



NEWS RELEASE

AZEUS RECORDS 577.4% SURGE IN NET PROFIT TO HK\$12.6 MILLION (US\$1.6 MILLION) FOR FY2019

- ***FY2019 revenue grew 44.4% to HK\$147.8 million (US\$19.2 million¹), with broad-based growth across business segments***
- ***Azeus Products segment's revenue more than doubled to HK\$49.9 million (US\$6.5 million¹) in FY2019, poised to be growth driver for Group***
- ***Recommends first and final dividend of 21 HK cents per ordinary share***

Singapore, May 30, 2019 – Azeus Systems Holdings Ltd. (“Azeus” or the “Group”), a provider of IT consultancy services based in Hong Kong, recorded a net profit of HK\$12.6 million for the year ended March 31, 2019 (“FY2019”), representing an increase of 577.4% from HK\$1.9 million in the previous corresponding period (“FY2018”).

Azeus’ stronger net profit was achieved on the back of HK\$147.8 million in revenue recorded in FY2019, a 44.4% increase from HK\$102.4 million reported in FY2018.

The Group’s total revenue achieved for the year was mainly driven by increased sales of its two proprietary products, “Azeus Convene” and “AzeusCare”, professional services under the Azeus Products segment as well as professional IT services arising from the completion of higher value implementation service projects. Notably, revenue for the Azeus Products segment more than doubled to HK\$49.9 million in FY2019 from HK\$24.4 million in FY2018.

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

As a result of higher hosting cost, which is in line with the increase in the Group's cloud-based offerings of the Product business, coupled with higher development costs of HK\$7.4 million, cost of sales increased by 16.8% from HK\$70.0 million in FY2018 to HK\$81.7 million in FY2019.

Overall, the Group's gross profit margin improved by 13 percentage points to 44.7% in FY2019 as compared to 31.6% in FY2018.

During the year, the Group strengthened its sales force to focus on securing new customers and increasing penetration within its existing customer base. In line with the business expansion strategy, selling and marketing expenses increased by 22.2% to HK\$18.0 million in FY2019 from HK\$14.8 million in FY2018.

Mr. Lee Wan Lik, Managing Director of Azeus, said, "Azeus' performance in FY2019 demonstrates the scalability of the Group's business, as we strengthen our ability to keep costs low amid the ramp up of business activities to generate higher revenue. We are encouraged by the increased sales of our proprietary products and we remain confident in our ability to capitalise on the growing adoption of innovative solutions, including those offered under our Azeus Products segment."

As at March 31, 2019, the Group maintained a robust balance sheet with a cash position of HK\$52.7 million, with no debt or bank borrowings.

To reward shareholders for their support, the Group recommends a first and final dividend of 21 HK cents per ordinary share.

Review of Business Segments

The Azeus Products segment saw its revenue more than double from HK\$24.4 million in FY2018 to HK\$49.9 million in FY2019. The segment now accounts for 33.8% of the Group's total revenue, compared to 23.8% in FY2018. The revenue is contributed by the sale of computer software, "Azeus Convene" and "AzeusCare", and their associated professional services.

In FY2019, the Maintenance and Support Services segment contributed HK\$49.5 million, accounting for 33.4% of the Group's total revenue for the period. The segment registered a 7.5% increase in revenue from HK\$46.0 million in FY2018 supported by the increase in the number of projects in production and under maintenance period.

Sales of third-party hardware and software increased by 337.6% to HK\$1.5 million in FY2019 from HK\$0.3 million in FY2018. This business segment accounted for 1.0% (FY2018: 0.3%) of total revenue in FY2019.

Meanwhile, the IT Services segment, which recorded a higher revenue of HK\$47.0 million in FY2019 compared to HK\$31.6 million in FY2018, now accounts for approximately 31.8% of the Group's total revenue. The increase was attributed to the completion of higher value implementation service projects in FY2019.

Outlook

The Group has made good progress with its efforts to grow the "Azeus Products" business segment. The segment, which provides the Group with a steady stream of recurring income, has recorded strong organic growth and more than doubled in revenue from FY2018. The Group will aggressively build and strengthen our sales and marketing capacity to secure a greater market share. Azeus Products business will serve as the growth engine of the Group.

In addition, Azeus' core business, "Professional IT Services", remains fundamentally strong. The Group's ability to secure contracts with government organisations is a testament to its capabilities and commitment in meeting customers' expectations and needs. The Group expects to see progressive recognition of revenues from the recent contract wins from the Hong Kong Government and the United Kingdom local councils.

The Group remains cautiously optimistic about the outlook of FY2020.

About Azeus Systems Holdings Ltd.

Established in 1991, Azeus is a leading provider of IT consultancy services with over 25 years of experience. Headquartered in Hong Kong, Azeus has established a presence in Europe, Asia Pacific, America, Africa, and the Middle East. 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 250 IT projects across more than 60 public authorities in Asia and Europe. The Group's proprietary products have also achieved an international customer base spanning over 30 countries in both the public and commercial sectors.

Azeus was listed on the Main Board of SGX-ST in October 2004.

For more information, please visit: <https://www.azeus.com/>

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