

**ANNUAL GENERAL MEETING TO BE HELD ON 31 JULY 2023
RESPONSES TO QUESTIONS RECEIVED FROM SHAREHOLDERS PRIOR TO THE
COMPANY'S ANNUAL GENERAL MEETING**

The Board of Directors (the "**Board**") of Azeus Systems Holdings Ltd (the "**Company**") would like to thank shareholders for submitting their questions ahead of the Company's Annual General Meeting ("**AGM**") to be held at Sky Ballroom Three, PARKROYAL on Beach Road, 7500 Beach Road, Singapore 199591 and by electronic means on 31 July 2023 at 10.00 a.m. (Singapore time).

Please refer to **Annex A** hereto for the Company's responses to the substantial and relevant questions received from the shareholders.

By order of the Board

Lee Wan Lik
Executive Chairman
26 July 2023

RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS FROM SHAREHOLDERS

Q1. Has Azeus made any efforts to sell Convene Records to entities outside of Hong Kong and can you explain future plans for Convene Records?

- Currently, the Group is focusing on the implementation of the sizeable HK\$1.02 billion (equivalent to US\$132.6 million¹) CERKS project which is moving towards the deployment stage.
- The Group will be exploring markets beyond Hong Kong for Convene Records and will update shareholders in the event of any material developments. We aim to add go-to-market capabilities for this new product line.

Q2. What percentage of Contract Liabilities are related to the Records deal? Will you break this out in the future?

- As of 31 March 2023, there are no Contract Liabilities related to the CERKS project. On the other hand, there was a balance of HK\$14.3 million (equivalent to US\$1.9 million¹) which was recorded under Contract Assets. HK\$4.3 million (equivalent to US\$0.6 million¹) was subsequently realised as the payment milestone was reached as per the Contract requirement.
- Note 16 on page 62 of the Annual Report disclosed the breakdown of Contract Assets and Liabilities by segments, in compliance with disclosure requirements. We have not historically disclosed details of specific projects due to confidentiality.

Q3. Do you have an estimate for the total addressable market for the ESG product? How material have ESG products sales been over the last year and how do you expect ESG related sales to develop in the next year?

- ESG is a new product offered by the Company in FY2023. As with any new product offering, there will be a product-market fit tuning process, and development of effective go-to-market approaches. The ESG is a product that is still in its early stage though it has shown potential. In FY2023, its revenue contribution to the overall business was immaterial. We are working towards the ESG product being a new growth area for the Company and we will update shareholders in the event of any material developments.

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

Q4. How are sales efforts and revenues developing in the Latin America region?

- We continue to invest and expand our geographical footprints. Typically, it will take a couple of years for a new country/region to be developed and gain traction. The new markets we are exploring are medium-term opportunities and we are unlikely to see meaningful revenue contributions in the short term. Specifically for Latin America, the revenue contributed to FY2023 was immaterial.

Q5. Has Azeus considered making any M&A transactions?

- The Company will make the necessary announcements and/or seek shareholders' approval for any future acquisitions, if so required under and in accordance with Chapter 10 of the Listing Manual. .
- The Company is open to all opportunities to increase shareholders' value including potential M&A opportunities.

Q6. How do you think AI will impact Azeus and Convene? Will AI impact software development on the cost side and can AI tools be implemented into any of Convene's products?

- As an IT services and software company, the use of AI in software development may reduce our development time and cost, improve software quality, and provide a better user experience. We have a dedicated R&D team exploring how best to utilize AI tools to streamline existing processes. However, we do not expect that AI will significantly change the way we develop software in the short-term. We have also commenced another R&D effort to explore the inclusion of AI into our product offerings, particularly Convene and ESG.

Q7. What does management think are Azeus's biggest challenges and also opportunities in the coming years?

- The recruitment and nurturing of talents are key areas of focus for the Group in the coming years to meet growing business opportunities as well as to tackle the increasing complexity and challenges of operating in an increasingly global operating environment. A particular challenge is to ensure that we continue to have high-quality technical talents. The software development sector is subject to several potential challenges, including shifts in technological trends, increased complexity and global demand for talents.
- Another ongoing challenge for the Company is seeking ways to continue growing the product line business at healthy growth rates whilst simultaneously retaining the margins that the Company has enjoyed over the past years. With the expanding

product business and its associated revenue base, maintaining the growth rates organically would require breakthroughs in new geographies and/or new product offerings. The Company continues to make efforts and invest in both these areas.