

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

MINUTES OF THE ANNUAL GENERAL MEETING OF THE COMPANY HELD AT SKY BALLROOM THREE, PARKROYAL ON BEACH ROAD, 7500 BEACH ROAD, SINGAPORE 199591 AND BY ELECTRONIC MEANS (VIA LIVE WEBCAST AND LIVE AUDIO STREAM) ON MONDAY 31 JULY 2023 AT 10:00 A.M.

PRESENT

DIRECTORS

Lee Wan Lik (Executive Chairman)
Michael Yap Kiam Siew (Deputy Chairman and Chief Executive Officer)
Stephen Ho ChiMing (Lead Independent Director)
Koji Miura (Independent Director)
Chan Ching Chuen (Independent Director)

IN ATTENDANCE BY INVITATION

As per attendance record maintained by the Company.

SHAREHOLDERS

As per attendance record maintained by the Company.

WELCOME ADDRESS BY CHAIRMAN

Mr Lee Wan Lik (the "Chairman") the Executive Chairman of the Company, welcomed the shareholders and attendees present at the Annual General Meeting ("AGM") both at the physical venue and electronically through live webcast and audio stream via ConveneAGM. The Chairman introduced the Directors, Company Secretary and the Senior Management who were either present at the physical venue or attended the AGM through the live webcast to the shareholders.

QUORUM

The Chairman declared the commencement of the AGM at 10.03 a.m. after the Company Secretary confirmed that a quorum was present.

NOTICE

The Notice dated 10 July 2023 convening the Meeting, having been in the hands of the members for the requisite period was, with the concurrence of the meeting, taken as read.

The Chairman briefed the shareholders on the conduct of the meeting. He informed that all the resolutions would first be read, followed by the Question & Answer ("Q&A") session, and thereafter the poll voting process. He further elaborated on the conduct of the Q&A session which the Board and Management would be taking questions from 3 platforms – physical, textual, and video, the poll voting procedures followed by the tabling of the poll voting results. The shareholders were informed that the Company had received some questions from shareholders prior to the AGM and the responses to these questions were released on the SGXNet on 26 July 2023. The Company has also published its responses to the questions on the Company's website.

The Chairman informed that in his capacity as the Chairman of the Meeting, he was appointed by some shareholders as their proxy, and he would vote in accordance with their instructions. The Chairman also informed that shareholders who were present in person (who had not submitted their proxy forms) could cast their votes on the resolutions by using the voting feature available on the ConveneAGM platform, during the course of the Meeting.

The Company had appointed Boardroom Corporate & Advisory Services Pte Ltd as the polling agent and CitadelCorp Services Pte. Ltd. as the scrutineer. The Scrutineer has verified and supervised the counting of the votes of all such valid proxy forms submitted by the shareholders by the submission deadline of 10.00 a.m. on 29 July 2023 and also the votes cast by the shareholders during the Meeting.

The Chairman proceeded with the agenda of the Meeting.

ORDINARY BUSINESS:

RESOLUTION 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 AUDITOR’S REPORT THEREON

The Chairman proposed the following motion:

“That the Audited Financial Statements of the Company for the financial year ended 31 March 2023, together with the Directors’ Statement and Auditors’ Report thereon be received and adopted.”

RESOLUTION 2 - TO DECLARE A FINAL DIVIDEND OF HK\$1.08 PER SHARE FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

The Chairman informed that the Directors had recommended a final dividend of HK\$1.08 per share for the financial year ended 31 March 2023. The proposed dividend if approved by the shareholders at this Meeting, would be paid on a date to be decided by the Board, with the payment date to be announced via the SGXNet in due course.

The Chairman proposed the following motion:

“That a final dividend of HK\$1.08 per ordinary share for the financial year ended 31 March 2023 be and is hereby approved”.

RESOLUTION 3 - TO APPROVE THE PAYMENT OF DIRECTORS’ FEES OF S\$78,000 FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

The Chairman proposed the following motion:

“That the Directors’ fees of S\$78,000.00 for the financial year ended 31 March 2023 be approved.”

RESOLUTION 4 - TO RE-ELECT MR LEE WAN LIK AS DIRECTOR OF THE COMPANY

The Chairman invited the Company Secretary, Mr Yap Wai Ming to assist with the proceedings of the meeting on Resolution 4 which relates to his re-election as Director of the Company.

Mr Yap Wai Ming informed that Mr Lee Wan Lik was retiring as a Director at the AGM pursuant to Bye-Law 104 of the Company’s Bye-Laws. Mr Lee Wan Lik being eligible has consented to continue in office.

Mr Yap Wai Ming proposed the following motion:

“That Mr Lee Wan Lik, a Director retiring in accordance with Bye-Law 104 of the Company’s Bye-laws, be re-elected as a Director of the Company.”

RETIREMENT OF MR KOJI MIURA AS DIRECTOR OF THE COMPANY

The Chairman updated that in line with the new SGX regulation on the 9-year limit for Independent Director to serve on the Board, Mr Koji Miura ("**Mr Miura**"), an Independent Director of the Company, has decided to step down and not seek for re-election at the AGM. Mr Miura had been with the Company since December 2004 and had provided the Board with valuable advice and guidance during his tenure with the Company.

With the retirement of Mr Miura as an Independent Director of the Company at the conclusion of the AGM, he will also cease to be the Chairman of the Audit Committee and a member of the Remuneration Committee.

On behalf of the Board of Directors, the Chairman thanked Mr Miura for his valuable contribution to the Company and wished him all the best in his future endeavours.

The Chairman further informed that the Board is aware of the compliance's requirement to fill the membership of the Board and Board Committees and has looked into the appointment of a new Independent Director. The Company will update the shareholders on the appointment of a new Independent Director and relevant information including the composition of the Board and Board Committees will be announced via the SGXNet soon.

RESOLUTION 5 - TO RE-APPOINT MESSRS PRICEWATERHOUSECOOPERS LLP AS AUDITORS AND TO AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION

The Chairman informed that the Auditors, Messrs PricewaterhouseCoopers LLP have confirmed their willingness to continue in office. The Chairman proposed the following motion:

"That PricewaterhouseCoopers LLP be re-appointed as Auditors of the Company and the Directors be authorised to fix their remuneration."

ANY OTHER ORDINARY BUSINESS

As no notice of any other ordinary business had been received by the Secretary, the Chairman proceeded to deal with the special business of the Meeting.

SPECIAL BUSINESS:

RESOLUTION 6 – AUTHORITY TO ALLOT AND ISSUE SHARES

The Chairman proposed the following motion:

"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 capitalisation 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:-

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- (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
 - (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; and

- (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."

RESOLUTION 7 – RENEWAL OF SHARE BUY-BACK MANDATE

The Chairman informed that the Company is seeking the shareholders' approval for the proposed renewal of the share buy-back mandate, details as set out in the Circular to shareholders dated 10 July 2023.

The Chairman proposed the following motion:

"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
- (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).”

QUESTION AND ANSWER SESSION

The Chairman invited shareholders to post their questions if any. A summary of the questions that shareholders raised during the Q&A session and the responses from Directors and Management is annexed hereto and marked as Appendix A.

POLLING

The Chairman invited the shareholders to cast their votes on the resolutions tabled at the Meeting.

RESULTS OF THE POLL

The poll voting results duly certified by the Scrutineer are as follow:

Resolution number and details		Total number of shares represented by votes for and against the relevant resolution	FOR		AGAINST	
			Number of shares	As a percentage of total number of votes cast for and against the resolution (%)	Number of shares	As a percentage of total number of votes cast for and against the resolution (%)
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.	8,542,205	8,542,205	100	0	0.00
2.	To declare a first and final dividend of HK\$1.08 per share for the financial year ended 31 March 2023.	8,542,205	8,542,205	100	0	0.00

3.	To approve the payment of Directors' Fees of S\$78,000 for the financial year ended 31 March 2023.	8,537,205	8,537,205	100	0	0.00
4.	To re-elect Mr Lee Wan Lik as Director of the Company.	8,542,205	8,542,205	100	0	0.00
5.	To re-appoint Messrs PricewaterhouseCoopers LLP as Auditors and to authorise the Directors to fix their remuneration.	8,537,205	8,523,401	99.84	13,804	0.16
6.	To grant the Directors the authority to allot and issue shares.	8,537,205	8,213,405	96.21	323,800	3.79
7.	To approve the renewal of share buy-back mandate.	8,542,205	8,542,205	100	0	0.00

Based on the poll voting results, the Chairman declared that all the Resolutions tabled at the Meeting were carried.

CONCLUSION

There being no other business to transact, the Chairman declared the Meeting closed at 11.10 a.m. and thanked all present for their attendance.

Confirmed as a correct record
 of the proceeding of the meeting

Lee Wan Lik
 Executive Chairman

Appendix A

Question 1: With the rapid advancement of artificial intelligence, how does the Company plan to leverage AI to create a better product or enhance on existing product? And with the saying of AI to co-pilot, do you see the potential of using AI in the context of your product in many different angles to serve customer needs better? Also, has management thought of using AI to save manpower cost?

Response

Integrating AI into our operations is a complex endeavor that demands careful consideration. While its potential in our business remains uncertain, we are actively exploring its applications in specific domains.

The confidential nature of our business adds constraints to the use of AI. Our agreements with clients prohibit access to their data. Although constrained by these limitations, we are exploring innovative ways to leverage the emerging AI technologies within our product landscape. For instance, AI could facilitate the summarisation of extensive board papers, simplifying the referencing process for the Board, particularly for lengthy documents.

Another potential application lies in monitoring regulatory and sectoral developments and presenting relevant information to the Board for their convenience. Additionally, our R&D efforts are exploring AI's role in enhancing productivity in software development and testing.

A substantial portion of our expenses is allocated to software development and engineering manpower. Therefore, AI adoption may have the potential to reduce the cost in this area. Our ongoing research and development initiatives aim to enhance software development productivity, although these efforts remain in their nascent stages.

Question 2: This year, the Group's tax seems to have increased a lot. There is an explanation on the withholding tax in the earlier announcement released by the Company, but I don't quite get the pictures. Can you elaborate further on it and advise the effective tax rate going forward.

Response

The FY2023 tax expense comprises the corporate profits tax provision and withholding tax expense. The upswing in tax expenses is directly tied to the augmented taxable provisions, aligning with our taxable profit surge. It's noteworthy that the increase in taxable profit outpaced the growth in net profit as the net profit was impacted by the foreign exchange losses from the translation of foreign currencies cash balances.

Additionally, in FY2022, a withholding tax credit accumulated from prior years was factored in. This one-time credit resulted in FY2022's total tax expense being lower than that of FY2023.

At present, the tax expenses comprise various elements, including deferred tax and withholding tax across multiple countries, reflective of our global operations. Although provisional, these amounts will be refined during our annual tax filing process, with adjustments made as necessary.

Given our global footprint, we are exposed to tax provisions in diverse countries. We intend to engage tax consultants across these regions to provide strategic guidance and assist in optimising our tax planning moving forward. Our aim is to minimise the effective tax rate, and we are actively reviewing transfer pricing arrangements in line with OECD standards.

Question 3: The geographic growth seems to be more in developed countries like US, Europe and Australia, and the growth rate is slower than in Africa, Middle East and South America. Does it mean that the convene solutions are not growing as much as in all the developed countries? How should we interpret those differences?

Response

Our investment strategy encompasses both developed and emerging countries. For instance, this year, we have intensified our focus on the US market due to its considerable size, despite entering the market relatively late. Similarly, we have also initiated fresh endeavors in Germany to tap into growth opportunities. While we do invest in developed nations where growth rates may be more modest, the potential for expansion remains due to our relatively smaller market presence.

In addition, we continue our expansion efforts into new regions/countries, with recent investments in South America, the Middle East, and Africa. These market expansion undertakings would take a couple of years to see results as we explore and experiment with building the team, understanding the markets, and in establishing track records. These investments would translate into higher sales and marketing costs. It is noted that these expenditures are recorded as operational costs rather than capitalised expenses.

The Company invests in growth by expanding our existing business and venturing into new product development. It invests in R&D and continues to roll out new product offerings. Last year, the Company introduced an ESG platform to help organisations with their ESG reporting needs.

Question 4: Does the Company intend to do any share buyback as the Company already has the share buyback mandate?

Response

The Board has outlined guidelines for share buybacks, which are periodically reviewed. To-date, these conditions have not been met, resulting in no share buybacks to date.

Question 5: The revised code of corporate governance requires the Board to limit the tenure of Independent Director to 9 years. What is the Board's approach in renewing and refreshing of the Board?

Response

The Board is actively addressing the requirement for new Independent Directors. We are diligently searching for suitable candidates and will announce the replacement of Mr. Koji Miura once identified. We are committed to maintaining robust corporate governance practices and in full compliance.

Question 6: I would like to know if the Company will resume paying the interim dividends. What is the Company's dividend policy?

Response

The Company is in a strong financial position with no debts or borrowings and a healthy balance sheet. The Company paid the first interim dividend in the last financial year.

We do not have a fixed dividend policy. However, the Group has distributed 100% of its profit as dividends to shareholders in 2023 and, in most of our previous financial years.

Question 7: For the AR balance attributable to Azeus products, does it relate to customers billed monthly or other timelines, versus the typical annual license, or does it relate to the annual license customers who have not paid for current year? What do you think has been the primary reason behind the recent acceleration in year over year on billing's growth for convene.

Response

The Accounts Receivable (AR) balance comprises two distinct segments: Azeus products and IT services. Concerning IT services, it encompasses billings that have been issued, many of which have subsequently been settled. Notably, a significant portion of these services pertains to Hong Kong government departments, and their payments have been received promptly.

On the other hand, the AR balance related to Azeus products, specifically Azeus Convene, follows a billing model where we invoice in advance. As customers reach their renewal periods, we typically issue advance billings for 12 months of subscription service. The observed increase in this balance is directly correlated with the expansion of our customer base. A larger customer base results in more billings upon renewals. Payments are closely monitored, and at this juncture, we do not expect material recoverability issues.

Question 8: How is the market for develop talents in the Philippines, India, and Malaysia? Has the Company faced difficulty finding skilled labor? How competitive is the Board portal market in North America, and any success in the market? Can you give us a little more color on the market size and potential for convene ESG.

Response

Securing proficient IT personnel is a top challenge for the Company. To address this, we have made strategic investments by establishing new centers to tap into global talent pools. Our new engineering centers in Malaysia and India coupled with growth in the Philippines reflect our commitment to nurturing engineering resources. In recent times, we have observed a gradual improvement in the talent market, especially over the last six months.

The North American Board portal market is the largest in the world but is highly competitive and dynamic. Over the past year, we have increased our efforts in this region by expanding our sales and marketing resources. Though we have a relatively small presence in the US market, given its market size, North America warrants our continued engagement and investment.

Convene ESG is a new addition to our product portfolio, having been recently introduced. As the product matures, we are now actively testing it across multiple countries. We are encouraged by the initial traction it has garnered and are cautiously optimistic about its potential.