in direct employee expenses of HK\$0.9 million, increase in hosting cost of HK\$0.8 million and third party hardware and software cost of HK\$0.3 million.

The Group's gross profit margin improved by 2.7 percentage points to of 46.8% in 1H FY2021 as compared to 44.1% in 1H FY2020.

Overall, the Group reported a net profit of HK\$11.0 million in 1H FY2021 as compared to a net profit of HK\$4.9 million in 1H FY2020.

Outlook

The Group expects a lower revenue in the "Azeus IT Services" segment. On the other hand, revenue from "Azeus Product" segment continues to grow.

Mr. Lee Wan Lik, Managing Director of Azeus, said, "Our proprietary products, which has a presence across 100 countries, continue to gain traction with leading organisations across various industries. We are driven to develop effective software solutions that continue to meet demand in the marketplace, and we will widen our reach and grow our base of recurring income, thereby reinforcing our cash flow visibility."

Barring unforeseen circumstances, the Group remains cautiously optimistic about the outlook for FY2021.

About Azeus Systems Holdings Ltd.

Azeus is among the first companies in Hong Kong to be appraised at the highest level (Level 5) of the CMMI-SW model for software development. A leading provider of IT products and services, Azeus was listed on the Main Board of the SGX-ST in October 2004, with offices in Hong Kong, Singapore, the United Kingdom, the Philippines and China.

The Group's flagship product, Azeus Convene, is a leading paperless meeting solution used by directors and executives in various industries, across more than 100 countries. The Group has also introduced a virtual AGM solution, AGM@Convene, in response to the shifting trend towards e-AGMs as a result of the COVID-19 restrictions. AzeusCare, the Group's proprietary social care system which supports requirements of the UK Care Act 2014, has also been adopted by various local councils in the United Kingdom.

Under Azeus' IT Services segment, the Group design and implement a broad range of IT software and systems, as well as develop and integrate various software programmes of IT systems for its customers. The Group also provide after-sales services and support by offering a spectrum of maintenance and support services.

In all, the Group has a solid track record of completing over 100 IT services projects for more than 40 government departments, as well as over 20 projects for the private sector in Hong Kong, many of which are contracts from repeat customers.

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