

ANNUAL REPORT 2022

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## BOARD OF DIRECTORS

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

## SENIOR MANAGEMENT

**Mr Stephen Ma** (Vice President)  
**Miss Eleanor Jim** (Vice President)  
**Mr Jerry Chua** (Director of Azeus Philippines)  
**Mr Rene Toling Lindio** (Chief Technology Officer)  
**Ms Mary Rose T. Tan** (President of Azeus Philippines)  
**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

33/F, Cambridge House  
Taikoo Place, 979 King's Road  
Quarry Bay, 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  
Marine 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



## CORPORATE PROFILE

### **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.

The Group's flagship product, Convene, is a leading paperless meeting solution used by directors and executives in various industries, across more than 100 countries. Through its user-friendly and intuitive functionality, Convene has enabled organisations to promote and uphold governance through a single secure technology platform to manage and conduct formal or structured meetings - physical, remote, or hybrid - and streamline the workflows around it. This results in a greater boost in productivity, accountability, and collaboration within and beyond the boardroom. To ensure data security, Azeus Convene is equipped with advanced security features and end-to-end encryption. In addition, Convene offers 24/7 support to all its customers worldwide. The Group has also introduced a virtual AGM solution, Convene AGM in response to the shifting trend towards eAGMs as a result of the COVID-19 restrictions.

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.

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.

In all, the Group has a solid track record of completing over 100 IT services projects for more than 40 Government departments, as well as over 20 projects for the private sector in Hong Kong, many of which are contracts from repeat customers.

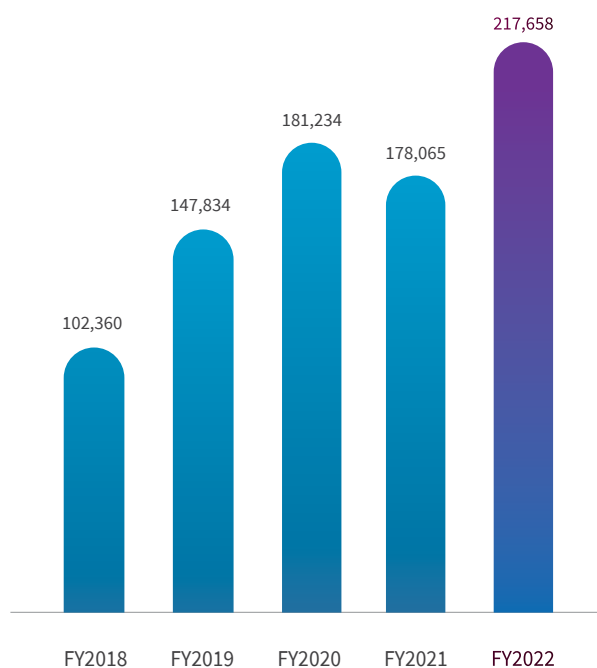
The Group's established quality assurance systems, working methodologies and processes allow for a seamless integration of operations across multiple locations.

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.

## FY: FINANCIAL YEAR ENDED 31 MARCH

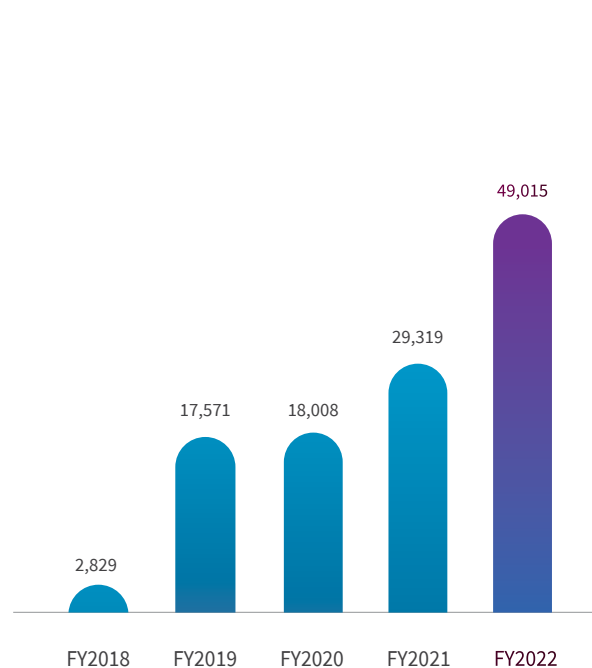
### REVENUE

(HK \$'000)



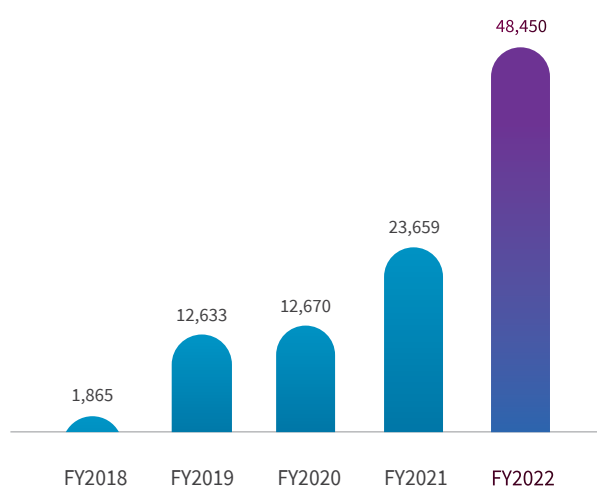
### PROFIT BEFORE TAX

(HK \$'000)



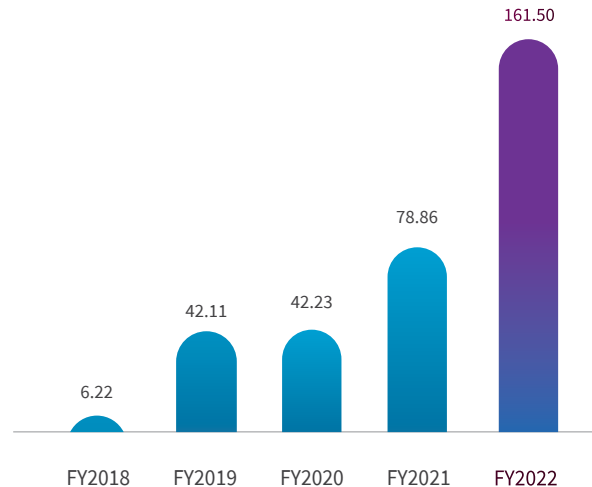
### NET PROFIT

(HK \$'000)



### EARNINGS PER SHARE

(HK Cents)





## OUR SERVICES AND PRODUCTS



### 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

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 non-profit organisations, transforming the landscape for shareholders and members' meetings.





# CHAIRMAN AND CEO'S MESSAGE



## 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 2022 (“**FY2022**”).

Azeus reported a 104.6% increase in net profit, from HK\$23.7 million in FY2021 to HK\$48.5 million in FY2022. For the year under review, Azeus recorded a 22.2% increase in revenue to HK\$217.7 million in FY2022, from HK\$178.1 million in FY2021, driven by strong growth from both its Azeus Products and IT Services segments.

We are delighted to have achieved a strong performance, backed by growth in both our business pillars. Azeus Products, our growth engine, has continued to make good strides globally as we expanded into more territories and added new product features and modules.

It is noteworthy that we recently secured our single largest contract of over HK\$1.0 billion for the implementation and maintenance of the Hong Kong government’s Central Electronic Recordkeeping System with our product, Convene Records, which will further enhance our recurring income stream for resilient growth.

## FY2022 Financial Review

Revenue from Azeus Products increased by HK\$26.2 million, or 23.1%, from HK\$113.2 million in FY2021 to HK\$139.4 million in FY2022.

Revenue was also boosted by an increase of 20.5% from the IT Services segment, from HK\$64.9 million in FY2021 to HK\$78.2 million in FY2022, as the Group secured more projects in FY2022 and continues to undertake project implementation and maintenance work. It is noted that more than 60% (HK\$47.9 million) of this IT Services revenue was from maintenance and support services of existing systems which are long-term contracts.

The recurring revenue from maintenance and support, which accounted for 22.0% of the Group’s revenue in FY2022, increased by 5.7% to HK\$47.9 million from HK\$45.3 million in FY2021.

In line with the higher revenue, the Group’s cost of sales increased by HK\$4.8 million, or 8.7%, to HK\$60.1 million in FY2022.

The Group’s gross profit margin improved by 3.4 percentage points to 72.4% in FY2022 as compared to 69.0% in FY2021.

Overall, the Group reported a net profit of HK\$48.5 million in FY2022 as compared to a net profit of HK\$23.7 million in FY2021.

Correspondingly, the Group’s shareholders’ equity increased to HK\$154.7 million as at 31 March 2022, from HK\$119.1 million as at 31 March 2021. This was mainly due to the net profit of HK\$48.5 million and growth in revenue generated in FY2022 set off with the payment of FY2021’s dividend of HK\$11.7 million.

As at 31 March 2022, the Group strengthened its net cash position to HK\$201.3 million from HK\$158.3 million. The Group has no bank borrowings or debt securities.

In a significant development, Azeus, in May this year, was awarded a HK\$1.0 billion contract based on Azeus’ new product “Convene Records” to design the Central Electronic Recordkeeping System for the Hong Kong SAR Government. This was a show of confidence from the Hong Kong SAR Government in the capability of Azeus in delivering “All-of-Government” large scale projects, and in the software products designed and developed by Azeus. An expected 75% of the total estimated contract value would be for the license and maintenance fees of the Convene Records software. The design and implementation work will commence in May 2022 and hence we expect a majority of the revenue to be contributed from the next financial year until FY2037.



**Azeus reported a 104.6% increase in net profit, from HK\$23.7 million in FY2021 to HK\$48.5 million in FY2022, driven by strong growth from both its Products and IT Services segments.**

### Review of Business Segments

For FY2022, the Azeus Products business segment maintained its position as our Group's key growth driver, providing a steady stream of recurring income.

In the year under review, Azeus Products accounted for a majority 64.1% of total Group revenue. Revenue from Azeus Products increased by HK\$26.3 million or 23.2% from HK\$113.2 million in FY2021 to HK\$139.4 million in FY2022.

IT Services which include three core business areas, system implementation and enhancement, sale of third-party hardware and software, and maintenance and support services, recorded a 20.5% increase to HK\$78.2 million as a result of securing more projects in FY2022. Revenue from systems implementation and enhancement increased by HK\$11.3 million or 59.5% to HK\$30.2 million in FY2022 and the recurring revenue from maintenance and support increased by HK\$2.6 million to HK\$47.9 million in FY2022 from HK\$45.3 million.

### Outlook

Azeus is well-placed to capitalise on the opportunities ahead, bolstered by our strong product offerings and expertise in delivering sophisticated IT systems.

Azeus continues to invest and execute on our plan to grow the product segment. With the growth of our flagship product, "Convene" and new product offerings such as Convene Records, we are excited with our growth potential and look forward to expanding our footprints globally.

### Proposed Dividend

To reward our loyal shareholders for their continuous support, the Board is pleased to recommend a first and final dividend of HK\$1.62 per ordinary share. This represents a

dividend payout ratio of 100% of the net profit attributable to shareholders for FY2022.

### Our Deepest Condolences

It is with great sadness that we regretfully report the demise of Ms Lam Pui Wan, Executive Director, on May 6, 2022. Ms Lam had been an invaluable member of the company, playing an integral role for the Group's expansion through the years. She will be dearly missed by all of us.

### Words of Appreciation

We would like to thank our Board of Directors for their guidance in steering the Group forward. Our appreciation also goes to our senior management team for their commitment and dedication to the company during this challenging period.

To our valued customers, business partners, associates and stakeholders, we look forward to your continued support. Leveraging on the deep experience of the senior management team and the strong expertise of our talented team at Azeus, we will work closely together to chart the Group's next phase of growth. With our strong technical expertise and commitment to delivering high-quality products and services, we are well-positioned to forge ahead and capture 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 a software product company, Commerce Exchange Pte Ltd, and the founder of TNB Ventures Pte Ltd. 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.

## 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 was appointed by the Chief Executive of Macau Special Administrative Region as Science and Technology Advisor.

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.

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 MARY ROSE T. TAN

*President of Azeus Philippines*

Ms Mary Rose T. Tan joined Azeus Philippines in July 1996. She is in charge of the management of the Group's Philippines operations as well as human resource management.

Between 1991 and 1996, she was with Ayala Systems Technology, Inc where she started as a Senior System Analyst and was later promoted to Project Manager and Senior Manager. She had also worked as Analyst and Programmer at New York City Parks and Recreation Department and PCI Capital Corporation. Ms Tan holds a Bachelor of Science in Industrial Management Engineering from De La Salle University, Taft, Manila and a Master of Science in Computer Science from Pace University, New York. Ms Tan has retired as the President of Azeus Philippines on 31 January 2022.

## MS PEGGY SAM

*Group Financial Controller*

Ms Peggy Sam has been with our Group since 15 March 2004. She is responsible for all 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.





# 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 2022 (“FY2022”) with specific reference made to the principles of the Code and strives to comply with the provisions set out in the Code 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 provides for Directors to participate in Board 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 FY2022.

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 FY2022, 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 the Board or Board Committee members.

During FY2022, the number of meetings held by the Board and its committees and the details of the attendances are as follows:

	Board of Directors	Audit Committee	Remuneration Committee	Nominating Committee
Number of Meetings held	2	2	1	1
<b>Name</b>	<b>Number of Meetings attended</b>			
Mr Lee Wan Lik (Executive Chairman and Director) <sup>(1)</sup> - spouse of Lam Pui Wan	2	2*	1*	1
Ms Lam Pui Wan (Executive Director) <sup>(2)</sup> - spouse of Lee Wan Lik	2	2*	1*	1*
Mr Michael Yap Kiam Siew (Chief Executive Officer and Deputy Chairman) <sup>(3)</sup>	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

# CORPORATE GOVERNANCE REPORT

## Notes

- (1) Mr Lee Wan Lik has stepped down from his position as Managing Director and Chief Executive Officer of the Company on 15 March 2022 and remains as the Executive Chairman.
- (2) Ms Lam Pui Wan ceased as Director on 6 May 2022.
- (3) Mr Michael Yap Kiam Siew was appointed the Chief Executive Officer of the Company on 15 March 2022.

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.

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.**

During FY2022 the Board comprised of three (3) Executive Directors and three (3) Independent Directors. However as at the date of this Annual Report, the Board comprises 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 order to address the issue of independence given that the Chairman is not independent, during FY2022 the Independent Directors make up half of the Board and the majority of each of the Board Committees. Taking into account the above, the Board is of the view that the Company complies with Principle 2 of the Code as 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 to make up majority of the Board. During FY2022 although the Non-Executive directors are not in a majority, the Company believes that the existing Board composition is consistent with the intent of Principle 2 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.

As of the date of this Annual Report, the Company complies with Provision 2.2 and 2.3 of the Code as the Independent Directors make up a majority of the Board.

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 2022 are disclosed in the Directors' Statement of the Audited Financial Statements for the FY2022.

# CORPORATE GOVERNANCE REPORT

The Board has examined its 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 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.

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, human resources, industry knowledge, engineering technology and economics.

The Nominating Committee is responsible for reviewing the composition of the Board to ensure that the Board has the appropriate mix of expertise and experience, and collectively possess the necessary core competencies for effective functioning and informed decision-making. The Board in consultation with the Nominating Committee has reviewed its composition and is satisfied that such composition ensures that there is adequate representation in respect of potential issues and challenges, without compromising the Board's effectiveness and participation in decision-making.

The Company does not currently have a Board diversity policy in place. However, the Board has taken the following steps to maintain or enhance its balance and diversity:

- (a) by assessing the existing attributes and ensuring that core competencies of the Board are complementary and enhance the efficacy of the Board; and
- (b) by evaluating the skill sets the other Directors possess, with a view to understanding the range of expertise which is lacking by the Board.

The Nominating Committee and the Board are cognizant of the recommendations as set out under Provision 2.4 and Practice Guidance 2 of the Code and are of the view that the above-mentioned practices adopted by the Company is consistent with the intent of Principle 2 of the Code. The Board does have an appropriate mix of members with complementary skills, core competencies and experience for the Company as required by the Code. The Board considers that its current Directors possess the necessary competencies and knowledge to lead and govern the Group effectively and the Board composition is optimal to support the Group's needs in the long term. The Board is mindful that diversity is not specific to gender or certain personal attributes and would strive to ensure diversity which would enhance the long-term success of the Group. The Board will look into establishing a formal Board diversity policy.

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 2018 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.



# CORPORATE GOVERNANCE REPORT

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.

During FY2022, 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. 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 FY2022, 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.

Pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST, the continued appointment of an independent director after the director has served on the Board for an aggregate period of more than 9 years will be subject to a two-tier vote and approval must be sought in separate resolutions by (a) all shareholders and (b) shareholders excluding the directors and the chief executive officer of the Company and their associates. The Company had at the annual general meeting ("AGM") held on 12 July 2021 obtained shareholders' approvals for the resolutions on Mr Koji Miura and Mr Chan Ching Chuen's continued appointment as an independent director, such resolutions to remain in force until the earlier of Mr Koji Miura or Mr Chan Ching Chuen's retirement or resignation as a Director (as the case may be); or the conclusion of the third AGM following the passing of the resolutions, i.e. the AGM in respect of the financial year ending 31 March 2024.

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 FY2022 the Independent Directors met once in the absence of key management personnel.

## 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.**

During FY2022, Mr Lee Wan Lik ("Mr Lee") was the Group's Executive Chairman and Managing Director of the Company. Mr Lee was responsible for the day-to-day operations of the Group, as well as monitoring the quality, quantity, and timeliness of the flow of information between the Board and the Management. Mr Lee is the founder of the Group and has played a key role in developing the Group's business. He is being assisted by a group of Executive Directors and Executive officers in carrying out his executive duties and responsibility for the Group's operation and business. Through the Group's success and development in these few years, Mr Lee has demonstrated his vision, strong leadership and enthusiasm in this business.

Although the roles of both the Chairman and CEO is the same person, the NC, with the concurrence of the Board is of the opinion that vesting the roles of both Chairman and CEO in the same person who is knowledgeable in the business of the Group provides strong and consistent leadership, allow for more effective planning and execution of long term business strategies. The role of Mr Lee as the Executive Chairman and CEO of the Company does not affect the independence of the Board as during FY2022, the Independent Directors make up half of the Board and majority of the Board Committees including the respective Board Committees' Chairman are Independent Directors.

In cognizant of Provision 3.1 of the Code and at the recommendation of the NC, Mr Michael Yap Kiam Siew ("Mr Yap") the Executive Director and Deputy Chairman of the Board was appointed as the CEO of the Company on 15 March 2022 in place of Mr Lee who stepped down from his position as the Managing Director and CEO. Mr Lee remains as the Executive Chairman of the Company.

# CORPORATE GOVERNANCE REPORT

As at the date of this Report, Mr Lee is the Group Executive Chairman and Mr Yap is the CEO of the Company.

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.

The CEO is responsible for the business and operational decisions of the Group. He is assisted by 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.

The Board has on 20 April 2020 appointed Mr Stephen Ho ChiMing as 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;
- 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 the Board Committees as a whole;
- (d) to review training and professional development programs for the Board;

# CORPORATE GOVERNANCE REPORT

- (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 FY2022, 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.

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"), the NC has recommended that Mr Michael Yap Kiam Siew and Mr Stephen Ho ChiMing (who will retire pursuant to Bye-Law 104 of the Company's Bye-Laws) to be nominated for re-election. In making the recommendation, the NC had considered the Directors' overall contributions and performance and competencies in fulfilling their responsibilities as Directors 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 their respective re-elections and details of the retiring Directors including the information required under Rule 720(6) of the Listing Manual, as disclosed in the section on Disclosure of Information on Directors' Seeking Re-election in this corporate governance report.

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. 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.

# CORPORATE GOVERNANCE REPORT

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 page 8 to 9 of the Annual Report for key information on the Directors.

## 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 the 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) reviewing and recommending to the Board a remuneration framework for the Board key management personnel;
- (b) reviewing 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



# CORPORATE GOVERNANCE REPORT

- (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 FY2022.

## 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 individuals 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 FY2022. 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.**

# CORPORATE GOVERNANCE REPORT

## Directors' remuneration

A breakdown, showing the level and mix of each individual director's remuneration paid or payable for FY2022 is as follows:

Name of Director	Salary	Bonus	Director's fee	Termination, retirement, and post-employment benefits	Total
Mr Lee Wan Lik - spouse of Lam Pui Wan	HK\$600,000	-	-	HK\$18,000	HK\$618,000
Mr Michael Yap Kiam Siew <sup>(1)</sup>	HK\$1,900,824	HK\$780,000	-	HK\$38,223	HK\$2,719,047
Ms Lam Pui Wan - spouse of Lee Wan Lik	HK\$208,000	-	-	-	HK\$208,000
Mr Stephen Ho ChiMing (S\$28,000)	-	-	HK\$161,000	-	HK\$161,000
Mr Koji Miura (S\$25,000)	-	-	HK\$143,750	-	HK\$143,750
Mr Chan Ching Chuen (S\$25,000)	-	-	HK\$143,750	-	HK\$143,750

### Note:

(1) Mr Michael Yap Kiam Siew was appointed the CEO of the Group on 15 March 2022.

For the FY2022, the Company has six (6) key management personnel and the disclosure of their remuneration for the FY2022 is as follows:

Remuneration band and name of key management personnel	Salary	Bonus	Termination, retirement and post-employment benefits	Total
<b>Individual remuneration is above S\$250,000 to S\$500,000 (approximately HK\$1,500,000 to HK\$3,000,000)</b>				
Ms Mary Rose T. Tan <sup>(1)</sup>	13%	-	87%	100%
<b>Individual remuneration is below S\$250,000 (approximately HK\$1,500,000)</b>				
Mr Stephen Ma	84%	14%	2%	100%
Mr Jerry Chua	71%	6%	23%	100%
Mr Rene Toling Lindio	63%	14%	23%	100%
Ms Peggy Sam	88%	12%	-	100%
Miss Eleanor Jim	84%	14%	2%	100%
Total remuneration paid in FY2022 to the key management personnel	HK\$3,662,337	HK\$518,093	HK\$2,342,014	HK\$6,522,444

### Note:

(1) Ms Mary Rose T. Tan has retired as the President of Azeus Systems Philippines Limited (a wholly owned subsidiary of the Company) on 31 January 2022.

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.

# CORPORATE GOVERNANCE REPORT

There were no employees who are substantial shareholders of the Company and are immediate family members of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeded S\$100,000 in FY2022.

There were no termination of any Directors and Key Management Personnel during FY2022.

## 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 the Management and the Board.

The Company does not have a Risk Management Committee. However, the 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 28 of the Notes to the Financial Statements on pages 78 to 85 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.

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 FY2022, 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

# CORPORATE GOVERNANCE REPORT

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 the 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;
- (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 Officer 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 the 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 FY2022, the remuneration paid to the external auditor, PricewaterhouseCoopers LLP ("**PwC**") in relation to audit services was HK\$1,365,000. There were no non-audit fees paid to the external auditor in FY2022.

The AC has reviewed and is satisfied that the external auditor is independent.

The AC has recommended and the Board has approved the nomination for the re-appointment of PwC as the external auditors of the Company at the forthcoming AGM.



# CORPORATE GOVERNANCE REPORT

The AC has confirmed the Company has complied with Rule 712 of the Listing Manual of the SGX-ST in that PwC 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 Company has outsourced its internal audit function to an independent qualified firm of auditors - Moore Advisory Services Limited ("**Moore Advisory**"), as its internal auditor, to review the effectiveness of the Company's material internal controls.

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.

During FY2022 Moore Advisory reviewed key internal controls in selected areas as advised by the AC and 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. The AC considers the effectiveness of responses/actions taken by Management on the audit recommendations and observations.

For FY2022 the AC is satisfied that Moore Advisory had been able to discharge its duties effectively as the Internal Auditor. Moore Advisory has unfettered access to all of the Company's documents, records, properties and personnel, including to the AC. Moore Advisory has adequate resources to perform its functions effectively and it is independent from the activities that it audits and has appropriate standing within the Group. The AC is satisfied that the internal audit function is independent, effective and adequately resourced.

In line with the Code, a private session between the AC with the external and the internal auditors is held annually to discuss any matters concerning the Company without the presence of the Management. The AC has met with the external and the internal auditors in the absence of key management personnel in FY2022.

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, and any person receiving such concern raised should inform the Azeus Global HR Manager, and/or the Chairperson of the Audit Committee (contact details of whom are set out in the whistleblowing policy). The AC upon receipt of the 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 FY2022, there were no complaints nor concerns of issues received by the AC.

# CORPORATE GOVERNANCE REPORT

## 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.

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.

In 2021, the Company conducted its first hybrid AGM which was held both physically ("**physical AGM**") and via electronic means ("**virtual AGM**") adhering to the COVID-19 (Temporary Measures) (Control Order) Regulations 2020 and the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "**Order**") respectively.

The AGM was conducted using the AGM@Convene platform which enabled shareholders who attended the virtual AGM to have real-time two-way interaction with the Company's management and Board of Directors, and also provides the option of live voting and interactive video question and answer session with the Board, in addition to the written questions. The hybrid AGM 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 be holding its AGM via Hybrid mode for the FY2022.

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.

# CORPORATE GOVERNANCE REPORT

Subject to shareholders' approval at the forthcoming AGM, the Board has recommended a final dividend of HK\$1.62 per share for the financial year ended FY2022.

## 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 are issued to all shareholders of the Company. The Notice of AGM or SGM is also advertised in newspaper 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.

For FY2022, the Company will be relying on the Order and the Company's Bye-Law, in which the Annual Report, notice of AGM, proxy form and Circular (for the renewal of share buy-back mandate) ("**AGM documents**") will be available to shareholders through electronic means via publication on the company's website and on the SGX-ST website at the URL <https://www.sgx.com/securities/company-announcements>. Printed copies of the AGM documents will not be sent to shareholders.

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.

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.

# CORPORATE GOVERNANCE REPORT

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. There were no interested person transactions of S\$100,000 and above during FY2022.

## **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 FY2022 will be released by end of July 2022.

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



## DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

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

	<b>Mr Michael Yap Kiam Siew</b>	<b>Mr Stephen Ho ChiMing</b>
Date of Appointment	14 September 2004	20 April 2020
Date of last re-appointment	4 July 2019	13 August 2020
Age	61	62
Country of principal residence	Singapore	Taiwan
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Michael Yap Kiam Siew as the Chief Executive Officer and 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.	The re-election of Mr Stephen Ho ChiMing as the Independent 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.
Whether appointment is executive, and if so, the area of responsibility	Executive. Mr Yap's areas of focus include: <ul style="list-style-type: none"> <li>- Scaling the business</li> <li>- Oversight to develop and nurture key new markets</li> <li>- Guidance in go-to-market planning and activities</li> <li>- Recruitment and development of talents</li> </ul>	Non-Executive.
Job Title (e.g. Lead ID, AC Chairman, AC Member, etc)	Chief Executive Officer, Executive Director and Deputy Chairman of the Board.	Lead Independent Director, Chairman of Remuneration Committee and a member of the Audit and Nominating Committees.
Professional qualifications	Bachelor of Science and Master of Science.	Master of Business Administration, major in Finance; Master of Science, Civil Engineering; Bachelor of Science, Construction Engineering.

## DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr Michael Yap Kiam Siew	Mr Stephen Ho ChiMing
Working experience and occupation(s) during the past 10 years	<ul style="list-style-type: none"> <li>- Chief Executive Officer of Azeus Systems Holdings Ltd (15 March 2022 to present)</li> <li>- Executive Director and Deputy Board Chairman of Azeus Systems Holdings Ltd (20 April 2020 to present)</li> <li>- Director of Convene SG Pte. Ltd, a wholly owned subsidiary of Azeus Systems Holdings Ltd (5 January 2021 to present)</li> <li>- Managing Director of TNB Ventures Pte Ltd (from May 2015 to present)</li> <li>- Principal of Co-Foundry Pte Ltd (from Aug 2013 to present)</li> <li>- Lead Independent Director of Azeus Systems Holdings Ltd (March 2014 to April 2020)</li> <li>- Independent Director of Azeus Systems Holdings Ltd (September 2004 to March 2014)</li> <li>- Deputy CEO of Media Development Authority of Singapore (from June 2006 to January 2013)</li> </ul>	<ul style="list-style-type: none"> <li>- Senior Consultant of Institutional Banking Group, DBS (Taiwan) Ltd (July 2019-present)</li> <li>- Managing Director of Institutional Banking Group, DBS (Taiwan) Ltd (March 2014 to June 2019)</li> <li>- CEO / Managing Director of DBS Asia Capital, Hong Kong (May 2011 to July 2013)</li> </ul>
Shareholding interest in the listed issuer and its subsidiaries	No	No
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	No	No
Conflict of Interests (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
<b>Other Principal Commitments* Including Directorships#</b>		
Past (for the last 5 years)	<ul style="list-style-type: none"> <li>- Advisor, NTU, Singapore</li> <li>- Professor (Adjunct), NUS, Singapore</li> </ul>	Nil
Present	<ul style="list-style-type: none"> <li>- Convene SG Pte. Ltd: Director</li> <li>- TNB Ventures Pte Ltd: Chairman</li> <li>- Co-Foundry Pte Ltd: Chairman</li> </ul>	<ul style="list-style-type: none"> <li>- Institutional Banking Group, DBS (Taiwan) Ltd: Senior Consultant</li> </ul>

## DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr Michael Yap Kiam Siew	Mr Stephen Ho ChiMing
<b>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.</b>		
(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	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	No
(c) Whether there is any unsatisfied judgment against him?	No	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	No

## DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr Michael Yap Kiam Siew	Mr Stephen Ho ChiMing
(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	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	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	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	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	No



## DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr Michael Yap Kiam Siew	Mr Stephen Ho ChiMing
<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	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	No

## DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mr Michael Yap Kiam Siew	Mr Stephen Ho ChiMing
<b>Disclosure applicable to the appointment of Director only</b>		
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. 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.	Not Applicable  This is a re-election of a director.	Not Applicable  This is a re-election of a director.
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).	Not Applicable  This is a re-election of a director.	Not Applicable  This is a re-election of a director.

# DIRECTORS' STATEMENT

For the financial year ended 31 March 2022

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 March 2022 and the balance sheet of the Company as at 31 March 2022.

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 40 to 90 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 2022 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 31.3.2022	At 1.4.2021	At 31.3.2022	At 1.4.2021
<b>Azeus Systems Holdings Ltd.</b>				
<u>(No. of ordinary shares)</u>				
Mr Lee Wan Lik	8,032,132 <sup>(1)</sup>	8,032,132 <sup>(1)</sup>	15,300,000 <sup>(2)</sup>	15,300,000 <sup>(2)</sup>
Ms Lam Pui Wan (deceased)	1,400,000 <sup>(1)</sup>	1,400,000 <sup>(1)</sup>	15,300,000 <sup>(2)</sup>	15,300,000 <sup>(2)</sup>
<b>Ultimate Holding Corporation - Mu Xia Ltd</b>				
<u>(No. of ordinary shares)</u>				
Mr Lee Wan Lik	1,200	1,200	10,800	10,800
Ms Lam Pui Wan (deceased)	10,800	10,800	1,200	1,200

- (1) Ms Lam Pui Wan is the spouse of Mr Lee Wan Lik. Hence, 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 also each deemed to be interested in these shares held by Mu Xia Ltd by virtue of them holding equity interest of 10% and 90% respectively in Mu Xia Ltd.

# DIRECTORS' STATEMENT

For the financial year ended 31 March 2022

- (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 2022 were the same as those as at 31 March 2022.

## 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

22 June 2022

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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 2022, 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 2022;
- the balance sheets of the Group and of the Company as at 31 March 2022;
- 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 2022. 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 3 main revenue streams under provision of IT services:</p> <ul style="list-style-type: none"> <li>i) Systems implementation and enhancement (FY2022: HK\$30.2 mil, FY2021: HK\$19.0 mil);</li> <li>ii) Sales of hardware and software (FY2022: HK\$0.1 mil, FY2021: HK\$0.6 mil); and</li> <li>iii) Maintenance and support services (FY2022: HK\$47.9 mil, FY2021: HK\$45.3 mil).</li> </ul> <p>For the financial year ended 31 March 2022, revenue from the provision of systems implementation and enhancement services represented 13.9% of the Group revenue (FY2021: 10.6%).</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. 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 and the other sections of the annual report ("the Other Sections") are 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 Other Sections, 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.

# INDEPENDENT AUDITOR'S REPORT

To the Members of Azeus Systems Holdings Ltd.

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

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.

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,  
22 June 2022



# CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 March 2022

	Notes	2022 HK\$'000	2021 HK\$'000
Revenue	4	217,658	178,065
Cost of sales	5	(60,054)	(55,270)
Gross profit		157,604	122,795
Other income	7	326	1,006
Other (losses)/gains	8	(765)	6,480
Impairment losses of financial assets	9	(4,565)	(499)
Expenses			
- Research and development expenses	5	(27,589)	(36,783)
- Selling and marketing	5	(40,062)	(31,855)
- Administrative	5	(35,564)	(31,177)
- Finance cost – lease interest	27	(370)	(648)
Profit before income tax		49,015	29,319
Income tax expense	10(a)	(565)	(5,660)
<b>Total profit</b>		<b>48,450</b>	<b>23,659</b>
<b>Other comprehensive income:</b>			
Items that may be reclassified subsequently to profit or loss:			
Currency translation (losses)/gains arising from consolidation		(1,229)	302
Items that will not be reclassified subsequently to profit or loss:			
Actuarial (losses)/gains on defined retirement benefits	20	(139)	565
Tax credit/(expense) on actuarial (losses)/gains	21	241	(57)
		102	508
<b>Other comprehensive (losses)/gains, net of tax</b>		<b>(1,127)</b>	<b>810</b>
<b>Total comprehensive income</b>		<b>47,323</b>	<b>24,469</b>
<b>Profit attributable to:</b>			
Equity holders of the Company		48,450	23,659
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company		47,323	24,469
<b>Earnings per share for profit attributable to equity holders of the Company (HK\$ per share)</b>			
- Basic	11	1.62	0.79
- Diluted	11	1.62	0.79

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

# BALANCE SHEETS

As at 31 March 2022

		Group		Company	
		31 March 2022 HK\$'000	31 March 2021 HK\$'000	31 March 2022 HK\$'000	31 March 2021 HK\$'000
	Notes				
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and bank deposits	12	201,296	158,284	526	722
Trade and other receivables	13	36,116	40,740	107,765	63,559
Contract assets	15	11,010	6,766	-	-
Current income tax assets	10(b)	336	978	-	-
		248,758	206,768	108,291	64,281
<b>Non-current assets</b>					
Investments in subsidiaries	16	-	-	52,991	52,991
Property, plant and equipment	17	898	1,126	-	-
Right-of-use assets	27	3,623	8,602	-	-
Intangible assets	18	647	2,861	-	-
Deferred income tax assets	21	1,517	1,113	-	-
Refundable deposits		4,094	1,601	-	-
		10,779	15,303	52,991	52,991
<b>Total assets</b>		259,537	222,071	161,282	117,272
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	19	19,910	18,085	3,048	1,316
Contract liabilities	15	67,892	62,589	-	-
Lease liabilities	27	3,509	5,710	-	-
Current income tax liabilities	10(b)	1,338	626	-	-
		92,649	87,010	3,048	1,316
<b>Non-current liabilities</b>					
Contract liabilities	15	1,066	1,914	-	-
Lease liabilities	27	493	3,514	-	-
Provision for defined retirement benefits	20	10,642	10,569	-	-
		12,201	15,997	-	-
<b>Total liabilities</b>		104,850	103,007	3,048	1,316
<b>NET ASSETS</b>		154,687	119,064	158,234	115,956
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	22	46,800	46,800	46,800	46,800
Share premium	23	56,489	56,489	56,726	56,726
Foreign currency translation reserve		3,039	4,289	-	-
Other reserves	23	1,750	1,589	-	-
Defined retirement benefits		(6,105)	(6,207)	-	-
Retained profit	24	52,714	16,104	54,708	12,430
<b>Total equity</b>		154,687	119,064	158,234	115,956

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2022

← Attributable to equity holders of the Company →							
Notes	Share capital HK\$'000	Share premium HK\$'000	Foreign currency translation reserve HK\$'000	Other reserves HK\$'000	Defined retirement benefits HK\$'000	Retained Profits HK\$'000	Total equity HK\$'000
<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	25	-	-	-	-	(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>
<b>2021</b>							
<b>Beginning of financial year</b>	46,800	56,489	3,987	1,383	(6,715)	(1,049)	100,895
Profit for the year	-	-	-	-	-	23,659	23,659
Other comprehensive income for the year	-	-	302	-	508	-	810
<b>Total comprehensive income for the year</b>	-	-	302	-	508	23,659	24,469
Transfer from retained profits to other reserves	-	-	-	206	-	(206)	-
FY2020 final dividends paid	25	-	-	-	-	(6,300)	(6,300)
<b>End of financial year</b>	<b>46,800</b>	<b>56,489</b>	<b>4,289</b>	<b>1,589</b>	<b>(6,207)</b>	<b>16,104</b>	<b>119,064</b>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2022

	Note	Group	
		2022 HK\$'000	2021 HK\$'000
<b>Cash flows from operating activities</b>			
Total profit		48,450	23,659
Adjustments for:			
- Income tax expense		565	5,660
- Depreciation of property, plant and equipment		828	489
- Depreciation of right-of-use assets		4,959	5,103
- Amortisation of intangible assets		2,214	3,483
- Interest income		(24)	(15)
- Finance cost - lease interest		370	648
- Defined retirement benefits expense		2,008	1,949
		59,370	40,976
Change in working capital:			
- Trade and other receivables		1,982	3,276
- Contract assets		(6,668)	14,113
- Refundable deposits		(1,069)	25
- Trade and other payables		1,845	(3,225)
- Provision for defined retirement benefits		(1,469)	(1,447)
- Contract liabilities		4,455	27,585
Cash generated from operations		58,446	81,303
Income tax paid		(395)	(3,720)
<b>Net cash provided by operating activities</b>		58,051	77,583
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment		(630)	(397)
Disposal of property, plant and equipment		18	-
Interest received		24	15
<b>Net cash used in investing activities</b>		(588)	(382)
<b>Cash flows from financing activities</b>			
Increase in restricted cash		(622)	(5)
Dividends paid to equity holders of the Company		(11,700)	(6,300)
Principal payment of lease liabilities		(5,222)	(4,922)
Payment of interest on lease liabilities		(370)	(648)
<b>Net cash used in financing activities</b>		(17,914)	(11,875)
<b>Net increase in cash and cash equivalents</b>		39,549	65,326
<b>Cash and cash equivalents</b>			
Beginning of financial year		156,266	100,019
Effects of currency translation on cash and cash equivalents		2,841	(9,079)
End of financial year	12	198,656	156,266

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2022

## Reconciliation of liabilities from financing activities

	1 April 2021 HK\$'000	Additions HK\$'000	Principal and interest payment HK\$'000	Interest expense HK\$'000	Non-cash changes Foreign exchange movement HK\$'000	31 March 2022 HK\$'000
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### FY2022

Lease liabilities	9,224	–	(5,592)	370	–	4,002
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	1 April 2020 HK\$'000	Additions HK\$'000	Principal and interest payment HK\$'000	Interest expense HK\$'000	Non-cash changes Foreign exchange movement HK\$'000	31 March 2021 HK\$'000
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### FY2021

Lease liabilities	13,396	675	(5,570)	648	75	9,224
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The accompanying notes form an integral part of these financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

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 33rd Floor, Cambridge House, Taikoo Place, 979 King’s Road, Quarry Bay, 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 16.

## 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.

#### Interpretations and amendments to published standards effective in 2021

On 1 April 2021, 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.

### 2.2 New or revised SFRS(I) and SFRS(I) INT issued at the reporting date but not yet effective

New standards, amendments to standards and interpretations that have been issued at the end of the reporting period but are not yet effective for the financial year ended 31 March 2022 have not been applied in preparing these financial statements. None of these are expected to have significant effect on the financial statements of the Group and the Company.

### 2.3 Revenue

#### (a) Revenue from IT services contracts

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

There are three main revenue streams under provision of IT services:

- i) Systems implementation and enhancement
- ii) Sales of hardware and software
- iii) Maintenance and support services

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 2. Significant accounting policies (continued)

### 2.3 Revenue (continued)

#### (a) Revenue from IT services contracts (continued)

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.

##### i) Systems implementation and enhancement

The IT services 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.

#### (b) Product licensing income

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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 2. Significant accounting policies (continued)

### 2.3 Revenue (continued)

#### (c) *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.

#### (d) *Interest income*

Interest income is recognised using the effective interest method.

#### (e) *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 2022

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 2. Significant accounting policies (continued)

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

#### (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.

#### (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.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 2. Significant accounting policies (continued)

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

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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 2. Significant accounting policies (continued)

### 2.9 Financial assets (continued)

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

##### At subsequent measurement (continued)

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

- 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".
- 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".

#### (ii) 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 28 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 2. Significant accounting policies (continued)

### 2.9 Financial assets (continued)

#### (c) Recognition and derecognition (continued)

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.

### 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 conveys 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 2. Significant accounting policies (continued)

### 2.12 Leases (continued)

- Lease liabilities (continued)

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 it 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.

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 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 2. Significant accounting policies (continued)

### 2.13 Income taxes (continued)

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
- (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.

### 2.14 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.

### 2.15 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.

### 2.16 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.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 2. Significant accounting policies (continued)

### 2.16 Employee compensation (continued)

#### (b) Pension benefits

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

##### 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 2022

## 2. Significant accounting policies (continued)

### 2.16 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 is 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.

### 2.17 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 (losses)/gains". 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 2022

## 2. Significant accounting policies (continued)

### 2.17 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.

### 2.18 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.

### 2.19 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.

### 2.20 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.

### 2.21 Dividends to Company's shareholders

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

### 2.22 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 2022

## 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 provision 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 2022, HK\$6.7 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\$0.7 million and HK\$0.8 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 20.

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 20. 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 2022

## 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>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
	<b>63</b>	<b>78,146</b>	<b>78,209</b>
<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
	<b>20,659</b>	<b>118,790</b>	<b>139,449</b>
	<b>20,722</b>	<b>196,936</b>	<b>217,658</b>
<b>2021</b>			
<b>IT Services</b>			
Systems implementation and enhancement	–	18,954	18,954
Sales of hardware and software	597	–	597
Maintenance and support services	–	45,320	45,320
	<b>597</b>	<b>64,274</b>	<b>64,871</b>
<b>Azeus Products</b>			
Product licensing revenue	–	87,254	87,254
Product service revenue	19,475	–	19,475
Systems implementation and enhancement	–	4,625	4,625
Maintenance and support services	–	1,840	1,840
	<b>19,475</b>	<b>93,719</b>	<b>113,194</b>
	<b>20,072</b>	<b>157,993</b>	<b>178,065</b>

Contract assets and liabilities for IT Services contracts and Azeus Products are disclosed in Note 15. The breakdown of the Group's revenue by geographical regions are disclosed in Note 31.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 5. Expenses by nature

	Group	
	2022 HK\$'000	2021 HK\$'000
Employee compensation (Note 6)	108,548	105,689
Depreciation of property, plant and equipment (Note 17)	828	489
Depreciation of right-of-use assets (Note 27)	4,959	5,103
Amortisation of intangible assets (Note 18)	2,214	3,483
Third party hardware and software	19	431
Third party hardware and software support cost	6,804	5,753
Cost of hosting services	5,819	7,841
Project direct service cost, sub-contracting and consultancy fee	2,817	1,514
Provision of service warranties	246	-
Technical supplies and services	1,425	1,594
Referral fee	133	1,216
Sales consultancy fee	6,221	2,280
Sales commission	2,683	2,445
Marketing activities expense	7,775	4,897
Rental expense on operating leases (Note 27)	2,053	1,798
Recruitment and training	595	104
Legal and professional fees	2,501	3,350
Insurance	1,619	1,172
Fee on audit services	1,696	1,447
Utilities	1,382	1,842
Other expenses	2,932	2,637
Total cost of sales, research and development, selling and marketing and administrative expenses	163,269	155,085

## 6. Employee compensation

	Group	
	2022 HK\$'000	2021 HK\$'000
Wages and salaries	100,839	97,969
Employer's contribution to defined contribution plans	5,701	6,023
Defined retirement benefits expenses (Note 20)	2,008	1,949
Write-back of provision of other benefits	-	(180)
Write-back of provisions of unutilised leave	-	(72)
	108,548	105,689



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 7. Other income

	Group	
	2022 HK\$'000	2021 HK\$'000
Other income comprises of:		
Interest income from bank deposits	24	15
Sundry income	302	991
	<b>326</b>	<b>1,006</b>

## 8. Other (losses)/gains

	Group	
	2022 HK\$'000	2021 HK\$'000
Currency exchange (losses)/gains - net	<b>(765)</b>	6,480

## 9. Impairment losses of financial assets

	Group	
	2022 HK\$'000	2021 HK\$'000
Impairment losses of financial assets comprises of:		
Bad debts	<b>(680)</b>	(499)
Provision for impairment of VAT receivables	<b>(3,885)</b>	–
	<b>(4,565)</b>	<b>(499)</b>

During the financial year, the Philippines Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act has passed into law stricter guidelines and implementation rules on VAT claims, effective from 11 April 2021. Management has taken 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 10. Income taxes

### (a) Income tax expense

	Group	
	2022 HK\$'000	2021 HK\$'000
Tax expense attributable to profit is made up of:		
- Current income tax	2,263	2,354
- Deferred income tax credit (Note 21)	(237)	(60)
	2,026	2,294
(Over)/Under provision in prior financial years:		
- Current income tax	(513)	415
- Withholding tax	(1,474)	87
	(1,987)	502
Withholding tax	526	2,864
	565	5,660

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	
	2022 HK\$'000	2021 HK\$'000
Profit before tax	49,015	29,319
Tax calculated at domestic tax rates applicable to profit and loss in the respective countries	7,515	4,964
Effects of:		
- tax concession	(10)	(10)
- expenses not deductible for tax purposes	848	76
- income not subject to tax	(4,040)	(737)
- utilisation of previously unrecognised tax losses	(2,046)	(1,993)
- withholding tax expense	526	2,864
- (over)/under provision of withholding tax in prior financial years	(1,474)	87
- (over)/under provision of tax in prior financial years	(513)	415
- others	(241)	(6)
Tax charge	565	5,660

The weighted average applicable tax rate was 19.1% (2021: 18.9%).

During the financial year, there is a reversal of provision for withholding tax of HK\$1,474,000, while an under provision of HK\$87,000 was recorded in prior financial year. These withholding tax provisions were made in relation to the license 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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 10. Income taxes (continued)

(b) Movements in current income tax liabilities/(assets)

	Group	
	2022 HK\$'000	2021 HK\$'000
Beginning of financial year	(352)	581
Currency translation difference	(1)	18
Income tax paid	(395)	(3,720)
Income tax expense	2,263	2,354
(Over)/Under provision in prior financial years	(513)	415
End of financial year	1,002	(352)

## 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	
	2022	2021
Net profit attributable to equity holders of the Company (HK\$'000)	48,450	23,659
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	30,000	30,000
Basic earnings per share (HK dollars per share)	1.62	0.79
Diluted earnings per share (HK dollars per share)	1.62	0.79

Diluted earnings per share is the same as basic earnings per share as there are no dilutive potential ordinary shares as at 31 March 2022 and 31 March 2021.

## 12. Cash and bank deposits

	Group		Company	
	31 March 2022 HK\$'000	31 March 2021 HK\$'000	31 March 2022 HK\$'000	31 March 2021 HK\$'000
Cash at bank and on hand	198,656	156,266	526	722
Short-term bank deposits	2,640	2,018	-	-
	201,296	158,284	526	722

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 12. Cash and bank deposits (continued)

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

	Group		Company	
	31 March 2022 HK\$'000	31 March 2021 HK\$'000	31 March 2022 HK\$'000	31 March 2021 HK\$'000
Cash and bank deposit	201,296	158,284	526	722
Less: Restricted cash	(2,640)	(2,018)	-	-
Cash and cash equivalents per consolidated statement of cash flows	198,656	156,266	526	722

As at 31 March 2022, included in cash and bank deposits were bank deposits amounting to HK\$2,640,000 (31 March 2021: HK\$2,018,000) 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.

Short-term bank deposits at the balance sheet date had an average maturity of 30 days (2021: 30 days) from the end of the financial year with the following weighted average effective interest rates per annum:

	Group	
	31 March 2022 %	31 March 2021 %
Hong Kong Dollar	0.1	0.1

## 13. Trade and other receivables

	Group		Company	
	31 March 2022 HK\$'000	31 March 2021 HK\$'000	31 March 2022 HK\$'000	31 March 2021 HK\$'000
Trade receivables				
- Non-related parties	26,600	28,520	-	-
Amount due from subsidiaries				
- Non-trade (Note 14)	-	-	107,548	63,283
Prepayments	7,533	4,753	217	276
Other receivables and deposits (non-related parties)	1,983	7,467	-	-
	36,116	40,740	107,765	63,559

## 14. Amounts due from/to subsidiaries

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 15. Contract assets and liabilities

	<b>Group</b>		
	<b>31 March 2022 HK\$'000</b>	31 March 2021 HK\$'000	1 April 2020 HK\$'000
<u>Contract assets</u>			
IT service systems implementation and enhancement	<b>6,731</b>	624	3,262
IT service maintenance and support services	<b>4,279</b>	5,296	4,754
Azeus Products	-	846	4,231
Currency translation difference	-	-	-
	<b>11,010</b>	6,766	12,247
Less: Loss allowance	-	-	-
Total contract assets	<b>11,010</b>	6,766	12,247
<u>Contract liabilities</u>			
<u>Current</u>			
Azeus Products	<b>66,529</b>	59,854	32,623
IT service maintenance and support services	<b>1,363</b>	2,735	2,259
	<b>67,892</b>	62,589	34,882
<u>Non-current</u>			
Azeus Products	<b>1,066</b>	1,914	2,036
Total contract liabilities	<b>68,958</b>	64,503	36,918

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>2022 HK\$'000</b>	2021 HK\$'000
Revenue recognised in current period that was included in the contract liability balance at the beginning of the period		
- Azeus Products	<b>59,854</b>	32,623
- IT service maintenance and support services	<b>2,735</b>	2,259
Revenue recognised in current period from performance obligations satisfied in previous periods	-	-

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 15. Contract assets and liabilities (continued)

### (ii) Unsatisfied performance obligations

	Group	
	31 March 2022	31 March 2021
	\$'000	\$'000
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied as at 31 March		
- IT services	13,757	4,275
- Azeus Products	21,127	28,251
	<b>34,884</b>	<b>32,526</b>

Management expects that the transaction price allocated to unsatisfied performance obligations as at 31 March 2022 and 2021 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:				
31 March 2022	21,985	4,826	8,073	34,884
31 March 2021	13,975	5,003	13,548	32,526

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.

## 16. Investments in subsidiaries

	Company	
	31 March 2022	31 March 2021
	HK\$'000	HK\$'000
<i>Equity investments at cost</i>		
Beginning of financial year	57,320	57,320
Additions	-	-
	<b>57,320</b>	<b>57,320</b>
<i>Allowance for impairment</i>		
Beginning of financial year	(4,329)	(4,329)
Allowance made	-	-
	<b>(4,329)</b>	<b>(4,329)</b>
End of financial year	<b>52,991</b>	<b>52,991</b>



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 16. Investments in subsidiaries (continued)

The Group had the following subsidiaries as at 31 March 2022 and 2021:

Name of subsidiaries	Country of business/ incorporation	Principal activities	Equity holding	
			31 March 2022	31 March 2021
			%	%
<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
Convene SG Pte Ltd <sup>(d)</sup>	Singapore	Provision of IT services and selling software and cloud based subscription services	100	100
Convene Pty Ltd <sup>(b)</sup>	Australia	Selling software and cloud based subscription services	100	100
Convene Malaysia Sdn Bhd <sup>(e)</sup>	Malaysia	Selling software and cloud based subscription services	100	100
Azeus Convene (BVI) Limited <sup>(b)</sup>	British Virgin Islands	Investment holding	100	100
Convene, Inc <sup>(b)</sup>	United States of America	Selling software and cloud based subscription services	100	100

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 16. Investments in subsidiaries (continued)

The Group had the following subsidiaries as at 31 March 2022 and 2021:

Name of subsidiaries	Country of business/ incorporation	Principal activities	Equity holding	
			31 March 2022	31 March 2021
			%	%
<u>Held by the subsidiaries</u>				
Azeus Systems Philippines, Inc. <sup>(b)</sup>	Philippines	Dormant	100	100
Azeus Systems Philippines Limited <sup>(f)</sup>	Philippines	Software development	100	100
Azeus Systems (Dalian) Co., Ltd <sup>(g)</sup>	People’s Republic of China	Software development	100	100
Convene UK Limited <sup>(b)</sup>	United Kingdom	Dormant	100	100
Convene Hong Kong Limited <sup>(b)</sup>	Hong Kong	Dormant	100	100
Convene DWC LLC <sup>(h)</sup>	Dubai	Selling software and cloud based subscription services	100	100
Convene India Private Limited <sup>(i)</sup>	India	Selling software and cloud based subscription services	100	100
Convene (SAAS) Ireland <sup>(b)</sup>	Ireland	Selling software and cloud based subscription services	100	100
Convene Sociedad Limitad <sup>(b)</sup>	Spain	Selling software and cloud based subscription services	100	100

(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 2022 to 31 March 2022.

(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 2022

## 17. 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>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	1,182	621	623	2,515	4,941
<i>Accumulated depreciation</i>					
Beginning of financial year	1,363	561	633	1,058	3,615
Depreciation charge (Note 5)	80	28	11	709	828
Disposals	(288)	-	-	(4)	(292)
Currency translation differences	(51)	(27)	(35)	5	(108)
End of financial year	1,104	562	609	1,768	4,043
<b>Net book value</b>					
<b>End of financial year</b>	78	59	14	747	898
<b>Group</b>					
<b>2021</b>					
<i>Cost</i>					
Beginning of financial year	1,445	1,566	624	4,792	8,427
Additions	-	4	-	393	397
Disposals	-	(955)	-	(3,345)	(4,300)
Currency translation differences	81	33	32	71	217
End of financial year	1,526	648	656	1,911	4,741
<i>Accumulated depreciation</i>					
Beginning of financial year	1,168	1,460	562	4,062	7,252
Depreciation charge (Note 5)	128	28	42	291	489
Disposals	-	(955)	-	(3,345)	(4,300)
Currency translation differences	67	28	29	50	174
End of financial year	1,363	561	633	1,058	3,615
<b>Net book value</b>					
<b>End of financial year</b>	163	87	23	853	1,126

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 18. Intangible assets

### Azeus Products

	Group	
	2022 HK\$'000	2021 HK\$'000
<i>Cost</i>		
Beginning and end of financial year	26,665	26,665
<i>Accumulated amortisation</i>		
Beginning of financial year	23,804	20,321
Amortisation charge	2,214	3,483
End of financial year	26,018	23,804
<b>Net book value</b>	<b>647</b>	<b>2,861</b>

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

	Group	
	2022 HK\$'000	2021 HK\$'000
Cost of sales (Note 5)	2,214	3,483

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

## 19. Trade and other payables

	Group		Company	
	31 March 2022 HK\$'000	31 March 2021 HK\$'000	31 March 2022 HK\$'000	31 March 2021 HK\$'000
<i>Current</i>				
Trade payables - non-related parties	2,868	2,370	-	-
Amount due to subsidiaries - non-trade (Note 14)	-	-	104	104
Other accruals for operating expenses	17,042	15,715	2,944	1,212
	<b>19,910</b>	<b>18,085</b>	<b>3,048</b>	<b>1,316</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 20. 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 2022</b>	31 March 2021
	<b>HK\$'000</b>	HK\$'000
Present value of funded benefit obligations	<b>22,866</b>	23,967
Fair value of plan assets	<b>(12,224)</b>	(13,398)
Retirement benefit obligation	<b>10,642</b>	10,569

The movements in the retirement benefit obligation are as follows:

	<b>Group</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Beginning of financial year	<b>10,569</b>	10,114
Currency translation differences	<b>(605)</b>	518
Charged to profit or loss (Note 6)	<b>2,008</b>	1,949
Remeasurements		
- Losses from return on plan assets	<b>513</b>	14
- Gains from change in demographic assumptions	<b>(417)</b>	(26)
- Gains from change in financial assumptions	<b>(1,653)</b>	(1,566)
- Experience losses	<b>1,696</b>	1,013
Actuarial losses/(gains) to other comprehensive income	<b>139</b>	(565)
Contributions paid	<b>(1,469)</b>	(1,447)
End of financial year	<b>10,642</b>	10,569

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

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

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

	Group	
	2022 HK\$'000	2021 HK\$'000
Beginning of financial year	23,967	20,896
Currency translation differences	(1,339)	1,090
Interest cost	1,188	1,113
Current service cost	1,469	1,447
- Changes in financial assumptions	(1,653)	(1,566)
- Changes in demographic assumptions	(417)	(26)
- Experience	1,696	1,013
Actuarial gains	(374)	(579)
Benefits paid from plan assets	(2,045)	-
End of financial year	22,866	23,967

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

	Group	
	2022 HK\$'000	2021 HK\$'000
Beginning of financial year	13,398	10,782
Currency translation differences	(734)	571
Interest income	649	612
Contributions paid	1,469	1,447
Benefits paid from plan assets	(2,045)	-
Actuarial losses on return on plan assets	(513)	(14)
End of financial year	12,224	13,398

The Group's retirement plan assets consist of:

	Group	
	31 March 2022	31 March 2021
Debt securities	97%	86%
Cash and cash equivalents	2%	*
Others	1%	14%
End of financial year	100%	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 2022

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

The amounts recognised in profit or loss are as follows:

	Group	
	2022 HK\$'000	2021 HK\$'000
Current service cost	1,469	1,447
Interest cost	1,188	1,113
Interest income	(649)	(611)
Included in "Employee compensation" (Note 6)	2,008	1,949

The principal actuarial assumptions used were as follows:

	Group	
	31 March 2022	31 March 2021
Discount rate	6%	5%
Future salary increases	6%	6%
Average remaining working life in years	26.2	26.6
Average years of past service	11.5	11.0

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\$4.0m	Decrease by HK\$3.3m
Weighted salary growth rate	1%	Decrease by HK\$3.3m	Increase by HK\$3.9m

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 2022

## 21. Deferred income taxes

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:

	<b>Group</b>	
	<b>31 March 2022</b>	31 March 2021
	<b>HK\$'000</b>	HK\$'000
Deferred income tax assets:		
- to be recovered within one year	-	-
- to be recovered after one year	<b>1,517</b>	1,113
	<b>1,517</b>	1,113

Movement in deferred income tax account is as follows:

	<b>Group</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Beginning of financial year	<b>1,113</b>	1,056
Tax credit/(expense) on actuarial gains/(losses) on defined retirement benefits credited to other comprehensive income	<b>241</b>	(57)
Currency translation differences	<b>(74)</b>	54
Tax credited to profit or loss (Note 10(a))	<b>237</b>	60
End of financial year	<b>1,517</b>	1,113

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\$25,926,000 (2021: HK\$35,113,000) 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 2022

## 21. Deferred income taxes (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>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
<b>2021</b>			
Beginning of financial year	1,012	44	1,056
Tax expense on actuarial (losses) on defined retirement benefits credited to other comprehensive income	(57)	–	(57)
Currency translation differences	52	2	54
Credited to profit or loss	50	10	60
End of financial year	1,057	56	1,113

## 22. Share capital

	No. of ordinary shares		Amount	
	Issued share capital		Share capital	
	2022	2021	2022	2021
	'000	'000	HK\$'000	HK\$'000
<b>Group and Company</b>				
Beginning and end of financial year	30,000	30,000	46,800	46,800

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 23. Share premium and other reserves

	Group		Company	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
	HK\$'000	HK\$'000	HK\$'000	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>422</b>	261	-	-
	<b>1,750</b>	1,589	-	-

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.

## 24. Retained profits

Movement in retained profits for the Company is as follows:

	Company	
	2022	2021
	HK\$'000	HK\$'000
Beginning of financial year	<b>12,430</b>	8,396
Net profit	<b>53,978</b>	10,334
Dividends paid (Note 25)	<b>(11,700)</b>	(6,300)
End of financial year	<b>54,708</b>	12,430

## 25. Dividends

	Group and Company	
	2022	2021
	HK\$'000	HK\$'000
<i>Ordinary dividends paid</i>		
Final dividend paid in respect of the previous financial year of HK\$0.39 (2021: HK\$0.21) per share	<b>11,700</b>	6,300

At the Annual General Meeting on 15 July 2022, a final dividend of HK\$1.62 per share amounting to a total of HK\$48,450,000 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 2022.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 26. Contingent liabilities

At 31 March 2022, there were contingent liabilities in respect of performance bonds amounting to HK\$1,498,000 (2021: HK\$1,021,000) issued by the banks on behalf of the Group.

## 27. 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.

	Group	
	2022 HK\$'000	2021 HK\$'000
(a) Right of use assets – Carrying amount	<b>3,623</b>	8,602
(b) Depreciation charge during the year (Note 5)	<b>4,959</b>	5,103
(c) Lease Liabilities		
<i>Current</i>	<b>3,509</b>	5,710
<i>Non-current</i>	<b>493</b>	3,514
	<b>4,002</b>	9,224
(d) Interest expense on lease liabilities	<b>370</b>	648
(e) Lease expense not capitalised in lease liabilities		
Lease expense – short-term leases (Note 5)	<b>2,053</b>	1,798
(f) Total cash outflow for all the leases in the financial year ended 31 March 2022 was \$7,645,000 (2021: \$7,368,000).		
(g) There is no addition of right-of-use assets during the financial year ended 31 March 2022 (2021: HK\$675,000).		
(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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 28. 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 United States of America, the United Kingdom, Europe and Asia 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").

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as United States Dollar ("USD"), Singapore Dollar ("SGD"), 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.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 28. Financial risk management (continued)

### (a) Market risk (continued)

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

The Group'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	Others HK\$'000
<b>As at 31 March 2022</b>						
<b>Financial assets</b>						
Cash and bank deposits	29,529	23,236	4,760	78,001	44,164	21,606
Contract assets	11,010	-	-	-	-	-
Trade and other receivables	3,245	12,427	1,087	4,515	725	6,585
Refundable deposits	3,389	-	-	-	-	705
Receivables from subsidiaries	168,444	12,250	803	15,014	12,262	22,369
	<b>215,617</b>	<b>47,913</b>	<b>6,650</b>	<b>97,530</b>	<b>57,151</b>	<b>51,265</b>
<b>Financial liabilities</b>						
Other financial liabilities	(2,970)	(4,537)	(4,617)	(2,459)	(969)	(4,358)
Payables to subsidiaries	(168,444)	(12,250)	(803)	(15,014)	(12,262)	(22,369)
	<b>(171,414)</b>	<b>(16,787)</b>	<b>(5,420)</b>	<b>(17,473)</b>	<b>(13,231)</b>	<b>(26,727)</b>
<b>Net financial assets</b>	<b>44,203</b>	<b>31,126</b>	<b>1,230</b>	<b>80,057</b>	<b>43,920</b>	<b>24,538</b>
Less: Net financial (assets)/ liabilities denominated in the respective entities' functional currencies	(44,272)	(5,671)	(3,220)	(11,447)	(10,525)	(108)
<b>Currency exposure on financial assets denominated in the respective entities' functional currencies</b>	<b>(69)</b>	<b>25,455</b>	<b>(1,990)</b>	<b>68,610</b>	<b>33,395</b>	<b>24,430</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 28. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

	HKD HK\$'000	USD HK\$'000	SGD HK\$'000	GBP HK\$'000	AUD HK\$'000	Others HK\$'000
<b>As at 31 March 2021</b>						
<b>Financial assets</b>						
Cash and bank deposits	38,545	24,071	2,995	48,466	31,515	12,692
Contract assets	5,920	42	30	774	–	–
Trade and other receivables	4,843	13,820	1,544	9,682	580	5,516
Refundable deposits	1,081	–	–	–	–	520
Receivables from subsidiaries	119,219	11,902	7	20,534	12,180	8,519
	169,608	49,835	4,576	79,456	44,275	27,247
<b>Financial liabilities</b>						
Other financial liabilities	(3,267)	(3,422)	(1,726)	(3,027)	(418)	(6,225)
Payables to subsidiaries	(119,219)	(11,902)	(7)	(20,534)	(12,180)	(8,519)
	(122,486)	(15,324)	(1,733)	(23,561)	(12,598)	(14,744)
<b>Net financial assets</b>	47,122	34,511	2,843	55,895	31,677	12,503
Less: Net financial (assets)/liabilities denominated in the respective entities' functional currencies	(46,597)	(4,516)	(3,299)	1,758	(10,425)	(4,360)
<b>Currency exposure on financial assets denominated in the respective entities' functional currencies</b>	<b>525</b>	<b>29,995</b>	<b>(456)</b>	<b>57,653</b>	<b>21,252</b>	<b>8,143</b>

As at 31 March 2022 and 31 March 2021, the net financial assets/(liabilities) denominated in a currency other than the respective functional currencies of the Group entities are mainly in AUD, USD, SGD 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 2022, if the AUD and GBP had strengthened/weakened by 5% (31 March 2021: 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\$5.1 million (2021: higher/lower by HK\$3.9 million) as a result of currency translation losses/gains on the remaining GBP-denominated financial instruments.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 28. 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 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)	-	-
<b>Net financial assets/(liabilities)</b>	<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	(107,689)	-	-	-	-
<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>
<b>As at 31 March 2021</b>					
<b>Financial assets</b>					
Cash and bank deposits	174	53	242	180	73
Trade and other receivables	63,283	-	-	-	-
	<b>63,457</b>	<b>53</b>	<b>242</b>	<b>180</b>	<b>73</b>
<b>Financial liabilities</b>					
Other financial liabilities	(204)	-	(1,112)	-	-
<b>Net financial assets/(liabilities)</b>	<b>63,253</b>	<b>53</b>	<b>(870)</b>	<b>180</b>	<b>73</b>
Less: Net financial assets denominated in the Company's functional currency	(63,253)	-	-	-	-
<b>Currency exposure on financial assets/ (liabilities) net of those denominated in the Company's functional currency</b>	<b>-</b>	<b>53</b>	<b>(870)</b>	<b>180</b>	<b>73</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 2022

## 28. Financial risk management (continued)

### (a) Market risk (continued)

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

As at 31 March 2022 and 2021, 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 2021	794	–	794
Loss allowance recognised in profit or loss during the year	(152)	–	(152)
Balance at 31 March 2022	642	–	642
Balance at 1 April 2020	1,884	–	1,884
Loss allowance recognised in profit or loss during the year	(1,090)	–	(1,090)
Balance at 31 March 2021	794	–	794

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 28. Financial risk management (continued)

### (b) Credit risk (continued)

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.

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 2022 and 31 March 2021 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	
As at 31 March 2022						
<u>Contract assets</u>						
IT Services	11,010	-	-	-	-	-
Azeus Products	-	-	-	-	-	-
	11,010	-	-	-	-	-
<u>Trade receivables</u>						
<u>IT Services</u>						
Trade receivables	1,297	41	-	-	(50)	1,288
Loss allowance	-	-	-	-	-	-
	1,297	41	-	-	(50)	1,288
<u>Azeus Products</u>						
Trade receivables	16,736	2,268	2,019	1,138	3,793	25,954
Loss allowance	-	-	-	-	(642)	(642)
	16,736	2,268	2,019	1,138	3,151	25,312

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 28. Financial risk management (continued)

### (b) Credit risk (continued)

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

Group	Past due					Total
	Current	Within 30 days	30 to 60 days	60 to 90 days	More than 90 days	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>As at 31 March 2021</b>						
<b><u>Contract assets</u></b>						
<b>IT Services</b>	5,921	–	–	–	–	5,921
<b>Azeus Products</b>	845	–	–	–	–	845
	<u>6,766</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>6,766</u>
<b><u>Trade receivables</u></b>						
<b>IT Services</b>						
Trade receivables	113	–	–	–	43	156
Loss allowance	–	–	–	–	–	–
	<u>113</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>43</u>	<u>156</u>
<b>Azeus Products</b>						
Trade receivables	8,000	4,943	6,897	2,707	6,611	29,158
Loss allowance	–	–	–	–	(794)	(794)
	<u>8,000</u>	<u>4,943</u>	<u>6,897</u>	<u>2,707</u>	<u>5,817</u>	<u>28,364</u>

#### (ii) Cash and cash equivalents

The Group and the Company held cash and cash equivalents of HK\$201,296,000 and HK\$526,000 respectively (2021: HK\$158,284,000 and HK\$722,000) 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\$107,528,000 (2021: HK\$63,283,000) 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.



# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 28. Financial risk management (continued)

### (c) Liquidity risk (continued)

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 2022</b>			
Trade and other payables	19,722	–	–
Lease liabilities	4,100	389	120
<b>At 31 March 2021</b>			
Trade and other payables	12,421	–	–
Lease liabilities	5,847	3,915	–

### (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 2022 and 2021.

### (e) Financial instruments by category

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

	Group HK\$'000	Company HK\$'000
<b>31 March 2022</b>		
Financial assets, at amortised cost	32,677	107,548
Financial liabilities, at amortised cost	14,870	3,048
<b>31 March 2021</b>		
Financial assets, at amortised cost	37,588	63,283
Financial liabilities, at amortised cost	12,609	1,316

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 29. Immediate and ultimate holding corporation

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

## 30. 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*

	Group	
	2022	2021
	HK\$'000	HK\$'000
Short term lease payment to a company which has common director	49	64

(b) *Key management personnel compensation*

Key management personnel compensation is as follows:

	Group	
	2022	2021
	HK\$'000	HK\$'000
Salaries and other short-term employee benefits	8,118	6,937
Employer's contribution to:		
- defined contribution plans	254	105
- defined retirement benefits	2,144	320
	10,516	7,362

Included in the above is total compensation to directors of the Company amounting to HK\$3,994,000 (2021: HK\$2,719,000).

## 31. 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.

Because of the significant increase in Azeus Products revenue and its selling and marketing expenses and assets, the Exco considers the Group to have 2 operating segments which are the provision of Professional IT Services and sale and licensing of proprietary products ("Azeus Products"). There are 3 major revenue streams under Professional IT Services: Systems implementation and enhancement, sales of hardware and software and maintenance and support services.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 31. Segmental information (continued)

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

	IT Services		Azeus Products		Total	
	<b>FY2022</b> <b>HK\$'000</b>	FY2021 HK\$'000	<b>FY2022</b> <b>HK\$'000</b>	FY2021 HK\$'000	<b>FY2022</b> <b>HK\$'000</b>	FY2021 HK\$'000
<b>For the year ended 31 March</b>						
Segment revenue	<b>78,209</b>	64,871	<b>139,449</b>	113,194	<b>217,658</b>	178,065
Segment results	<b>35,505</b>	26,453	<b>56,662</b>	32,781	<b>92,167</b>	59,234
Amortisation of Intangible assets	-	-	<b>(2,214)</b>	(3,483)	<b>(2,214)</b>	(3,483)
<b>Unallocated income/(expenses)</b>						
Other income and interest income					<b>326</b>	1,006
Administrative salaries					<b>(12,213)</b>	(8,268)
Technical services and supplies					<b>(1,425)</b>	(1,594)
Provision for impairment of VAT receivables					<b>(3,885)</b>	
Other (losses)/gains - net					<b>(765)</b>	6,480
Depreciation of property, plant and equipment					<b>(828)</b>	(489)
Depreciation of right-of-use asset					<b>(4,959)</b>	(5,103)
Defined retirement benefit expense					<b>(2,008)</b>	(1,949)
Directors' compensation					<b>(3,994)</b>	(2,719)
Rental expense on operating lease					<b>(2,053)</b>	(1,798)
Legal and professional fees					<b>(2,501)</b>	(3,350)
Insurance					<b>(1,619)</b>	(1,172)
Fees on audit services					<b>(1,696)</b>	(1,447)
Other expenses					<b>(3,318)</b>	(6,029)
Profit before tax					<b>49,015</b>	29,319
Income tax expense					<b>(565)</b>	(5,660)
Profit for the year					<b>48,450</b>	23,659

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 31. Segmental information (continued)

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

	IT Services		Azeus Products		Total	
	31 Mar 2022 HK\$'000	31 Mar 2021 HK\$'000	31 Mar 2022 HK\$'000	31 Mar 2021 HK\$'000	31 Mar 2022 HK\$'000	31 Mar 2021 HK\$'000
<b>Assets and liabilities</b>						
Segment assets	<b>15,091</b>	8,711	<b>29,717</b>	34,183	<b>44,808</b>	42,894
Unallocated assets:						
Refundable deposits					<b>4,094</b>	1,601
Property, plant and equipment					<b>898</b>	1,126
Right-of-use assets					<b>3,623</b>	8,602
Deferred income tax assets					<b>1,517</b>	1,113
Cash and cash equivalents					<b>201,296</b>	158,284
Other receivables and deposits					<b>1,983</b>	6,878
Prepayments					<b>982</b>	595
Current income tax assets					<b>336</b>	978
					<b>214,729</b>	179,177
Total assets					<b>259,537</b>	222,071
Segment liabilities	<b>1,465</b>	4,526	<b>76,235</b>	66,787	<b>77,700</b>	71,313
Unallocated liabilities:						
Trade and other payables					<b>11,168</b>	11,275
Lease liabilities					<b>4,002</b>	9,224
Current income tax liabilities					<b>1,338</b>	626
Provision for defined retirement benefits					<b>10,642</b>	10,569
					<b>27,150</b>	31,694
Total liabilities					<b>104,850</b>	103,007

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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

## 31. Segmental information (continued)

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

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

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

	<b>Group</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
IT Services	<b>78,209</b>	64,871
Azeus Products	<b>139,449</b>	113,194
<b>Total</b>	<b>217,658</b>	178,065

### (b) Geographical information

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

	<b>Sales for continuing operations</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Hong Kong and Asia	<b>116,749</b>	93,670
United Kingdom and Europe	<b>39,365</b>	34,808
Australia and New Zealand	<b>17,516</b>	15,773
North America	<b>12,001</b>	9,479
Middle East	<b>20,446</b>	14,872
Africa	<b>11,581</b>	9,463
<b>Total</b>	<b>217,658</b>	178,065

	<b>Non-current assets</b>	
	<b>2022</b>	2021
	<b>HK\$'000</b>	HK\$'000
Hong Kong and Asia	<b>6,387</b>	6,217
United Kingdom	<b>61</b>	706
Philippines	<b>3,662</b>	4,991
Bermuda and British Virgin Islands	<b>647</b>	2,861
Others	<b>22</b>	528
<b>Total</b>	<b>10,779</b>	15,303

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 2022

## 32. 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 2022 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) 1-16 Property, Plant and Equipment:** Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022)

The amendment to SFRS(I) 1-16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities. The Group does not expect any significant impact arising from applying these amendments.

**Amendments to SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets:** Onerous Contracts – Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022)

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the costs of fulfilling it and any compensation or penalties arising from failure to fulfil it. The amendment to SFRS(I) 1-37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts.

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

## 33. Impact of COVID-19

Subsequent to the outbreak of the Coronavirus Disease ("COVID-19 outbreak"), a series of measures to curb the COVID-19 outbreak have been and continues to be implemented in countries where the Group operates. The Group is closely monitoring the development of the COVID-19 outbreak and its related impact on the Group's businesses. As at the date of these financial statements, the Group is not aware of any material impact on the financial statements arising from the COVID-19 outbreak.

## 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 22 June 2022.



# STATISTICS OF SHAREHOLDINGS

As at 1 June 2022

AUTHORISED NUMBER OF SHARES	:	40 MILLION SHARES
AUTHORISED SHARE CAPITAL	:	US\$8 MILLION (HK\$62.4 MILLION)
ISSUED AND FULLY PAID-UP CAPITAL	:	US\$6 MILLION (HK\$46.8 MILLION)
NUMBER OF ISSUED SHARES	:	29,999,993 SHARES
CLASS OF SHARES	:	ORDINARY SHARE
VOTING RIGHTS	:	ONE VOTE PER SHARE

## DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	5	1.46	225	0.00
100 - 1,000	207	60.35	103,289	0.35
1,001 - 10,000	80	23.32	353,315	1.18
10,001 - 1,000,000	47	13.70	3,432,932	11.44
1,000,001 AND ABOVE	4	1.17	26,110,232	87.03
<b>TOTAL</b>	<b>343</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	LAM PUI WAN	1,400,000	4.67
4	ABN AMRO CLEARING BANK N.V.	1,378,100	4.59
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	256,500	0.86
9	CITIBANK NOMINEES SINGAPORE PTE LTD	187,900	0.63
10	DBS NOMINEES (PRIVATE) LIMITED	150,000	0.50
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	PHILLIP SECURITIES PTE LTD	60,000	0.20
19	YONG FAH KIEM	60,000	0.20
20	LIM & TAN SECURITIES PTE LTD	58,500	0.20
<b>TOTAL</b>		<b>28,716,997</b>	<b>95.73</b>

# STATISTICS OF SHAREHOLDINGS

As at 1 June 2022

## 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 1 June 2022, 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 Friday 15 July 2022 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 2022, together with the Directors’ Statement and the Auditor’s Report thereon. **[Resolution 1]**
2. To declare a first and final dividend of HK\$1.62 per share for the financial year ended 31 March 2022. **[Resolution 2]**
3. To approve the payment of Directors’ Fees of S\$78,000 for the financial year ended 31 March 2022. [2021: S\$78,000] **[Resolution 3]**
4. To re-elect Mr Michael Yap Kiam Siew, a Director who retires pursuant to Bye-Law 104 of the Company’s Bye-Laws. **[See Explanatory Note (i)]** **[Resolution 4]**
5. To re-elect Mr Stephen Ho ChiMing, a Director who retires pursuant to Bye-Law 104 of the Company’s Bye-Laws. **[See Explanatory Note (ii)]** **[Resolution 5]**
6. To re-appoint Messrs PricewaterhouseCoopers LLP as Auditors and to authorize the Directors to fix their remuneration. **[Resolution 6]**

## 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;

# NOTICE OF ANNUAL GENERAL MEETING

- (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.

**[See Explanatory Note (iii)]**

**[Resolution 7]**

## 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 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.

# NOTICE OF ANNUAL 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.

**"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 8]**

# NOTICE OF ANNUAL GENERAL MEETING

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, 23 June 2022

## Explanatory Notes

- (i) **Resolution 4**, Mr Michael Yap Kiam Siew if re-elected, will remain as an Chief Executive Officer and Executive Director of the Company, and continue to serve as Deputy Chairman of the Board.
- (ii) **Resolution 5**, Mr Stephen Ho ChiMing, a Lead Independent Director if re-elected, will remain as Chairman of the Remuneration Committee and a Member of the Audit and Nominating Committees. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. Mr Stephen Ho ChiMing has no relationship (including immediate family relationships) with the rest of the Directors, the Company, its related corporation, its 10% shareholders or its officers.

Further information on the abovementioned directors can be found under the section title "Board of Directors", "Corporate Governance Report" and "Disclosure of Information on Directors' Seeking Re-election" of the Annual Report 2022.

- (iii) **Resolution 7**, 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 7 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 8**, 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 8 are set out in Appendix Circular to the Annual Report dated 23 June 2022.



# NOTICE OF ANNUAL GENERAL MEETING

## IMPORTANT INFORMATION

The Annual General Meeting is being convened and will be held physically pursuant to the COVID-19 (Temporary Measures) (Control Order) Regulations 2020 ("Physical Meeting") and by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("Virtual Meeting").

Shareholders of the Company ("**Shareholders**") should take note of the following arrangements for the conduct of the AGM on 15 July 2022:

### (a) Attendance

Due to current COVID-19 restrictions, the Company will restrict the number of attendees at the Physical Meeting and the Directors shall determine such number of shareholders attending the Physical Meeting in compliance with the Ministry of Health ("MOH") advisory.

<b><u>Virtual Meeting</u></b>	<b><u>Physical Meeting</u></b>
<p><u>Pre-registration</u></p> <p>Proceedings of the AGM will be broadcasted through live audiovisual and audio-only feeds ("Live Webcast").</p> <p>All Shareholders must pre-register online at the URL: <a href="https://conveneagm.sg/azeusagm2022">https://conveneagm.sg/azeusagm2022</a> for verification purposes by 10:00 a.m. on 13 July 2022.</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/azeusagm2022">https://conveneagm.sg/azeusagm2022</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 13 July 2022), failing which the appointment shall be invalid.</p> <p>Following verification, the Company will provide authenticated Shareholders and Proxyholders with a confirmation email by 14 July 2022 ("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> <li>(ii) Observe the AGM proceedings by dialing in to the telephone number provided in the email.</li> </ul> <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><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>All Shareholders must pre-register online at the URL: <a href="https://conveneagm.sg/azeusagm2022">https://conveneagm.sg/azeusagm2022</a> for verification purposes by 10:00 a.m. on 13 July 2022.</p> <p>Due to limited number of attendees at the AGM venue in compliance with MOH advisory, 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/azeusagm2022">https://conveneagm.sg/azeusagm2022</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 13 July 2022), failing which the appointment shall be invalid.</p> <p>Authenticated Shareholders and Proxyholders who are successful in the pre-registration to attend the Physical Meeting will receive an email by 14 July 2022 ("Confirmation Email for Physical Meeting") via the e-mail address provided during pre-registration or as indicated in the Proxy Form.</p>

# NOTICE OF ANNUAL GENERAL MEETING

<p>Shareholders who have registered by 10:00 a.m. on 13 July 2022 but have not received the Confirmation Email for Virtual Meeting by 14 July 2022, 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 who are unsuccessful in the pre-registration to attend the Physical Meeting will receive Confirmation Email for Virtual Meeting by 14 July 2022 to attend the Virtual Meeting 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> <li>(ii) Observe the AGM proceedings by dialing in to the telephone number provided in the email.</li> </ul> <p>Shareholders who have registered by 10:00 a.m. on 13 July 2022 but have not received the Confirmation Email for Physical Meeting or the Confirmation Email for Virtual Meeting, as the case may be, by 14 July 2022, 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) Submitting questions in advance of the AGM

Shareholders and Investors 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/azeusagm2022>

All questions submitted in advance of the AGM via any of the above must be received by 10:00 a.m. on 6 July 2022.

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 8 July 2022 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

Virtual Meeting	Physical Meeting
<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.

Shareholders and Proxyholders will be required to log-in via the e-mail address 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 via the Live Webcast 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 (d) 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. Duly completed Proxy Forms must be:

- (1) 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
- (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) Pre-registration website at the URL: <https://conveneagm.sg/azeusagm2022> in electronic format, and submitted 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 13 July 2022).

The Proxy Form can be downloaded from SGXNET or the Company's website at the URL: <https://www.azeus.com/category/announcements/>. In the Proxy Form, a 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.

(d) **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 to specify voting instructions. 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 5 July 2022), to ensure that their votes are submitted.

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

- (i) Azeus Annual Report for the financial year ended 31 March 2022 has been published on the Company's corporate website at the URL: <https://www.azeus.com/investors/annual-reports/> and on SGXNET.
- (ii) All other documents and information relating to the business of the AGM (including the Proxy Form and the Circular) have been published on SGXNET at the URL: <https://www.sgx.com/securities/company-announcements> and the Company's website at the URL: <https://www.azeus.com/category/announcements/>.

**Printed copies will not be sent to Shareholders.**

(f) **Precautionary measures to minimise the risk of COVID-19**

The following steps will be taken for shareholders and others attending the AGM to help minimise the risk of community spread of the virus:

- (i) All persons attending the Physical Meeting will be required to wear face masks.
- (ii) Shareholders and Proxyholders who received the Confirmation Email for Physical Meeting but who are feeling unwell on the date of the AGM are advised not to attend the Physical Meeting. They will be able to attend the Virtual Meeting instead.
- (iii) Shareholders and Proxyholders who received the Confirmation Email for Physical Meeting are also advised to arrive at the Physical Meeting early.

The Company seeks the understanding and co-operation of all members and Shareholders to safeguard public health and safety and minimise the risk of community spread of COVID-19.

(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.

**Further Updates**

Shareholders should note that the manner of conduct of the AGM may be subject to further changes based on the evolving COVID-19 situation, any legislative amendments and any directives or guidelines from government agencies or regulatory authorities. Any changes to the manner of conduct of the AGM will be announced by the Company on SGXNET. Shareholders are advised to check SGXNET and the Company's website regularly for further updates.

# 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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Incorporated in Bermuda on 10 May 2004  
Registration Number: 35312