



# SYNERGY IN TECHNOLOGY

Annual Report 2023

**AZEUS**  
A CMMI LEVEL 5 COMPANY

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Mr Lee Wan Lik

(Executive Chairman and Director)

### Mr Michael Yap Kiam Siew

(Chief Executive Officer and Deputy Chairman)

### Mr Stephen Ho ChiMing

(Lead Independent Director)

### Mr Koji Miura

(Independent Director)

### Mr Chan Ching Chuen

(Independent Director)

## SENIOR MANAGEMENT

### Mr Albert Chiang

(Vice President)

### Mr Stephen Ma

(Vice President)

### Ms Eleanor Jim

(Vice President)

### Mr Jerry Chua

(Director of Azeus Philippines)

### Mr Rene Toling Lindio

(Chief Technology Officer)

### Ms Peggy Sam

(Group Financial Controller)

## AUDIT COMMITTEE

### Mr Koji Miura (Chairman)

### Mr Chan Ching Chuen

### Mr Stephen Ho ChiMing

## REMUNERATION COMMITTEE

### Mr Stephen Ho ChiMing (Chairman)

### Mr Koji Miura

### Mr Chan Ching Chuen

## NOMINATING COMMITTEE

### Mr Chan Ching Chuen (Chairman)

### Mr Lee Wan Lik

### Mr Stephen Ho ChiMing

## COMPANY SECRETARY

### Mr Yap Wai Ming

## REGISTERED OFFICE

Victoria Place 5th Floor  
31 Victoria Street  
Hamilton HM10  
Bermuda  
Tel: 441 295 1443  
Fax: 441 295 9216

## PRINCIPAL OFFICE

22/F Olympia Plaza  
255 King's Road, North Point  
Hong Kong

## BERMUDA SHARE REGISTRAR AND SHARE TRANSFER AGENT

**Ocorian Services (Bermuda) Limited**  
Victoria Place 5th Floor  
31 Victoria Street  
Hamilton HM10  
Bermuda

## SINGAPORE SHARE TRANSFER AGENT

### **Boardroom Corporate & Advisory Services Pte Ltd**

1 Harbourfront Avenue  
Keppel Bay Tower  
#14-07  
Singapore 098632

## AUDITORS

### **PricewaterhouseCoopers LLP**

Public Accountants and Chartered Accountants  
7 Straits View  
Marina One, East Tower, Level 12  
Singapore 018936

### **Mr Chua Chin San**

Partner-in-charge since financial year  
ended 31 March 2019

## PRINCIPAL BANKERS

### **Hang Seng Bank Limited**

83 Des Voeux Road Central  
Central, Hong Kong

### **Dah Sing Bank Limited**

22nd Floor  
Dah Sing Financial Centre  
248 Queen's Road East  
Wanchai, Hong Kong

## PRINCIPAL LEGAL ADVISER

### **Morgan Lewis Stamford LLC**

10 Collyer Quay  
Ocean Financial Centre Level 27  
Singapore 049315

## INVESTOR RELATIONS CONTACT

### **Citigate Dewe Rogerson**

158 Cecil Street  
#05-01  
Singapore 069545  
Tel: (65) 6534 5122  
Fax: (65) 6534 4171

A global product business with over 30 years of experience in delivering IT products and services in over 100 countries, Azeus was listed on the Mainboard of the SGX-ST in October 2004



Azeus is one of the first companies in Hong Kong to be appraised at the highest level (Level 5) of the CMMI-SW model in November 2003, placing the Group among the top 10% CMMI appraised companies in the world. The appraisal is an endorsement of the Group's commitment towards developing software products with the highest quality and productivity to address its customer's needs.

A leading provider of IT products and services, Azeus was listed on the Mainboard of the SGX-ST in October 2004, with offices in Hong Kong, Singapore, the United Kingdom, the Philippines and China. Azeus' emphasis on consistently high-quality solutions has enabled the Group to build a solid track record across various industries, including many government departments.

Azeus is a global product business empowering thousands of organisations with digital corporate governance solutions. In its commitment to constantly answer the needs of its clients, Azeus has developed **Convene**—the board portal software that enables directors and executives with best-practice meetings to achieve better corporate governance, **ConveneAGM**—a virtual/hybrid AGM platform with live voting, live Q&A, and zero-delay broadcast that transforms the landscape for shareholders and members' meetings through physical, remote or hybrid AGMs, **Convene in Teams (CiT)**—a Teams-based meeting solution that seamlessly integrates with Microsoft 365 for a better leadership meeting experience in Teams, and **Convene ESG**—an end-to-end reporting software that digitises the Economic, Social and Governance ("**ESG**") reporting journey of regulated companies to comply with the mandated local standards and global frameworks.

**Convene Records** is a document management solution that automates the management of electronic records and documents, and facilitates information sharing in the organization. The product includes a configurable workflow management feature for approval process, and supports the filing, retrieval, distribution, archiving and version control.

The Group's proprietary social care system, **AzeusCare**, has also been adopted by various local councils in the United Kingdom. AzeusCare is an integrated case

management system that provides a wide range of solutions for supporting the delivery of services for managing and delivering social care for both children and adults. In particular, AzeusCare supports the delivery of the requirements of the UK Care Act 2014 with a comprehensive set of tools to manage both the case management and finance requirements under a fully integrated system.

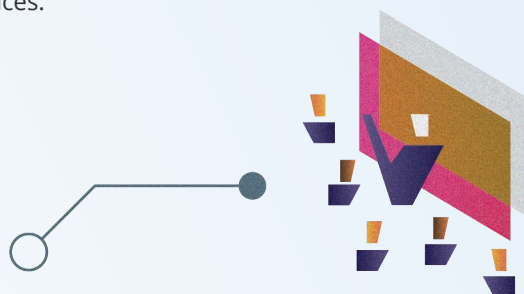
With expertise in the industry for 30 years, Azeus has been globally operating across major regions, with offices in the USA, UK, Hong Kong, Singapore, Canada, Australia, Kenya, Malaysia, Philippines, UAE, China, Spain, India, Nigeria, and Turkey. Azeus has consistently been appraised at Level 5 in CMMI, which is the highest and most mature level in the software development model.

Under Azeus' IT services segment, the Group designs and implements a broad range of IT software and systems, as well as develop and integrate various software programmes of IT systems to fulfill the outsourcing needs of its customers. The Group also provides after-sales services and support by offering a vast spectrum of maintenance and support services.

The Group has achieved significant milestones including the first business outsourcing project from the Hong Kong Government – covering IT process, IT maintenance and support, as well as office operations and support services.

The Group's established quality assurance systems, working methodologies and processes allow for a seamless integration of operations across multiple locations.

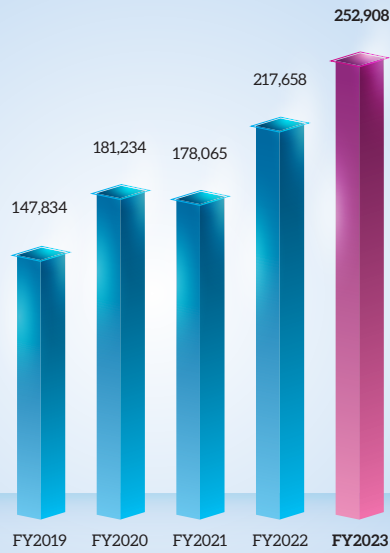
Led by an experienced management team, supported by a core group of highly competent and skilled IT professionals, Azeus is committed to continuously engineer innovative IT solutions and deliver excellent IT services.



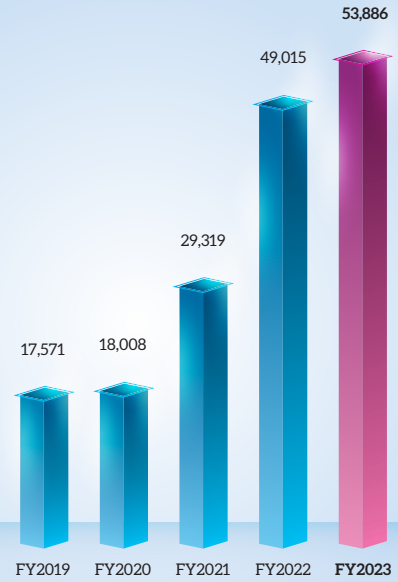
# FINANCIAL HIGHLIGHTS

## FY: FINANCIAL YEAR ENDED 31 MARCH

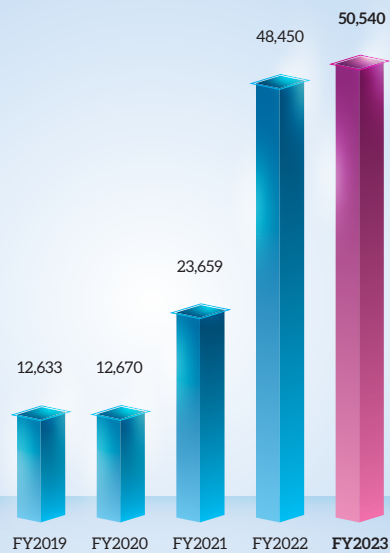
Revenue (HK \$'000)



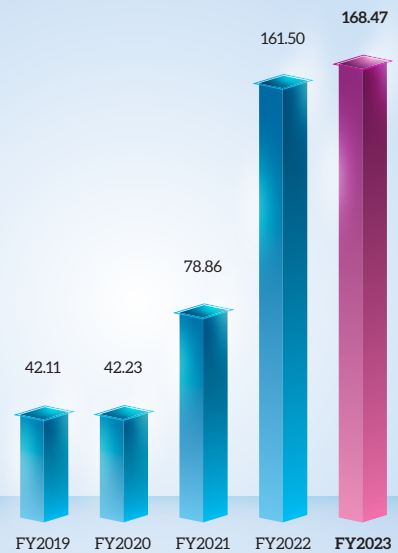
Profit Before Tax (HK \$'000)



Net Profit (HK \$'000)



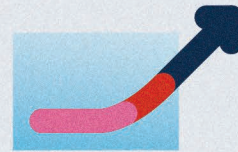
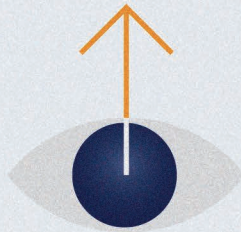
Earnings Per Share (HK cents)



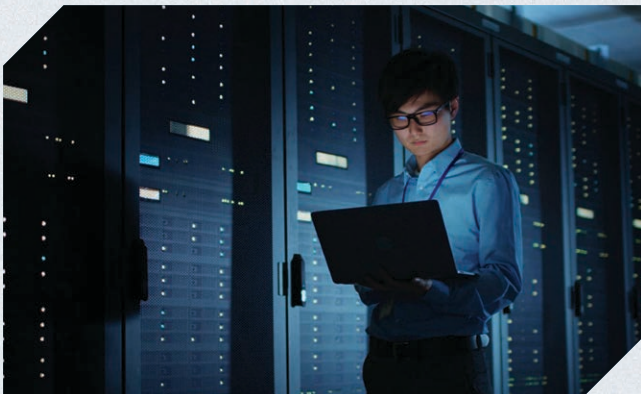


## IT CONSULTANCY SERVICES

Azeus offers clients with consultancy services in developing comprehensive business and technology strategies to ensure long-term business growth and success.



## MAINTENANCE & SUPPORT SERVICES



Our extensive scope of maintenance and support services includes software upgrades, problem resolution and bug fixing, disaster recovery planning, disaster recover drill and system technical support.



# OUR SERVICES AND PRODUCTS

With our core group of highly skilled and driven IT professionals, along with our world-class software engineering processes, Azeus develops a number of innovative technologies and solutions to help our customers' automate their organisations' existing operations.



**azeuscare**

Enterprise level social care case management system, delivering full end to end support for vulnerable adults and children across the entire care lifecycle for UK Government clients.



**convene records**

A web-based document management solution with user configurable workflow management feature for keeping and tracking electronic records and documents. It provides functions for user to define the workflow of document exchange and approval process, and support the filing, retrieval, distribution, archiving and version control of all types of document (including multi-media files). Convene Records enables business to automate the management of electronic records and documents, and thus facilitate information sharing in the organization.

**Convene in Teams**

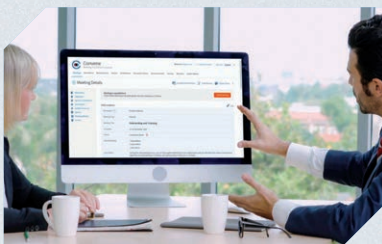
A Teams-based meeting solution that seamlessly integrates with Microsoft 365 for a better leadership meeting experience in Teams. CiT supplements your Teams with a suite of tools to help you run better meetings within the platform



**@convene | esg**

Digitalise Your ESG Journey

An end-to-end reporting software that digitises the Economic, Social and Governance ("ESG") reporting journey of regulated companies to comply with the mandated local standards and global frameworks.



**convene**  
Smart. Simple. Secure.

The award-winning Board Portal, trusted by boards and leadership of high-profile institutions in over 100 countries globally.



**conveneAGM**

Virtual or Hybrid AGM Provider, trusted by the top listed companies, membership associations and nonprofit organisations, transforming the landscape for shareholders and members' meetings.



**We are pleased to deliver a resilient set of performance in FY2023. As a result of our marketing effort, our growth engine, Azeus Products, continued to see good results as we increase our presence in more countries and expanded our product offering to our customers.**

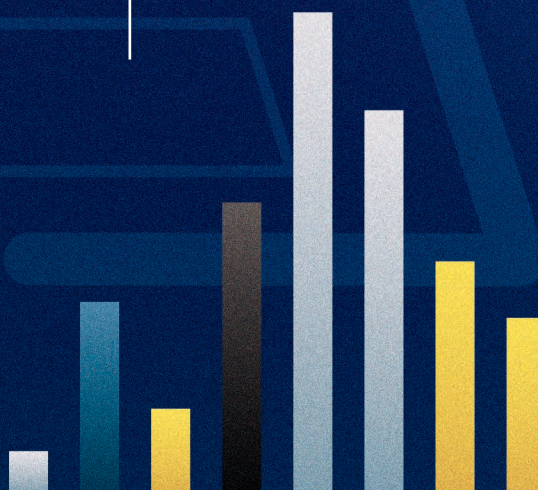


## DEAR SHAREHOLDERS,

On behalf of the Board of Azeus Systems Holdings Ltd. ("**Azeus**" or the "**Group**"), it is our pleasure to present our Annual Report for the financial year ended 31 March 2023 ("**FY2023**").

Azeus reported a 4.1% increase in net profit, to HK\$50.5 million in FY2023 from HK\$48.5 million in the same corresponding year ("**FY2022**"). For the year under review, Azeus recorded a 16.2% increase in revenue to HK\$252.9 million in FY2023, from HK\$217.7 million in FY2022, driven by mainly from the growth from our Azeus Products segment.

Despite the ongoing macroeconomic headwinds, we are pleased to deliver a resilient set of performance in FY2023. As a result of our marketing effort, our growth engine, Azeus Products, continued to see good results as we increase our presence in more countries and expanded our product offering to our customers.





# CHAIRMAN AND CEO'S MESSAGE

## FY2023 Financial Review

The Group's revenue has increased by HK\$35.2 million, or 16.2% to HK\$252.9 million in FY2023 from HK\$217.7 million in FY2022.

With the higher revenue, the Group's cost of sales increased by HK\$10.8 million, or 18.0%, to HK\$70.9 million in FY2023 from HK\$60.1 million in FY2022.

As a result, the Group maintained a similar gross profit margin percentage points of 72.0% in FY2023 as compared to 72.4% in FY2022. On the whole, the Group reported a net profit of HK\$50.5 million in FY2023 as compared to a net profit of HK\$48.5 million in FY2022, increasing by 4.1%. Adjusted profit before tax after adjusting for translation losses, other income and impairment loss of financial assets in FY2023 was HK\$60.6 million while FY2022 was HK\$54.0 million, approximately a 12.2% growth. The growth in net profit was impacted by the unrealised foreign exchanges losses of HK\$7.5 million due to translation of foreign currencies cash balances as of the end of the financial year.

The Group's shareholders' equity declined to HK\$133.5 million as at 31 March 2023, from HK\$154.7 million as at 31 March 2022. This was mainly due to the net fall in retained profit as a result of the contribution of the FY2023 net profit of HK\$50.5 million, set-off with two payment of dividends to equity holders of the Company of HK\$66.6 million during the financial year.

As at 31 March 2023, the Group saw a decline in its net cash position to HK\$152.8 million from HK\$201.3 million. The Group has no bank borrowings or debt securities.

We are pleased that our single largest contract in our corporate history, the HK\$1.02 billion Central Electronic Recordkeeping System ("CERKS") project over a 53-month period, has moved into the deployment phase, and would contribute to the product business in the coming years.

In addition, we were awarded a HK\$11.2 million contract to design and develop the e-Procurement Platform for the Hong Kong SAR Government's Development Bureau (Works Branch). The contract will cover the design and development of the e-Procurement Platform, as well as the system's maintenance and support for three years following its implementation. The design and implementation works has commenced in November 2022, with majority of the revenue to be contributed from the second half of FY2023 until FY2028.

## Review of Business Segments

For FY2023, the Azeus Products business segment maintained its position as our Group's key growth driver, providing a steady stream of recurring income.

Azeus Products accounted for a majority 69.3% of the total Group's revenue in FY2023. Revenue from Azeus Products increased by HK\$35.9 million or 25.8% from HK\$139.4 million in FY2022 to HK\$175.3 million in FY2023, mainly attributable to the revenue contribution from the Group's proprietary products Convene and our new product Convene Records under CERKS contract.

IT Services which include two main core business areas, system implementation and enhancement and maintenance and support services, saw a marginal decline of just 0.8%, from HK\$78.2 million to HK\$77.6 million.

Within the IT Services segment, revenue from systems implementation and enhancement declined by HK\$0.7 million or just around 2.3% to HK\$29.5 million in FY2023 from HK\$30.2 million in FY2022, while the recurring revenue from maintenance and support increased by HK\$0.2 million or 0.4%, to HK\$48.1 million in FY2023 from HK\$47.9 million in FY2022.

## Outlook

Looking ahead, Azeus is in a favourable position to capture potential opportunities, given the Group's strong product offerings as well as having the competency in delivering sophisticated IT systems.

Azeus continues to invest and execute on our plan to grow the product segment. Led by our flagship product - "Convene" and the rollout of new product offerings such as - "Convene Records", we are expecting growth within our product business. Coupled with the expected rollout of the secured service segment projects, barring unforeseen circumstances, we are optimistic on our overall growth and outlook in the coming year.

## Proposed Dividend

To reward our loyal shareholders for their continuous support, the Board is pleased to recommend a final dividend of HK\$1.08 per ordinary share for FY2023. Including the interim dividend payout of HK\$0.60 per ordinary share, a total dividend of HK\$1.68 per ordinary share for FY2023, representing all our net profit for the year.

## Words of Appreciation

We would like to extend our appreciation to our Board of Directors for their invaluable guidance in leading the Group forward. We would also like to send across our gratitude to the senior management team for their devotion and commitment to the company.

To our valued customers, business partners, associates and stakeholders, we look forward to your continued support. By capitalising on the extensive experience of our senior management team and the strong proficiency and competency of our talented team at Azeus, we will work closely together to lay out the Group's next phase of growth. With our strong technical expertise and commitment to deliver high-quality products and services, we are in a good position to push ahead and seize new opportunities together.

Yours sincerely,

**Lee Wan Lik**

*Executive Chairman*

**Michael Yap**

*Chief Executive Officer*

# BOARD OF DIRECTORS

## MR LEE WAN LIK

*Executive Chairman and Director*

Mr Lee is the Executive Chairman and Director of the Company and is actively involved with the Group's research and development to develop innovative technology solutions and adds capabilities to fuel the growth of the Group. As part of his responsibility as the Executive Chairman of the Group, Mr Lee provides leadership and direction to the Board, ensuring the Board's effectiveness in all aspects of its role, including the good governance of the Company, and the effectiveness of its committee. This includes working with the Board and the Company's CEO to develop strategy for the Company's future growth, and identify opportunities for value-enhancing strategic initiatives.

Mr Lee holds a Bachelor of Science in Computer Science and Engineering and a Bachelor of Science in Mathematics from the Massachusetts Institute of Technology (MIT). He also has Master of Science in Computer Sciences from the University of Texas. Mr Lee is a fellow member of the Hong Kong Institution of Engineers and past Chairman of its IT division. He is also a Fellow of the British Computer Society and the Institution of Engineering and Technology.

## MR MICHAEL YAP KIAM SIEW

*Chief Executive Officer and Deputy Chairman*

Mr Michael Yap Kiam Siew was appointed as an Independent Director of Azeus in September 2004. He was designated as Executive Director and Deputy Chairman of the Board in April 2020. He took on the role of CEO in March 2022.

Michael was the CEO/Deputy CEO of various Singapore government agencies. He was the Deputy CEO of Media Development Authority (MDA) of Singapore. He was the CEO of the National Computer Board (NCB), the national authority responsible for Singapore's overall IT policies and implementations.

Michael was the founder and CEO of various software companies and venture investment firms. He was also Singapore's Managing Director of a world's leading enterprise software company.

Michael has been on the board of directors of various public listed and private companies, as well as public organisations such as the Singapore Institute of Technology (SIT) and the Singapore Science Center.

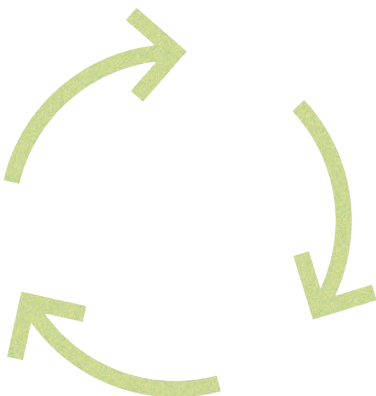
Mr Yap holds a Bachelor of Science and a Master of Science from the University of Maryland, College Park, United States. He has also completed the Stanford Executive Program at Stanford University. Mr Yap was named Businessweek's 50 Stars of Asia and by the World Economic Forum as one of the Top 100 Future Global Leaders.

## MR STEPHEN HO CHIMING

*Lead Independent Director*

Mr Stephen Ho ChiMing was appointed as the Lead Independent Director of Azeus on 20 April 2020. Mr Ho covers investment banking services including M&A advisory, equity and debt capital markets and projects/leveraged finance, with a specialisation in the Telecom, Media and Technology ("TMT") sector. He is an advisor to the Institutional Banking Group ("IBG") of DBS Bank Ltd ("DBS"), Taiwan. Mr Ho was also a Managing Director at IBG of DBS Taiwan from 2014 to 2018. He started his career with DBS in IBG Singapore as a managing director in June 2001 and was later appointed the CEO of DBS Asia Capital, Hong Kong from 2011 to 2013.

Prior to joining DBS, Mr Ho was the Vice President, TMT Group of JP Morgan Chase Hong Kong from 1994 to 2001. He started his career with Chase Manhattan Bank New York (later JP Morgan Chase) in 1989 as an Associate in the M&A division in the North American Corporate Finance Group. Mr Ho holds a Bachelor of Science in Construction Engineering from Iowa State University and completed a Master of Science Civil Engineering in Massachusetts Institute of Technology (MIT). He also obtained Masters of Business Administration with a major in Finance from the Wharton School, University of Pennsylvania.



# BOARD OF DIRECTORS

## MR KOJI MIURA

*Independent Director*

Mr Koji Miura was appointed as an Independent Director of Azeus on 14 September 2004. He is currently the Founder and Managing Director of Miura & Associates Management Consultants Pte Ltd.

Prior to that, Mr Miura worked as a Japanese Consultant in the Japanese Practice Department of Peat Marwick between 1986 and 1989 where he was responsible for servicing and expanding the Japanese clientele base of the firm. He started his career with Sato Kogyo Co. Ltd, a company listed in Japan. Mr Miura holds a degree in Business Administration from the University of Aoyama Gakuin, Tokyo, Japan.

## MR CHAN CHING CHUEN

*Independent Director*

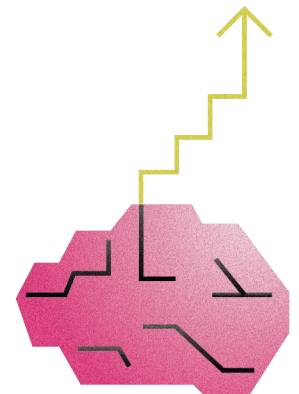
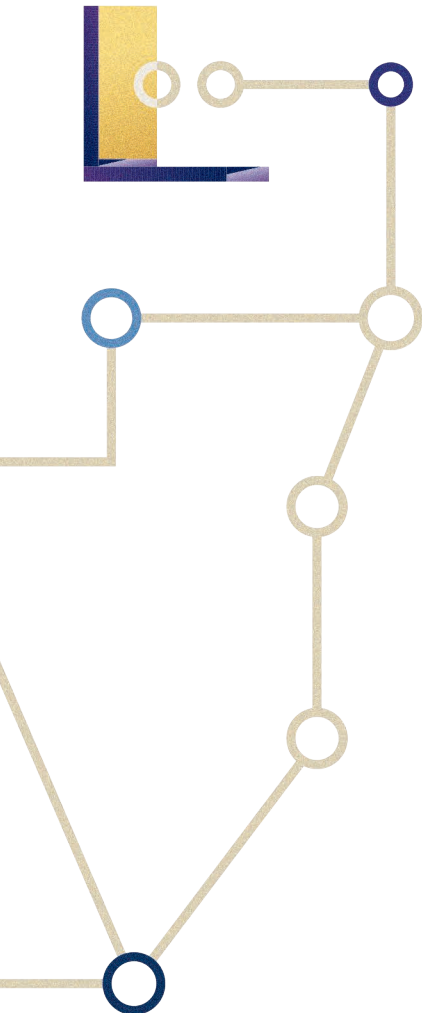
Dr Chan Ching Chuen joined Azeus' Board of Directors on 1 February 2008 as an Independent Director. Dr Chan is an Honorary Professor at Hong Kong University's Department of Electrical and Electronics Engineering. He was the head of the Department of Electrical and Electronics Engineering, University of Hong Kong from 1994 to 2000. He is the Founding President of World Electric Vehicle Association, Past President of Hong Kong Institution of Engineers. He co-founded the Institute of Sustainable Energy at the Chinese University of Mining and Technology in 2015. He founded the International Academicians Science and Technology Innovation Centre in 2017. He was appointed by the Chief Executive of Macau Special Administrative Region as Science and Technology Advisor. He is a member of Committee on Innovation, Technology and Industry Development of the Hong Kong SAR Government.

He is a Fellow of the Royal Academy of Engineering, U.K., the Chinese Academy of Engineering, the Ukraine Academy of Engineering Sciences, Honorary Fellow of Hungarian Academy of Engineering and a Fellow, Vice President (2000 - 2003) and Senior Advisor of Hong Kong Academy of Engineering Sciences. He is also a Fellow of IET, Life Fellow of IEEE and Honorary Fellow of HKIE. He lectures on electric vehicles worldwide. He was awarded the IEE International Lecture Medal, Gold Medal of Hong Kong Institution of Engineers, World Federation of Engineering Organizations Medal of Engineering Excellence, Prince Philip Medal of Royal Academy of Engineering, Guanghua Engineering Prize of Chinese Academy of Engineering and IEEE Transportation Technologies Award in 2000,

2010, 2013, 2014, 2016 and 2018 respectively. He was awarded the Silver Bauhinia Star medal by the Hong Kong Special Administrative Region Government in 2019 and "Touching China Character" in 2022.

In 2001, he was selected as one of Asia's Best Technology Pioneers by Asiaweek. During his career, Dr Chan has advised on various consultancy projects for large corporations as well as serving as an advisor to government agencies.

Dr Chan graduated from China University of Mining and Technology undergraduate programme and Tsinghua University postgraduate programme in 1957 and 1959 respectively, and obtained PhD degree, Honorary DSc degree and DTech Honoris Causa degree from University of Hong Kong, Odessa Polytechnic University Ukraine, and Loughborough University U.K. in 1982, 1993 and 2008 respectively. From 1959 through 1966, Dr Chan started his career lecturing at China University of Mining and Technology. From 1967 through 1976, Dr Chan engaged in the design of new electric machines in Shanghai. From July 1976 onwards, Dr Chan is based in Hong Kong and developed his career globally.



# SENIOR MANAGEMENT

## MR STEPHEN MA

*Vice President*

Mr Stephen Ma joined Azeus Hong Kong in June 1993 as a Junior Associate. He holds a Bachelor of Science in Computer Science from the University of Hong Kong. Mr Ma is responsible for the management of professional services in the Group's Hong Kong operation. He has been involved in programme management for the information technology professional services of the Office of Government Chief Information Officer of Hong Kong since 2007.

## MISS ELEANOR JIM

*Vice President*

Miss Eleanor Jim joined Azeus Hong Kong in May 2005. She currently assists in the general management of the Group's overseas operation as well as management of contracts and agreements. She holds a Bachelor of Engineering in Electrical and Electronic Engineering from the University of Hong Kong and a Master of Science in Information Engineering from the Chinese University of Hong Kong. She also holds a Bachelor of Laws (LLB) from the University of London.

## MR JERRY CHUA

*Director of Azeus Philippines*

Mr Jerry Chua joined Azeus Philippines in March 1995. He currently assists in the general management of the Group's Philippines operation. Mr Chua holds a Bachelor of Science in Computer Science from Ateneo de Manila University and a Master of Business Administration from University of the Philippines.

## MR RENE TOLING LINDIO

*Chief Technology Officer*

Mr Rene Toling Lindio is responsible for providing strategic direction for the Group on matters related to technology, technical consultation on technical issues and technical project management for various projects. Mr Lindio joined Azeus Philippines as a Junior Associate in April 1994 and was promoted to Chief Technology Officer in 2004. He holds a Bachelor of Science in Mathematics from the University of the Philippines – Los Baños.

## MS PEGGY SAM

*Group Financial Controller*

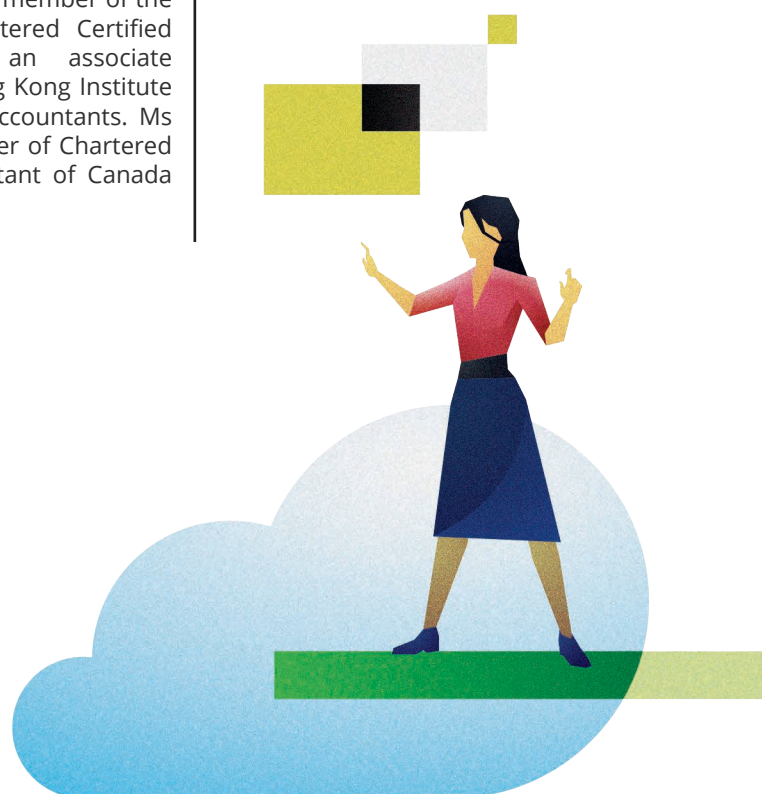
Ms Peggy Sam has been with our Group since 15 March 2004. She is responsible for all the financial activities of Azeus. Between 1994 and 2003, Ms Sam was with PricewaterhouseCoopers, including a two year secondment to PricewaterhouseCoopers, Toronto, Canada. Her last position, prior to joining Azeus, was as Senior Manager of the assurance and business advisory service. Ms Sam holds a Bachelor of Arts in Accountancy from the City University of Hong Kong. She is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Ms Sam is also a member of Chartered Professional Accountant of Canada since 2009.

## MR ALBERT CHIANG

*Vice President*

Mr Albert Chiang joined Azeus Hong Kong in September 1994 as a Junior Associate. He holds a Bachelor of Engineering in Computer Engineering from the University of Hong Kong.

Mr Chiang currently assists in the general management of the Group's operation including in particular Hong Kong's operation. Mr Chiang at the same time manages various IT services project for Azeus in Hong Kong.



# CORPORATE GOVERNANCE REPORT

The Directors and the Management of the Company are committed to maintaining a high standard of corporate governance and transparency in order to protect the interests of the shareholders of the Company. Processes and procedures have been instituted and are being constantly reviewed and revised to ensure effective corporate governance.

Rule 710 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”) requires an issuer to describe its corporate governance practices with specific reference to the principles of the Code of Corporate Governance 2018 (the “Code”) in its annual report. An issuer is required to disclose any deviations from any provisions of the Code together with an appropriate explanation for such deviation in the annual report.

This report outlines the Company’s corporate governance processes and activities during the financial year ended 31 March 2023 (“FY2023”) with specific reference made to the principles of the Code, the disclosure guide developed by the SGX-ST in January 2015 (the “Guide”) and the new requirements implemented by the SGX-ST taking into effect from 11 January 2023, where applicable to the Company. The Company strives to comply with the provisions set out in the Code and the Guide and where it has deviated from the provisions, appropriate explanations have been provided.

## BOARD MATTERS

### The Board’s Conduct of its Affairs

**Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.**

The Board supervises the management of the business and the affairs of the Company and the Group. Apart from its fiduciary duties and statutory responsibilities, it also focuses on formulating the strategic direction and policies of the Company and the Group, paying particular attention to the growth of the Group and its financial performance. It has delegated the formulation of business policies and day-to-day management to the Executive Directors.

The principal functions of the Board are to:

- (a) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the company to meet its objectives;
- (b) establish a framework of prudent and effective controls which enables risks such as financial, operational, information technology and compliance to be assessed and managed, including safeguarding of shareholders’ interests and the company’s assets;
- (c) review management performance;
- (d) identify the key stakeholder groups and recognise that their perceptions affect the Company’s reputation;
- (e) set the Company’s values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met; and
- (f) consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

The Board meets at least twice a year to review and deliberate on the key activities and business strategies of the Group, including reviewing and approving acquisitions and financial performance, and to endorse the release of the interim and annual results. Ad hoc meetings are held as and when circumstances require, such as to address significant transactions or issues. Where physical meetings are not possible, timely communication with members of the Board and Board Committees can be achieved through electronic means and circulation of written resolutions for approval by the Board or relevant Board Committees. The Company’s Bye-Laws allows the Directors to participate in the Board meeting by means of teleconference, video-conferencing and visual equipment.

To assist the Board in fulfilling its responsibilities, the Management provides the Board with management reports containing complete, adequate and timely information prior to Board meetings and as and when the need arises. Papers containing relevant background or explanatory information required to support the decision-making process, are prepared for each Board meeting and are normally circulated in advance of the meeting.

# CORPORATE GOVERNANCE REPORT

The Board is also provided with updates on the relevant new laws, regulations and changing commercial risks in the Company's operating environment. Orientation to the Company's business strategies and operations is conducted as and when required.

To assist in the efficient implementation and execution of its responsibilities, the Board has established an Audit Committee, a Nominating Committee and a Remuneration Committee. Specific responsibilities, which are outlined in the respective Terms of Reference, have been delegated to each of the committees. Each Board Committee will report to the Board and makes its recommendations to the Board on matters under its purview. The Board accepts that while these Committees have the authority to examine particular issues and will report to the Board their decisions and recommendations, the ultimate responsibility for the final decision on all matters lies with the entire Board.

The Board through the Nominating Committee ensures that it recruits to the Board only individuals of sufficient calibre, knowledge and experience to fulfil the duties of a Director appropriately. Newly appointed directors are briefed on the Group's business activities and governance practices and provided with information on their duties and obligations as a director under the Bermuda law. A formal letter of appointment will also be sent to any newly appointed Director setting out his/her duties and obligations upon his/her appointment.

For newly appointed Director who does not have prior experience as a director of a public listed company in Singapore, he/she will attend relevant training courses organised by the Singapore Institute of Directors as required under Rule 210(5)(a) of the Listing Manual and in accordance with Practice Note 2.3 as prescribed by the SGX-ST, as well as other courses relating to accounting, legal and industry-specific knowledge, where appropriate, organised by other training institutions, in connection with their duties, and such training will be funded by the Company.

There was no new Director appointed during FY2023.

Regular training, particularly on risk management, corporate governance and key changes in the relevant regulatory requirements and financial reporting standards, will be arranged and funded by the Company for all Directors, from time to time. During FY2023, Directors are provided with briefings and updates on (i) the developments in financial reporting and governance standards; (ii) changes in the relevant laws and regulations pertaining to the Group's business and changing commercial risks and business conditions of the Group by the Management during the Board Committee meetings; and (iii) changes to the Listing Manual of the SGX-ST by the Company Secretary, so as to enable them to make well-informed decisions and to properly discharge their duties as Board or Board Committee members.

During FY2023 the number of meetings held by the Board and its committees and the details of the attendances are as follows: -

	<b>Board of Directors</b>	<b>Audit Committee</b>	<b>Remuneration Committee</b>	<b>Nominating Committee</b>
Number of Meetings held	2	2	1	1
<b>Name</b>	<b>Number of Meetings attended</b>			
Mr Lee Wan Lik (Executive Chairman and Executive Director)	2	2*	1*	1
Mr Michael Yap Kiam Siew (Chief Executive Officer and Deputy Board Chairman)	2	2*	1*	1*
Mr Koji Miura (Independent Director)	2	2	1	1*
Mr Chan Ching Chuen (Independent Director)	2	2	1	1
Mr Stephen Ho ChiMing (Lead independent Director)	2	2	1	1

Notes: \*- by invitation

Key matters that are specifically reserved for the Board's consideration and decision include, but are not limited to, corporate planning, material acquisitions and disposals of assets, corporate or financial restructuring, share issuances, formulation of any dividend policy or the change of such dividend policy, declaration of dividends and determining the remuneration policy for the Directors.

# CORPORATE GOVERNANCE REPORT

All Directors have separate and independent access to senior management and to the Company Secretary. The Company Secretary or his representatives administer, attend, and prepare minutes of the Board meetings, and assist the Chairman in ensuring that the Board procedures are followed and reviewed so that the Board functions effectively. The Company Secretary or his representatives also advise the Board on governance matters, and assist the Board on compliance with the Company's Bye-Laws and relevant rules and regulations, including requirements of the Listing Manual of the SGX-ST.

The appointment and the removal of the Company Secretary is a matter for consideration for the Board as a whole.

The Board, in the furtherance of their duties, may either individually or as a group, to take independent professional advice at the expense of the Company.

## Board Composition and Guidance

**Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.**

As at FY2023 the Board comprised of two (2) Executive Directors and three (3) Independent Directors.

Provision 2.2 of the Code recommends that Independent Directors make up a majority of the Board where the Chairman is not independent. In the case of the Company, the Chairman is not independent as he is an Executive Director. In complying with Provision 2.2. of the Code, Independent Directors make up a majority of the Board and the majority of each of the Board Committees. There are sufficient safeguards and checks to ensure that the process of decision-making by the Board is independent and based on collective decisions without any individual or small group of individuals exercising any considerable concentration of power or influence.

Provision 2.3 of the Code recommends that Non-Executive Directors make up majority of the Board. The Company complies with Provision 2.3 of the Code as the Non-Executive Directors, who are also Independent Directors, chair the Board committees, are independent and are able to provide the appropriate level of independence and diversity of thought and background and to make decisions in the best interests of the Company. The Board has always discussed important issues robustly and have always been able to reach a consensus on the votes without having to rely on any majority votes to decide nor having an individual or small group of individuals dominate the Board's decision-making process.

A brief profile of each Director is presented in the profile of Board of Directors section of this Annual Report and their shareholdings in the Company and its subsidiaries as at 31 March 2023 are disclosed in the Directors' Statement of the Audited Financial Statements for the FY2023.

The Company recognises the importance and benefits of diversity in all ways, including gender, age, background and other distinguishing factors/qualities. Diversity on the Board is an essential element to support the attainment of the Company's strategic objectives for sustainable and balanced development.

The Board is committed to ensuring diversity on the Board and the Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, experience, core competencies of accounting or finance, legal and regulatory, business or management experience, industry knowledge and strategic planning, regardless of gender to avoid groupthink and foster constructive debate.

As at the date of this Report, the Company has formalised and maintained a Board Diversity Policy that addresses diversity in terms of experience, skills, gender, age, tenure, and qualities, as well as any other relevant aspects of diversity. The Board Diversity Policy also sets out the approach which the Company takes towards diversity on its Board. The Company believes in diversity and values the benefits diversity can bring to the Board in its deliberations and the Board's effectiveness – in particular, it believes that a balance and mix of skills, experiences and individual attributes of Board members which shape the composition and promote the effectiveness of the Board as a whole and that of the Board committees, will support the Company's achievement of strategic objectives and long-term sustainable development and success.

The Board observes and applies the Board Diversity Policy to ensure that the Board will have an appropriate level of diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company. While it is important to promote boardroom diversity in terms of gender, ethnicity and age, the Board believes that the normal selection criteria based on independence, skills, knowledge and experience should remain a priority.

# CORPORATE GOVERNANCE REPORT

The Nominating Committee (“**NC**”) will review the composition of the Board on an annual basis to ensure compliance with the Code, and that the Board has the appropriate balance and diversity of skills, experience, gender, age, and knowledge. The Board collectively possesses the necessary core competencies for effective functioning and decision-making.

The Board’s objective in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Company. The Company continues to be receptive to achieving greater gender diversity and representation on the Board to complement the core competencies of the Board as a whole. The Board will seek to incorporate diversity aspects as and when the opportunity arises, instead of adhering to a fixed timeline for diversity targets. The Board will ensure that it has the flexibility to improve its diversity without compromising board efficiency. The NC will deliberately determine, from time to time, the results of its review on rejuvenating and refreshing the Board composition in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors bearing in mind the salient factors set out under the provisions in the Code as well as all other relevant circumstances.

The Board has examined its current size and is of the view that it is an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Company. The current Board composition provides a diversity of skills, experience and knowledge to the Company including accounting, finance, strategic planning, investment, business management and administration, industry knowledge, engineering technology and economics.

In determining the independence of the Independent Directors, the Board takes into account the existence of relationships or circumstances, including those identified by the Code and the Listing Manual of the SGX-ST that are relevant in its determination as to whether a Director is independent. The NC has reviewed and confirmed the independence of the Independent Directors in accordance with the Code and the Listing Manual of the SGX-ST.

The Board assesses the independence of each Director in accordance with the guidance provided in Code as well as Rule 210(5)(d) of the Listing Rules. An Independent Director is one who is independent in conduct, character and judgement and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his/her independent business judgement in the best interests of the Company.

On an annual basis, each Independent Director is required to complete a “Confirmation of Independence” form to confirm his independence. The said form was drawn up based on the definitions and guidelines set forth in the Code. The Directors are required to disclose to the Board any such relationship as and when it arises and the Board will state the reasons if it determines that a director is independent notwithstanding the existence of a relationship or circumstances which may appear relevant to the Board’s determination.

The NC will also examine the different relationships identified by Code that might impair each Independent Director’s independence and objectivity and concluded that all the Independent Directors are able to exercise independent business judgement in the best interests of the Company and its shareholders.

The Independent Directors have confirmed their independence in accordance with the Code and Rule 210(5)(d) of the Listing Rules.

As at the date of this Report, the NC has reviewed the independence status of the Independent Directors and is satisfied that Mr Koji Miura, Mr Chan Ching Chuen and Mr Stephen Ho ChiMing are independent in accordance with the Provision 2.1 of the Code and Rule 210(5)(d) of the Listing Rules. The Independent Directors will meet up when necessary to discuss concerns or matters such as the effectiveness of management, without the presence of Management. During FY2023, the Independent Directors met once in the absence of key management personnel.

During FY2023, the Independent Directors who have served on the Board for more than nine years are Mr Koji Miura and Mr Chan Ching Chuen. In assessing the independence of these Independent Directors, the NC, with the concurrence of the Board, is of the view that one should consider the substance of their professionalism, integrity and the objectivity and not merely based on the number of years that they have served on the Board.



# CORPORATE GOVERNANCE REPORT

In view of this, having considered the above and weighing the need for progressive refreshing of the Board, the NC and the Board have determined that during FY2023, Mr Koji Miura and Mr Chan Ching Chuen's tenure in office have not affected their independence or ability to bring about independent and considered judgement in the discharge of their duties as members of the Board. They had provided a strong independent element on the Board, being free from any business or other relationship, which could materially interfere with the exercise of their judgement. These Directors continue to provide stability to the Board and the Company has benefited greatly from the presence of individuals who are specialists in their own field. Furthermore, their length of service on the Board has not only allowed them to gain valuable insight into the Group, its business, markets, and industry, but has also given them the opportunity to bring the full breadth and depth of their business experience to the Company.

On 11 January 2023, Singapore Exchange Regulation (SGX RegCo) had announced that it will limit to nine (9) years the tenure of independent directors serving on the board of issuers listed on SGX-ST. The new requirements impose a hard tenure limit for Independent Directors of nine years, beyond which such directors will no longer be considered independent. However, such directors may continue to be considered independent until the conclusion of the next Annual General Meeting of the issuer. To provide issuers sufficient time for board appointments, SGX RegCo has established transitional arrangements and will implement the nine-year limit at the issuer's AGMs for the financial year ending on or after 31 December 2023. During the transitional period, long-serving Independent Directors whose tenure exceeds the nine-year limit may continue to be considered independent until the conclusion of the next AGM of the issuer for the financial year ending on or after 31 December 2023.

As at the date of this Report, Mr Koji Miura and Mr Chan Ching Chuen have served the Board beyond nine (9) years since their appointments, The Board takes note of the requirements of the SGX-ST and together with the NC, are currently in the process of reviewing the Board's renewal and composition, which will be carried out in stages. The Board has commenced the process of identifying suitable candidate(s) and will make the appropriate announcement(s) to update the shareholders on the Board renewal and re-composition of the Board and Board Committees in due course.

## Chairman and Chief Executive Officer ("CEO")

### **Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.**

Mr Lee Wan Lik ("**Mr Lee**") is the Group's Executive Chairman and Mr Michael Yap Kiam Siew ("**Mr Yap**") is the CEO of the Company. Mr Lee and Mr Yap are not related to each other. There is a clear division of responsibilities between the Executive Chairman and the CEO to ensure that there is an appropriate balance of power, accountability and sufficient capacity of the Board for independent decision-making.

Mr Lee being the Executive Chairman, is responsible for the workings of the Board, ensuring the integrity and effectiveness of its governance process. He leads the Board discussion and ensures that Board meetings are convened when necessary and sets the meeting agenda in consultation with the CEO. The Executive Chairman, with the assistance of the CEO, Group Financial Controller and Company Secretary, ensures that Board members are provided with adequate and timely information.

Mr Michael Yap, the CEO is responsible for the business and operational decisions of the Group. He is assisted by the Executive Director and a group of Executive Officers in carrying out his executive duties and responsibility in the operation and businesses of the Group.

The Board is satisfied that there is sufficient transparency and accountability in view of the distinction of responsibilities.

Mr Stephen Ho ChiMing is the Lead Independent Director ("**Lead ID**") of the Company. Mr Stephen Ho ChiMing is available to shareholders where they have concerns where contact through the normal channels of the Chairman, CEO or Group Financial Controller has failed to resolve or for which such contact is inappropriate. He will also facilitate periodic meetings with the other Independent Directors in board matters, when necessary, and provides feedback to the Executive Chairman after such meeting.

His other specific roles as Lead ID are as follows:

- a) act as liaison between the Independent Directors and the Executive Chairman and CEO and lead the Independent Directors to provide non-executive perspectives in circumstances where it would be inappropriate for the Executive Chairman to serve in such capacity and to contribute a balanced viewpoint to the Board;

# CORPORATE GOVERNANCE REPORT

- b) advise the Executive Chairman of the Board as to the quality, quantity and timeliness of the information submitted by Management that is necessary or appropriate for the Independent Directors to effectively and responsibly perform their duties; and
- c) assist the Board and Company officers in better ensuring compliance with and implementation of corporate governance.

## Board Membership

### **Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.**

As at the date of this Annual Report, the members of the Nominating Committee (“NC”) are as follows:

Mr Chan Ching Chuen – Chairman  
Mr Stephen Ho ChiMing – Member  
Mr Lee Wan Lik – Member

Majority of the members of the NC including its Chairman are independent.

The NC makes recommendations to the Board on the following matters:

- (a) to review the structure, size and composition of the Board and the Board committees;
- (b) to review board succession plans for directors, in particular, the Chairman and for the CEO;
- (c) to evaluate the performance of the Board and Board Committees as a whole;
- (d) to review training and professional development programs for the Board;
- (e) to make recommendations to the Board on the appointment and re-appointment of directors (including alternate directors, if applicable) including making recommendations on the composition of the Board and the balance between Executive and Non-Executive Directors appointed to the Board;
- (f) to review and assess the independence of each Director; and
- (g) to decide whether or not a Director is able to and has been adequately carrying out his duties as a Director of the Company, particularly when he has multiple board representations and/or a conflict of interest.

The NC has adopted the Code’s definition and criteria for independence. Each Independent Director is required to submit a Confirmation of Independence Form annually for the NC’s review.

During FY2023, the NC has reviewed the independence of the Independent Directors namely Mr Koji Miura, Mr Chan Ching Chuen and Mr Stephen Ho ChiMing according to the criteria set out in the Code. These Directors have demonstrated strong independence in character and judgement over the years in discharging their duties and responsibilities as Independent Directors. They continue to express their individual viewpoints, debate on issues, objectively scrutinise and challenge Management’s proposals as well as participate in discussions on business activities and transactions involving conflicts of interests and other complexities.

Having considered the above, the NC is of the view that all the Independent Directors are independent. All three directors have abstained from any discussion and recommendation in respect of their own independence.

None of the above three Independent Directors are related to, and do not have any relationship with, the Company, its related corporations, its substantial shareholders, or its officers or are in any circumstances that could interfere, or be reasonably perceived to be interfered, with the exercise of their independence business judgement with a view to the best interests of the Company. The Board has concurred with the NC’s assessment.

Subject to the Board’s approval, the NC will also decide on how the Board’s performance is to be evaluated and propose objective performance criteria which are dependent on how the Board has enhanced long-term shareholder value. Appointments to the Board are made on merit and against objective performance criteria.

# CORPORATE GOVERNANCE REPORT

To help build a culture of performance and stewardship amongst its Board members, the Group ensures that all the Directors step down and offer themselves for re-election at regular intervals of at least once every three (3) years. The Company's Bye-Laws provide that at least one-third of the directors for the time being (or if their number is not three or a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation.

For the forthcoming Annual General Meeting ("**AGM**"), Mr Lee Wan Lik and Mr Koji Miura are subject to retirement by rotation and eligible for re-election

The NC has recommended for Mr Lee Wan Lik to be nominated for re-election. In making the recommendation, the NC had considered his overall contributions and performance and competencies in fulfilling his responsibility as Director to the Board. The Board has accepted the NC's recommendation. Please refer to the notice of AGM for the resolutions put forth in relation to the re-elections and details of the retiring Director including the information required under Rule 720(6) of the Listing Manual, as disclosed in the section on Disclosure of Information on Director's Seeking Re-election in this corporate governance report.

Mr Koji Miura has indicated to the NC and the Board that he will not be seeking re-election at the AGM in order to facilitate Board renewal in line with the good governance practice and to allow for more time to focus on his other commitments. Mr Koji Miura will retire as an Independent Director of the Company and concurrently relinquish his roles as Chairman/member of the Board Committees of the Company at the conclusion of the AGM.

The Board and the NC are currently in the process of reviewing the Board's composition and looking to appoint a new Independent Director to fill the membership of the Board and Board Committees to ensure compliance with the relevant Listing Rules and the Code, including to meet the requirement of Rule 704(8) of the Listing Rules to fill the vacancy in the AC so as to ensure that it comprises not less than three members, within two months, but in any case not later than three months, as well as Provision 4.2 and 6.2 of the Code to fill the vacancy in the NC and RC to meet the requirement of a minimum number of three members.

There is no alternate director appointed to the Board as at the date of this Annual Report.

In the selection and nomination for new directors, the NC identifies the key attributes that an incoming director should have, based on attributes of the existing Board and the requirements of the Group and the salient factors set out in the Board Diversity Policy. After endorsement by the Board of the key attributes, the NC taps on the resources of the directors' personal contacts for recommendations of potential candidates. The potential candidates will go through a short-listing process. Interviews are then set up with the short-listed candidates for the NC to assess them before a decision is made.

A newly appointed Director will have to submit himself for retirement and election at an AGM immediately following his appointment and thereafter, be subjected to retirement by rotation.

Each member of the NC has abstained from voting on any resolution with respect to the assessment of his own performance for re-nomination as a Director.

The Board has set the maximum number of 10 listed company board representations that any Director of the Company may hold at any one time. All Directors have complied with this requirement. A Director with multiple board representations is expected to ensure that sufficient time and attention is given to the affairs of the Company. The NC is of the view that the number of directorships a Director can hold and his principal commitments should not be prescriptive as the time commitment for each board membership will vary.

The NC, having considered the confirmations received from the Independent Directors, is of the view that the other board representations and principal commitments of the Independent Directors do not hinder them from carrying out their duties to the Company. The NC is satisfied that sufficient time and attention have been accorded by these Independent Directors to the affairs of the Company. The Board concurred with the NC's views.

Please refer to the Profile of Board of Directors as set out on pg 8 and 9 of the Annual Report for key information on the Directors.

# CORPORATE GOVERNANCE REPORT

## Board Performance

**Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.**

The NC will assess the effectiveness of the Board and its board committees as a whole.

The NC, in considering the re-appointment of a Director, will evaluate the performance of the Director's contributions such as his or her attendance record at meetings of the Board and Board committees, active participation during these meetings and the quality of his or her contributions. The NC has initiated the assessment of the effectiveness of the Board as a whole on an annual basis. The evaluation of the Board's performance is conducted by means of a questionnaire which is then collated and the findings analysed and discussed. The results of the Board's performance assessment are reviewed and circulated to the Board for consideration. Recommendations to further enhance the effectiveness of the Board are implemented as appropriate.

The Board has allocated budgets for directors to attend training and will make recommendations to the Board on the training and professional development programmes for the Board members.

## REMUNERATION MATTERS

### Procedures for Developing Remuneration Policies

**Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.**

As at the date of this Annual Report, the members of the Remuneration Committee ("RC") are as follows:

Mr Stephen Ho ChiMing – Chairman  
Mr Koji Miura – Member  
Mr Chan Ching Chuen – Member

All the RC members including its Chairman are Independent Directors. The RC is responsible for:-

- (a) review and recommending to the Board a remuneration framework for the Board key management personnel;
- (b) review and recommending to the Board the specific remuneration package for each Director and each of the key management personnel;
- (c) considering all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits-in-kind; and
- (d) reviewing the Company's obligations arising in the event of termination of the Executive Directors' and Key Management Personnel's contracts of services to ensure that such contracts contain fair and reasonable termination clauses which are not overly generous, with a view to being fair and avoiding the reward of poor performance.

The RC can access to expert advice in the field of Executive compensation outside the Company, as and when required. Such expenses are to be borne by the Company.

The Board has not engaged any external remuneration consultant to advice on the remuneration matters in FY2023.

# CORPORATE GOVERNANCE REPORT

## Level and Mix of Remuneration

**Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.**

The Company advocates a performance-based remuneration system for Executive Directors and Key Management Personnel that is flexible and responsive to the market. The remuneration of the Executive Directors and the key management personnel comprises a basic salary component and a variable component which is the annual bonus, based on the performance of the Group as a whole and the individual performance, designed to align their interests with those of shareholders.

The CEO Mr Michael Yap Kiam Siew and the Executive Director Mr Lee Wan Lik has each entered into a service agreement (the **"Service Agreement"**) with the Company. The Service Agreement is valid for a term of one year and thereafter continues from year to year unless terminated in accordance with the provisions of the Service Agreement. The Service Agreement can be terminated by either party giving not less than three months' notice provided that the Company shall have the option to pay three months' salary in lieu of any required period of notice. Except for such payment in lieu of notice as provided for under the Service Agreement, no compensation or damages are payable by the Company to Mr Lee Wan Lik and Mr Michael Yap Kiam Siew respectively, in respect of their termination in accordance with the terms of the Service Agreement.

The RC has adopted a framework which consists of a base fee to remunerate Independent Directors and Non-Executive Directors based on their appointments and roles in the respective Board Committees, taking into account the level of contribution and factors such as effort, time spent and responsibilities, and the fees paid by comparable companies. Directors' fees to be paid to the Independent Non-Executive Directors will be tabled at the Company's AGM for shareholders' approval. The Directors' fees are reviewed annually to ensure that the Independent Directors are not overcompensated to the extent that their independence may be compromised. Other than Directors' fees, the Independent Directors do not receive other form of remuneration from the Company. The RC has recommended the payment of the Directors' fees of S\$78,000 for FY2023. This recommendation has been endorsed by the Board and will be tabled at the Company's AGM for shareholders' approval.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Director and key management personnel in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company. The company should be able to avail itself to remedies against the Executive Directors and key management personnel in the event such breach of fiduciary duties.

## Disclosure on Remuneration

**Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.**

### Directors' remuneration

A breakdown, showing the level and mix of each individual director's remuneration paid or payable for FY2023 is as follows:

Name of Director	Salary	Bonus	Director's fee	Termination, retirement, and post-employment benefits	Total
Mr Lee Wan Lik	HK\$600,000	-	-	HK\$18,000	HK\$618,000
Mr Michael Yap Kiam Siew	HK\$1,919,338	HK\$200,029	-	HK\$39,863	HK\$2,159,230
Mr Stephen Ho ChiMing (S\$28,000)	-	-	HK\$159,600	-	HK\$159,600
Mr Koji Miura (S\$25,000)	-	-	HK\$142,500	-	HK\$142,500
Mr Chan Ching Chuen (S\$25,000)	-	-	HK\$142,500	-	HK\$142,500

# CORPORATE GOVERNANCE REPORT

For the FY2023, the Company has six (6) key management personnel and the disclosure of their remuneration in bands of S\$250,000 for the FY2023 is as follows:

Remuneration band and name of key management personnel	Salary	Bonus	Termination, retirement and post-employment benefits	Total
<b>Individual remuneration is below S\$250,000 (approximately HK\$1,500,000)</b>				
Mr Stephen Ma	98%	-	2%	100%
Mr Jerry Chua	75%	-	25%	100%
Mr Rene Toling Lindio	74%	-	26%	100%
Ms Peggy Sam	100%	-	-	100%
Ms Eleanor Jim	98%	-	2%	100%
Mr Albert Chiang	98%	-	2%	100%
Total remuneration paid in FY2023 to the key management personnel	HK\$4,622,972	-	HK\$339,124	HK\$4,962,096

The Company believes that it should not disclose the remuneration paid to the key management personnel in absolute amount due to the highly competitive market and in the interest of maintaining good morale and building team work within the Group.

There were no employees who are substantial shareholders of the Company, or immediate family members of any Director, the CEO or substantial shareholder of the Company, and whose remuneration exceeded S\$100,000 in FY2023.

There were no termination of any Directors and Key Management Personnel during FY2023.

## ACCOUNTABILITY AND AUDIT

### Risk Management and Internal Controls

**Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.**

The Board is responsible for ensuring that there is a system of internal financial controls, operational and compliance controls and information technology controls, and risk management policies and for reviewing its adequacy and effectiveness. The Management is responsible for internal control and for ensuring compliance therewith. The Audit Committee ("**AC**") assists the Board in discharging its internal control review responsibilities. The Board makes continuous efforts to embed internal controls into the operations of the businesses and to deal with areas of improvement which come to the attention of Management and the Board.

The Company does not have a Risk Management Committee. However, Management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The Management reviews all significant control policies and procedures and highlights all significant matters to the Board and the AC. The Group's financial risk management is disclosed under Note 29 of the Notes to the Financial Statements on pages 74 - 82 of this Annual Report.

The Management, internal auditor and the external auditor of the Company conduct reviews and audits on a regular basis that involve testing the adequacy and effectiveness of material internal controls on key risks. Any material non-compliance or lapses in internal controls and its corresponding mitigating actions will be reported to the AC. At least annually, the Board, with the assistance from the AC, will review the adequacy and effectiveness of the Company's Risk Management and internal control systems, including financial, operational, compliance and information technology risks.

# CORPORATE GOVERNANCE REPORT

The Board notes that these internal control systems are designed to manage rather than to eliminate the risk of failure to achieve business objectives. In addition, these systems can only provide reasonable but not absolute assurance against material misstatement or loss.

For FY2023, the Board has received written assurances from the CEO and the Group Financial Controller (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and (b) that the risk management and internal control systems of the Company is adequate and effective to deal with major risks relating to financial, operational, information technology and compliance aspects.

Based on the systems of risk management and internal controls established and maintained by the Group, work performed and reports by the internal and external auditors and the above written assurances, the Board, with the concurrence of the AC, is of the opinion that the Group's risk management and internal controls systems, addressing the financial, operational, compliance and information technology risks, are effective and also adequate.

## **Audit Committee**

### **Principle 10: The Board has an Audit Committee which discharges its duties objectively**

As at the date of this Annual Report, the members of the AC are as follows:

Mr Koji Miura – Chairman  
Mr Chan Ching Chuen – Member  
Mr Stephen Ho ChiMing – Member

All the members of the AC including its Chairman are Independent.

None of the AC members were previously partners or directors of the Company's external audit firm within a period of two (2) years commencing on the date of him ceasing to be a partner or director of the external audit firm or hold any financial interest in the external audit firm.

The Board is of the view that the AC members are appropriately qualified, with the AC Chairman Mr Koji Miura and the AC Member Mr Stephen Ho ChiMing having the relevant accounting and/or related financial management expertise or experience as the Board interprets such qualifications to discharge their responsibilities.

The AC has kept the recent and relevant accounting or related financial management expertise or experience up to date by attending the training provided by the relevant regulatory parties.

In addition, the auditor of the Company provides update on recent developments to accounting standards to AC members on half yearly basis to ensure all AC members and management to keep abreast of the changes to accountings standards and issues which have a direct impact on financial statements.

The AC will meet periodically to, inter alia:

- (a) review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
- (b) review with the internal auditor their audit plan and report to the Board at least annually the adequacy of the internal audit procedures and their evaluation of the effectiveness of the Company's overall internal controls and risk management, including financial, operational, compliance and information technology controls;
- (c) review interested person transactions, if any, to ensure that the internal control and review procedures are adhered to;
- (d) review the adequacy, effectiveness, scope and results of the external audit, and the independence and objectivity of the external auditors;
- (e) make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;

# CORPORATE GOVERNANCE REPORT

- (f) establish and review, on an ongoing basis, the whistleblowing policies, processes and reporting procedures of the Company;
- (g) review the assurance from the Chief Executive Officer and Group Financial Controller on the financial records and financial statements; and
- (h) undertake generally such other functions and duties as may be required by law or the Listing Rules.

Apart from the above functions, the AC will also commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, failure of internal controls, or infringement of any law, rule or regulation which has or is likely to have a material impact on our Company's operating results or financial position. Each member of the AC will abstain from voting in respect of matters in which he is interested.

The AC is empowered to investigate any matter relating to the group's accounting, auditing, internal controls and/or financial practices brought to its attention, with full access to records, resources and personnel, so as to enable it to discharge its functions properly.

For FY2023, the remuneration paid and payable to the external auditor, PricewaterhouseCoopers LLP ("**PwC**") and its network firm in relation to audit and non-audit services were HK\$1,800,000 and HK\$ 443,000 respectively.

The AC, having reviewed the volume of non-audit services to the Group by the external auditors, is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors.

The AC has recommended and the Board has approved the nomination for the re-appointment of PricewaterhouseCoopers LLP ("**PwC**") as the external auditors of the Company at the forthcoming AGM.

The AC has confirmed the Company has complied with Rule 712 of the Listing Manual of the SGX-ST in that PwC Singapore is registered with the Accounting and Corporate Regulatory Authority. The AC is satisfied that the resources and experience of PwC, the audit engagement partner and his team assigned to the audit of the Group are adequate to meet their audit obligations, given the size, nature and operations of the Group.

PwC is the appointed external auditors of the Company and its Singapore-incorporated subsidiary. Other than the overseas subsidiaries which were exempted from audit requirement under their respective laws of the country of incorporation, the overseas subsidiaries of the Group are either audited by a member firm of PwC or by the suitable auditing firms in their respective country of incorporation.

The AC and the Board are satisfied that the appointment of different auditing firms for its overseas subsidiaries would not compromise the standard and effectiveness of the audit of the Company. The AC confirmed that the Company has complied with Rules 712 and 715 of the Listing Manual of the SGX-ST.

The AC is responsible for the hiring, removal, evaluation and approving the remuneration and terms of engagement of the internal auditor. The AC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit.

For FY2023, the internal audit function was carried out by the Company's IT sub-committee (the "internal audit team"), approved by the AC, to review the effectiveness of the Company's internal controls relating to information technology control review. The internal audit team reports directly to the AC Chairman and administratively to the Group Financial Controller. The resulting report is reviewed in detail by the AC in conjunction with the Management, including responses/action taken by Management in addressing the recommendation and observation.

The AC is satisfied that the internal audit function is effective and adequately resourced and independent and the internal audit team has unfettered access to all of the Company's documents, records, properties and personnel, including access to the AC.

In line with the Code, a private session between the AC with the external auditors is held annually to discuss any matters concerning the Company without the presence of the Management. The AC has met with the external auditors in the absence of key management personnel in FY2023.



# CORPORATE GOVERNANCE REPORT

The Company has put in place a whistleblowing policy which sets out the procedures for a whistleblower to make a report on misconduct or wrongdoing relating to the Company and its officers. The policy protects the identification of the whistleblower and ensures that the identity of the whistleblower is kept confidential to ensuring the protection of the whistleblower against any detrimental and unfair treatment. The policy had been circulated to all employees for implementation. It has been put in place to encourage and provide a channel to employees and any other persons to report, in good faith and in confidence, concerns about possible fraud, improprieties, fraudulent activities or malpractices or other matters within the Group in a responsible and effective manner. The objective of such an arrangement is to ensure independent investigation of such matters and for appropriate follow-up action.

The AC has reviewed the whistleblowing policy that the Group has established and is responsible for the oversight and monitoring of whistleblowing.

The Company has arrangements and processes to facilitate independent investigation of such concerns and for appropriate follow-up action. Concerns may be raised either verbally or in writing, to Azeus Global HR Manager and/or the Chairperson of the AC. Contact details of whom are set out in the whistleblowing policy. The AC upon receipt of complaints or allegations determines if an investigation is necessary.

All whistleblowing reports will be handled confidentially, except as necessary or appropriate to conduct investigation and to take remedial action, in accordance with the applicable law and regulations. The identity of the whistleblower making the allegation will be kept confidential and confined to disclosures on a need-to-know basis to the AC, the investigating team, the Board of Directors of the Company; and any party to whom the identity of the whistleblower is required to be disclosed by law.

For FY2023, there were no complaints, concerns of issues received by the AC.

## SHAREHOLDERS' RIGHT AND RESPONSIBILITIES

### Shareholder Rights and Conduct of General Meetings

**Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.**

The Company respects and upholds shareholders' rights and tenders its communication with shareholders with care. The Board recognises and exercises its overall responsibility to shareholders, by ensuring accurate financial reporting for the Company's overall internal control framework, including financial, operational, information technology and compliance controls, risk management policies and through systems needed to safeguard the shareholders' investments and assets of the Company. The Company's Bye-laws allows the attendance by nominees of shareholders at general meetings. The Company encourages and facilitates shareholder engagement and participation through its meetings and briefings.

The AGM of the Company represents the principal forum for dialogue and interaction with all shareholders. At each AGM, the Board welcomes questions from shareholders who have an opportunity to raise questions or share their views regarding the proposed resolutions and the Company's business and affairs, either informally or formally before or at the AGM.

The Chairman of the Board Committees, Directors, senior management, and external auditors will be present and available at the general meeting to attend to the queries/questions from shareholders.

All resolutions proposed at general meetings shall be put to vote by way of a poll. All votes cast, for or against or abstain, and the respective percentages, in respect of each resolution are tallied and disclosed at the meeting and an announcement with the detailed results showing the numbers of votes cast for and against for each resolution and the respective percentage will be released via SGXNet after the general meetings. Each distinct issue is proposed as a separate resolution at general meetings.

The Company has not amended its Bye-Laws to provide for absentia voting method. As the authentication of Shareholder identity information and other related security issues remain a concern, the Company has decided, for the time being, not implement voting in absentia by mail, e-mail, or fax.

# CORPORATE GOVERNANCE REPORT

Minutes of general meetings including comments from shareholders and responses from the Board and Management relating to the resolutions tabled at the general meetings held by the Company will be made available to shareholders upon receipt of their request.

The Company has since 2021 conducted its AGM via Hybrid mode where AGMs were held both physically (“**physical AGM**”) and via electronic means (“**virtual AGM**”). The AGMs were conducted using the Convene@AGM platform which shareholders who attended the virtual AGM not only have a real-time two-way interaction with the Company’s management and Board of Directors but also the option of live voting and interactive video question and answer session with the Board, in addition to the written questions. The hybrid AGMs provide a channel for shareholders (either at the physical venue or at the virtual meeting) to interact with the Company’s Board of Directors and Senior Management.

The Company will continue with this approach of holding its general meetings and the AGM for 2023 will be held physically in Singapore and concurrently via electronic means.

Minutes of the AGM will be published on the SGXNET and also at the Company’s corporate website within one (1) month after the AGM date.

While the Company has no official policy on the payment of dividends, it has consistently paid out the bulk of its profits as dividends since its listing in 2004. The amount of dividends paid each year will depend on factors that include the Group’s profit level, cash position and future cash needs.

On top of its first interim dividend paid out of HK\$0.60 per ordinary shares in 1HFY2023, subject to shareholders’ approval at the forthcoming AGM, the Board has recommended a final dividend of HK\$1.08 per share for the financial year ended FY2023. The total dividend paid out for FY2023 will be HK\$1.68 per ordinary shares, representing all of its profit of the year.

## Engagement with Shareholders

**Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.**

## Engagement with Stakeholders

**Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.**

The Company engages in regular, effective and fair communication with shareholders. The Board is mindful of the obligations to provide timely information and full disclosure of material information to shareholders in accordance with the statutory requirement and the listing manual of the SGX-ST. Information is communicated to shareholders on a timely basis. All material information and financial results are released through SGXNET.

Notice of the AGM or the Special General Meeting (“**SGM**”), if any, and Annual Reports/Circulars are issued to all shareholders of the Company. The Notice of AGM or SGM is also advertised in newspapers and announced via SGXNET. Information on major new initiatives of the Company is also disseminated via SGXNET, news release and made available on the Company’s website.

In line with the Company’s corporate social responsibility initiatives and environmental sustainability efforts and as permitted under the Company’s Bye-Laws, Annual Report for the financial year ended 2023 and Circular to Shareholders will be published on the Company’s corporate website and at the SGXNET and available for viewing or downloading by the shareholders. Printed copies will only be mailed to shareholders upon their request via the completion of the Request Form.

Shareholders of the Company will receive the FY2023 AGM Notice, Proxy Form and Request Form (to request for printed copy of Annual Report and Circular) via mail. The documents are also accessible via the Company’s corporate website and the SGXNET.

The Notice of AGM is also advertised in a national newspaper.

Regular meetings are held with investors, analysts, fund managers and the press. The Group also has a corporate web-site ([www.azeus.com](http://www.azeus.com)) where shareholders and members of the public are able to access up-to-date corporate information, announcements, new events related to the Group and Company’s Annual Report and sustainability report.

# CORPORATE GOVERNANCE REPORT

The Board considers the Company's obligations to its shareholders and also the interests of its material stakeholders as the relationships with material stakeholders may have an impact on the Company's long-term sustainability. Stakeholders are parties who may be affected by the Company's activities or whose actions can affect the ability of the Company to conduct its activities. The Board has identified its stakeholders as customers, employees, suppliers, landlords, investors, media, government institutions and the communities. The Company maintains its Company's website to communicate and engage with the stakeholders.

The Company also issue sustainability report to keep stakeholders informed on the commitment made by the Company in fostering the creation of long-term value for the stakeholders and sustainable development of the global economy. The sustainability report is available at the Company's corporate website.

## **Code of Business Conduct**

The Directors, officers and employees are required to observe and maintain high standards of integrity, as are in compliance with law and regulations and the Company's policies.

## **Dealings in Securities**

The Company has adopted an internal code of practice for securities transactions by all Directors, officers and employees of the Group in compliance with Rule 1207(19) of the Listing Manual of SGX-ST.

In compliance with the above-mentioned Rule, Directors, officers and employees of the Group have been advised not to trade in the listed securities of the Company when in possession of unpublished price-sensitive information or on short-term considerations. Directors, officers and employees are also advised not to trade in the Company's securities during the period commencing one month before the announcement of the Company's half year and full year financial results and ending on the day of the announcement of the relevant results. All directors, officers and managers are required to file with the Company regular reports on all their dealings in the listed securities of the Group during the financial year.

## **Material Contracts**

There were no material contracts (including loans) of the Company or its subsidiaries involving the interests of the CEO, directors or controlling shareholders, which subsisted at the end of the financial year or have been entered into since the end of the previous financial year.

## **Interested Person Transactions**

The Group has adopted an internal policy in respect of any transactions with interested persons and established procedures for the review and approval of such transactions.

An interested person transactions will be properly documented and submitted to the AC for half-yearly review to ensure that they are carried out on an arm's length basis, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

The Group has not obtained a general mandate from shareholders for IPT.

Details of the Interested Person Transactions as at 31 March 2023 are disclosed in the Notes to the Audited Financial Statements for FY2023. Please refer to Note 31 on page 82 for details.

## **Update on Sustainability Report**

The Group recognises the importance of sustainability that creates long-term value to our stakeholders by embracing opportunities and managing risks derived from the environment, social developments and governance. The Group is committed towards implementing sustainable practices in order to achieve the right balance between the needs of the wider community and the requirements of stakeholders and business growth. The Group's sustainability report will be prepared in accordance with the Global Reporting Initiative Standards, Core Option and in line with the requirements of the SGX Listing Rules on sustainability reporting. The report will highlight the economic, environmental and social factors such as economic performance, environmental compliance, employment and training and education. The Company's Sustainability Report for FY2023 will be released by end of July 2023.

The Sustainability Report will be publicly accessible through the Company's website as well as on SGXNET.

# DISCLOSURE OF INFORMATION ON DIRECTOR SEEKING RE-ELECTION

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information relating to the Director nominated for re-election at the forthcoming AGM is set out below:

	<b>Mr Lee Wan Lik</b>
Date of Appointment	12 May 2004
Date of last re-appointment	13 August 2020
Age	61
Country of principal residence	Hong Kong
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Lee Wan Lik as an Executive Director of the Company was recommended by the Nominating Committee and accepted by the Board, after taking into consideration his expertise, performance, overall contributions, and competencies in fulfilling his responsibilities as an Executive Director and Chairman of the Board.
Whether appointment is executive, and if so, the area of responsibility	Executive. Mr. Lee's areas of focus include: <ul style="list-style-type: none"> <li>- providing leadership and direction to the Board;</li> <li>- ensuring the Board's effectiveness in all aspects of its role, including the good governance of the Company, and the effectiveness of its committee;</li> <li>- working with the Board and the Company's CEO to develop strategy for the Company's future growth and identify opportunities for value-enhancing strategic initiatives.</li> </ul>
Job Title (e.g. Lead ID, AC Chairman, AC Member, etc)	Executive Chairman, Executive Director and member of the Nominating Committee.
Professional qualifications	Master of Science in Computer Sciences; Bachelor of Science in Computer Science and Engineering; Bachelor of Science in Mathematics
Working experience and occupation(s) during the past 10 years	Azeus Systems Holdings Ltd – <ul style="list-style-type: none"> <li>(i) Executive Chairman and Executive Director (15 March 2022 to present)</li> <li>(ii) Executive Chairman, Chief Executive Officer and Managing Director (12 May 2004 to 15 March 2022)</li> </ul>
Shareholding interest in the listed issuer and its subsidiaries	8,032,132 ordinary shares in the Company (direct interest) 15,300,000 ordinary shares in the Company (deemed interest)
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mr Lee Wan Lik is the spouse of Ms Lam Pui Wan (deceased) (a substantial shareholder of the Company).  Mr Lee Wan Lik is a Director and shareholder holding 10% equity interest in Mu Xia Ltd. Mu Xia Ltd is a substantial shareholder holding 51% shareholding in the capital of the Company.
Conflict of Interests (including any competing business)	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Past Principal Commitments for the last 5 years, including directorships.	Nil

# DISCLOSURE OF INFORMATION ON DIRECTOR SEEKING RE-ELECTION

	<b>Mr Lee Wan Lik</b>
<p>Present Principal Commitments* including directorships</p> <p>* "Principal Commitments" has the same meaning as defined in the Code, and includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations.</p>	<p>Current Director of:</p> <ul style="list-style-type: none"> <li>- Azeus Systems Holdings Ltd</li> <li>- Azeus Systems Limited</li> <li>- Azeus Systems Philippines Inc</li> <li>- Azeus Systems Manila (BVI) Ltd</li> <li>- Convene SG Pte. Ltd</li> <li>- Azeus UK Ltd</li> <li>- Convene Pty Ltd.</li> <li>- Azeus Convene (BVI) Limited</li> <li>- Convene, Inc.</li> <li>- Convene DWC LLC</li> <li>- Convene India Private Limited</li> </ul>
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c) Whether there is any unsatisfied judgment against him?	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No

## DISCLOSURE OF INFORMATION ON DIRECTOR SEEKING RE-ELECTION

	<b>Mr Lee Wan Lik</b>
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No

## DISCLOSURE OF INFORMATION ON DIRECTOR SEEKING RE-ELECTION

	<b>Mr Lee Wan Lik</b>
<p>(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-</p> <ul style="list-style-type: none"> <li>i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</li> <li>ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</li> <li>iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</li> <li>iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere</li> </ul> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	No
<p>k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?</p>	No
<p>Any prior experience as a director of a listed company? (Yes/No)</p> <p>If yes, please provide details of prior experience.</p> <p>If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.</p> <p>Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).</p>	<p>Not Applicable.</p> <p>This is a re-election of a director.</p>

# DIRECTORS' STATEMENT

For the financial year ended 31 March 2023

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 March 2023 and the balance sheet of the Company as at 31 March 2023.

In the opinion of the directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 37 - 87 are drawn up so as to present fairly, in all material aspects, the financial position of the Company and of the Group as at 31 March 2023 and the profit and loss and other comprehensive income, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## Directors

The directors of the Company in office at the date of this statement are as follows:

Mr Lee Wan Lik  
Mr Michael Yap Kiam Siew  
Mr Koji Miura  
Mr Chan Ching Chuen  
Mr Stephen Ho ChiMing

## Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## Directors' interests in shares or debentures

- (a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director		Holdings in which director is deemed to have an interest	
	At 31.3.2023	At 1.4.2022	At 31.3.2023	At 1.4.2022
<b>Azeus Systems Holdings Ltd.</b>				
<u>(No. of ordinary shares)</u>				
Mr Lee Wan Lik <sup>(1)(2)</sup>	<b>8,032,132</b>	8,032,132	<b>15,300,000</b>	15,300,000
Ms Lam Pui Wan(deceased) <sup>(1)(2)</sup>	<b>1,400,000</b>	1,400,000	<b>15,300,000</b>	15,300,000
<b>Ultimate Holding Corporation - Mu Xia Ltd</b>				
<u>(No. of ordinary shares)</u>				
Mr Lee Wan Lik <sup>(1)(2)</sup>	<b>1,200</b>	1,200	<b>10,800</b>	10,800
Ms Lam Pui Wan (deceased) <sup>(1)(2)</sup>	<b>10,800</b>	10,800	<b>1,200</b>	1,200

(1) Ms Lam Pui Wan, the spouse of Mr Lee Wan Lik and former Executive Director of the Company, passed away on 6 May 2022. Her estate is still in the process of settlement. Both Ms Lam Pui Wan and Mr Lee Wan Lik are deemed to be interested in the shareholdings held by each other.

(2) Mr Lee Wan Lik and Ms Lam Pui Wan are each deemed to be interested in the 15,300,000 Shares held by Mu Xia Ltd. by virtue of them holding shareholding interests of 10% and 90% respectively in Mu Xia Ltd.



# DIRECTORS' STATEMENT

For the financial year ended 31 March 2023

- (b) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had interests in the options to subscribe for ordinary shares of the Company granted pursuant to the Azeus Employee Share Option Scheme.
- (c) The directors' interests in the ordinary shares of the Company as at 21 April 2023 were the same as those as at 31 March 2023.

## Independent auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors



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Lee Wan Lik  
Director

23 June 2023



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Michael Yap Kiam Siew  
Director

# INDEPENDENT AUDITOR'S REPORT

To the Members of Azeus Systems Holdings Ltd.

In our opinion, the accompanying consolidated financial statements of Azeus Systems Holdings Ltd. (the "Company") and its subsidiaries (the "Group") and the balance sheet of the Company present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Company as at 31 March 2023, and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year then ended in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s").

## *What we have audited*

The financial statements of the Company and the Group comprise:

- the consolidated statement of profit and loss and other comprehensive income of the Group for the financial year ended 31 March 2023;
- the balance sheets of the Group and of the Company as at 31 March 2023;
- the consolidated statement of changes in equity of the Group for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

## **Basis for Opinion**

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## *Independence*

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

## **Our Audit Approach**

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

# INDEPENDENT AUDITOR'S REPORT

To the Members of Azeus Systems Holdings Ltd.

## Our Audit Approach (continued)

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 March 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><i>Revenue recognition - measurement of percentage of completion (Refer to Notes 3(a) and 4 to the financial statements)</i></p> <p>There are 5 main revenue streams under provision of IT services and Azeus Products:</p> <p>i) Systems implementation and enhancement (FY2023: HK\$50.4 mil; FY2022: HK\$34.1 mil);</p> <p>ii) Sales of hardware and software (FY2023: NIL; FY2022: HK\$2.2 mil);</p> <p>iii) Maintenance and support services (FY2023: HK\$51.6 mil; FY2022: HK\$51.4 mil);</p> <p>iv) Product licensing revenue (FY2023: HK\$133.3 mil; FY2022: HK\$111.5 mil); and</p> <p>v) Product service revenue (FY2023: HK\$17.6 mil; FY2022: HK\$18.6 mil).</p> <p>For the financial year ended 31 March 2023, revenue from the provision of systems implementation and enhancement services represented 19.9% of the Group revenue (FY2022: 15.6%).</p> <p>The Group recognises revenue from systems implementation and enhancement by reference to the Group's progress towards completing the implementation and enhancement of the IT systems and Azeus Products. The measure of progress is determined based on the percentage of actual time costs incurred to date to the estimated total time costs.</p> <p>Significant management judgement is involved in estimating the cost to complete.</p>	<p>We have performed the audit procedures which include the following:</p> <ul style="list-style-type: none"> <li>Obtained an understanding of and evaluating the internal controls and validating key controls in place on revenue recognition;</li> </ul> <p>In relation to actual contract costs incurred, we:</p> <ul style="list-style-type: none"> <li>Tested, on sampling basis, the accuracy of time costs captured that reflects the progress of the projects; and</li> <li>Assessed the reasonableness of cost incurred against our understanding of the project and through discussion with project managers.</li> </ul> <p>In relation to estimated total contract costs, we:</p> <ul style="list-style-type: none"> <li>Discussed with the project managers to assess and review the reasonableness of estimated total contract costs;</li> <li>Traced, on sampling basis, the cost to complete for selected systems implementation and enhancement projects by substantiating costs that have been committed to contracts entered; and</li> <li>Performed, on a sampling basis, budget versus actual cost assessment.</li> </ul> <p>We also recomputed the cumulative contract revenue and the contract revenue for the current financial year, as well as provision for onerous contracts (where relevant). No material differences were identified.</p> <p>We found the judgements and estimates used in the recognition of revenue to be supported by the available evidence and the disclosures in the financial statements to be adequate.</p>

# INDEPENDENT AUDITOR'S REPORT

To the Members of Azeus Systems Holdings Ltd.

## Other Information

Management is responsible for the other information. The other information comprises the following sections of the annual report, but does not include the financial statements and our auditor's report thereon, which we obtained prior to that date of this auditor's report:

- Corporate Information
- Corporate Profile
- Financial Highlights
- Our Services and Products
- Chairman and CEO's Message
- Board of Directors
- Senior Management
- Corporate Governance Report
- Disclosure of Information on Directors Seeking Re-Election
- Director's Statement
- Statistics of Shareholdings
- Notice of Annual General Meeting

Sustainability Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we have obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Sustainability Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

# INDEPENDENT AUDITOR'S REPORT

To the Members of Azeus Systems Holdings Ltd.

## Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of consolidated financial statements in accordance with SFRS(I) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

# INDEPENDENT AUDITOR'S REPORT

To the Members of Azeus Systems Holdings Ltd.

## **Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr Chua Chin San.

*PricewaterhouseCoopers LLP*

PricewaterhouseCoopers LLP  
Public Accountants and Chartered Accountants

Singapore,  
23 June 2023

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 March 2023

	Notes	2023 HK\$'000	2022 HK\$'000
Revenue	4	252,908	217,658
Cost of revenue	5	(70,853)	(60,054)
Gross profit		182,055	157,604
Other income	7	1,033	326
Other losses	8	(7,487)	(765)
Impairment losses of financial assets	9	(216)	(4,565)
Expenses			
- Research and development	5	(31,299)	(27,589)
- Selling and marketing	5	(49,906)	(40,062)
- Administrative	5	(40,086)	(35,564)
- Finance cost – lease interest	19	(208)	(370)
Profit before tax		53,886	49,015
Tax expenses	10(a)	(3,346)	(565)
<b>Total profit</b>		<b>50,540</b>	<b>48,450</b>
<b>Other comprehensive income:</b>			
Items that may be reclassified subsequently to profit or loss:			
Currency translation losses arising from consolidation		(4,233)	(1,229)
Items that will not be reclassified subsequently to profit or loss:			
Actuarial losses on defined retirement benefits	23	(2,318)	(139)
Tax credit on actuarial losses	21	1,396	241
		(922)	102
<b>Other comprehensive losses, net of tax</b>		<b>(5,155)</b>	<b>(1,127)</b>
<b>Total comprehensive income</b>		<b>45,385</b>	<b>47,323</b>
<b>Profit attributable to:</b>			
Equity holders of the Company		50,540	48,450
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company		45,385	47,323
<b>Earnings per share for profit attributable to equity holders of the Company (HK\$ per share)</b>			
- Basic	11	1.68	1.62
- Diluted	11	1.68	1.62

The accompanying notes form an integral part of these financial statements.

# BALANCE SHEETS

As at 31 March 2023

	Notes	Group		Company	
		31 March 2023 HK\$'000	31 March 2022 HK\$'000	31 March 2023 HK\$'000	31 March 2022 HK\$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and bank deposits	12	152,785	201,296	628	526
Trade and other receivables	13	60,618	36,116	87,855	107,765
Inventories	15	3,654	-	-	-
Contract assets	16	24,193	11,010	-	-
Current income tax assets	10(b)	1,568	336	-	-
		<b>242,818</b>	<b>248,758</b>	<b>88,483</b>	<b>108,291</b>
<b>Non-current assets</b>					
Investments in subsidiaries	17	-	-	53,802	52,991
Property, plant and equipment	18	1,299	898	-	-
Right-of-use assets	19	3,165	3,623	-	-
Intangible assets	20	-	647	-	-
Deferred income tax assets	21	3,299	1,517	-	-
Refundable deposits		3,786	4,094	-	-
		<b>11,549</b>	<b>10,779</b>	<b>53,802</b>	<b>52,991</b>
<b>Total assets</b>		<b>254,367</b>	<b>259,537</b>	<b>142,285</b>	<b>161,282</b>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	22	13,799	19,910	1,997	3,048
Contract liabilities	16	86,155	67,892	-	-
Lease liabilities	19	3,005	3,509	-	-
Current income tax liabilities	10(b)	2,801	1,338	-	-
		<b>105,760</b>	<b>92,649</b>	<b>1,997</b>	<b>3,048</b>
<b>Non-current liabilities</b>					
Contract liabilities	16	1,902	1,066	-	-
Lease liabilities	19	157	493	-	-
Provision for defined retirement benefits	23	13,076	10,642	-	-
		<b>15,135</b>	<b>12,201</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>		<b>120,895</b>	<b>104,850</b>	<b>1,997</b>	<b>3,048</b>
<b>NET ASSETS</b>		<b>133,472</b>	<b>154,687</b>	<b>140,288</b>	<b>158,234</b>
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	24	46,800	46,800	46,800	46,800
Share premium	25	56,489	56,489	56,726	56,726
Foreign currency translation reserve		(1,164)	3,039	-	-
Other reserves	25	1,774	1,750	-	-
Defined retirement benefits		(7,027)	(6,105)	-	-
Retained profit	26	36,600	52,714	36,762	54,708
<b>Total equity</b>		<b>133,472</b>	<b>154,687</b>	<b>140,288</b>	<b>158,234</b>

The accompanying notes form an integral part of these financial statements.



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2023

← Attributable to equity holders of the Company →

Notes	Share capital HK\$'000	Share premium HK\$'000	Foreign currency translation reserve		Other reserves HK\$'000	Defined retirement benefits HK\$'000	Retained profits HK\$'000	Total equity HK\$'000
			HK\$'000	HK\$'000				
<b>2023</b>								
<b>Beginning of financial year</b>	46,800	56,489	3,039		1,750	(6,105)	52,714	154,687
Profit for the year	-	-	-	-	-	-	50,540	50,540
Other comprehensive loss for the year	-	-	(4,203)	(30)	(922)	-	-	(5,155)
<b>Total comprehensive (loss)/income for the year</b>	-	-	(4,203)	(30)	(922)	-	50,540	45,385
Transfer from retained profits to other reserves	-	-	-	54	(54)	-	(54)	-
FY2022 final dividends paid	-	-	-	-	-	-	(48,500)	(48,500)
FY2023 interim dividends paid	-	-	-	-	-	-	(18,100)	(18,100)
<b>End of financial year</b>	<b>46,800</b>	<b>56,489</b>	<b>(1,164)</b>	<b>1,774</b>	<b>(7,027)</b>	<b>36,600</b>	<b>133,472</b>	
<b>2022</b>								
<b>Beginning of financial year</b>	46,800	56,489	4,289		1,589	(6,207)	16,104	119,064
Profit for the year	-	-	-	-	-	-	48,450	48,450
Other comprehensive (loss)/income for the year	-	-	(1,250)	21	102	-	-	(1,127)
<b>Total comprehensive (loss)/income for the year</b>	-	-	(1,250)	21	102	-	48,450	47,323
Transfer from retained profits to other reserves	-	-	-	140	-	-	(140)	-
FY2021 final dividends paid	-	-	-	-	-	-	(11,700)	(11,700)
<b>End of financial year</b>	<b>46,800</b>	<b>56,489</b>	<b>3,039</b>	<b>1,750</b>	<b>(6,105)</b>	<b>52,714</b>	<b>154,687</b>	

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2023

	Note	Group	
		2023 HK\$'000	2022 HK\$'000
<b>Cash flows from operating activities</b>			
Total profit		50,540	48,450
Adjustments for:			
- Tax expense		3,346	565
- Depreciation of property, plant and equipment		683	828
- Depreciation of right-of-use assets		4,430	4,959
- Amortisation of intangible assets		647	2,214
- Interest income		(218)	(24)
- Finance cost - lease interest		208	370
- Defined retirement benefits expense		1,839	2,008
		<b>61,475</b>	<b>59,370</b>
Change in working capital:			
- Trade and other receivables		(20,000)	1,982
- Contract assets		(10,760)	(6,668)
- Refundable deposits		251	(1,069)
- Inventories		(3,654)	-
- Trade and other payables		(3,276)	1,845
- Provision for defined retirement benefits		(1,318)	(1,469)
- Contract liabilities		19,099	4,455
Cash generated from operations		<b>41,817</b>	<b>58,446</b>
Income tax paid		(6,125)	(395)
<b>Net cash provided by operating activities</b>		<b>35,692</b>	<b>58,051</b>
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment		(1,120)	(630)
Disposal of property, plant and equipment		-	18
Interest received		218	24
<b>Net cash used in investing activities</b>		<b>(902)</b>	<b>(588)</b>
<b>Cash flows from financing activities</b>			
Increase in restricted cash		(46,882)	(622)
Dividends paid to equity holders of the Company		(66,600)	(11,700)
Principal payment of lease liabilities		(4,812)	(5,222)
Payment of interest on lease liabilities		(208)	(370)
<b>Net cash used in financing activities</b>		<b>(118,502)</b>	<b>(17,914)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(83,712)</b>	<b>39,549</b>
<b>Cash and cash equivalents</b>			
Beginning of financial year		198,656	156,266
Effects of currency translation on cash and cash equivalents		(11,681)	2,841
<b>End of financial year</b>	<b>12</b>	<b>103,263</b>	<b>198,656</b>

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2023

## Reconciliation of liabilities from financing activities

	1 April 2022 HK\$'000	Additions HK\$'000	Principal and interest payment HK\$'000	Non-cash changes		31 March 2023 HK\$'000
				Interest expense HK\$'000	Foreign exchange movement HK\$'000	
<b>2023</b>						
Lease liabilities	4,002	3,972	(5,020)	208	-	3,162
				Non-cash changes		
	1 April 2021 HK\$'000	Additions HK\$'000	Principal and interest payment HK\$'000	Interest expense HK\$'000	Foreign exchange movement HK\$'000	31 March 2022 HK\$'000
<b>2022</b>						
Lease liabilities	9,224	-	(5,592)	370	-	4,002

The accompanying notes form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

## 1. General information

Azeus Systems Holdings Ltd. (the “Company”) is incorporated as an exempt company with limited liability under the Companies Act 1981 of Bermuda and is listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”). The address of its registered office is Canon’s Court, 22 Victoria Street, Hamilton HM1, Bermuda. The principal place of business of the Company is 22nd Floor, Olympia Plaza, 255 King’s Road, North Point, Hong Kong.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are set out in Note 17.

## 2. Significant accounting policies

### 2.1 Basis of preparation

These financial statements are prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

### 2.2 Interpretations and amendments to published standards effective in 2022

On 1 April 2022, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) (“INT SFRS(I)”) that are mandatory for application for the financial year. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group’s accounting policies and had no material effect on the amounts reported for the current or prior financial years.

### 2.3 Revenue

#### (a) Revenue from IT services and Azeus products contracts

A service contract is a contract specifically negotiated for the provision of IT services and Azeus products as required under the relevant contract terms and the contract prices are fixed.

There are five main revenue streams under provision of IT services and Azeus Products:

- (i) Systems implementation and enhancement
- (ii) Sales of hardware and software
- (iii) Maintenance and support services
- (iv) Product licensing revenue
- (v) Product service revenue

The transaction price is allocated to the respective revenue stream based on a relative stand-alone selling price. Management estimates the stand-alone selling price at contract inception based on prices of the type of hardware likely to be provided and the services rendered in similar circumstances to similar customers.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

## 2. Significant accounting policies (continued)

### 2.3 Revenue (continued)

#### (a) Revenue from IT services and Azeus products contracts (continued)

##### (i) Systems implementation and enhancement

The IT services and Azeus products relating to systems implementation and enhancement have no alternative use for the Group due to contractual restriction, and the Group has enforceable rights to payment for performance completed to date arising from the contractual terms. For these contracts, revenue is recognised over time by reference to the Group's progress towards completing the systems implementation and enhancement projects.

The measure of progress is determined based on the percentage of actual time costs incurred to date to the estimated total time costs. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress and instead are expensed as incurred.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by management.

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified service contract milestones. A contract asset is recognised when the Group has performed under the contract but is not yet entitled to bill the customer. Conversely, a contract liability is recognised when the payments received from the customer exceeds revenue recognised to date.

An impairment loss is recognised in the profit or loss to the extent that the carrying amount of capitalised contract costs exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

##### (ii) Sales of hardware and software

Revenue from the sale of hardware and software items is recognised at a point in time when control of the goods has transferred to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied performance obligation.

##### (iii) Maintenance and support services

Revenue from a contract to provide maintenance services is recognised over time based on the duration of the contract term. Payments received relating to future periods are treated as contracts liabilities in the balance sheet.

##### (iv) Product licensing revenue

Product licensing revenue are revenue recorded in relation to Azeus Software Licenses. It pertains to subscription fees charged and is recognised over time over the duration of the contract beginning on the commencement date of each contract, when service is made available to customers.

##### (v) Product service revenue

Product service revenue is recognised at a point in time when customer has acknowledged the completion of the services and when the performance obligation is met.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

## 2. Significant accounting policies (continued)

### 2.3 Revenue (continued)

(b) *Interest income*

Interest income is recognised using the effective interest method.

(c) *Dividend income*

Dividend income is recognised when the right to receive payment is established.

### 2.4 Group accounting

(a) *Subsidiaries*

(i) *Consolidation*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, intercompany transactions and balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) *Acquisitions*

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

## 2. Significant accounting policies (continued)

### 2.4 Group accounting (continued)

#### (a) Subsidiaries (continued)

##### (iii) Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to Note 2.7 "Investments in subsidiaries" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

### 2.5 Property, plant and equipment

#### (a) Measurement

##### (i) Property, plant and equipment

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

##### (ii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The projected cost of dismantlement, removal or restoration is also recognised as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of either acquiring the asset or using the asset for purpose other than to produce inventories.

#### (b) Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Leasehold improvements	3 - 5 years
Furniture and fixtures	3 - 5 years
Office equipment	2 - 5 years
Computer equipment	3 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

#### (c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

## 2. Significant accounting policies (continued)

### 2.5 Property, plant and equipment (continued)

#### (d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

### 2.6 Intangible assets

#### *Development of Azeus Products*

Costs directly attributable to the development of Azeus Products ("Products") are capitalised as intangible assets only when technical feasibility of the project is demonstrated, the Group has an intention and ability to complete and use the products, and the development costs can be measured reliably. Such development costs include payroll related costs of employees directly involved in the project.

Direct expenditures including employee costs, which enhance or extend the performance of the Products beyond its specifications and which can be reliably measured, are added to the original cost of the Products.

Costs associated with maintaining the Products are recognised as an expense when incurred.

The Products are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 3 to 5 years.

The amortisation period and amortisation method of intangible assets are reviewed at least at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

### 2.7 Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

### 2.8 Impairment of non-financial assets

#### *Property, plant and equipment*

#### *Investments in subsidiaries*

#### *Intangible assets*

#### *Right-of-use assets*

Property, plant and equipment, investments in subsidiaries, intangible assets and right-of-use-assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

## 2. Significant accounting policies (continued)

### 2.8 Impairment of non-financial assets (continued)

An impairment loss for an asset is reversed if, and only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss.

### 2.9 Financial assets

#### (a) *Classification and measurement*

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL).

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

#### *At initial recognition*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

#### *At subsequent measurement*

##### (i) *Debt instruments*

Debt instruments mainly comprise of cash and cash equivalents and trade and other receivables.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- **Amortised cost:** Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.
- **FVOCI:** Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income (OCI) and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "other gains and losses". Interest income from these financial assets is recognised using the effective interest rate method and presented in "interest income".

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

## 2. Significant accounting policies (continued)

### 2.9 Financial assets (continued)

#### (a) Classification and measurement (continued)

##### At subsequent measurement (continued)

#### (i) Debt instruments (continued)

- FVPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "other gains and losses".

#### (i) Equity investments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other gains and losses", except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as "fair value gains / losses" in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as "dividend income".

#### (b) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 29 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, lease receivables and contract assets, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

#### (c) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Group are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

## 2. Significant accounting policies (continued)

### 2.10 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

### 2.11 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

### 2.12 Leases

*When the Group is the lessee:*

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- Right-of-use assets

The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

- Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option if is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

## 2. Significant accounting policies (continued)

### 2.12 Leases (continued)

*When the Group is the lessee: (continued)*

- Lease liabilities (continued)

For contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a changes in the Group's assessment of whether it will exercise an extension option; or
- There are modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- Short term and low value leases

The Group has elected to not recognised right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

### 2.13 Inventories

Inventories comprise third party hardware and software products to be used in IT projects under the relevant contract terms and are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. Net realisable value is the estimated selling price in the ordinary course of business.

### 2.14 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

## 2. Significant accounting policies (continued)

### 2.14 Income taxes (continued)

Deferred income tax is measured: (continued)

- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

### 2.15 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Other provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of profit and loss and other comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

### 2.16 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, if any. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

### 2.17 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

#### (a) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

#### (b) *Pension benefits*

The Group operates both defined contribution retirement benefits and a non-contributory defined benefit plan.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

## 2. Significant accounting policies (continued)

### 2.17 Employee compensation (continued)

#### (b) Pension benefits (continued)

##### Defined contribution retirement benefits

The Group operates a defined contribution retirement scheme under the Mandatory Provident Fund Scheme (the “MPF Scheme”) in Hong Kong. The scheme is funded through payments to trustee administered funds. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

The Group has a defined contribution scheme (“other scheme”) in accordance with the local conditions and practices in the province of the People’s Republic of China in which they operate. The defined contribution scheme is a pension scheme under which the Group pays fixed contributions into a separate fund and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods. The Group’s contributions to the other scheme are expensed as incurred.

##### Non-contributory defined benefit plan

The Group has a non-contributory defined retirement benefits plan for the employees of its subsidiary in accordance with the local conditions and practices in the Philippines. The plan is generally funded through payments to trustee-administered funds governed by local regulations and practices and approved by the local management. A defined retirement benefits plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

The liability recognised in the balance sheet in respect of a defined benefits pension plan is the present value of the defined benefits obligation at the reporting date less the fair value of plan assets, together with adjustments for unrecognised past service costs. The defined benefits obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefits obligation is determined by discounting the estimated future cash outflows using the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and have terms to maturity approximating to the terms of the related retirement obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period when they arise.

Past service costs are recognised immediately in profit or loss.

#### (c) Share grant

A controlling shareholder has implemented a share grant incentive scheme for certain key employees. Under this incentive, the controlling shareholder will transfer ordinary shares from his personal shareholding to such employees from time to time. The number of shares to be transferred and the terms of such transfers will be in his absolute discretion, and entitled employees will be providing no, nominal, or discounted consideration for such transfers.

The fair value of the employee services received in exchange for the grant of the shares from the controlling shareholder is recognised as an expense in profit or loss with a corresponding increase in the reserve on the date of grant. The fair value of the employee services received is determined from the quoted market value of the shares granted in consideration of the services performed at the date of the grant. The shares vest immediately upon being granted.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

## 2. Significant accounting policies (continued)

### 2.17 Employee compensation (continued)

#### (d) Long service payments

The Group's employees have to complete a required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance in the event of the termination of their employment. The Group is liable to make such payments in the event that such termination of employment meets the circumstances specified in the Hong Kong Employment Ordinance.

A provision is recognised in respect of the probable future long service payments expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their service to the Group to the balance sheet date.

#### (e) Bonus plans

The expected cost of bonus payments are recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

#### (f) Termination benefits

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognises costs for a restructuring that is within the scope of SFRS(I) 1-37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

### 2.18 Currency translation

#### (a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Hong Kong Dollar, which is the functional currency of the Company.

#### (b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. Monetary items included primarily financial assets (other than equity investments), contract assets and financial liabilities.

Foreign exchange gains and losses impacting profit or loss are presented in the statement of profit and loss and other comprehensive income within "other gains/(losses)". Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

## 2. Significant accounting policies (continued)

### 2.18 Currency translation (continued)

#### (c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities are translated at the closing exchange rates at reporting date;
- (ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

### 2.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

### 2.20 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, and deposits with financial institutions which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

### 2.21 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

### 2.22 Dividends to Company's shareholders

Dividends to the Company's shareholders are recognised when the dividends are approved for payments.

### 2.23 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received, and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

## 3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### (a) *Estimation of total contract costs*

The Group has significant ongoing contracts pertaining to systems implementation and enhancement. For these contracts, revenue is recognised over time by reference to the Group's progress towards completing the implementation or enhancement of the IT systems. The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs ("input method").

Management has to estimate the total contract costs to complete, which are used in the input method to determine the Group's recognition of revenue from the provisional of systems implementation and enhancement services. When it is probable that the total contract costs will exceed the total revenue from provision of such services, a provision for onerous contract is recognised immediately.

Significant judgement is used to estimate these total contracts costs to complete. In making these estimates, management has relied on past experience of completed projects and the work of specialists.

As at 31 March 2023, HK\$19.5 million of the Group's contract assets is subject to the estimation of progress towards completion using the input method.

If the estimated total costs for the contract increase/decrease by 5% from management's estimates, the Group's revenue and contract assets will decrease and increase by approximately HK\$1.7 million and HK\$1.9 million respectively.

### (b) *Defined retirement benefits*

The determination of the Group's pension benefit obligation and retirement benefits are dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include among others, discount rates, expected return on plan assets and rate of compensation increase.

The liability recognised in the Group's balance sheet in respect of a defined benefit pension plan is the present value of the defined benefit obligation at reporting date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using a selection of assumptions. Those assumptions include among others, discount rates, expected return on plan assets and rate of compensation increase as described in Note 23.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period when they arise. The experience adjustments are not to be reclassified to profit or loss in a subsequent period.

Past service costs are recognised immediately in profit or loss.

While it is believed that the Group's assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the Group's retirement benefit cost and obligation.

The possible effects of sensitivities surrounding actuarial assumptions at the financial reporting date are presented in Note 23. Other key assumptions for retirement benefit obligation are based on current market conditions.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

## 4. Revenue from contracts with customers

Disaggregation of revenue from contracts with customers

	At a point in time HK\$'000	Over time HK\$'000	Total HK\$'000
<b>2023</b>			
<b>IT Services</b>			
Systems implementation and enhancement	-	29,473	29,473
Maintenance and support services	-	48,095	48,095
	-	<b>77,568</b>	<b>77,568</b>
<b>Azeus Products</b>			
Product licensing revenue	-	133,300	133,300
Product service revenue	17,608	-	17,608
Systems implementation and enhancement	-	20,933	20,933
Maintenance and support services	-	3,499	3,499
	<b>17,608</b>	<b>157,732</b>	<b>175,340</b>
	<b>17,608</b>	<b>235,300</b>	<b>252,908</b>
<b>2022</b>			
<b>IT Services</b>			
Systems implementation and enhancement	-	30,230	30,230
Sales of third-party hardware and software	63	-	63
Maintenance and support services	-	47,916	47,916
	63	78,146	78,209
<b>Azeus Products</b>			
Product licensing revenue	-	111,467	111,467
Product service revenue	18,559	-	18,559
Systems implementation and enhancement	-	3,820	3,820
Sales of hardware and software	2,100	-	2,100
Maintenance and support services	-	3,503	3,503
	20,659	118,790	139,449
	20,722	196,936	217,658

Contract assets and liabilities for IT Services and Azeus Products contracts are disclosed in Note 16. The breakdown of the Group's revenue by geographical regions are disclosed in Note 32.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

## 5. Expenses by nature

	Group	
	2023 HK\$'000	2022 HK\$'000
Directors' remuneration	3,558	4,960
Employee compensation (Note 6)	119,758	103,588
Depreciation of property, plant, and equipment (Note 18)	683	828
Depreciation of right-of-use assets (Note 19)	4,430	4,959
Amortisation of intangible assets (Note 20)	647	2,214
Legal and professional fees	3,204	2,501
Rental expense on operating leases (Note 19)	2,769	2,053
Third-party hardware and software support cost	6,692	6,804
Project direct service cost, sub-contracting and consultancy fee	4,056	2,836
Third-party research and development expense	1,838	1,112
Cost of hosting services	7,269	5,819
Marketing activities expense	12,826	7,775
Utilities	1,603	1,382
Insurance	1,769	1,619
Provision of service warranties	-	246
Sales consultancy fee	8,800	6,221
Sales commission	2,184	2,683
Technical supplies and services	1,840	1,425
Referral fee	217	133
Recruitment and training	1,610	595
Fee on audit services	2,064	1,696
Bank and transaction charges	877	326
Other expenses	3,450	1,494
<b>Total cost of revenue, research, and development, selling and marketing and administrative expenses</b>	<b>192,144</b>	<b>163,269</b>

## 6. Employee compensation

	Group	
	2023 HK\$'000	2022 HK\$'000
Wages and salaries	113,010	97,789
Employer's contribution to defined contribution plans	4,909	3,791
Defined retirement benefits expenses (Note 23)	1,839	2,008
	<b>119,758</b>	<b>103,588</b>

## 7. Other income

	Group	
	2023 HK\$'000	2022 HK\$'000
Other income comprises of:		
Interest income from bank deposits	218	24
Sundry income	815	302
	<b>1,033</b>	<b>326</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

## 8. Other losses

	Group	
	2023 HK\$'000	2022 HK\$'000
Currency exchange losses - net	<b>7,487</b>	765

## 9. Impairment losses of financial assets

	Group	
	2023 HK\$'000	2022 HK\$'000
Impairment losses of financial assets comprises of:		
Bad debts written off	-	41
Provision for impairment of trade receivables	<b>216</b>	639
Provision for impairment of VAT receivables	-	3,885
	<b>216</b>	4,565

Effective from 11 April 2022, the Philippines Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act has passed into law stricter guidelines and implementation rules on VAT claims. During the financial year ended 31 March 2022, management took into consideration of this new tax reform on the recoverability of the VAT receivables and considered the possibility of recovering the input VAT to be remote.

## 10. Tax expenses

### (a) Tax expenses

	Group	
	2023 HK\$'000	2022 HK\$'000
Tax expense attributable to profit is made up of:		
- Current income tax	<b>4,956</b>	2,263
- Deferred income tax credit (Note 21)	<b>(64)</b>	(237)
	<b>4,892</b>	2,026
Under/(over) provision in prior financial years:		
- Current income tax	<b>1,415</b>	(513)
- Deferred income tax credit (Note 21)	<b>(548)</b>	-
- Withholding tax	<b>(3,017)</b>	(1,474)
	<b>(2,150)</b>	(1,987)
Withholding tax	<b>604</b>	526
	<b>3,346</b>	565

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

## 10. Tax expenses (continued)

### (a) Tax expenses (continued)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profit or loss of the consolidated companies is as explained below:

	Group	
	2023 HK\$'000	2022 HK\$'000
Profit before tax	53,886	49,015
Tax calculated at domestic tax rates applicable to profit and loss in the respective countries	8,074	7,515
Effects of:		
- tax concession	(6)	(10)
- expenses not deductible for tax purposes	1,102	848
- income not subject to tax	(3,039)	(4,040)
- utilisation of previously unrecognised tax losses	(1,326)	(2,046)
- withholding tax expense	604	526
- over provision of withholding tax in prior financial years	(3,017)	(1,474)
- under/(over) provision of tax in prior financial years	1,415	(513)
- under provision of deferred tax assets in prior financial years	(548)	-
- others	87	(241)
Tax charge	<b>3,346</b>	565

The weighted average applicable tax rate was 16.5% (2022: 19.1%).

There is a reversal of provision for withholding tax of HK\$3,017,000 (2022: HK\$1,474,000). These withholding tax provisions were made in relation to the licence fees charged to the sales companies within the Group, in view that withholding tax will be applicable to these transactions under the relevant local tax authority. During the financial year, after gathering sufficient information, the Group believes that there is no present obligation for withholding tax resulting from such transaction, and hence, not necessary to reserve withholding tax.

### (b) Movements in current income tax liabilities

	Group	
	31 March 2023 HK\$'000	31 March 2022 HK\$'000
Beginning of financial year	1,002	(352)
Currency translation difference	(15)	(1)
Income tax paid	(6,125)	(395)
Income tax expense	4,956	2,263
Under/(over) provision in prior financial years	1,415	(513)
End of financial year	<b>1,233</b>	1,002

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

## 11. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2023	2022
Net profit attributable to equity holders of the Company (HK\$'000)	<b>50,540</b>	48,450
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	<b>30,000</b>	30,000
Basic earnings per share (HK dollars per share)	<b>1.68</b>	1.62
Diluted earnings per share (HK dollars per share)	<b>1.68</b>	1.62

Diluted earnings per share is the same as basic earnings per share as there are no dilutive potential ordinary shares as at 31 March 2023 and 31 March 2022.

## 12. Cash and bank deposits

	Group		Company	
	31 March 2023 HK\$'000	31 March 2022 HK\$'000	31 March 2023 HK\$'000	31 March 2022 HK\$'000
Cash at bank and on hand	<b>94,328</b>	198,656	<b>628</b>	526
Short-term bank deposits	<b>58,457</b>	2,640	-	-
	<b>152,785</b>	201,296	<b>628</b>	526

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group		Company	
	31 March 2023 HK\$'000	31 March 2022 HK\$'000	31 March 2023 HK\$'000	31 March 2022 HK\$'000
Cash and bank deposit	<b>152,785</b>	201,296	<b>628</b>	526
Less: Restricted cash	<b>(49,522)</b>	(2,640)	-	-
Cash and cash equivalents per consolidated statement of cash flows	<b>103,263</b>	198,656	<b>628</b>	526

As at 31 March 2023, included in cash and bank deposits were bank deposits amounting to HK\$49,522,000 (2022: HK\$2,640,000) which were not freely available for use by the Group as they have been pledged as securities for the performance bonds and the bank guarantees issued by the banks on behalf of the Group.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

## 12. Cash and bank deposits (continued)

Short-term bank deposits at the balance sheet have the following weighted average effective interest rates per annum:

	Group	
	31 March 2023	31 March 2022
	%	%
Hong Kong Dollar	0.1	0.1
Malaysian Ringgit	2.4	-
Indian Rupee	2.8	-

## 13. Trade and other receivables

	Group		Company	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade receivables				
- Non-related parties	43,837	26,600	-	-
Amount due from subsidiaries				
- Non-trade (Note 14)	-	-	87,604	107,548
Prepayments	13,042	7,533	251	217
Other receivables and deposits (non-related parties)	3,739	1,983	-	-
	<b>60,618</b>	<b>36,116</b>	<b>87,855</b>	<b>107,765</b>

## 14. Amounts due from/to subsidiaries

The non-trade amounts due from/to subsidiaries are unsecured, interest-free and repayable on demand.

## 15. Inventories

	Group	
	31 March 2023	31 March 2022
	HK\$'000	HK\$'000
At cost		
Third-party hardware and software products	3,654	-

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

## 16. Contract assets and liabilities

	<b>Group</b>		
	<b>31 March 2023 HK\$'000</b>	31 March 2022 HK\$'000	1 April 2021 HK\$'000
<u>Contract assets</u>			
<b>IT Services</b>			
Systems implementation and enhancement	5,455	6,731	624
Maintenance and support services	3,978	4,279	5,296
<b>Azeus Products</b>			
Systems implementation and enhancement	14,082	-	-
Product licensing	678	-	846
Total contract assets	<b>24,193</b>	11,010	6,766
<u>Contract liabilities</u>			
<i>Current</i>			
<b>IT Services</b>			
Maintenance and support services	1,914	1,363	2,735
<b>Azeus Products</b>			
Product licensing	84,241	66,529	59,854
	<b>86,155</b>	67,892	62,589
<i>Non-current</i>			
<b>Azeus Products</b>			
Product licensing	1,902	1,066	1,914
Total contract liabilities	<b>88,057</b>	68,958	64,503

Contract assets is recognised when the services rendered by the Group exceeds the payment received. Customers pay the service amount on an agreed contractual payment schedules.

Contract liabilities primarily consists of payments received in advance for the Azeus Product subscription fees and IT service maintenance and support services respectively.

(i) Revenue recognised in relation to contract liabilities

	<b>Group</b>	
	<b>2023 HK\$'000</b>	2022 HK\$'000
Revenue recognised in current period that was included in the contract liability balance at the beginning of the period		
<b>IT Services</b>		
Maintenance and support services	1,363	2,735
<b>Azeus Products</b>		
Product licensing	66,529	59,854
Revenue recognised in current period from performance obligations satisfied in previous periods	-	-



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

## 16. Contract assets and liabilities (continued)

(ii) *Unsatisfied performance obligations*

	Group	
	31 March 2023 HK\$'000	31 March 2022 HK\$'000
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied as at 31 March		
<b>IT Services</b>		
Systems implementation and enhancement	7,743	13,757
<b>Azeus Products</b>		
Product licensing	88,847	15,479
Maintenance and support services	4,232	5,648
Systems implementation and enhancement	4,711	-
	<b>105,533</b>	34,884

Management expects that the transaction price allocated to unsatisfied performance obligations as at 31 March 2023 and 2022 may be recognised as revenue in the next reporting periods as follows:

	Within 1 year HK\$'000	Between 1 and 2 years HK\$'000	Over 2 years HK\$'000	Total HK\$'000
Partial and fully unsatisfied performance obligations as at:				
<b>31 March 2023</b>	<b>95,641</b>	<b>5,745</b>	<b>4,147</b>	<b>105,533</b>
31 March 2022	21,985	4,826	8,073	34,884

The amount disclosed above does not include variable consideration which is subject to significant risk of reversal.

As permitted under the SFRS(I) 15, the aggregated transaction price allocated to unsatisfied contracts of periods one year or less, or are billed based on time incurred, is not disclosed.

## 17. Investments in subsidiaries

	Company	
	31 March 2023 HK\$'000	31 March 2022 HK\$'000
<i>Equity investments at cost</i>		
Beginning of financial year	57,320	57,320
Additions	811	-
	<b>58,131</b>	57,320
<i>Allowance for impairment</i>		
Beginning of financial year	(4,329)	(4,329)
Allowance made	-	-
	<b>(4,329)</b>	(4,329)
End of financial year	<b>53,802</b>	52,991

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

## 17. Investments in subsidiaries (continued)

The Group had the following subsidiaries as at 31 March 2023 and 31 March 2022:

Name of subsidiaries	Country of business/ incorporation	Principal activities	Equity holding	
			31 March 2023	31 March 2022
			%	%
<u>Held by the Company</u>				
Azeus Systems Limited <sup>(a)</sup>	Hong Kong	Provision of IT services and selling software and cloud based subscription services	100	100
Azeus Systems Manila BVI Ltd. <sup>(b)</sup>	British Virgin Islands	Investment holding	100	100
Azeus UK Limited <sup>(c)</sup>	United Kingdom	Provision of IT services and selling software and cloud based subscription services	100	100
Convене SG Pte Ltd <sup>(d)</sup>	Singapore	Provision of IT services and selling software and cloud based subscription services	100	100
Convене Pty Ltd <sup>(b)</sup>	Australia	Selling software and cloud based subscription services	100	100
Convене Malaysia Sdn Bhd <sup>(e)</sup>	Malaysia	Selling software and cloud based subscription services	100	100
Azeus Convене (BVI) Limited <sup>(b)</sup>	British Virgin Islands	Investment holding	100	100
Convене, Inc <sup>(b)</sup>	United States of America	Selling software and cloud based subscription services	100	100
Convене Brazil Ltda <sup>(b)</sup>	Brazil	Selling software and cloud based subscription services	100	-
Convене Africa (Pty) Ltd <sup>(b)</sup>	South Africa	Selling software and cloud based subscription services	100	-

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

## 17. Investments in subsidiaries (continued)

The Group had the following subsidiaries as at 31 March 2023 and 31 March 2022 (continued):

Name of subsidiaries	Country of business/ incorporation	Principal activities	Equity holding	
			31 March 2023	31 March 2022
			%	%
<u>Held by the subsidiaries</u>				
Azeus Systems Philippines, Inc. <sup>(b)</sup>	Philippines	Dormant	<b>100</b>	100
Azeus Systems Philippines Limited <sup>(f)</sup>	Philippines	Software development	<b>100</b>	100
Azeus Systems (Dalian) Co., Ltd <sup>(g)</sup>	People's Republic of China	Software development	<b>100</b>	100
Convене UK Limited <sup>(b)</sup>	United Kingdom	Dormant	<b>100</b>	100
Convене Hong Kong Limited <sup>(b)</sup>	Hong Kong	Dormant	<b>100</b>	100
Convене DWC LLC <sup>(h)</sup>	Dubai	Selling software and cloud based subscription services	<b>100</b>	100
Convене India Private Limited <sup>(i)</sup>	India	Selling software and cloud based subscription services	<b>100</b>	100
Convене (SAAS) Ireland <sup>(b)</sup>	Ireland	Selling software and cloud based subscription services	<b>100</b>	100
Convене Sociedad Limitad <sup>(b)</sup>	Spain	Selling software and cloud based subscription services	<b>100</b>	100
AzeusConvене Sdn Bhd <sup>(b)</sup>	Malaysia	Software development	<b>100</b>	-

(a) Audited by PricewaterhouseCoopers, Hong Kong.

(b) Not required to be audited under the laws of the country of incorporation.

(c) Audited by Wellden Turnbull LLP, United Kingdom.

(d) Audited by PricewaterhouseCoopers LLP.

(e) Audited by YYC & CO PLT, Malaysia.

(f) Azeus Systems Philippines Limited is a branch of Azeus Systems Manila BVI Ltd., registered in the Philippines, and is audited by Isla Lipana & Co., the Philippine member firm of PricewaterhouseCoopers International Limited.

(g) Financial year ends on 31 December and audited by Dalian Mingyike Certified Public Accountants Co., Ltd, an audit firm in the People's Republic of China ("PRC"). There were no significant transactions or events occurring during the period 1 January 2023 to 31 March 2023.

(h) Audited by Abdulla Almheiri Auditing of Accounts and Tax Consultant.

(i) Audited by AKGVG & Associates Chartered Accountants.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

## 18. Property, plant and equipment

	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Computer equipment HK\$'000	Total HK\$'000
<b>Group</b>					
<b>2023</b>					
<i>Cost</i>					
Beginning of financial year	1,182	621	623	2,515	4,941
Additions	-	15	-	1,105	1,120
Currency translation differences	(50)	(29)	(27)	(99)	(205)
End of financial year	<b>1,132</b>	<b>607</b>	<b>596</b>	<b>3,521</b>	<b>5,856</b>
<i>Accumulated depreciation</i>					
Beginning of financial year	1,104	562	609	1,768	4,043
Depreciation change (Note 5)	44	26	6	607	683
Currency translation differences	(46)	(26)	(26)	(71)	(169)
End of financial year	<b>1,102</b>	<b>562</b>	<b>589</b>	<b>2,304</b>	<b>4,557</b>
<b>Net book value</b>					
<b>End of financial year</b>	<b>30</b>	<b>45</b>	<b>7</b>	<b>1,217</b>	<b>1,299</b>
<b>Group</b>					
<b>2022</b>					
<i>Cost</i>					
Beginning of financial year	1,526	648	656	1,911	4,741
Additions	-	-	3	627	630
Disposals	(288)	-	-	(22)	(310)
Currency translation differences	(56)	(27)	(36)	(1)	(120)
End of financial year	<b>1,182</b>	<b>621</b>	<b>623</b>	<b>2,515</b>	<b>4,941</b>
<i>Accumulated depreciation</i>					
Beginning of financial year	1,363	561	633	1,058	3,615
Depreciation change (Note 5)	80	28	11	709	828
Disposals	(288)	-	-	(4)	(292)
Currency translation differences	(51)	(27)	(35)	5	(108)
End of financial year	<b>1,104</b>	<b>562</b>	<b>609</b>	<b>1,768</b>	<b>4,043</b>
<b>Net book value</b>					
<b>End of financial year</b>	<b>78</b>	<b>59</b>	<b>14</b>	<b>747</b>	<b>898</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

## 19. Leases – The Group as a lessee

The Group leases office space for the purpose of office operations. There are no externally imposed covenant on these lease arrangements.

	<b>Group</b>	
	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000
(a) Right of use assets – Carrying amount	<b>3,165</b>	3,623
(b) Depreciation charge during the year (Note 5)	<b>4,430</b>	4,959
(c) Lease Liabilities		
<i>Current</i>	<b>3,005</b>	3,509
<i>Non-current</i>	<b>157</b>	493
	<b>3,162</b>	4,002
(d) Interest expense on lease liabilities	<b>208</b>	370
(e) Lease expense not capitalised in lease liabilities		
Lease expense – short-term leases (Note 5)	<b>2,769</b>	2,053
(f) Total cash outflow for all the leases in the financial year ended 31 March 2023 was HK\$7,789,000 (2022: HK\$7,645,000).		
(g) The addition of right-of-use assets during the financial year ended 31 March 2023 amounted to HK\$3,972,000 (2022: NIL).		
(h) Future cash outflow which are not capitalised in lease liabilities		
(i) <i>Extension options</i>		

The leases for certain office space contain extension periods, for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain to exercise these extension option. The Group negotiates extension options to optimise operational flexibility in terms of managing the assets used in the Group's operations. The majority of the extension options are exercisable by the Group and not by the lessor.

## 20. Intangible assets

### Azeus Products

	<b>Group</b>	
	<b>2023</b> <b>HK\$'000</b>	2022 HK\$'000
<i>Cost</i>		
Beginning and end of financial year	<b>26,665</b>	26,665
<i>Accumulated amortisation</i>		
Beginning of financial year	<b>26,018</b>	23,804
Amortisation charge (Note 5)	<b>647</b>	2,214
End of financial year	<b>26,665</b>	26,018
<b>Net book value</b>	<b>-</b>	647

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

## 20. Intangible assets (continued)

Amortisation expense included in the statement of profit and loss and other comprehensive income is analysed as follows:

	Group	
	2023 HK\$'000	2022 HK\$'000
Cost of revenue (Note 5)	<b>647</b>	2,214

Intangible asset relates to the development costs for the proprietary products of the Group.

## 21. Deferred income tax assets

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheets as follows:

	Group	
	31 March 2023 HK\$'000	31 March 2022 HK\$'000
<b>Deferred income tax assets:</b>		
- to be recovered after one year	<b>3,299</b>	1,517

Movement in deferred income tax account is as follows:

	Group	
	2023 HK\$'000	2022 HK\$'000
Beginning of financial year	<b>1,517</b>	1,113
Tax credit on actuarial gains on defined retirement benefits credited to other comprehensive income	<b>1,396</b>	241
Currency translation differences	<b>(226)</b>	(74)
Tax credited to profit or loss (Note 10(a))	<b>612</b>	237
End of financial year	<b>3,299</b>	1,517

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised trading tax losses of HK\$9,110,000 (2022: HK\$25,926,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation. The tax losses have no expiry date.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

## 21. Deferred income tax assets (continued)

The movement in deferred income tax assets is as follows:

### Group

*Deferred income tax assets*

	Retirement benefits HK\$'000	Other HK\$'000	Total HK\$'000
<b>2023</b>			
Beginning of financial year	1,464	53	1,517
Tax credit on actuarial gains on defined retirement benefits credited to other comprehensive income	1,396	-	1,396
Currency translation differences	(222)	(4)	(226)
Credited to profit or loss	632	(20)	612
End of financial year	<b>3,270</b>	<b>29</b>	<b>3,299</b>
<b>2022</b>			
Beginning of financial year	1,057	56	1,113
Tax credit on actuarial gains on defined retirement benefits credited to other comprehensive income	241	-	241
Currency translation differences	(73)	(1)	(74)
Credited to profit or loss	239	(2)	237
End of financial year	1,464	53	1,517

## 22. Trade and other payables

	Group		Company	
	31 March 2023 HK\$'000	31 March 2022 HK\$'000	31 March 2023 HK\$'000	31 March 2022 HK\$'000
<i>Current</i>				
Trade payables - non-related parties	2,797	2,868	-	-
Amount due to subsidiaries - non-trade (Note 14)	-	-	-	104
Other accruals for operating expenses	11,002	17,042	1,997	2,944
	<b>13,799</b>	19,910	<b>1,997</b>	3,048

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

## 23. Provision for defined retirement benefits

The Group maintains the Azeus Systems Philippines Limited Retirement Plan (the "Plan") which is a non-contributory retirement benefit plan covering substantially all its qualified employees. The fund is administered by a trustee bank, governed by local regulations and practices and approved by the management of the ROHQ. Under the Plan, normal retirement age is 60 years. The Plan is intended to provide benefit payments to members with at least three (3) years of credited service. The Plan provides for a retirement benefit ranging from 175% to 225% of plan salary for every year of credited service. The defined retirement benefits will be funded by the plan assets and the Group.

The Group's obligations under defined benefit plan may significantly vary depending on a number of market, economic and demographic conditions, such as yields on government debt, employee turnover and mortality rates.

The computation for the Current Service Cost of the retirement plan is based on actuarial valuation conducted by third-party Actuarial Consultant annually.

These risk factors may affect the Group's future cash outflows to fund its obligations, amounts of periodic benefit costs used in calculating net profit and remeasurement charges.

The amounts recognised in the balance sheets are determined as follows:

	<b>Group</b>	
	<b>31 March 2023 HK\$'000</b>	31 March 2022 HK\$'000
Present value of funded benefit obligations	<b>26,295</b>	22,866
Fair value of plan assets	<b>(13,219)</b>	(12,224)
Retirement benefit obligation	<b>13,076</b>	10,642

The movements in the retirement benefit obligation are as follows:

	<b>Group</b>	
	<b>2023 HK\$'000</b>	2022 HK\$'000
Beginning of financial year	<b>10,642</b>	10,569
Currency translation differences	<b>(405)</b>	(605)
Charged to profit or loss (Note 6)	<b>1,839</b>	2,008
- Losses from return on plan assets	<b>499</b>	513
- Changes in demographic assumptions	<b>(1,698)</b>	(417)
- Changes in financial assumptions	<b>1,412</b>	(1,653)
- Experience losses	<b>2,105</b>	1,696
Actuarial losses to other comprehensive income	<b>2,318</b>	139
Contributions paid	<b>(1,318)</b>	(1,469)
End of financial year	<b>13,076</b>	10,642



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

## 23. Provision for defined retirement benefits (continued)

The movements in the present value of retirement benefit obligation are as follows:

	Group	
	2023 HK\$'000	2022 HK\$'000
Beginning of financial year	22,866	23,967
Currency translation differences	(907)	(1,339)
Interest cost	1,199	1,188
Current service cost	1,318	1,469
- Changes in financial assumptions	1,412	(1,653)
- Changes in demographic assumptions	(1,698)	(417)
- Experience losses	2,105	1,696
Actuarial losses/(gains)	1,819	(374)
Benefits paid from plan assets	-	(2,045)
End of financial year	<b>26,295</b>	22,866

The movements in the fair value of plan assets are as follows:

	Group	
	2023 HK\$'000	2022 HK\$'000
Beginning of financial year	12,224	13,398
Currency translation differences	(502)	(734)
Interest income	678	649
Contributions paid	1,318	1,469
Benefits paid from plan assets	-	(2,045)
Actuarial losses on return on plan assets	(499)	(513)
End of financial year	<b>13,219</b>	12,224

The Group's retirement plan assets consist of:

	Group	
	31 March 2023	31 March 2022
Debt securities	99%	97%
Cash and cash equivalents	*	2%
Others	1%	1%
End of financial year	<b>100%</b>	100%

\* Less than 1%

Investment in debt securities consists of investment in corporate bonds, retail treasury bonds issued by the Philippine government through the Bureau of Treasury, unsecured subordinated debts and long-term notes on time deposits.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

## 23. Provision for defined retirement benefits (continued)

The amounts recognised in profit or loss are as follows:

	Group	
	2023 HK\$'000	2022 HK\$'000
Current service cost	1,318	1,469
Interest cost	1,199	1,188
Interest income	(678)	(649)
Included in "Employee compensation" (Note 6)	<b>1,839</b>	<b>2,008</b>

The principal actuarial assumptions used were as follows:

	Group	
	31 March 2023	31 March 2022
Discount rate	6.6%	5.6%
Future salary increases	7.4%	5.9%
Average remaining working life in years	26.7	26.2
Average years of past service	<b>10.7</b>	11.5

The rate used to discount retirement benefit obligations is based on the government securities reference curve and extrapolated for the average remaining working life of the employees.

The sensitivity of the defined benefit obligation to changes in the principal assumptions is:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	Increase by HK\$3.8m	Decrease by HK\$3.2m
Weighted salary growth rate	1%	Increase by HK\$3.7m	Decrease by HK\$3.2m

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method has been applied as when calculating the retirement benefit obligation recognised within the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

## 24. Share capital

	No. of ordinary shares		Amount	
	Issued share capital		Share capital	
	2023 '000	2022 '000	2023 HK\$'000	2022 HK\$'000
<b>Group and Company</b>				
Beginning and end of financial year	<b>30,000</b>	30,000	<b>46,800</b>	46,800

All issued ordinary shares are fully paid. The par value is US\$0.20 per share.

## 25. Share premium and other reserves

	Group		Company	
	31 March 2023 HK\$'000	31 March 2022 HK\$'000	31 March 2023 HK\$'000	31 March 2022 HK\$'000
Share premium	<b>56,489</b>	56,489	<b>56,726</b>	56,726
<i>Other reserves</i>				
Employee share-based payment reserve	<b>1,328</b>	1,328	-	-
Statutory reserve	<b>446</b>	422	-	-
	<b>1,774</b>	1,750	-	-

Share premium pertains to the premium paid by shareholders which is above the par value. Lower share premium at the Group level due to the adjustments arising from the restructuring exercise during the financial year ended 31 March 2005.

Employee share-based payment reserve relates to the Azeus Employee Share Option Scheme (the "Scheme"), which was approved by the shareholders of the Company.

Statutory reserve represents the appropriations made in accordance with the PRC laws for PRC subsidiary. This reserve is made out of profit after tax as recorded in the statutory financial statements. The appropriation to the reserve shall be no less than 10% of net profit and appropriation may cease when the fund reaches 50% of the registered capital.

## 26. Retained profits

Movement in retained profits for the Company is as follows:

	Company	
	2023 HK\$'000	2022 HK\$'000
Beginning of financial year	<b>54,708</b>	12,430
Net profit	<b>48,654</b>	53,978
Dividends paid (Note 27)	<b>(66,600)</b>	(11,700)
End of financial year	<b>36,762</b>	54,708

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

## 27. Dividends

	Group	
	2023 HK'000	2022 HK\$'000
<b>Ordinary dividends</b>		
<b>Tax-exempt one-tier interim dividend paid in respect of the current financial year:</b>		
HK\$0.60 per ordinary share (2022: NIL)	<b>18,100</b>	-
<b>Tax-exempt one-tier final dividend paid in respect of the previous financial year:</b>		
HK\$1.62 per ordinary share (2022: HK\$0.39 per share)	<b>48,500</b>	11,700
	<b>66,600</b>	11,700

At the Annual General Meeting on 31 July 2023, a final dividend of HK\$1.08 per share amounting to a total of HK\$32,400,000 will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 March 2024.

## 28. Contingent liabilities

At 31 March 2023, there were contingent liabilities in respect of performance bonds amounting to HK\$36,187,000 (2022: HK\$1,498,000) issued by the banks on behalf of the Group.

## 29. Financial risk management

### *Financial risk factors*

The Group's activities expose it to market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk since the previous financial year.

The Group's exposures to financial risks are set out below.

### (a) Market risk

#### (i) Currency risk

The Group operates in multiple countries with dominant operations in Hong Kong and the United Kingdom. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies").

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

## 29. Financial risk management (continued)

### (a) Market risk (continued)

#### (i) Currency risk (continued)

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as United States Dollar (“USD”), Malaysia Ringgit (“MYR”), Australian Dollar (“AUD”) and Great Britain Pound (“GBP”). In addition, the Group is exposed to currency translation risk on the net assets/liabilities in foreign operations.

The Group manages currency risk by matching assets and liabilities in the same currency denomination and supplemented with appropriate financial instruments where necessary.

The Group’s currency exposure based on the information provided to key management is as follows:

	HKD HK\$’000	USD HK\$’000	MYR HK\$’000	GBP HK\$’000	AUD HK\$’000	Others HK\$’000
<b>As at 31 March 2023</b>						
<b>Financial assets</b>						
Cash and bank deposits	19,109	11,418	14,816	55,667	36,727	15,048
Contract assets	23,761	-	-	432	-	-
Trade and other receivables	3,617	22,781	2,368	7,719	1,225	9,866
Refundable deposits	2,990	-	37	-	-	759
Receivables from subsidiaries	87,030	19,618	13,319	51,341	25,632	20,491
	<b>136,507</b>	<b>53,817</b>	<b>30,540</b>	<b>115,159</b>	<b>63,584</b>	<b>46,164</b>
<b>Financial liabilities</b>						
Other financial liabilities	(4,427)	(1,835)	(308)	(2,037)	(818)	(4,374)
Payables to subsidiaries	(87,030)	(19,618)	(13,319)	(51,339)	(25,632)	(20,493)
	<b>(91,457)</b>	<b>(21,453)</b>	<b>(13,627)</b>	<b>(53,376)</b>	<b>(26,450)</b>	<b>(24,867)</b>
Net financial assets	<b>45,050</b>	<b>32,364</b>	<b>16,913</b>	<b>61,783</b>	<b>37,134</b>	<b>21,297</b>
Less: Net financial (assets)/liabilities denominated in the respective entities’ functional currencies	<b>(45,138)</b>	<b>(10,636)</b>	<b>(3,551)</b>	<b>(24,763)</b>	<b>(11,404)</b>	<b>(2,740)</b>
<b>Currency exposure on financial assets denominated in the respective entities’ functional currencies</b>	<b>(88)</b>	<b>21,728</b>	<b>13,362</b>	<b>37,020</b>	<b>25,730</b>	<b>18,557</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

## 29. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	HKD HK\$'000	USD HK\$'000	MYR HK\$'000	GBP HK\$'000	AUD HK\$'000	Others HK\$'000
<b>As at 31 March 2022</b>						
<b>Financial assets</b>						
Cash and bank deposits	29,529	23,236	9,645	78,001	44,164	16,721
Contract assets	11,010	-	-	-	-	-
Trade and other receivables	3,245	12,427	1,638	4,515	725	6,034
Refundable deposits	3,389	-	-	-	-	705
Receivables from subsidiaries	168,444	12,250	7,465	15,014	12,262	15,707
	<u>215,617</u>	<u>47,913</u>	<u>18,748</u>	<u>97,530</u>	<u>57,151</u>	<u>39,167</u>
<b>Financial liabilities</b>						
Other financial liabilities	(2,970)	(4,537)	(514)	(2,459)	(969)	(8,461)
Payables to subsidiaries	(168,444)	(12,250)	(7,465)	(15,014)	(12,262)	(15,707)
	<u>(171,414)</u>	<u>(16,787)</u>	<u>(7,979)</u>	<u>(17,473)</u>	<u>(13,231)</u>	<u>(24,168)</u>
<b>Net financial assets</b>	<u>44,203</u>	<u>31,126</u>	<u>10,769</u>	<u>80,057</u>	<u>43,920</u>	<u>14,999</u>
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currencies	(44,272)	(5,671)	(3,304)	(11,447)	(10,525)	(24)
<b>Currency exposure on financial assets denominated in the respective entities' functional currencies</b>	<u>(69)</u>	<u>25,455</u>	<u>7,465</u>	<u>68,610</u>	<u>33,395</u>	<u>14,975</u>

As at 31 March 2023 and 31 March 2022, the net financial assets/(liabilities) denominated in a currency other than the respective functional currencies of the Group entities are mainly in AUD, USD, MYR and GBP. Since HKD is pegged to USD, no significant change in the net financial assets/(liabilities) position is expected from any changes on the exchange rate between the HKD and USD at the Group and Company level.

At 31 March 2023, if the MYR, GBP and AUD had strengthened/weakened by 5% (31 March 2022: 5%) against the HKD with all other variables including tax rate being held constant, the profit after tax of the Group would have been higher/lower by HK\$3.8 million (2022: higher/lower by HK\$5.5 million) as a result of currency translation losses/gains on the remaining MYR, GBP and AUD-denominated financial instruments.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

## 29. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's currency exposure based on the information provided to key management is as follows:

	HKD HK\$'000	USD HK\$'000	SGD HK\$'000	GBP HK\$'000	AUD HK\$'000
<b>As at 31 March 2023</b>					
<b>Financial assets</b>					
Cash and bank deposits	266	37	97	163	65
Trade and other receivables	87,604	-	-	-	-
	<b>87,870</b>	<b>37</b>	<b>97</b>	<b>163</b>	<b>65</b>
<b>Financial liabilities</b>					
Other financial liabilities	-	(780)	(1,217)	-	-
Net financial assets/(liabilities)	<b>87,870</b>	<b>(743)</b>	<b>(1,120)</b>	<b>163</b>	<b>65</b>
Less: Net financial assets denominated in the Company's functional currency	<b>87,870</b>	-	-	-	-
<b>Currency exposure on financial assets/(liabilities) net of those denominated in the Company's functional currency</b>	<b>-</b>	<b>(743)</b>	<b>(1,120)</b>	<b>163</b>	<b>65</b>
<b>As at 31 March 2022</b>					
<b>Financial assets</b>					
Cash and bank deposits	161	50	70	173	72
Trade and other receivables	107,528	-	-	-	-
	<b>107,689</b>	<b>50</b>	<b>70</b>	<b>173</b>	<b>72</b>
<b>Financial liabilities</b>					
Other financial liabilities	-	-	(1,383)	-	-
Net financial assets/(liabilities)	<b>107,689</b>	<b>50</b>	<b>(1,313)</b>	<b>173</b>	<b>72</b>
Less: Net financial assets denominated in the Company's functional currency	<b>(107,689)</b>	-	-	-	-
<b>Currency exposure on financial assets/(liabilities) net of those denominated in the Company's functional currency</b>	<b>-</b>	<b>50</b>	<b>(1,313)</b>	<b>173</b>	<b>72</b>

Management is of the view that the impact of the sensitivity analysis of USD, SGD, AUD and GBP against the HKD is not significant at the Company level.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

## 29. Financial risk management (continued)

### (a) Market risk (continued)

#### (ii) Cash flow and fair value interest rate risk

As at 31 March 2023 and 31 March 2022, the Group and Company have insignificant financial assets or liabilities that are exposed to interest rate risks.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group has no significant interest-bearing assets, the Group's income is substantially independent of changes in market interest rates.

### (b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of assets of the Group and of the Company subject to credit risk are bank deposits, trade and receivables, and contract assets. For these assets, the Group adopts the policy of dealing only with customers of appropriate credit standing and history. For other financial assets, the Group adopts the policy of dealing only with high credit quality counter parties. Credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the management based on ongoing credit evaluation. The counterparty's payment pattern and credit exposure are continuously monitored at the entity level by the respective management. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

The movements in credit loss allowance are as follows:

	Trade receivables HK\$'000	Contract assets HK\$'000	Total HK\$'000
<b>Group</b>			
Balance at 1 April 2022	642	-	642
Loss allowance recognised in profit or loss during the year on:			
- Asset acquired/originated	615	-	615
- Reversal of unutilised amount	(399)	-	(399)
	216	-	216
Written off	(630)	-	(630)
Balance at 31 March 2023	228	-	228



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

## 29. Financial risk management (continued)

### (b) Credit risk (continued)

The movements in credit loss allowance are as follows:

	Trade receivables HK\$'000	Contract assets HK\$'000	Total HK\$'000
<b>Group</b>			
Balance at 1 April 2021	794	-	794
Loss allowance recognised in profit or loss during the year on:			
- Asset acquired/originated	745	-	745
- Reversal of unutilised amount	(106)	-	(106)
	639	-	639
Written off	(791)	-	(791)
Balance at 31 March 2022	642	-	642

Cash and cash equivalents and other receivables are subject to immaterial credit loss.

Management has assessed that the non-trade receivables due from subsidiary at Company level is subjected to immaterial credit loss.

#### (i) Trade receivables and contract assets

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables and contract assets.

In measuring the expected credit losses, trade receivables and contract assets are grouped based on shared credit risk characteristics and days past due. The contract assets relate to unbilled work in progress, which have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group considers a financial asset as in default if the counterparty fails to make contractual payments when they fall due and writes off the financial asset when a debtor fails to make contractual payments greater than 365 days past due. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

## 29. Financial risk management (continued)

(b) Credit risk (continued)

(i) Trade receivables and contract assets (continued)

The Group's and the Company's credit risk exposure in relation to trade receivables and contract assets under SFRS(I) 9 as at 31 March 2023 and 31 March 2022 are set out in the provision matrix as follows:

Group	← Past due →					Total HK\$'000
	Current HK\$'000	Within 30 days HK\$'000	30 to 60 days HK\$'000	60 to 90 days HK\$'000	More than 90 days HK\$'000	
<b>As at 31 March 2023</b>						
<b><u>Contract assets</u></b>						
IT Services	24,193	-	-	-	-	24,193
Azeus Products	-	-	-	-	-	-
	<b>24,193</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,193</b>
<b><u>Trade receivables</u></b>						
<b><u>IT Services</u></b>						
Trade receivables	747	-	-	-	-	747
Loss allowance	-	-	-	-	-	-
	<b>747</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>747</b>
<b><u>Azeus Products</u></b>						
Trade receivables	31,377	2,261	2,219	1,144	6,317	43,318
Loss allowance	-	-	-	-	(228)	(228)
	<b>31,377</b>	<b>2,261</b>	<b>2,219</b>	<b>1,144</b>	<b>6,089</b>	<b>43,090</b>
<b>As at 31 March 2022</b>						
<b><u>Contract assets</u></b>						
IT Services	11,010	-	-	-	-	-
Azeus Products	-	-	-	-	-	-
	<b>11,010</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b><u>Trade receivables</u></b>						
<b><u>IT Services</u></b>						
Trade receivables	1,297	41	-	-	(50)	1,288
Loss allowance	-	-	-	-	-	-
	<b>1,297</b>	<b>41</b>	<b>-</b>	<b>-</b>	<b>(50)</b>	<b>1,288</b>
<b><u>Azeus Products</u></b>						
Trade receivables	16,736	2,268	2,019	1,138	3,793	25,954
Loss allowance	-	-	-	-	(642)	(642)
	<b>16,736</b>	<b>2,268</b>	<b>2,019</b>	<b>1,138</b>	<b>3,101</b>	<b>25,312</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

## 29. Financial risk management (continued)

### (b) Credit risk (continued)

#### (ii) Cash and cash equivalents

The Group and the Company held cash and cash equivalents of HK\$152,785,000 and HK\$628,000 respectively (2022: HK\$201,296,000 and HK\$526,000) with banks which are rated AAA and AA+ based on Standard & Poor and consider to have low credit risk. The cash balances are measured on 12-month expected credit losses and subject to immaterial credit loss.

#### (iii) Amount due from subsidiaries

The Company has assessed that its subsidiaries have strong financial capacity to meet the contractual obligation of HK\$87,604,000 (2022: HK\$107,528,000) and considered to have low credit risk. The loans are measured on 12-month expected credit losses and subject to immaterial credit loss.

### (c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of fund. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group relies on its internal working capital to fund most of its operating and investing activities. The liquidity risk of the Group is minimal as it maintains sufficient liquid funds to meet their normal operating activities without using bank or other borrowings.

Management monitors rolling forecasts of the liquidity reserve and cash and cash equivalents (Note 12) of the Group and the Company on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the Group in accordance with the practice and limits set by the Group. These limits vary by location to take into account the liquidity of the market in which the entity operates.

The table below analyses non-derivative financial liabilities of the Group into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

Group	Less than 1 year HK\$'000	Between 1 and 2 years HK\$'000	Between 2 and 5 years HK\$'000
<b>At 31 March 2023</b>			
Trade and other payables	13,492	-	-
Lease liabilities	4,449	234	-
<b>At 31 March 2022</b>			
Trade and other payables	19,722	-	-
Lease liabilities	4,100	389	120

### (d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

There are no externally imposed capital requirements for the financial years ended 31 March 2023 and 2022.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

## 29. Financial risk management (continued)

- (e) Financial instruments by category

The carrying amount of the different categories of financial instruments is disclosed as follows:

	<b>Group</b>	<b>Company</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>31 March 2023</b>		
Financial assets, at amortised cost	<b>51,362</b>	<b>87,604</b>
Financial liabilities, at amortised cost	<b>10,752</b>	<b>1,997</b>
<b>31 March 2022</b>		
Financial assets, at amortised cost	32,677	107,548
Financial liabilities, at amortised cost	14,870	3,048

## 30. Immediate and ultimate holding corporation

The Company's immediate and ultimate holding corporation is Mu Xia Ltd., incorporated in Bermuda.

## 31. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

- (a) *Short term lease payment to a company which has common director*

	<b>Group</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Short term lease payment to a company which has common director	-	49

- (b) *Cash advances to Executive Director*

	<b>Group</b>	
	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Cash advances to Executive Director	<b>1,351</b>	388

Cash advances was made to one of our Executive Director as at financial year end for the settlement of the hosting cost through his credit card for cash rebate benefit for the overall hosting cost savings.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

## 31. Related party transactions (continued)

### (c) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2023 HK\$'000	2022 HK\$'000
Salaries and other short-term employee benefits	7,805	8,118
Employer's contribution to:		
- defined contribution plans	285	254
- defined retirement benefits	112	2,144
	<b>8,202</b>	10,516

Included in the above is total compensation to directors of the Company amounting to HK\$3,240,000 (2022: HK\$3,994,000).

## 32. Segmental information

The Executive Committee ("Exco") is the Group's chief operating decision-maker. The Exco comprises the Managing Director, the Executive Director, and the Group Financial Controller. Management has determined the operating segments based on the reports reviewed by the Exco that are used to make strategic decisions, allocate resources, and assess performance.

The Exco considers the Group to have two operating segments which are IT Services and Azeus Products. There are 5 major revenue streams under IT Services and Azeus Products: Systems implementation and enhancement, sales of hardware and software, maintenance and support services, product licensing and product service.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

## 32. Segmental information (continued)

The segment information provided to the Exco for the reportable segments are as follows:

	IT Services		Azeus Products		Total	
	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000	2023 HK\$'000	2022 HK\$'000
<b>For the year ended 31 March</b>						
Segment revenue	<b>77,568</b>	78,209	<b>175,340</b>	139,449	<b>252,908</b>	217,658
Segment results	<b>25,187</b>	35,505	<b>76,366</b>	56,662	<b>101,553</b>	92,167
Amortisation of Intangible assets		-	<b>(647)</b>	(2,214)	<b>(647)</b>	(2,214)
<b>Unallocated income/(expenses)</b>						
Other income and interest income					<b>1,033</b>	326
Administrative salaries					<b>(12,493)</b>	(11,246)
Technical services and supplies					<b>(1,840)</b>	(1,425)
Provision for impairment of VAT receivables					-	(3,885)
Other losses - net					<b>(7,487)</b>	(765)
Depreciation of property, plant and equipment					<b>(683)</b>	(828)
Depreciation of right-of-use asset					<b>(4,430)</b>	(4,959)
Defined retirement benefit expense					<b>(1,839)</b>	(2,008)
Directors' remuneration					<b>(3,558)</b>	(4,961)
Rental expense on operating lease					<b>(2,769)</b>	(2,053)
Legal and professional fees					<b>(3,204)</b>	(2,501)
Insurance					<b>(1,769)</b>	(1,619)
Utilities					<b>(1,603)</b>	(1,382)
Fees on audit services					<b>(2,064)</b>	(1,696)
Recruitment and training					<b>(1,610)</b>	(595)
Other expenses					<b>(2,704)</b>	(1,341)
Profit before tax					<b>53,886</b>	49,015
Tax expenses					<b>(3,346)</b>	(565)
Profit for the year					<b>50,540</b>	48,450

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

## 32. Segmental information (continued)

The segment information provided to the Exco for the reportable segments are as follows (continued):

	IT Services		Azeus Products		Total	
	31 March 2023 HK\$'000	31 March 2022 HK\$'000	31 March 2023 HK\$'000	31 March 2022 HK\$'000	31 March 2023 HK\$'000	31 March 2022 HK\$'000
<b>Assets and liabilities</b>						
Segment assets	<b>11,752</b>	15,091	<b>68,216</b>	29,717	<b>79,968</b>	44,808
Unallocated assets:						
Refundable deposits					<b>3,786</b>	4,094
Property, plant and equipment					<b>1,299</b>	898
Right-of-use assets					<b>3,165</b>	3,623
Deferred income tax assets					<b>3,299</b>	1,517
Cash and cash equivalents					<b>152,785</b>	201,296
Other receivables and deposits					<b>3,564</b>	1,983
Prepayments					<b>4,933</b>	982
Current income tax assets					<b>1,568</b>	336
					<b>174,399</b>	214,729
Total assets					<b>254,367</b>	259,537
Segment liabilities	<b>2,886</b>	1,465	<b>91,917</b>	76,235	<b>94,803</b>	77,700
Unallocated liabilities:						
Trade and other payables					<b>7,053</b>	11,168
Lease liabilities					<b>3,162</b>	4,002
Current income tax liabilities					<b>2,801</b>	1,338
Provision for defined retirement benefits					<b>13,076</b>	10,642
					<b>26,092</b>	27,150
Total liabilities					<b>120,895</b>	104,850

The revenue from external parties reported to the Exco is measured in a manner consistent with that in the statement of profit and loss and other comprehensive income.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

## 32. Segmental information (continued)

The Exco assesses the performance of the operating segments based on a measure of gross profit less selling and marketing expenses. Assets and liabilities are managed on a group basis and are not allocated to operating segments except for trade receivables, contract assets, intangible assets and contract liabilities, as they cannot be directly attributable to individual segments, and it is impractical to arbitrarily allocate them to the segments.

### (a) Revenue from major products and services

Revenue from external customers is derived mainly from the provision of IT Services and Azeus Products. Breakdown of the revenue is as follows:

	Group	
	2023 HK\$'000	2022 HK\$'000
IT Services	77,568	78,209
Azeus Products	175,340	139,449
<b>Total</b>	<b>252,908</b>	<b>217,658</b>

### (b) Geographical information

The Group's two business segments operate in the main geographical areas as follows:

	Sales for continuing operations	
	2023 HK\$'000	2022 HK\$'000
Hong Kong and Asia	131,716	116,749
United Kingdom and Europe	42,021	39,365
Middle East	29,589	20,446
Australia and New Zealand	18,802	17,516
Africa	17,116	11,581
North America and South America	13,664	12,001
<b>Total</b>	<b>252,908</b>	<b>217,658</b>

	Non-current assets	
	31 March 2023 HK\$'000	31 March 2022 HK\$'000
Philippines	5,510	3,662
Hong Kong	5,388	6,022
Asia (except Hong Kong and Philippines)	516	365
United Kingdom and Europe	82	61
Bermuda and British Virgin Islands	-	647
Others	53	22
<b>Total</b>	<b>11,549</b>	<b>10,779</b>

Non-current assets information presented above consists of property, plant and equipment, right-of-use assets, intangible assets, deferred income tax assets and refundable deposits as presented in the consolidated balance sheet.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2023

## 33. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published and are relevant for the Group's accounting periods beginning on or after 1 April 2023 and which the Group has not early adopted.

### **Amendments to SFRS(I) 1-1 Presentation of Financial Statements:**

Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023)

The narrow-scope amendments to SFRS(I) 1-1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what SFRS(I) 1-1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

The Group does not expect any significant impact arising from applying these amendments.

**Amendments to SFRS(I) 1-12 Income Taxes:** Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective for annual periods beginning on or after 1 January 2023)

The amendments to SFRS(I) 1-12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations, and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.

SFRS(1) 1-12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

The Group does not expect any significant impact arising from applying these amendments.

## 34. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Azeus Systems Holdings Ltd. on 23 June 2023.

# STATISTICS OF SHAREHOLDINGS

As at 20 June 2023

## DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	5	1.56	225	0.00
100 - 1,000	198	61.68	92,989	0.31
1,001 - 10,000	68	21.18	292,015	0.97
10,001 - 1,000,000	46	14.33	3,453,532	11.51
1,000,001 AND ABOVE	4	1.25	26,161,232	87.21
<b>TOTAL</b>	<b>321</b>	<b>100.00</b>	<b>29,999,993</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	MU XIA LTD	15,300,000	51.00
2	LEE WAN LIK	8,032,132	26.77
3	ABN AMRO CLEARING BANK N.V.	1,429,100	4.76
4	LAM PUI WAN (DECEASED)	1,400,000	4.67
5	KHOO TEIK LIANG	559,000	1.86
6	EST OF ONG KIM KIAT, DEC'D	319,000	1.06
7	EST OF LIM CHEE NEO LUCY @ CAROL LIM, DEC'D	299,000	1.00
8	TAN WEY LING	258,100	0.86
9	CITIBANK NOMINEES SINGAPORE PTE LTD	238,100	0.79
10	DBS NOMINEES (PRIVATE) LIMITED	170,600	0.57
11	MAYBANK SECURITIES PTE. LTD.	139,900	0.47
12	LIM GUAN TECK VICTOR	106,200	0.35
13	THAM WAI FONG	103,700	0.35
14	LIM GUAN CHIANG	85,000	0.28
15	TAO WING HONG	78,975	0.26
16	LEONG CHEE KENG	77,890	0.26
17	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	65,200	0.22
18	YONG FAH KIEM	60,000	0.20
19	LIM & TAN SECURITIES PTE LTD	58,500	0.20
20	PHILLIP SECURITIES PTE LTD	55,800	0.19
	<b>TOTAL</b>	<b>28,836,197</b>	<b>96.12</b>

# STATISTICS OF SHAREHOLDINGS

As at 20 June 2023

## SUBSTANTIAL SHAREHOLDERS

(as recorded in the Register of Substantial Shareholders)

Name	Direct Interest		Deemed Interest	
	No of shares	%	No. Of. Shares	%
Mr Lee Wan Lik	8,032,132	26.77	15,300,000	51.00
Ms Lam Pui Wan (deceased)	1,400,000	4.67	15,300,000	51.00
Mu Xia Ltd	15,300,000	51.00	-	-

Mr Lee Wan Lik and Ms Lam Pui Wan, holding shareholding interest of 10% and 90% respectively in Mu Xia Ltd., are deemed interest in the 15,300,000 shares held by Mu Xia Ltd.

## PUBLIC FLOAT

Based on the information available to the Company as at 20 June 2023, approximately 17.56% of the issued ordinary shares of the Company is held by the public. The Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting (“AGM”) of Azeus Systems Holdings Ltd. (the “Company” or “Azeus”) will be convened and held at Sky Ballroom Three, PARKROYAL on Beach Road, 7500 Beach Road, Singapore 199591 and by electronic means on Monday 31 July 2023 at 10:00 a.m., to transact the following business:

## As Ordinary Business

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 March 2023, together with the Directors’ Statement and the Auditor’s Report thereon. **[Resolution 1]**
2. To declare final dividend of HK\$1.08 per share for the financial year ended 31 March 2023. **[Resolution 2]**
3. To approve the payment of Directors’ Fees of S\$78,000 for the financial year ended 31 March 2023. [2022: S\$78,000] **[Resolution 3]**
4. To re-elect Mr Lee Wan Lik, a Director who retires pursuant to Bye-Law 104 of the Company’s Bye-Laws. [See Explanatory Note (i)] **[Resolution 4]**
5. To record the retirement of Mr Koji Miura, a Director retiring pursuant to Bye-Law 104 of the Company’s Bye-Laws, who will not seek for re-election and will retire at the conclusion of the AGM. [See Explanatory Note (ii)]
6. To re-appoint Messrs PricewaterhouseCoopers LLP as Auditors and to authorize the Directors to fix their remuneration. **[Resolution 5]**

## As Special Business

To consider and if deemed fit to pass the following Ordinary Resolutions with or without modifications:-

### 7. Authority to allot and issue shares

That pursuant to Rule 806 of the Listing Manual of SGX-ST, authority be and is hereby given to the Directors of the Company to allot and issue whether by way of rights, bonus or otherwise (i) shares in the Company (“Shares”); (ii) convertible securities; (iii) additional convertible securities (where an adjustment to the number of convertible securities to which a holder is originally entitled to, is necessary as a result of any rights, bonus or other capitalization issues by the Company), notwithstanding that such authority may have ceased to be in force at the time such additional convertible securities are issued, provided that the adjustment does not give the holder of the convertible securities a benefit that a shareholder of the Company (“Shareholder”) does not receive; and/or (iv) shares arising from the conversion of securities in (ii) and additional convertible securities in (iii) above, notwithstanding that such authority may have ceased to be in force at the time the shares are to be issued, and any such issue may be made at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit,

Provided that:-

- (i) the aggregate number of shares and convertible securities to be issued pursuant to this resolution shall not exceed 50% of the total number of the issued shares (excluding treasury shares and subsidiary holdings) of the Company, of which the aggregate number of shares and convertible securities issued other than on a pro rata basis to existing shareholders of the Company shall not exceed 20% of the total number of the issued shares (excluding treasury shares and subsidiary holdings) of the Company;
- (ii) subject to such manner of calculation as may be prescribed by the SGX-ST, for the purpose of this Resolution, the percentage of the issued share capital shall be based on the Company’s total number of the issued shares (excluding treasury shares and subsidiary holdings) at the time this resolution is passed, after adjusting for:
  - (a) new shares arising from the conversion or exercise of any convertible securities;
  - (b) new shares arising from exercise of share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and

# NOTICE OF ANNUAL GENERAL MEETING

- (c) any subsequent bonus issue, consolidation or subdivision of shares;

Adjustments in accordance to subparagraph (ii)(a) and (ii)(b) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution.

- (iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Bye-Laws for the time being of the Company; and
- (iv) (Unless revoked or varied by the Company in a general meeting) such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.  
[See Explanatory Note (iii)] **[Resolution 6]**

## 8. **Renewal Of Share Buy-Back Mandate**

That:

- (a) for the purposes of the Bermuda Companies Act and otherwise in accordance with the rules and regulations of the SGX-ST, the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company (the **"Shares"**) not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

- (i) on-market purchases, transacted on the SGX-ST through the ready market on the SGX-ST trading system through one or more duly licensed stockbrokers appointed by the Company for the purpose (**"Market Purchases"**); and/or
- (ii) off-market purchases pursuant to an equal access scheme in accordance with Section 76C of the Companies Act (**"Off-Market Purchases"**),

and otherwise in accordance with all other laws and regulations Singapore and Bermuda and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the **"Share Buy-back Mandate"**);

- (b) unless varied or revoked by the Company in general meeting prior to the next annual general meeting, the authority conferred on the Directors pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:
- (i) the date on which the next annual general meeting of the Company is held or required by law to be held;
- (ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buy-back Mandate are carried out to the full extent mandated; or
- (iii) the date on which the authority conferred by the Share Buy-Back Mandate is revoked or varied by ordinary resolution of the Shareholders in general meeting;
- (c) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

In this Resolution:

**"Average Closing Price"** means

- (i) in the case of a Market Purchase, the average of the Closing Market Prices (as defined below) of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded on the SGX-ST, immediately preceding the date of the Market Purchase by the Company; or

# NOTICE OF ANNUAL GENERAL MEETING

- (ii) in the case of an Off-Market Purchase, the average of the Closing Market Prices (as defined below) of the Shares over the last five (5) Market Days on which transactions in the Shares were recorded on the SGX-ST, immediately preceding the date of the making of the offer pursuant to the Off-Market Purchase,

and deemed to be adjusted, in accordance with the listing manual of the SGX-ST (as amended or modified from time to time) for any corporate action that occurs during such five (5) Market Day period and the day of the Market Purchase or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase.

**"Bermuda Companies Act"** means the Companies Act 1981 of Bermuda, as amended or modified from time to time.

**"Closing Market Price"** means the last dealt price for a Share transacted through the SGX-ST's trading system as shown in any publication of the SGX-ST or other sources.

**"Companies Act"** means the Companies Act 1967 of Singapore, as amended or modified from time to time.

**"date of the making of the offer"** means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase

**"Market Day"** means a day on which the SGX-ST is open for trading in securities.

**"Maximum Percentage"** means that number of Shares representing not more than 10.0% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the passing of this Resolution, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Bermuda Companies Act, in which event the total number of Shares of the Company shall be taken to be the total number of issued Shares as altered after such capital reduction. Any Shares which are held as Treasury Shares or subsidiary holdings will be disregarded for purposes of computing the 10.0% limit.

**"Maximum Price"** means:

- (i) in the case of a Market Purchase, 105.0% of the Average Closing Price of the Shares; and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120.0% of the Average Closing Price of the Shares,

in either case, excluding related expenses of the Market Purchase or Off-Market Purchase (as the case may be).

[See Explanatory Note (iv)]

**[Resolution 7]**

9. To transact any other business that may properly be transacted at an Annual General Meeting.

By Order of the Board

Yap Wai Ming  
Company Secretary  
Singapore, 10 July 2023

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes

- (i) **Resolution 4**, Mr Lee Wan Lik if re-elected, will remain as the Executive Director of the Company, and continue to serve as Chairman of the Board.
- (ii) Mr Koji Miura will retire as an Independent Director of the Company at the conclusion of the AGM. Upon Mr Miura's retirement, he will cease to be the Chairman of the Audit Committee and a member of the Remuneration Committee.
- (iii) **Resolution 6**, if passed, will authorise the Directors of the Company to allot and issue shares and convertible securities in the capital of the Company up to an amount not exceeding 50% of the total number of issued shares of the Company (excluding treasury shares and subsidiary holdings), of which up to 20% may be issued other than on a pro-rata basis to the shareholders of the Company. The Company cannot rely on the authority given under Resolution 6 for an issue of convertible securities if the maximum number of shares to be issued upon conversion cannot be determined at the time of issue of the convertible securities.
- (iv) **Resolution 7**, if passed, will empower the Directors of the Company from the date of the AGM until the next annual general meeting of the Company to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to ten percent (10%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the Maximum Price. Information relating to Resolution 7 are set out in Appendix Circular to the Annual Report dated 10 July 2023.

## IMPORTANT INFORMATION

The Annual General Meeting is being convened and will be held physically in Singapore and concurrently via electronic means, to facilitate shareholders to attend the AGM at either one option (either physically or virtually) at their preference.

Shareholders of the Company ("**Shareholders**") should take note of the following arrangements for the conduct of the AGM on 31 July 2023:

### (a) Attendance

Virtual Meeting	Physical Meeting
<p><u>Pre-registration</u></p> <p>Proceedings of the AGM will be broadcasted through live audiovisual and audio-only feeds ("<b>Live Webcast</b>").</p> <p>Shareholders who opt to attend the Virtual Meeting must pre-register online at the URL: <a href="https://conveneagm.sg/azeusagm2023">https://conveneagm.sg/azeusagm2023</a> for verification purposes latest by 10.00 a.m. on 29 July 2023.</p> <p>Shareholders who are appointing Proxyholder(s) to attend the Virtual Meeting should inform his/her Proxyholder(s) to pre-register at the URL: <a href="https://conveneagm.sg/azeusagm2023">https://conveneagm.sg/azeusagm2023</a> not less than forty-eight (48) hours before the time appointed for the holding of the AGM (i.e. by 10:00 a.m. on 29 July 2023), failing which the appointment shall be invalid.</p> <p>Following verification, the Company will provide authenticated Shareholders and Proxyholders with a confirmation email by 30 July 2023 ("Confirmation Email for Virtual Meeting") via the e-mail address provided during pre-registration or as indicated in the Proxy Form to access the Live Webcast to:</p> <ul style="list-style-type: none"> <li>(i) Watch the live feed of the AGM proceedings via the login credentials created during pre-registration or login with their Singpass account; or</li> </ul>	<p><u>Pre-registration</u></p> <p>AGM will be held at Sky Ballroom Three, PARKROYAL on Beach Road, 7500 Beach Road, Singapore 199591.</p> <p>Shareholders who opt to attend the Physical Meeting must pre-register online at the URL: <a href="https://conveneagm.sg/azeusagm2023">https://conveneagm.sg/azeusagm2023</a> for verification purposes latest by 10:00 a.m. on 29 July 2023.</p> <p>Due to limited number of attendees at the AGM venue, the Company reserves the right to select verified Shareholders for attendance at the AGM venue based on pre-registration by Shareholders who have indicated interest to attend the AGM physically.</p> <p>Shareholders who are appointing Proxyholder(s) to attend the Physical Meeting on his/her behalf should inform his/her Proxyholder(s) to pre-register and specify his/her/their intention to attend the Physical Meeting at the URL: <a href="https://conveneagm.sg/azeusagm2023">https://conveneagm.sg/azeusagm2023</a> and indicate not less than forty-eight (48) hours before the time appointed for the holding of the AGM (i.e. by 10:00 a.m. on 29 July 2023), failing which the appointment shall be invalid.</p>

# NOTICE OF ANNUAL GENERAL MEETING

<p>(ii) Observe the AGM proceedings by dialing in to the telephone number provided in the email.</p> <p>Please use the registered identification credentials to access the Live Webcast. Shareholders must not forward the above mentioned link or telephone number to other persons who are not Shareholders and who are not entitled to attend the AGM. This is also to avoid any technical disruptions or overload to the Live Webcast.</p> <p>Shareholders who have registered by 10:00 a.m. on 29 July 2023 but have not received the Confirmation Email for Virtual Meeting by 30 July 2023, please email to: <a href="mailto:support@conveneagm.com">support@conveneagm.com</a>.</p> <p>If you have any queries on the Live Webcast, please email to: <a href="mailto:support@conveneagm.com">support@conveneagm.com</a> or call the Singapore toll-free telephone number +65 6856 7330.</p>	<p>Authenticated Shareholders and Proxyholders who are successful in the pre-registration to attend the Physical Meeting will receive an email by 30 July 2023 (“Confirmation Email for Physical Meeting”) via the e-mail address provided during pre-registration or as indicated in the Proxy Form.</p> <p>Authenticated Shareholders who are unsuccessful in the pre-registration to attend the Physical Meeting will receive Confirmation Email for Virtual Meeting by 30 July 2023 to attend the Virtual Meeting to access the Live Webcast to:</p> <p>(i) Watch the live feed of the AGM proceedings via the login credentials created during pre-registration or login with their Singpass account; or</p> <p>(ii) Observe the AGM proceedings by dialing in to the telephone number provided in the email.</p> <p>Shareholders who have registered by 10:00 a.m. on 29 July 2023 but have not received the Confirmation Email for Physical Meeting or the Confirmation Email for Virtual Meeting by 30 July 2023, please email to: <a href="mailto:support@conveneagm.com">support@conveneagm.com</a>.</p> <p>If you have any queries on the attendance at the AGM venue, please email to: <a href="mailto:support@conveneagm.com">support@conveneagm.com</a> or call the Singapore toll-free telephone number +65 6856 7330.</p>
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**(b) Questions Relating to the Agenda of the AGM:**

(i) Shareholders can submit questions in advance of the AGM, or (ii) ask questions at the Physical Meeting during the AGM or (iii) submit questions at the Virtual Meeting during the AGM.

(i) Submitting questions in advance of the AGM

Shareholders can submit questions in advance relating to the business of the AGM either via:

- (a) deposited at the office of the Company's Share Transfer Agent in Singapore, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632; or
- (b) electronic mail to: [support@conveneagm.com](mailto:support@conveneagm.com); or
- (c) pre-registration website at the URL: <https://conveneagm.sg/azeusagm2023>

All questions submitted in advance of the AGM via any of the above must be received by 10.00 am on 17 July 2023.

Shareholders (including CPF Investors and SRS Investors) and, where applicable, appointed proxy(ies) who have pre-registered to the Virtual Meeting and Physical Meeting can also ask “live” during the AGM substantial and relevant questions related to the resolutions to be tabled for approval at the AGM, by submitting text-based questions through typing their questions or using the video call option via the online platform hosting the audio-visual webcast and audio-only stream or in person at the AGM venue.

The Company will endeavour to respond to substantial and relevant questions received from Shareholders prior to the AGM by 26 July 2023 and/or during the AGM proceedings. Such questions from shareholders and responses from the Company will be published on the Company's website and the website of the SGX-ST.



# NOTICE OF ANNUAL GENERAL MEETING

- (ii) Submitting questions during the AGM

<b>Virtual Meeting</b>	<b>Physical Meeting</b>
<p>Shareholders and Proxyholders who pre-registered and are verified to attend the Virtual Meeting will be able to ask questions relating to the agenda of the AGM during the AGM by:</p> <p>Submitting text-based questions via the Live Webcast by clicking the “Ask a Question” feature and then clicking “Type Your Question” to input their queries in the questions text box.</p> <p>Clicking the “Ask a Question” feature and then clicking the “Queue for Video call” via the Live Webcast. The relevant Shareholder will be informed once it is appropriate for him/her to speak and can thereafter raise his/her question via audiovisual or audio means during the AGM within a certain prescribed time limit.</p>	<p>Successful authenticated Shareholders and Proxyholders attending the Physical Meeting will be able to ask questions in person at the AGM venue.</p> <p>Successful authenticated Shareholders and Proxyholders attending the Physical Meeting will also be able to ask questions relating to the agenda of the AGM during the AGM by submitting text-based questions via the Live Webcast by clicking the “Ask a Question” feature and then clicking “Type Your Question” to input their queries in the questions text box.</p>

- (iii) Where there are substantially similar questions for the Virtual Meeting and Physical Meeting, the Company will consolidate such questions. Consequently, not all questions may be individually addressed.

**(c) Voting:**

Live voting will be conducted during the AGM for Shareholders and Proxyholders attending the Physical Meeting or Virtual Meeting. It is important for Shareholders and Proxyholders to bring their own web-browser enabled devices for voting at the Physical Meeting or have their own web-browser enabled devices ready for voting during the Virtual Meeting. For optimal experience, users should update their devices’ operating system and browsers to the latest available versions.

Shareholders and Proxyholders will be required to log-in via the e-mail address (or unique QR code provided at the physical meeting) provided during pre-registration or as indicated in the Proxy Form.

- (i) **Live Voting:** Shareholders and Proxyholders may cast their votes in real time for each resolution to be tabled at the AGM via the login credentials created during pre-registration or via their Singpass account. Shareholders and Proxyholders will have the opportunity to cast their votes via the live voting feature. Shareholders and Proxyholders must bring a web-browser enabled device in order to cast their vote.

As specified in paragraph (e) below, CPF/SRS Investors who have used their CPF/SRS monies to buy the Company’s share should instead approach their respective relevant intermediary as soon as possible to specify voting instructions.

- (ii) **Voting via appointing Chairman as Proxy:** As an alternative to the above, Shareholders may also vote at the AGM by appointing the Chairman as proxy to vote on their behalf.

**(d) Submission of Proxy Form:**

Duly completed Proxy Forms must be submitted in the following manner:

- (1) Deposited at the office of the Company’s Share Transfer Agent in Singapore, Boardroom Corporate & Advisory Services Pte. Ltd. 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632; or
- (2) Electronic mail attaching clear scanned and signed PDF copy of the Proxy Form to: [srs.teamd@boardroomlimited.com](mailto:srs.teamd@boardroomlimited.com) or

# NOTICE OF ANNUAL GENERAL MEETING

- (3) Online process through the pre-registration website at the URL: <https://conveneagm.sg/azeusagm2023> in electronic format,

in each case, not less than **forty-eight (48)** hours before the time appointed for the holding of the AGM (i.e. by 10.00 a.m. on 29 July 2023).

Printed copy of the Proxy Form has been dispatched to the shareholders together with this Notice of AGM, and also published on the SGXNet and the Company's website at the URL: <https://www.azeus.com/category/announcements/>.

In completing the Proxy Form, Shareholder should specifically direct the proxy on how he/she is to vote for or vote against or abstain from voting on the resolutions to be tabled at the AGM.

- (e) **CPF/SRS Investors:** CPF/SRS Investors who have used their CPF/SRS monies to buy the Company's share should not make use of the Proxy Form and should instead approach their respective relevant intermediary as soon as possible if they wish to attend the AGM in person or if they wish to appoint the Chairman of the AGM to vote of their behalf. CPF/SRS investors who wish to vote should approach their respective CPF Agent Bank/SRS Operator at least seven working days before the AGM (i.e. by 20 July 2023), in order to allow sufficient time for their respective CPF Agent Bank/SRS Operator to in turn submit the Proxy Forms no later than the Proxy Deadline.

(f) **Access to documents or information relating to the AGM**

The Company's Bye-Laws permit it to serve or deliver or sent documents relating to meeting of the shareholders, by electronic communication or other electronic means.

In line with the Company's corporate social responsibility initiatives and environmental sustainability efforts and as permitted under the Company's Bye-Laws, the FY2023 Annual Report and Circular (renewal of share buy-back mandate) have been published and available for download or online viewing by the shareholders at the Company's corporate website at the URL: <https://www.azeus.com/investors/annual-reports/> and the Singapore Exchange Securities Trading Limited's website at the URL: <https://www.sgx.com/securities/company-announcements>.

Printed copy of the Annual Report and Circular will not be mailing to the shareholders.

For shareholders who wish to receive a printed copy of the FY2023 Annual Report and Circular (renewal of share buy-back mandate) they are required to complete the Request Form and return it by 20 July 2023 in the following manner:

- (i) in physical copy by depositing the same at the registered office of the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue #14-07 Keppel Bay Tower, Singapore 098632; or
- (ii) by email to the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at [srs.teamd@boardroomlimited.com](mailto:srs.teamd@boardroomlimited.com).

Notwithstanding the above, printed copies of the following documents will be dispatched to the shareholders:

- (i) Notice of AGM;
- (ii) Proxy Forms for the AGM; and
- (iii) Request Form.

(g) **Filming and Photography**

When a Shareholder or Proxyholder attends, speaks and votes at the AGM via electronic means or physically, he/she consents to his/her videos and/or photographs being taken for the purpose of publication on the Company's website and publicity materials without further notification.

# NOTICE OF ANNUAL GENERAL MEETING

## Notes:

1. A Shareholder being a Depositor whose name appears in the Depository Register wishes to attend and vote at the AGM, should complete the proxy form and deposit the duly completed proxy form in the manner set out under the section titled "IMPORTANT INFORMATION".
2. A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at forty-eight (48) hours before the time fixed for holding the AGM in order for the Depositor to be entitled to attend and vote at the AGM.
3. The instrument appointing a proxy must be signed by the appointer or his/her attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised. The power of attorney or other authority, if any, under which the instrument of proxy is signed on behalf of the member or duly certified copy of that power of attorney or other authority (failing previous registration with the Company) shall be attached to the instrument of proxy, failing which the instrument may be treated as invalid.

## PERSONAL DATA PRIVACY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes.



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