SILVERLAKE AXIS LTD

(Incorporated in Bermuda)
(Company Registration No. 32447)

RESPONSE TO QUESTIONS RECEIVED FROM SHAREHOLDERS PRIOR TO THE COMPANY'S ANNUAL GENERAL MEETING

The Board of Directors (the "**Board**") of Silverlake Axis Ltd (the "**Company**" and together with its subsidiaries, the "**Group**" or "**SAL Group**") would like to thank shareholders for submitting their questions in advance of the Company's Annual General Meeting ("**AGM**") to be convened and held by way of electronic means on Tuesday, 27 October 2020 at 2.00 p.m.

The Company's responses to the shareholders' questions, which are copied verbatim in this announcement, are grouped according to topics as set out below:

A. Business
B. Investment in Quoted Equity Shares - Global InfoTech Co. Ltd.
C. Loans and Borrowings
D. Dividends
E. Merger and Acquisitions
F. Corporate Governance
G. Directors' Fees
H. COVID-19
I. Cybersecurity
J. Share Buyback/Share Price

It is important to note that these questions and responses should be read in conjunction with the Company's Annual Report 2020 and with contextual reference to the proceedings of the AGM including the presentation to be made and resolutions tabled at the AGM, along with the Company's previous announcements.

Section A – Business

Question A.1

- Please comment on Fintech.

- It seems like future plans narrated in previous AGMs have not been really realise, you can provide more clarify to the growth plans and realisation.

- How does the company plan to position itself in the digitalisation era?

- Chairman Goh: Thank you for your Statement in Annual Report. The market seems to reward high values to technology companies and start-up in the area of AI, data analytics, block chain, cloud computing etc. What is Silverlake's competitive advantage in deploying its software and services solution to its clients? How does it intend to achieve the Mission of 'The highly valued leading Fintech Company'? There is a big disparity in the recognition of its traded market value versus the well-known tech names. Are you satisfied with the value growth of the company to shareholders over the years that it operated? If not, can you share with us how you can lead the company to a higher level that the company deserves. I believe the timing is right for Silverlake to rise to the forefront of the current technological innovation. Perhaps in your wisdom some big thrusts or breakthrough innovative ideas is worth being considered and implemented to serve the needs of current world? Or it may be faster to acquire companies with cutting edge technology. Whichever way, I really hope that better days are ahead for long term shareholder like me. Thank you.

- With regard to future of banking such as banking on the cloud, what are the things management has been doing to prepare for the shift? How would cloud banking affect the traditional core banking business if clients were to switch to third-party cloud providers?
- How are we positioned to benefit from the new digital banks?

Response:

Executive Chairman, Mr. Goh Peng Ooi has shared, in the previous AGM, the Group's strategy to not only preserve our install base, but expand it with new products like MÖBIUS as mentioned above. While SIBS will continue to provide for stability, security, simplicity, upgradability, consistency, cohesiveness and many other virtues, MÖBIUS and its related state of the art digital components and tools allow our customers, both old and new to compete and win in their various games, whether supply or demand, cloud or non-cloud. Valuation changes with time, we will leave that to the market, but we believe a good company with an expanding market base, which may be even more important than just numbers, will always be recognised. On other wider areas of Fintech, we are prepared, but execution is complex as can be seen with the emergence of well-funded 'cash burning' digital businesses globally, which present new competitive dynamics. We are well positioned to win in competition with incumbents and disruptors without 'cash burning'. We intend to present our detailed approach at the appropriate time.

Fintech by definition is a large area which refers to the use of technology to support banking and financial services. There has been a proliferation of fintech companies in the last decade and they continue to emerge in almost every segment of financial services. At SAL Group, there are continuous effort to keep abreast of the changes in the market landscape and the Group engages with fintech associations and industry thought leaders to remain ahead of the curve and in anticipating future technology trends.

Strategy is a dynamic and fluid discipline, and often changes have to be made in real time to incorporate the latest information and to take into account market data available to us. The execution of strategy is another discipline and this is a part where the team have worked hard in FY2020 and into FY2021 to address. The Group has now implemented a structure around strategy execution whereby the progress of execution could be tracked and monitored on an ongoing basis.

As presented in the Company's Annual Report, as the Group aims to be a focused and trusted partner to its clients (the financial services industry), the Group will work towards streamlining and focusing all its banking businesses in order to provide the customers, both present and new, the necessary tools required for the digital era.

Valuation is a topic that goes beyond the Management's control and there are many factors outside our sphere of influence. Having said that, the Company engages with sell side analysts, large funds and shareholders alike to demonstrate the value of the Company.

In the product roadmap, the Group is addressing Artificial Intelligence, analytics, block chain and cloud. Silverlake MÖBIUS product is cloud native and is ready to deploy.

Our competitive advantage is the 100% track record in project implementation, 24/7 high availability core and a full suite of front-end applications. The Group has strong and experienced teams on the ground in many ASEAN countries to support its customers. The teams continue to support and add value to their customers and aim to be their partner of choice not just today but as the future unfolds. By consistently doing that, the Company can achieve its mission as stated.

Market valuation is an external view of the Company and the business is run for the long term to ensure sustainability of returns for all our stakeholders. The Group continuously developed new products as well as enhanced its existing products. The Management will continue to look for opportunities for partnerships, alliances, and target merger and acquisitions where appropriate.

Cloud allows our customers to not own their IT infrastructure and essentially outsource to providers like AWS, Microsoft and IBM who have scale and in turn could help financial institutions to reduce their IT infrastructure costs. The Group has cloud native products available to serve this market segment and the teams are actively marketing this product to new and existing customers. The Group is abreast of this industry trend and has prepared for it.

Question A.2

About 18 months ago, UK passed the "Open Banking Act" which disrupted the regulatory structure and permits and encourages BaaS (Banking as a Service). Please give some insights into this regulatory disruption and how it will free up competition and encourage digitalisation in the Retail/Investment Banking industry.

Response:

This is a trend that is being observed in many jurisdictions where the Group are present in. This is a net positive for competition in the industry and for the Group's business as the Group has products for pure digital, Neo and challenger banks and traditional banks. BaaS is possible due to large cloud infrastructure and the Group is positioned to provide its customers with a variety of commercial models from subscription to BaaS and Platform-as-a-Service ("PaaS"). The existence of more financial institutions signifies more demand for the Group's suite of products.

From an economic point of view, we are moving to the Demand Side economy, irrespective of the trials and errors of the market. Ultimately companies that are well positioned to respond and execute to Demand side dynamics are going to be the winners.

Question A.3

Silverlake has Fermion and Mobius SaaS. Could you breakdown the % of Revenues and EBIT/EBIDTA due to these SaaS in the current FY and is there a target growth rate for these 2 SaaS in the future FYs?

Response:

We do not provide segmental data for individual business. We have ambitious targets to grow this business and have a focused strategy to achieve the targets set.

Question A.4

What impact will the disruption due to Open Banking and the proliferation of BaaS have on our 2 SaaS above? Is there a target for acquiring more SaaS?

Response:

Open Banking is a loosening of the traditional regulatory structure and is a positive for our SaaS business especially with regards to MÖBIUS.

Question A.5

What impact will proliferation of BaaS have on Banks using our Core Banking SIBS?

Response:

Banks can either switch partially or wholly to a BaaS model and our team are able to support them in this transition.

Question A.6

For example, say Grab's entrance into Digital Banking and the FinTech ecosystem: Will say UOB and OCBC need upgrades to Core Banking SIBS to enable API access and enable co-development with 3rd Party Software or Silverlake Proprietary Digital Bank Software?

Response:

The Group's customers are always upgrading their core infrastructure to provide more channels, access to third party applications etc. and our team supports the customers to enable the upgrades.

Question A.7

How will Silverlake play a role in the 3 Wholesale and 2 Retail Digital-Only Banks that will be awarded in SG? If not in SG, how can Silverlake play a role in Digital-only Banks in Malaysia, Thailand, Indonesia and ASEAN countries?

Response:

Group Management and our regional team are monitoring the market in ASEAN and are involved in discussions with potential license applicants and central banks as well in policy formulation and consultation. We can play a number of roles; however, our preference is to be their technology provider and offer a variety of commercial models for the customers to choose from.

Question A.8

What can Silverlake offer to BaaS start-ups and existing Banks in the road to Open Banking.

Response:

MÖBIUS is an open banking, cloud native digital product that can cater to these startups and challengers.

Question A.9

- What is your business plan for next 5 years?
- Why the decline in topline revenue? What can be done to improve topline revenues to protect bottom line net profit going forward? Any new business ventures to increase revenue or profitability? What are your plans to address these issues?
- Any asset enhancement plans?

Response:

The Group has developed and articulated new five-year strategy in late FY2020. The areas of emphasis and execution are:
1. Consistent Revenue Growth
2. Protect and Grow Existing Base
3. Results Driven Sales and Marketing
4. Scale Through Partnership and Collaboration
5. Enhance and Grow Value of the Group's Intellectual Property Assets
6. Create Center of Excellence to Manage and Optimise Talent and Resources

The plan to address the topline is the formulation of strategy and the precise execution of the strategy. The Group has a structure around strategy execution, and the Group Management together with the regional team track and monitor this monthly to ensure achievement.

Asset enhancement is a continuing effort which the Group is pursuing. Assets of the Group are largely software intellectual property ("IP"). The Group continuously enhances its software assets particularly on the Group's IP i.e. core banking services offerings such as AS400, Silverlake Integrated Banking Solutions ("SIBS") etc. On average, the development costs capitalised each year was approximately 4% of total Group's revenue.

As an example, MÖBIUS is the Group's newest digital end-to-end core banking platform to empower banks to expand digital ambitions across their businesses to meet industry demands by transforming their core systems to cloud-based Open Banking platform.

MÖBIUS was launched in August 2020, the next step is to actively market the software to new and existing customers. The Group has a robust pipeline of deals which the team are working on and trying to close aggressively.

Question A.10

Please help us to understand more on your newest digital core banking platform "MOBIUS", like: -
(a) What is the business model?
(b) How does it help to generate more revenue and growth for the company?
(c) Who are your competitors and how sticky is the business?

Response:

MÖBIUS was built completely ground up based on our rich understanding of core banking, new technologies and demand side economy. It offers rich comprehensive banking functionalities to enable banks (i.e. challenger, Neo and Virtual) to jump start their digital bank strategy faster and easier. The Open Banking Platform offers Open Application Programming Interface ("API") for banks to build the ecosystems with their partners. It allows modularisation and componentisation of banking and a microservices architecture.

The product addresses a growing segment of the industry and one that is growing fast - in this respect MÖBIUS, is both timely and relevant to be the next generation growth driver for the Group.

Competitors include new technology-based entrants and those traditional core providers. The Group's business in providing core banking solutions is largely recurring from a revenue perspective. Due consideration especially in assessing the risk elements and costs remain the main barrier to exit for banks. There are high switching costs.

Question A.11

Refer to Annual Report on pg. 5, it said "we have ambitious growth plans for our Insurtech business, both in terms of geographic expansion and expansion into other sectors of insurance as well as introduction of new digitally enabled solutions for our customers", Please provide more details and how you intend to achieve it?

Response:

This year, the wholly-owned subsidiary of the Company, Merimen Group has set up two new offices in Japan and United Arab Emirates ("UAE") at the behest of existing customers for more geographical reach. Merimen Group is also extending its insurance scope to non-motor claims.

Question A.12

Refer to Annual Report on pg. 5 it said "Organisationally, we are housing all our banking businesses and products under one roof, to achieve both synergies and economies of scale. Ultimately, our goal is to enhance shareholder value of our combined and collective banking businesses and franchise." Please explain what is business model for franchise and the operation model?

Response:

There is no franchise model in the Group. The word "franchise" is used to signify a streamlining of all the banking businesses. At SAL Group, it's named as Straight Through Banking, an end-to-end suite of products to cater to the new reality in banking landscapes, as published in the Annual Report and the Company's corporate website.

Question A.13

Silverlake Axis has been taking steps to diversify the revenue stream, by expanding into insurance and payments, Retail Automation, Digital Identity and Security Technologies.

However, the growth rate for these are very slow as the revenue contribution from these sectors are very small: -

(a) May I know the reasons for the slow growth rate?
(b) These sectors face a lot of intense competition from other fintech companies. What are Silverlake Axis competitive edge over other competitors?
(c) Does Silverlake Axis have any plans in store to move forward?

Response:

The businesses from Insurance and Retail are coming from a lower base than the banking business, however, their growth rates have been admirable.

For the Insurance business, the focus is on geographic expansion and to extend value chain by providing more enabling technologies and expand its ecosystem to include non-motor insurance such as health insurance.

For Retail business, QR Group has invested into a cloud-based solution and is offering SaaS option to its customers in order to capture larger market share of small and medium size customers. Both of these sectors, whilst they enjoy higher growth rate than the banking business, have been impacted by the COVID-19 pandemic in FY2020; and may follow through to FY2021.

There are competitors in Retail services offerings. The Group has been working closely with certain multinational customers and strives to support and to grow along with their expansion journey.

Question A.14

How is the prospects of the Company as compared with regional and global competitors in the geographical areas which the Company currently operates in?

Response:

The prospects of the Group in the markets where it serves i.e. mainly in ASEAN region are good though there are competitions. The Group has a new strategy developed based on the competitive landscape, the upgrade cycle for its customers, as well as the Group's presence and track record in the key markets.

Question A.15

With the influx of China tech companies and potential <digital banking licenses> in the Singapore office space, are there any initiatives conducted by SLA to reach out to them to conduct joint ventures / projects as they expand in Singapore? How will the competitive landscape of your industry / products be affected?

Response:

The Group is actively engaged with some well-known and some boutique consultancies, as well as approached/has been approached by some digital banking incumbents. There will be more competition in the industry for sure and this is positive for technology providers like SAL Group as the Group has the full suite to cater to this demand. The evolution of digital banks in more mature markets indicates that it is not an easy business model to execute, profitability and scale are an issue even after many years.

Question A.16

- With lowered interest rates and profitability of the banking sector, there will be expected headwinds in the banking sector and possible hit to capex spending in their software / system upgrades. I noted SLA Japan and the credit card processing business also took a hit.

- Can you provide more insight on how you plan to navigate through this low period, and how you plan to achieve growth and profitability in these challenging times?

- Do you see your largest customers reducing their orders or IT expenses given the increase of non-performing loans?

Response:

IT spending in banking sector is growing before COVID-19 at about 6% though this has been moderated post COVID-19. Whilst the banks are cautious with its capex, the banks are still spending on system enhancements to maintain and upgrade its banking system, hence the increase in enhancement revenue in FY2020 as compared to FY2019.

As disclosed in the Annual Report on page 25, FY2020 credit and cards processing revenue was RM10.9 million as compared to RM11.0 million reported last year. Silverlake Japan Ltd ("SJL") completed the winding down of its card processing services for its main customer in October 2018 as a result of its customer's decision to terminate their card services business in Japan. Another Japanese customer of SJL had issued a termination notice in March 2019 for its Vietnam loan processing services due to a new regulatory requirement which required systems and servers to reside within Vietnam. SJL completed the transition to the local vendor in mid-April 2020 and terminated its contractual engagement with this Japanese customer in June 2020. With this termination, SJL is no longer servicing any more customer contracts in its business.

SJL has ceased its operations and resolved to be liquidated as announced by the Company on 30 September 2020.

Non-performing loans and a low interest rate environment affects the profitability of the banks and this in turn makes them more sensitive to investment without sufficient justification. Having said that, this means the banks are more cautious but for regulatory compliance or in response to competitive threats, they will need to spend. The nature of smaller enhancements versus large scale projects have been commented/discussed in the Company's previous announcements.

Section B - Investment in Quoted Equity Shares - Global InfoTech Co. Ltd.

Question B.1

- Note 23 - Quoted equity shares - The Company has disposed of a substantial amount of the shares 2 years ago at prices which are lower than the current market price. Now that the stake is insignificant, what is the reason for not disposing of it entirely now that the company can reap more gain as its share price is at attractive level?

- May i ask what's management intention is wrt Global Infotech 37m shares? If it's to continue holding on to, can management provide an update on GIT and its prospects.

Response:

The Company disposed Global InfoTech Co. Ltd. ("GIT") shares at an average price of RMB18.84 from October 2016 to April 2018 after GIT's bonus share adjustment for opening price of RMB22.38 on 26 October 2016. Despite the gradual increase in share price of GIT throughout FY2020, the prices are lower compared to previous disposals.

GIT has recently obtained its shareholders' approval and China Securities Regulatory Commission's approval on 22 May 2020 and 16 October 2020 respectively, for share placement exercise to designated persons/organisations (with 6 months moratorium period) of not more than 134 million shares amounting to not more than RMB450 million funding. The net proceeds from the capital fund raising will be used for their "Distributed Architecture Smart Finance" project to apply intelligent technology and blockchain technology to build a distributed core system and management platform to meet the new information technology needs of their financial industries customers.

With the above, the Management is still continuously monitoring the share placement exercise as well as the share price movement, and would take the necessary action if the opportunity arises subject to final approval of the Board.

Section C – Loans and Borrowings

Question C.1

Note 29 - Borrowings - The borrowings have increased from $63m to $141m. Why the need to borrow so much more while the Company is having a cash balance of $496m?

Response:

Preserving the Company's cash resources, is the Group's current objective in view of the challenging COVID-19 pandemic situation. Hence, it is crucial that the Group maintains sufficient cash for its operating expenses to ride through these difficult times should the need arise. In these uncertain times, financial institutions may be more stringent in offering loan facilities.

As per the Annual Report Note 29, loans and borrowings comprises of revolving credit, lease liabilities and term loan of a subsidiary company. The increase in loans and borrowings were mainly due to drawdown of revolving credit for the Group's working capital and recognition of lease liabilities.

The Group has in place cash management policy and will continuously monitor the cash position to optimise available cash and borrowings.

Available funds may be utilised for any available opportunistic mergers and acquisitions.

Section D – Dividends

Question D.1

- Any plans to cut dividend?
- Why the Company has reduced the dividend payment while both the profits and cash balance are so healthy?
- Please explain why there is no acquisition deal from last year till now while the dividends are cut for last two rounds to preserve capital. If it is not for acquisition, why is the dividend cut so drastically? It is better to change the relationship manager to better inform shareholders.
- The Company has been releasing several good news on contract wins on the SGX announcement to send out positive news to the market but ironically, the Board decided to cut the dividend with lower payout ratio for FY2020 which send a very different signal. May I know what's the rational of lower dividend payout? What's the message that the Board is trying to send out to the market given that there is always conflicting news?
- There was a cut of dividend last year and the Board wanted to preserve cash for the potential crash in the market and with the recent Covid-19 crisis, have the Board deploy the cash into any good opportunities? Or the Board is expecting another double-dip before putting the cash in the bank into good use?
- What are the expectations for the future dividends?

Response:

The Company has been declaring or recommending dividends on a quarterly basis, except for the third quarter of FY2020 due to the adoption of half-yearly reporting following the amendments to Rule 705 of the SGX Listing Rules. The form, frequency and amount (or quantum) of dividends will depend on, amongst other things, the Company's earnings, financial performance, results of operations, capital requirements, cash flow, general business condition, development plans and other factors as the Directors may deem appropriate. The Group has declared RM2.1 billion as at FY2020.

The Board of Directors has proposed a tax exempt (one-tier) final dividend of Singapore 0.33 cents per ordinary share. Subject to shareholders' approval of the final dividend at the upcoming AGM, the total dividends declared in FY2020 would represent 40% of the Group's net profit in FY2020. Despite of lower dividend payout for FY2020 in current COVID-19 pandemic period, the average dividend payout in the past five years was more than 70% of the Group's net operational profit.

With the ongoing COVID-19 pandemic, current cash position of the Group remains a key strength and would allow the Group to take advantage of business opportunities when they arise. The current cash reserves are sufficient to support the Group's operating cash flow for approximately twelve months. The Board of Directors is constantly monitoring the Group's financial condition and operating performance, and will consider paying dividends that commensurate with the Group's business and financial performance from time to time.

There is no active merger and acquisition at current stage and the Company will provide an update via announcement on SGX when there is any.

The only guidance on dividends that the Company can give – the Board does not make these decisions lightly and is well aware of the balance between retaining funds for growth and the needs for returns to our shareholders. At every appropriate juncture, the Board takes this decision based on prudence and the requirement of the business.

Section E – Merger and Acquisitions

Question E.1:

- Any acquisition plans?
- How much is the capital expenditure for year 2021? And does Silverlake Axis has plans to do any acquisition?
- Due to the niche / opaque nature of the product, and your smaller market cap, sales are unlikely to be fast growing if no active efforts are conducted. There is also lots of companies contesting market share in the <non-core banking> businesses like Ifast.
- Have you considered larger scaled collaborations / merging with larger listed tech companies to increase your market share and product visibility, so that there is higher likelihood of winning larger projects?
- Are there attempts to increase marketing / distribution through different channels (Apart from word of mouth and LinkedIn) to improve sales / revenue?

Response:

The Group has an extensive suite of business enterprise software solutions and services, and is constantly looking for complementary software businesses that can help to expand the service offerings.

For example, the Company's wholly-owned subsidiary, Merimen Group would be interested in acquisitions which could help them to scale geographically as well as vertically through other insurance product offerings.

Future acquisition plans, if any, will be announced and circulated to shareholders in due course.

Group Management and the regional team actively prospect for sales and have hired specialised customer engagement specialists to look into account planning and other marketing activities. The team also use multiple channels to market the Group's products including the use of Big 4 consultants and specialised consultancies such as International Data Corporation ("IDC"). The Company is also always looking and evaluating partnerships and collaborations, and will engage after a period of careful due diligence if the commercials are viable.

Section F – Corporate Governance

Question F.1

Is your company taking any course of action to improve your ranking in Governance and Transparency index score?

Response:

Yes, the Management is always looking to improve the Governance and Transparency Index score and ranking.

The Code of Corporate Governance 2018 (the "Code") which was issued on 6 August 2018 applies to annual reports with financial year commencing from 1 January 2019 onwards, therefore the Code is applicable for the Company for its financial year ended 30 June 2020 ("FY2020"). To further strengthen and improve the Group's corporate governance practices, Management has done an assessment based on the Singapore Governance and Transparency Index ("SGTI"), which served as a checklist for FY2021 improvements.

Section G – Directors' Fees

Question G.1

Why director fees so high (over million dollars) for a small company?

Response:

Taking into consideration the level of activities and contributions of each director to the success of the Company, the Remuneration Committee ("RC") proposed and the Board approved the directors' fees commensurate with the prevailing market conditions and industry norms. Appropriate benchmark has been performed against suitable companies and the proposed fees are within the range and comparable. There is no change in the base line of directors' fees in FY2021 as compared to FY2020.

Section H – COVID-19

Question H.1

Could you estimate how long will it take for share price to recover to pre-covid level? Could you estimate how long do you think the business will be back to pre-covid level?

Response:

Share price and COVID-19 are not directly related. It is difficult to predict the business sentiments as COVID-19 is unpredictable and uncertainty will prevail until there is a widespread vaccination.

Question H.2

Why have the profits not increased despite the increasing digitalisation caused by COVID?

Response:

Although the Group secured some small ticket incremental deals from COVID-19 related enhancements, large IT spend of many banks have been delayed or reassessed.

Question H.3

What is the impact of Covid-19 on the business, both positive and negative, for the company's business in Singapore, Malaysia and other countries?

Response:

There are mix of both positive and negative as mentioned above. Any downtrend or delay in IT spend is not positive for the Group.

Section I – Cybersecurity

Question I.1

- Wrt the recent cyber-security incident, you mentioned that the servers being attacked are separated from the Group's enterprise network and hence the impact is contained. Going forward, how do you ensure the Group's enterprise network being housed in an external data centre is secure and protected from attacks?

- With regards to the recent leakage of data incidents, what are findings and conclusion?

Response:

The Company has deployed and strengthened security measures for Endpoints, Servers and Network as well as incorporated a Security Operations Centre that monitors and takes immediate actions should there be any abnormal activities detected at Endpoints, Servers and Network. There are regular performance of Vulnerability Assessment and Penetration Testing ("VAPT") on Servers and Network to ensure vulnerabilities are addressed within agreed timeframes.

The Company has ascertained that this incident does not have significant impact on the Company and its subsidiaries. The IT service provider together with a cyber security expert have attended and resolved the malware incident.

The Company has been working with cyber security expert for reassessment of security measures and to further improve the security should the need arises from time to time.

Section J – Share Buyback/Share Price

Question J.1

Silverlake has been buying back own shares. There appears to be strong sellers, who hold differing view, on the opposite side. The share buybacks face very strong resistances. Who are these opposite sellers? What are the likely views that prompt the selling?

Response:

The Company buys back its own shares in preparation of the anticipated earn-out consideration payment for the acquisition of Silverlake Investment (SG) Pte. Ltd. (formerly known as Silverlake Investment Ltd.) Group and for the Performance Share Plan of the Group.

The supply side and the volume of shares traded daily moves in response to both demand and supply and can range from 2 million to 10 million shares daily. The Company does not have full visibility on individual buyers or sellers in the market and where this information is available, the Company is unable to disclose.

Any third-party decision to buy or sell could be a multitude of factors and as to what those factors are, it's not easy to say nor speculate upon.

Question J.2

Is the Board looking at privatisation or delisting considering the amount of share buyback in the recent months?

Response:

There is no privatisation or delisting plan at this juncture. Future plans, if any, will be announced and circulated to shareholders in due course.

Question J.3

Why your shares still in the doldrums?

Response:

The share price is determined by market forces of supply and demand and movements are not always representative of intrinsic value. Management concentrates on running the business well and ensuring the long-term viability and sustainability of the Group's business.

Question J.4:

There has been regular share repurchases in the market from time to time and it seems that the quantum of buyback is rather insignificant (relative to total shares outstanding). I do understand that treasury shares were being used for employees share options, will the Board ever consider buying back shares as a way to reward shareholders by improving shareholders' returns on the per share basis? Also, how much % of total shares outstanding can be repurchased from the open market without triggering the mandatory offer since Mr. Goh owns substantial shares in the company?

Response:

The on-market share purchase is subject to the compliance of Share Purchase Mandate which allows for the maximum purchase price of 105% of the Average Closing Price of the Shares over the last five (5) market days, in the case of an on-market share purchase. Hence, the Company is only allowed to purchase shares that are within the price when doing on-market share purchase.

As per the Share Purchase Mandate approved at the last AGM in October 2019, the total number of shares which may be purchased by the Company pursuant to the Renewed Share Purchase Mandate shall not exceed 10% of the issued ordinary share capital of the Company (excluding treasury shares). The Share Purchase Mandate is renewed on an annual basis subject to the Shareholders' approval at the AGM. The Company monitors the number of shares purchase to ensure compliance with the Mandate.

As disclosed in the Annual Report, the Company's public float is approximately 28.72% as at 18 September 2020. Rule 723 of SGX Listing Manual states that an issuer must ensure that at least 10% of the total number of issued shares excluding treasury shares (excluding preference shares and convertible equity securities) in a class that is listed is at all times held by public.

Question J.5

Despite ideally positioned as a profitable and moat like business, the valuation and growth of SLA seems to be stagnant, compared to the US and HK listed tech stocks. Have you

considered raising the dividend or considering listing in HK, to improve visibility and investor sentiment into your company?

Response:

There is no plan at this juncture. Future plans, if any, will be announced and circulated to shareholders in due course.

BY ORDER OF THE BOARD

Andrew Tan Teik Wei
Group Managing Director

26 October 2020