

AZEUS SYSTEMS HOLDINGS LTD
(Incorporated in Bermuda)
(Company Registration No. 35312)

RESPONSE TO SGX QUERIES IN RELATION TO THE ANNUAL REPORT (“AR”) FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (“FY2023”)

The Board of Directors (the “**Board**”) of Azeus Systems Holdings Ltd (the “**Company**”) wishes to announce the following in response to queries raised by the Singapore Exchange Securities Trading Limited (“**SGX**”) with respect to the Company’s AR for FY2023.

SGX Query 1

The Company stated at page 25 of its annual report that "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". Note 31 however relates to related party transactions and the Company has not disclosed its interested person transactions with the required information and in the format required under Listing Rule 907. Please disclosed accordingly.

Company’s response

Pursuant to Rule 907 of the Listing Manual, the aggregate value of interested person transactions entered into during the FY2023 (including the name of the interested person, nature of relationship and the corresponding aggregate value of the interested person transactions entered into with the same interested person) by the Company is set out below:

Name of interested person	Lee Wan Lik
Nature of relationship	Executive Chairman
Aggregate value of all interested person transactions during FY2023 (excluding transactions less than S\$100,000 and transactions conducted under shareholders’ mandate pursuant to <u>Rule 920 of the Listing Manual</u>)	HK\$ 1,351,000 (S\$ 228,300* equivalent) <i>* Based on conversion rate of HK\$1.00 = S\$0.169 as of 31 March 2023, rounded to nearest thousands.</i>
Aggregate value of all interested person transactions during FY2023 conducted under shareholders’ mandate pursuant to <u>Rule 920 of the Listing Manual</u> (excluding transactions less than \$100,000)	Not applicable

SGX Query 2

The Company disclosed at page 22 of its annual report that its internal audit for FY2023 was carried out by its IT sub-committee and only involved internal controls relating to information technology control review. Please explain how the Company’s practices have complied with Listing Rule 719 and whether the internal audit standards applied by its internal audit team comply with the Standards for Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

Company’s response

The Company’s practices are in compliance with Rules 719(1) to (3) of the Listing Manual.

Rule 719(1) of the Listing Manual requires an issuer to have adequate and effective systems of internal controls (including financial, operational, compliance and information technology controls) and risk management systems. The audit committee may commission an independent audit on internal controls and risk management systems for its assurance, or where it is not satisfied with the systems of internal controls and risk management.

Rule 719(3) of the Listing Manual requires an issuer to establish and maintain on an ongoing basis, an effective internal audit function that is adequately resourced and independent of the activities it audits.

As disclosed on page 20 of the Company's annual report, 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, while Management is responsible for internal control and for ensuring compliance therewith.

The Company appointed external consultants, Moores Advisory Services Limited ("**Moores**"), to perform the internal audit function review on a regular basis for FY2022. Moores had applied the Standards for Professional Practice of Internal Auditing set by The Institute of Internal Auditors. During FY2022 Moore Advisory reported its findings together with recommendation on areas for improvement to the AC for review. The resulting report is reviewed in detail by the AC in conjunction with Management and has not reported major findings.

Although Moores was not engaged for FY2023, the Company's internal audit controls and processes remained the same in FY2023. The Board is of the view that the Group's internal controls are sound and no material issues were identified in the past.

Given the core business of the Company is in providing IT solutions involving handling sensitive data of clients, additional internal audit functions were being carried out by the IT sub-committee and overseen by the AC for FY2023 as the area of IT controls is viewed as critical and material to the Group's business operation as an IT service and product company. The Company's IT sub-committee is headed by Rene Toling Lindio (Chief Technology Officer) has experience in technical areas and reports directly to the AC Chairman and administratively to the Group Financial Controller. The IT sub-committee members are all qualified with international qualifications such as ISC2 and CMMI qualifications.

The AC of the Company comprises of 3 Independent Directors. They are experienced in their fields and oversee the annual auditing process with the external auditor, along with the system of internal controls to ensure the internal controls within the Company are sound and robust.

The Company is of the view that the internal audit function has appropriate standing within the Company and is appropriately and adequately staffed with persons with appropriate qualifications and experience.

Taking into account the nature, size and scope of the Group's business operations, for FY2023, based on the systems of risk management and internal controls established and maintained by the Group, work performed and reports by the internal audit function carried out by the IT sub-committee and overseen by the AC and external auditors and the written assurances from the CEO and the Group Financial Controller referred to on page 21 of the Company's annual report, the Board, with the concurrence of the AC, is of the opinion that (i) the Group's risk management and internal controls systems, addressing the financial, operational, compliance and information technology risks, are effective and also adequate, (ii) 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 and (iii) the Group's internal controls are sound and no material issues were identified.

For completeness, the Company is also in compliance with Rule 719(2) of the Listing Manual. In terms of suspected fraud or irregularity, the AC has reviewed the whistleblowing policy that the Group has established and is responsible for the oversight and monitoring of whistleblowing. For FY2023, the AC was not aware of any suspected fraud or irregularity, or suspected infringement of any Singapore laws or regulations or rules of the Exchange or any other regulatory authority in Singapore, which has or is likely to have a material impact on the issuer's operating results or financial position and has also not received any complaint in respect of the foregoing.

BY ORDER OF THE BOARD

Lee Wan Lik
Executive Chairman
17 July 2023