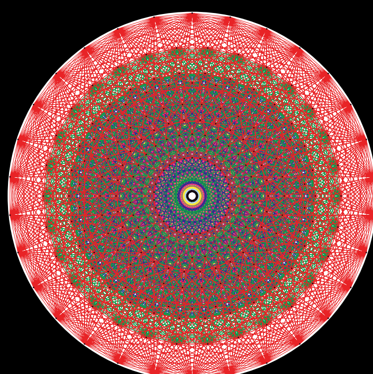
silverlake
SYMMETRY AT WORK

SILVERLAKE AXIS LTD ANNUAL REPORT 2020

E_8



The diagram above outlines the E8 root system. E8, (pronounced “E eight”) is an example of a Lie (pronounced “Lee”) group. Lie groups were invented by the 19th century Norwegian mathematician Sophus Lie to study symmetry. Underlying any symmetrical object, is a Lie group.

The American Institute of Mathematics (AIM), after four years of intensive collaboration, have successfully mapped E8, one of the largest and most complicated structures in mathematics in March 2007.

Source: American Institute of Mathematics (AIM)

Visit www.silverlakeaxis.com or scan this QR Code with your smart phone to learn more about Silverlake Axis. You will need to download a QR code scanner on your mobile phone in order to use this feature.

The annual report is available for downloading as a PDF file at our website. Quarterly financial results, presentation slides and announcements are also available at our website.

Table of Contents

Corporate Information

BOARD OF DIRECTORS

GOH PENG OOI
Group Executive Chairman

ANDREW TAN TEIK WEI
Group Managing Director

DR. KWONG YONG SIN
Executive Director

GOH SHIOU LING
Executive Director

ONG KIAN MIN
Lead Independent Non-Executive Director

LIM KOK MIN
Independent Non-Executive Director

TAN SRI DATO' DR. MOHD MUNIR BIN ABDUL MAJID
Independent Non-Executive Director

DATUK YVONNE CHIA
Independent Non-Executive Director

SEE CHUANG THUAN
Independent Non-Executive Director

YANO SATORU
Independent Non-Executive Director
(appointed on 24 October 2019)

MAH YONG SUN
Independent Non-Executive Director
(appointed on 27 August 2020)

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda
Tel : +1 441 295 1422
Fax : +1 441 292 4720

CORPORATE OFFICE

6 Raffles Quay,
#18-00,
Singapore 048580

SHARE REGISTRAR

BERMUDA

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

SHARE TRANSFER AGENT

SINGAPORE

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place
#32-01
Singapore Land Tower
Singapore 048623
Tel : 65 6536 5355
Fax: 65 6438 8710

JOINT COMPANY SECRETARIES

Tan Min-Li
Priscilla Tan

ASSISTANT SECRETARY

Conyers Corporate Services (Bermuda) Limited

AUDITORS

Ernst & Young PLT
Kuala Lumpur, Malaysia
Chartered Accountants
Audit Partner: Chong Tse Heng
(with effect from financial year ended 30 June 2020)

Corporate Objective, Vision & Mission

A leading enterprise technology, software and services company in the high growth Asia Pacific Region

Our Corporate Objective

To Deliver Long Term Value for All Our Stakeholders Through Technology Innovations and Business Collaborations

Our Vision

To Be Asia Pacific's Largest Digital Economy Solutions Company

Our Mission

To Be The Leading Fintech Company, Highly Valued by Our Customers and Partners

MARKET SIZE

Over 40% of the top 20 largest banks in South East Asia use Silverlake Axis' core banking solutions

TRACK RECORD

30 years of successful implementation of enterprise core software applications with 100% success rate

GLOBAL PRESENCE

Partnering clients in over 80 countries across Asia, Europe, Middle East, Africa and Americas

OUR CLIENTS

Core system platform partner of choice for 3 of the 5 largest ASEAN financial institutions. Over 380 customers using the Group's software solutions and services

Chairman's Statement

Dear Fellow Shareholders,

It is with great pleasure that we present our annual report for the financial year ended 30 June 2020.

REVIEW OF FY2020

FY2020 has been a challenging year, to say the least. It was a year of global upheaval, economic and social turmoil. The Group started the year as planned with growth in the first half. The second half of FY2020 has been a different story as the pandemic and the events leading from it have inevitably affected and delayed IT purchasing decisions from our banking customers. In most of the major countries we serve, the impact from movement restriction orders in the second half of the year is ongoing and the Group was not completely spared from the fallout.

Nonetheless, I am happy to note that we performed reasonably well given the circumstances and despite the challenging times, the Group has been able to sustain its business operations commendably. Our foremost priority was to provide continuing support to our customers to ensure their core systems remained operational throughout and to provide sustainable support to our employees and the communities we operate in.

Consequently, the performance of our recurring revenue segments comprising maintenance, enhancement services and Software-as-a-Service rose by 9% to RM495 million in FY2020. These revenue segments now comprises 75% of our total revenue.

However, project related revenue was challenged by lower revenue contributions from on-going projects carried forward from prior years and clients deferring large capital expenditures. Project related revenue decreased 36% to RM130 million from RM204 million the year earlier and we are increasingly seeing a trend where customers are opting for incremental system enhancements than big ticket capital expenditure items.

Software-as-a-Service from insurance processing activities improved by 4% to RM35 million in FY2020 following the implementation of a new pricing structure and introduction of our new suite of productivity and analytics solutions. The second half of the year saw some attrition in revenue as insurance claims volumes were impacted by movement restrictions in our key ASEAN markets.

Revenue from sale of software and hardware products of RM27 million in FY2020 was a significant 144% above the previous year as we delivered several sizeable deals to Malaysian banks.

Despite two quarters of uncertainty and unprecedented economic circumstances, the Group recorded revenue of RM664 million, a marginal 3% decrease from the previous financial year and recorded earnings before interest, taxes, depreciation, and amortisation ("EBITDA") of RM278 million which was 16% lower from the last financial year, resulting largely from lower contributions from "other income". On the back of this revenue, the Group recorded a gross profit of RM392 million – a slight decrease of 8% from FY2019.

The Group achieved a profit after tax of RM185 million in FY2020, a decline from the RM246 million achieved in FY2019. During the year, the Group instituted cost management measures and we will continue this cost discipline going into FY2021. We recorded a 11% reduction in selling and distribution costs, and a marginal 4% increase in administrative expenses which resulted largely from a one-off non-recurring expense from a Mutual Separation Scheme implemented. Going forward, we shall continue to closely monitor opportunities to rationalise costs and optimise efficiencies.

On 9 March 2020, we disposed of our entire shareholding in Finzsoft Solutions Limited ("Finzsoft") and the disposal was completed on 26 March 2020. Following the disposal, the Group does not have any remaining interest in Finzsoft.

The Group's investment in 37.1 million shares (an 8.30% ownership stake) of Global InfoTech Co. Ltd. ("GIT") increased in value from RM172 million to RM310 million as at 30 June 2020, attributable to the increase in the share price of GIT. We remain bullish on the long-term growth and prospects of the information technology market in China. We believe there is further upward potential and we will remain committed to both existing and potential future investments as China continues its quest for global leadership in technology.

During the pandemic, we supported our staff with flexible work-from-home arrangements and invested in infrastructure to ensure work could proceed unimpeded. As part of our corporate social responsibility ("CSR") program, we provided groceries and staple household items to segments of the underprivileged throughout these difficult times.

During the financial year, the Group declared interim dividends of SGD0.60 cents per share and we have proposed a final dividend of SGD0.33 cents per share, totalling SGD0.93 cents per share of dividends to shareholders. This represents a 40% dividend payout in FY2020. We closed the year with circa RM500 million in cash reserves, which gives us the ability to weather the current storm and allows us to take advantage of any opportunities that are accretive to the Group.

PROSPECTS IN FY2021 AND BEYOND

In terms of our prospects for the coming year, we believe the pandemic will continue to be the dominating uncertainty and these uncertainties include the potential subsequent waves of virus infections and the time needed to develop and deploy workable vaccines on a mass scale. On the economic side, we foresee that these uncertainties will continue to prevail, arising from restrictions in business travel and how the economic uncertainties will affect national economic landscapes and potential shifts in customers' purchasing patterns.

There is a silver-lining however, and that is digitally enabled businesses have prospered amidst the pandemic. It is very clear that they have hit the sweet spot in this new normal as consumers shifted rapidly by going digital for all essential services, especially banking.

Core banking, being the building block of infrastructure in the financial economy is essential in supporting the necessary adjustments to the new normal. Hence, we have accelerated the announcement and launch of our newest digital end-to-end core banking platform called MÖBIUS, to empower banks to expand digital ambitions across their businesses to meet industry demands.

We believe MÖBIUS is well positioned to help future-proof the investment of our customers against the ever-changing technology landscape. Our Straight Through Banking suite with MÖBIUS is our ultimate roadmap for customers who are transforming their core systems to a cloud-based Open Banking platform.

MÖBIUS is the result of our investments to constantly modernise our technologies and capabilities. Our Straight Through Banking suite which includes MÖBIUS has been the trusted and proven technology platform for more than 30 years. Through the years, we have modernised and digitally enabled this platform, which is being used by 40% of the top banks in ASEAN.

Consequently, a key pillar of our strategy is to ensure we continue to provide outstanding services to our existing customers and offer solutions that will help them weather through the pandemic and subsequently be positioned and ready to face the challenges of a new post-pandemic world.

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.

We continue to be well positioned in our Insurtech business. Growth was impacted to a certain degree during the lockdown period but since then, we have seen this business recovering quite rapidly.

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.

The insurance market in Asia is expected to grow twice as fast as the global market. The Group's Insurtech business is well positioned to ride on this growth as we execute towards our vision of being Asia's trusted platform for insurers and insurance ecosystems to transact, expand and create new businesses.

Our customers, in particular the Banks are now taking action to transform, not just to simply achieve a seamless and harmonious melding of technology into their businesses, but rather to ensure that the delivery of their financial services occurs in a manner that is consistent with the opportunities and challenges of our time, be it a traditional or challenger bank.

Understanding our role as a responsible corporate citizen, we are committed to integrate sustainability considerations into our business decisions and operations. The three key pillars: Our Business, People and Stewardship continue to guide our sustainability direction to create long-term value creation for our stakeholders.

With 30 years of experience, the Group has come a long way to where we are today. We are confident of our current market position and we are certainly well prepared to meet any challenges in the ensuing years.

A WORD OF THANKS

On behalf of the Board, I would like to thank our management and staff for their contributions throughout this difficult period and they have managed the company admirably whilst maintaining close to our customers and supporting them throughout. We are proud of our achievements this financial year and we are committed to a dynamic and sustainable business model evolving well into the future. Our business is about building strong connections and trust with all our stakeholders and we look forward to the future.

We welcome a new director, Mr. Mah Yong Sun to the Board. He brings his valuable experience and expertise to complement our Board. At the upcoming Annual General Meeting ("AGM"), Mr. Lim Kok Min will be retiring from the Board after 15 years of service and I would like to thank him for his many contributions over the years. I am deeply appreciative of the advice and guidance from all my fellow directors and I am grateful to our customers, shareholders, business associates and bankers for their continuing support.

Goh Peng Ooi
Group Executive Chairman
29 September 2020

I am happy to note that we performed reasonably well given the circumstances and despite the challenging times, the Group has been able to sustain its business operations commendably. Our foremost priority was to provide continuing support to our customers to ensure their core systems remained operational throughout and to provide sustainable support to our employees and the communities we operate in.

silverlake
SYMMETRY AT WORK

Synergy of Software and Services

Software Licensing

Silverlake Axis offers innovative Digital Economy Propositions and Enterprise Solutions to its customers engaged in multiple ecosystems including Banking, Insurance, Government, Retail, Payment and Logistics. **Over 40% of the top 20 largest banks in South East Asia run on Silverlake Axis' Core Banking solutions**. Leveraging on superior solutions and emerging technologies, Silverlake Axis is committed to achieving operational excellence and has transformed over **380 business entities across Asia, Europe, Middle East, Africa and Americas**.

Software Project Services

Silverlake Axis also prides in its ability to deliver projects on time, within budgetary means and with the highest quality. To-date, Silverlake Axis has achieved **100% success track record** in **Project Implementation** for customers.

Maintenance and Enhancement Services

Silverlake Axis works with our customers to ensure daily business operations are running smoothly and able to keep up with dynamic industry changes. We perform **Maintenance Services** for the Silverlake Axis software solutions that we have implemented for our customers. Our professional teams are dedicated to ensure that **Enhancements** are planned and deployed per the required software release schedule.

Sale of Software and Hardware Products

For customers requiring third party hardware and system software to run the Silverlake Axis Integrated Banking Solution (SIBS) in their core banking implementations, Silverlake Axis includes the sale of **Software and Hardware Products** as a bundled offering with our software licensing and project implementation services.

Credit and Cards Processing

Silverlake Japan, the Group's wholly- owned subsidiary in Japan, provides **Outsourcing Services** for the processing of credit card, debit card, prepaid card, eMoney, hire purchase and unsecured loans. These services are offered to Japanese card issuers in Japan and banks providing remote service for Japan and Japanese card issuers in Asia.

Software-as-a-Service - Insurance Processing

Silverlake Axis offers solutions and services for the Insurance and Takaful industry in Asia. **Merimen**, a subsidiary of Silverlake Axis, provides a **Software-as-a-Service (SaaS)** collaborative platform that connects different parties in the **Insurance Ecosystem** to ensure faster processing speed, improved efficiency and easier performance evaluation.

Board of Directors

1 GOH PENG OOI
Group Executive Chairman

2 ANDREW TAN TEIK WEI
Group Managing Director

3 DR. KWONG YONG SIN
Executive Director

4 GOH SHIOU LING
Executive Director

5 ONG KIAN MIN
Lead Independent Non-Executive Director

6 LIM KOK MIN
Independent Non-Executive Director

7 TAN SRI DATO' DR. MOHD MUNIR BIN ABDUL MAJID
Independent Non-Executive Director

8 DATUK YVONNE CHIA
Independent Non-Executive Director

9 SEE CHUANG THUAN
Independent Non-Executive Director

10 YANO SATORU
Independent Non-Executive Director
(appointed on 24 October 2019)

11 MAH YONG SUN
Independent Non-Executive Director
(appointed on 27 August 2020)

GOH PENG OOI
Group Executive Chairman
Member of Nominating Committee

First appointment as a director: 23 August 2002
Last re-election as a director: 24 October 2019

Mr. Goh was appointed Group Executive Chairman on 23 May 2006. Prior to that, he was Non-Executive Chairman since 2002.

Mr. Goh has been working on mathematical and digital sciences since 1977. After graduating with a Bachelor of Engineering majoring in Electronics Engineering on a Monbusho scholarship at the University of Tokyo, he began his career in IBM Malaysia where he held several senior positions over a nine-year tenure, the last being Marketing Manager for Banking and Finance.

In 1989, he founded the Silverlake group which was based on his foresight on the future of economic and digital demands. Within the first ten years, Silverlake established itself as a leading provider of state-of-the-art universal banking solutions. Today, the group is a multibillion-dollar organisation with key offices around the globe and some of its member companies listed on various stock exchanges.

The group's original tagline, 'Symmetry at Work', was recently revised to 'Symmetry at Work Powering Hundreds of Deep Tech and New Tech Companies', to reflect not only the Supply Side of the economy, but also the Demand Side, such as in Fintech, Digital Finance, Cloud Computing, Digital Franchising and other various high-tech areas.

The Silverlake group has a core staff force of more than 2,500 worldwide, excluding that of its associated and related companies, supporting over 380 large customers who are located in over 80 countries across all continents. The group has earned many industry recognitions since its inception including the IBM Partner Excellence Award (2012), IBM ASEAN Golden Circle Award (2012), Forbes' Best Under A Billion – Best of the Best (2013), The Asian Banker Vendor Satisfaction Survey Gold Award (2014), Forbes' Best Under A Billion (2015).

Personally, Mr. Goh has twice won the Ernst & Young Entrepreneur of the Year Award Malaysia, recognising entrepreneurial excellence, first in 2005 under the Technology Entrepreneur category; and the second in 2014 in the Master Technology Entrepreneur category. The World Chinese Economic Summit in 2015 presented a Lifetime Achievement Award for Excellence in Information Technology to Mr. Goh. In 2017 he was conferred the ASEAN Legacy Award in the ASEAN Business Awards, which recognises ASEAN entrepreneurs that have created positive impact and inspiration within ASEAN communities. Most recent in 2019 at the ASEAN Community Leadership and Partnership Forum 2019, Mr. Goh was the sole recipient of the ASEAN Entrepreneur of the Year Award bestowed to distinguished business personalities who have contributed significantly to ASEAN. In 2015 article about Silverlake, Forbes referred to Mr. Goh as the first tech-billionaire in Malaysia.

Aside from his business and professional achievements, Mr. Goh is very much involved in academics – especially in Science and Mathematics. He is particularly interested in the research of Science of Intelligence and its application to Human Actions and Economy, and where possible enjoys giving talks in various schools of higher learning. He specialises in the application of Category Theory, leading to the formulation of his Sigma Scheme, a new Time-Space view verses physics' Space-Time view, and with that clarity, developed something known as Sigma Excellence Insights, and with that insights, built a high-tech enterprise group based on 'symmetry at work powering hundreds of deep techs and new techs'.

Mr. Goh is an Executive Committee of Malaysia-Japan Economic Association (MAJECA), Fellow of the Academy of Sciences Malaysia (ASM), an Industry Advisor of the Lee Kong Chian Faculty of Engineering and Science in Universiti Tunku Abdul Rahman, a Fellow of the ASEAN Academy of Engineering and Technology (AAET), a Member of the ASM Science and Technology and Industry Linkage Committee, an Adviser of the ACCCIM Science, Technology and Innovations Committee, a Member of the Board of Governors of First City University College, a member of the Azman Hashim Advisory Council ('AAC') of Universiti Teknologi Malaysia; an Advisor for Japan Graduates Association Of Malaysia (JAGAM), and a member of the International Advisory Council of the Association of Malaysian Economics Undergraduate.

Mr. Goh currently holds directorships in a number of his private investment companies. He does not hold any directorships in other listed companies.

ANDREW TAN TEIK WEI
Group Managing Director

First appointment as a director: 1 July 2019
Last re-election as a director: 24 October 2019

Mr. Tan was appointed as Group Managing Director on 1 July 2019. He joined the Group in April 2018 where he led and grew the Group's core banking business, prior to his current role.

Mr. Tan has a 37-year career history in the management consulting and IT industry. Prior to joining the Group, Mr. Tan was the Managing Director of SAS Institute in Malaysia and Indonesia – a leader in transforming businesses using analytics. A large part of Mr. Tan's career was with the Big 4 Professional Services firms, in their advisory and consulting divisions. His career began with Andersen Consulting (now Accenture) where he was an associate partner for the financial services industry sector. He played leading roles in bank advisory and transformational initiatives, particularly for banks in ASEAN. Subsequently, he became the Managing Partner of Arthur Andersen Business advisory division in ASEAN, based in Singapore and was responsible for over 500 consultants. In 2002, he led the merger of the Arthur Andersen Singapore business advisory team with BearingPoint – formerly the consulting arm of KPMG US.

Mr. Tan spent 3 years in Central Asia based in Almaty Kazakhstan where he was a partner in charge for Deloitte Consulting covering Central Asia. Through his career history, Mr. Tan has served clients in various industries – predominantly in financial services and in industrial/retail, telecommunications, energy and the public sector.

Mr. Tan graduated from the University of Exeter, UK with a combined honours degree in Geology and Chemistry. He holds an MBA from the University of Aston in Birmingham.

DR. KWONG YONG SIN
Executive Director

First appointment as a director: 20 August 2004
Last re-election as a director: 24 October 2019

Dr. Kwong was appointed as Executive Director on 1 July 2019. He takes on the role of Senior Advisor to the Group and leads the Strategic Digital Value Program to accelerate the growth and value creation of the Group's Digital Ecosystem Platforms. Prior to that, he was Group Managing Director.

Dr. Kwong was the Managing Director of Silverlake Corporation and Connectif Commerce Sdn. Bhd. (both were under Silverlake Group) from 2001 to December 2003 and October 2005 respectively, where he led the successful implementation of several key SIBS customer transformation projects. Prior to joining Silverlake Group, he was a Partner/Vice President of Ernst & Young Global Consulting and Cap Gemini Ernst & Young for 11 years from 1989 to 2000. He was the Senior Manager and Head of IT Consulting for Coopers & Lybrand (South East Asia) from 1984 to 1989. He started his professional career as a Senior Systems Analyst for Pacific Power (Australia) from 1979 to 1983. Dr. Kwong was previously Non-Executive Director of Finzsoft Solutions Limited and Global InfoTech Co. Ltd. (listed on the Shenzhen Stock Exchange) during the preceding 3 years.

Dr. Kwong has over 41 years of experience in Information Technology, Business Transformation and Solution Implementation in Financial Services, Utilities and Technology Industries. He has a Bachelor of Commerce (Honours) from the University of New South Wales (Australia) and Ph.D in Information Systems. He is a Certified Practicing Accountant (Australia).

GOH SHIOU LING
Executive Director
Member of Strategic Investment Committee

First appointment as a director: 1 June 2015
Last re-election as a director: 26 October 2017
Due for re-election as a director: 27 October 2020

Ms. Goh was appointed as Executive Director on 1 April 2018, leading the Group's strategic acquisitions and investments team to contribute to the growth and value creation of the Company. Prior to that, she was Non-Executive Director.

Ms. Goh's early career started at Cornerstone Research, a leading U.S. based economic consulting firm that provides analytical support and expert testimony in complex litigation and regulatory proceedings. While being based in United States as their economic consultant, Ms. Goh was responsible to analyse litigation cases involving market manipulation in the Financial Services, Energy and Commodities sectors. She also conducted investment decisions analysis involving complex foreign tax, auction rate securities and mortgage backed securities. These analyses were used to backup testifying experts' reports for large litigation cases involving class-action lawsuits, U.S. Futures Commodity Trading Commission, Securities Exchange Commission and Department of Justice.

In 2014, Ms. Goh returned to Malaysia after spending 12 years in the United States and joined the Silverlake Private Entities. Here, she was responsible for evaluating investment opportunities and led several corporate initiatives, including corporate restructuring and financing, that focused on growth and value creation in the Silverlake Private Entities.

Ms. Goh graduated from Duke University in 2010 with a Bachelor Degree in Economics and Mathematics (Dean's List).

Ms. Goh is a Non-Executive Director for several privately held companies and does not hold any directorships in other listed companies.

ONG KIAN MIN
Lead Independent Non-Executive Director
Chairman of Audit and Risk Committee
Chairman of Nominating Committee
Member of Remuneration Committee

First appointment as a director: 9 January 2003
Appointment as lead independent non-executive director: 1 July 2018
Last re-election as a director: 24 October 2019

Mr. Ong was called to the Bar of England and Wales in 1988, and to the Singapore Bar the following year. In his more than 30 years of legal practice, he focused on corporate and commercial law, such as mergers and acquisitions, joint ventures, IPOs and corporate finance. Mr. Ong was awarded the President's Scholarship and Singapore Police Force Scholarship in 1979, and holds a Bachelor of Laws (Honours) external degree from the University of London and a Bachelor of Science (Honours) degree from the Imperial College of Science & Technology in England. Mr. Ong was an elected Member of the Singapore Parliament from 1997 to 2011. He was previously Non-Executive Chairman of HUPSteel Limited and an independent Non-Executive Director of BreadTalk Group Limited, OUE Hospitality REIT Management Pte. Ltd. and Jaya Holdings Limited during the preceding 3 years.

In addition to practicing as consultant with Drew & Napier LLC, a Singapore law firm, Mr. Ong is also a senior advisor with Alpha Advisory Pte. Ltd., an independent financial and corporate advisory firm. He is also an Independent Non-Executive Director of Food Empire Holdings Limited, OUE Commercial REIT Management Pte. Ltd. and Penguin International Ltd.

LIM KOK MIN

Independent Non-Executive Director
Chairman of Strategic Investment Committee
Member of Remuneration Committee
Member of Nominating Committee

First appointment as a director: 15 June 2006
Last re-election as a director: 26 October 2018
Due for re-election as a director: 27 October 2020

Mr. Lim has more than 50 years of diversified senior management and over 35 years of board experience in the Asia-Pacific region. Mr. Lim is an Economics Honours graduate from University of Malaya. He is the immediate past Chairman of Gas Supply Pte. Ltd., and a former Chairman of Senoko Power Limited, Singapore Institute of Directors and Building & Construction Authority. He was the Executive Deputy Chairman of LMA International NV, Deputy Chairman of NTUC FairPrice Co-operative, Vice Chairman of the Singapore Institute of Management and of the "Agri-food and Veterinary Authority". He was previously Group Managing Director of Pan-United Corporation Ltd and JC-MPH Ltd, and Chief Executive Officer of Cold Storage Holding Limited. Mr. Lim was previously an independent Non-Executive Director of Boustead Singapore Ltd. He was also a former member of the Securities Industry Council, and the Corporate Governance Council, and a former director/Council Member of both the Singapore International Chamber of Commerce and the Singapore Confederation of Industries. He is the past Chairman of the OECD Asian Network on Corporate Governance for State Owned Enterprises and was a member of the Singapore Companies Act Review Committee.

Mr. Lim is currently the Chairman, and a member of the Audit and Risk Committee and of the Nominating and Remuneration Committee of IREIT Global Group Pte Ltd. He is also the Chairman of Boustead Projects Ltd, Chairman of its Nominating Committee and a member of its Audit and Risk Committee and its Remuneration Committee. He sits on the boards of six private companies and holds the chairmanship of one of them. He is also an industrial advisor to a European Private Equity Fund.

Mr. Lim will not be offering himself for re-election and will retain office until the conclusion of the Company's FY2020 Annual General Meeting. Subsequently, he will cease to be the Chairman of the Strategic Investment Committee and member of the Nominating Committee and Remuneration Committee respectively.

TAN SRI DATO' DR. MOHD MUNIR BIN ABDUL MAJID

Independent Non-Executive Director
Chairman of Remuneration Committee
Member of Audit and Risk Committee

First appointment as a director: 1 June 2015
Last re-election as a director: 26 October 2017
Due for re-election as a director: 27 October 2020

Tan Sri Dr. Munir returned from his studies and work experience in the UK as a university tutor and research analyst in the City of London at the end of 1978, and started work in Malaysia as leader writer for the New Straits Times. He progressed to the position of Group Editor before leaving in 1986 to become Chief Executive Officer of a small merchant Bank Pertanian Baring Sanwa, whose name has changed to Commerce International Merchant Bankers (CIMB), which was then transformed into one of Malaysia's leading merchant banks. In 1993, he was invited by the Government of Malaysia to establish the Securities Commission, where he served as founder Executive Chairman for two terms until 1999. He was instrumental in shaping the legal and regulatory framework of the capital markets in Malaysia, particularly in establishing disclosure-based regulation. He was also responsible for drafting the country's first code of corporate governance in the aftermath of the Asian Financial Crisis of 1997-1998. He was the Chairman of the Emerging Markets Committee of the International Organisation of Securities Commissions during his term at Malaysia's Securities Commission. After leaving the Securities Commission, he became Independent Non-Executive Director of Telekom Malaysia Berhad, Chairman of Celcom (Malaysia) Berhad and Non-Executive Chairman of Malaysian Airline System Berhad. He was the Founder President of the Kuala Lumpur Business Club, established in 2003 and is a member of the Court of Fellows of the Malaysian Institute of Management. He was a member of Economic Action Council Malaysia appointed by the 7th Prime Minister, Tun Dr. Mahathir Mohamad and was also Chairman of Bank Muamalat Malaysia Berhad.

Tan Sri Dr. Munir is currently Chairman of ASEAN Business Advisory Council Malaysia, of CIMB Asean Research Institute, of Institute for Capital Market and Research Malaysia (ICMR), as well as President of the Asean Business Club. He also sits on the board of the Institute of Strategic and International Studies (ISIS) Malaysia. He is a Fellow Chartered Banker of the Asian Institute of Chartered Bankers.

Tan Sri Dr. Munir obtained a B.Sc. (Econ) and Ph.D in International Relations from the London School of Economic and Political Science (LSE) in 1971 and 1978. He is an Honorary Fellow of LSE and continues the long association with his alma mater as Visiting Senior Fellow at the Centre of International affairs, Diplomacy and Strategy.

DATUK YVONNE CHIA

Independent Non-Executive Director
Member of Remuneration Committee
Member of Nominating Committee
Member of Strategic Investment Committee

First appointment as a director: 1 June 2015
Last re-election as a director: 26 October 2018

Datuk Yvonne Chia has more than 40 years of experience in the financial services industry, having held leading positions in foreign and local institutions. She is a trailblazer for women in banking and was the first female Chief Executive Officer of any commercial bank in Malaysia. An award-winning senior banker, she was named among the '50 business women in the mix' in 2013 by Forbes Asia and two-time finalist in the CNBC Asia Business Leader Award.

Datuk Yvonne Chia has held various positions in the region with an American Bank for over 15 years and then joined the Malaysian banking scene in 1994. Until June 2013, she was the Group Managing Director of Hong Leong Banking Group Malaysia (2003 - 2013); Group Managing Director of RHB Banking Group (1996 - 2002) and led both banks expansion to be leading and high performing banks in Malaysia and the Region. She has played a distinctive role in shaping the Malaysian banking scene with the mergers and acquisitions she led.

Datuk Yvonne Chia is currently the Independent Non-Executive Chairman of Standard Chartered Bank Malaysia Berhad, Standard Chartered Saadiq Berhad, a Senior Independent Non-Executive Director of Astro Malaysia Holdings Berhad and a Trustee for Teach For Malaysia Foundation. As well, she is a Council Member of the Asian Institute of Chartered Bankers (AICB). Since January 2020 she is Cradle Fund Sdn Bhd's Non-Executive Chairman and a Trustee for the Merdeka Award Trust.

Datuk Yvonne Chia is a Fellow Chartered Banker and holds a Bachelor of Economics (Honours) from University of Malaya.

SEE CHUANG THUAN

Independent Non-Executive Director
Member of Strategic Investment Committee

First appointment as a director: 1 July 2018
Last re-election as a director: 26 October 2018

Mr. See has 38 years of experience in the IT industry. After graduation, Mr. See spent the first 16 years of his career with IBM Malaysia. From his time at IBM, his roles encompassed a wide variety of skills, from Strategic IT Consulting, General Management, Sales and Marketing Management. He also acquired deep and broad knowledge of IT applications across many industries and in-depth expertise in manufacturing distribution and retail business processes.

In the early 1990s, Mr. See pioneered the introduction of Electronic Data Interchange (EDI) in Malaysia's manufacturing, distribution and retail industry and led the establishment of an IBM EDI joint venture company in 1992 where he served as its General Manager. In 1994, he was appointed as Executive Director of QR Retail Automation (Asia) Sdn. Bhd. where he was responsible for growing the business with leading retailers in the Asia Pacific and UK. In 2003, Mr. See moved on to become QR Retail Automation's Managing Director, whereby he was instrumental in repositioning the company's retail solution for higher segment global retailers. He remained as Managing Director until 2013.

Mr. See graduated with a Bachelor of Science (Honours) in Mathematics from University of Malaya in 1978.

YANO SATORU

Independent Non-Executive Director
Member of Audit and Risk Committee

First appointment as a director: 24 October 2019 (at FY2019 AGM)

Mr. Yano has more than 30 years of a variety of unique international work experiences in both the public and private sectors, especially in the Asia Pacific and Europe. After graduation, he joined a governmental development finance institution as project finance officer. Afterwards, he worked as development consultant, where he was involved in socio-economic infrastructure projects worth billions of dollars in total in almost all Southeast Asian countries, particularly in Indonesia, Vietnam, Malaysia and Thailand, and other Asian countries such as Sri Lanka. His development sector experience spans from the transport, electricity, healthcare, education, tourism, to poverty eradication and community development. Mr. Yano worked not only with the Japanese government agencies, but also with the World Bank, Asian Development Bank, UN Organisations such as the United Nations Development Programme, and many bilateral government agencies around the world. He was also working on international merger and acquisition deals during his time with Baring Brothers & Co., a major U.K. merchant bank. Mr. Yano began his boutique firm in the early 1990s to focus on the Asia Pacific and Europe, and in 2001, he moved his base from Hanoi to Singapore.

Mr. Yano has been working extensively with the cross-border business and investment throughout his career, especially in the areas of international business development, partnership and alliance building, mergers and acquisitions, venture business support, and problem-solving. He has advised over 400 companies mainly in the Asia Pacific, where he also provided lectures, seminars, and training programmes to and in numerous companies and university classes. He is a director of Crossborder Pte. Ltd. and also holds positions of non-executive director with private companies and of advisor with listed companies in this region.

Mr. Yano graduated from Keio University, Tokyo with a Bachelor of Laws.

MAH YONG SUN

Independent Non-Executive Director

First appointment as a director: 27 August 2020
Due for re-election as a director: 27 October 2020

Mr. Mah, upon returning from his studies in the United Kingdom at Imperial College, London joined the global management and technology consulting firm Accenture, where he served in various roles for 25 years until 2009.

At Accenture, he began his career focusing on management and technology consulting service work with clients in Malaysia, Singapore, Philippines, Indonesia, United Kingdom and Norway and was admitted to Accenture's Global Partnership in 1997. From 1997 to 2009, Mr. Mah served as Executive Partner at Accenture. As a global partner for 12 years, he held many leadership roles including the change management group lead for Asia, communications and high-technology lead for Thailand, Malaysia, Philippines and Indonesia, and the communications industry lead for Greater China. Mr. Mah has extensive experience in strategic information planning, complex systems implementation and business operations in various industries in addition to being on the board of Accenture's local operating entities.

Since leaving Accenture in 2009, Mr. Mah has served as an Independent Non-Executive Director at Malaysian telecommunication conglomerates, i.e. Celcom Axiata Berhad (2010 - 2018), Rev Asia Berhad (2011 - present), Omesti Berhad (2013 - 2020) and Diversified Gateway Berhad (2015 - 2018) wherein he has acquired extensive experience operating at the board level.

He has strong associations with his alma mater Imperial College, London and has served as a member of its Development Board since 2011.

Mr. Mah graduated with a Bachelor of Science (Engineering) in Computer Science from Imperial College, London.

Group Structure
SILVERLAKE AXIS LTD

BANKING

- *Software Licensing*
- *Software Project Services*
- *Maintenance and Enhancement Services*
- *Sale of Software and Hardware Products*

Silverlake Axis Sdn. Bhd.	**100%**
Silverlake Adaptive Applications & Continuous Improvement Services Ltd.	**100%**
Silverlake Adaptive Applications & Continuous Improvement Services (SG) Pte. Ltd.	**100%**
Silverlake Holdings Sdn. Bhd.	100%
Silverlake Axis MSC Sdn. Bhd.	100%
Silverlake Global Structured Services Pte. Ltd.[1]	**100%**
Silverlake Structured Services Sdn. Bhd.	100%
Silverlakegroup Pte. Ltd.	100%
Silverlakegroup Pte. Ltd. (Philippines branch)	100%
Silverlake Structured Services Ltd.	100%
PT Structured Services	100%
Silverlake Sistem Sdn. Bhd.	100%
Symmetric Payments & Integration Holdings Pte. Ltd.	**100%**
Symmetric Payments & Integration Pte. Ltd.	100%
Symmetric Payments & Integration Sdn. Bhd.	100%
Cyber Village Sdn. Bhd.	**100%**
Affinities Village Sdn. Bhd.	100%
Silverlake Investment (SG) Pte. Ltd.[2]	**100%**
Silverlake Digital Economy Sdn. Bhd.	100%
Silverlake Digitale Sdn. Bhd.	100%
Silverlake One Paradigm Sdn. Bhd.	100%
Silverlake Symmetri (Singapore) Pte. Ltd.	**100%**
Silverlake Symmetri (Malaysia) Sdn. Bhd.	100%
Silverlake Symmetri (Philippines) Enterprises, Inc.	100%
Silverlake Symmetri (Thailand) Limited	100%
Silverlake Symmetri Pakistan (PVT.) Limited	100%
Silverlake Symmetri (Slovakia) spol. s.r.o.	100%
Representative Office of Silverlake Symmetri (Singapore) Pte. Ltd. in Hanoi	100%
Silverlake Symmetri (Singapore) Pte. Ltd. (Dubai branch)	100%

INSURANCE

- *Software-as-a-Service - Insurance Processing*

Merimen Ventures Sdn. Bhd.	**100%**
Merimen Online Sdn. Bhd.	100%
Merimen Technologies (Singapore) Pte. Ltd.	100%
P.T. Merimen Technologies Indonesia	100%
Merimen Technologies Philippines Inc.	100%
Motobiznes Online Sdn. Bhd.	51%
Merimen Technologies (Vietnam) Company Limited	100%
Merimen Technologies (Thailand) Co. Ltd.	100%
Merimen Technologies Hong Kong Limited	100%
Merimen Technologies (Malaysia) Sdn. Bhd.	100%
Merimen Automotive Group Sdn. Bhd.	100%
Merimen Technologies Japan K.K. [3]	100%
Merimen Technologies - FZE [4]	100%

OTHERS

- *Credit and Cards Processing*
- *Retail Automation*
- *Digital Identity and Security Technologies*

Silverlake Japan Ltd.	**100%**
QR Technology Sdn. Bhd.	**100%**
QR Retail Automation (Asia) Sdn. Bhd.	100%
QR Retail Automation (S) Pte. Ltd.	100%
QR Agoracloud Sdn. Bhd.	100%
QR Retail Automation Vietnam Company Limited	100%
SIA X Infotech Group	**80%**
SIA X Infotech	100%
X-Infotech Africa Limited	100%

INVESTMENT

- *Strategic Holdings*

Silver Team Technology Limited	**100%**
Global InfoTech Co. Ltd.[5]	8.30%
Silvirture Limited	**100%**
Silverlake HGH Limited	**51%**

(1) Formerly known as Silverlake Solutions Ltd.
(2) Formerly known as Silverlake Investment Ltd.
(3) Incorporated on 1 July 2020
(4) Incorporated on 21 July 2020
(5) Public listed company

Management Team

LIM EP BAN

TAN SOO CHENG

CHOO SOO CHING

JONAS DANIEL JOAKIM LIND

TREVOR LOK THENG HEY

LIM EP BAN
Chief Executive Officer, Silverlake Digitale
Chief Executive Officer, Silverlake One Paradigm

Mr. Lim is responsible for the overall strategy, operations, and performance of Silverlake Digitale and Silverlake One Paradigm. Both companies were acquired in April 2018. He has over 32 years of experience in information technology. Mr. Lim has managed and implemented more than 50 core banking, payments and provident fund projects including large-scale transformation programmes for banks and financial institutions in the region. Prior to joining Silverlake Private Entities in 1993, he spent 8 years working as a technical consultant for several firms in the United States. Mr. Lim holds a Master of Science Degree in Management Information Systems and a Bachelor of Science Degree (High Honors) in Business Administration from Southern Illinois University.

JONAS DANIEL JOAKIM LIND
Chief Executive Officer, Silverlake Symmetri
Chief Executive Officer, X Infotech

Beginning his career in management consulting in Sweden, Mr. Lind has nearly 22 years of experience in technology of which 15 years have been spent in Asia. As the CEO of Silverlake Symmetri and X Infotech, Mr. Lind is responsible for the growth and business presence expansion in Asia and EMEA. He leads both organisations in enabling financial institutions and governments to become Digital Leaders by focusing on bridging gaps between conventional operating models and the new digital world. Prior to joining the Group, Mr. Lind co-founded and acted as CEO for several technology companies, enabling him to have extensive involvement with governments and commercial organisations across 50 countries. Over the years, Mr. Lind has acquired deep knowledge and specialisation in emerging technologies such as digital identification and authentication while also spearheading technology-driven business strategies to promote organisational growth, market expansion and operation efficiency. Mr. Lind holds a Master of Science in Business Administration and Management from Sweden's Luleå University of Technology.

TAN SOO CHENG
Senior EVP & Chief Executive Officer, Structured Services Group

Ms. Tan started her career in management consulting in Malaysia, and has more than 30 years of financial services industry experience. As the CEO of Structured Services group of companies, Ms. Tan is responsible for the growth and business expansion of Application Maintenance and Enhancement support services for Silverlake Axis Integrated Banking Solution (SIBS) customers across different regions. She leads both SIBS maintenance and enhancement support enabling customers to meet their business strategies, transformation and operations efficiency.

Prior to assuming this role in 2016, Ms. Tan was a Director in the Silverlake Private Entities in charge of Business Transformation, Program/Project Management and Strategic Planning. Her years of financial services industry experience includes previous roles such as Senior Manager in Cap Gemini Ernst & Young, Malaysia and Manager in Commonwealth Bank, Australia. Ms. Tan holds a Bachelor of Science in Computing and Economics along with a Graduate Diploma in Information Technology from Monash University, Australia.

CHOO SOO CHING
Group Managing Director, Silverlake Digital Economy

Ms. Choo founded Silverlake Digital Economy (SDE) in 2011, which was acquired by the Group in April 2018, and is responsible for its overall strategy, architecture, operations and performance. A former banker, Ms. Choo has an extensive banking and technology background including a long career in Standard Chartered Bank (SCB) where she held a number of senior banking, development, programme management and technology service roles in Malaysia, and for the Group in Singapore, Hong Kong and the United Kingdom. Her last major role was as Global Head of Technology Services where she was responsible for delivering technology services to all 53 countries in the Group. She left SCB in 2000 to pursue a software entrepreneurial opportunity which included the delivery of internet and mobile banking services to leading banks in Asia. Prior to founding SDE, she also ran a consultancy services business focusing on business transformation and programme management.

TREVOR LOK THENG HEY
Senior EVP & Chief Executive Officer, Merimen Group

As one of the earliest employees of Merimen, Mr. Lok has played an instrumental role in its early success. His present responsibilities include overseeing the overall strategy and operations of Merimen's business. He dynamically led the development of Merimen's insurance policy solutions before he assumed his current role in 2006. He has over 18 years of experience in the insurance solutions and services industry. He holds the Highest Honors Degree in Physics and Mathematics from the University of Texas at Austin, USA. He was a Research Fellow at Princeton University, USA and a Physics Doctoral Candidate and Research Fellow at Caltech, USA.

SHIEH YEE BING
Senior EVP, Cyber Village

At Cyber Village since 2000, Ms. Shieh focuses on large enterprise scale projects and the development of key banking accounts. She also leads product development with a special emphasis on portal and internet mobile financial self-service solutions while continuing to manage Cyber Village's day-to-day operations. Ms. Shieh's career spans 24 years, and she has experience in e-business projects across financial services, logistics, and education industries. She holds a Bachelor of Arts (Hons) from the National University of Singapore.

PRISCILLA TAN
Senior EVP & Chief Financial Officer

Ms. Tan was appointed to this role in October 2018 and is responsible for the Group's financial and administrative functions. She is also the Joint Company Secretary for the Group. Ms. Tan is a qualified accountant and a fellowship member of the Association of Chartered Certified Accountants (ACCA) and the Malaysian Institute of Accountants (MIA). She has 21 years of experience in auditing and financial management having trained in professional accounting firms such as Grant Thornton and PwC, and worked in a Malaysian regulatory body and commercial sectors. Before taking on this position, she was the Head of Finance for one of the Group's wholly-owned group of companies.

YEW YEE MING
Senior EVP, QR Retail Automation

With 30 years of experience in the retail industry covering software development, implementation, retail industry application, consulting and more, Mr. Yew has contributed immensely to the Group since joining in 1995. He drove the implementation of the QR Retail Automation solution "PROFIT" across China, Taiwan, Singapore, Vietnam, Cambodia, Indonesia and Philippines. Mr. Yew is currently the senior executive in charge of projects and consulting, along with business development with large ASEAN retail groups. He began his career in retail as an analyst programmer at the Parkson Corporation, Malaysia with his qualification in Computer Studies.

ANIL SINGH GILL
Senior EVP, Strategic Finance & Risk

Mr. Anil has over 20 years of experience in operational finance and financial services in various roles including as commercial controller and roles in commercial and investment banking. Beginning his career at HSBC and then OCBC Bank, he has also had leadership roles at CIMB Investment Bank and AmBank in Malaysia prior to joining the Group. At the Group, he is the Head of Risk and leads the Enterprise Risk Management function with responsibility for implementation of strategies and risk management best practices throughout the organisation. He is also responsible for Strategic Finance which encompasses investor relations, internal reporting, business analytics and strategy.

He holds a Bachelor of Commerce degree from University of Melbourne, an MBA from University of South Australia and is a fellow member of CPA Australia, an associate of Institute of Chartered Accountants Singapore (ISCA) and the Malaysian Institute of Accountants (MIA).

TOK MENG GEOK
Senior EVP, Symmetric Payments & Integration

Ms. Tok is the key person in charge of the design and development of Symmetric Payments & Integration's solutions and roadmap. She is also responsible for project services operations to deliver new systems as well as to maintain and enhance the installed systems at customer sites. Her career of 31 years spans across banking technologies, system integration and solutions implementation at various regional and domestic banks. She graduated with a Bachelor of Science (Computer Science) degree from the National University of Singapore.

TUNG SWEE CHER
Senior EVP, Programs & Practices

Ms. Tung has over 30 years of experience in management and technology consulting. She was a Managing Director in Accenture, a global leading edge consulting firm, where she led major client transformation projects and business units. Her expertise includes driving business change at global and regional companies across multiple industries for projects such as strategic planning, operational improvement, IT planning, shared services setup, and solution delivery and outsourcing. At the Group, she is responsible for defining and execution of strategic initiatives that will deliver business benefits such as strategy definition, revenue and cost optimisation, practice standardisation and new business opportunities.

Ms. Tung holds a Bachelor of Economy (Major in Business Administration) First Class Honours, from the University of Malaya.

STRAIGHT THROUGH
BANKING

FLEXIBLE & OPEN

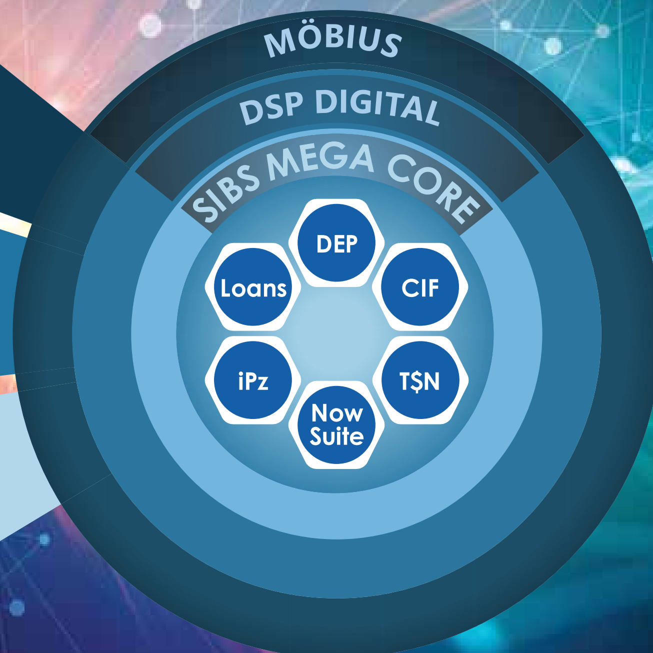
Digital representation of the core combining omni-channels and STP service orchestration

RESILIENT & SCALABLE

Low-latency open API management, connecting internal users and external ecosystems

PROVEN & ADAPTIVE

Abstracted universal banking suite and microservice libraries to create a bank that is uniquely yours



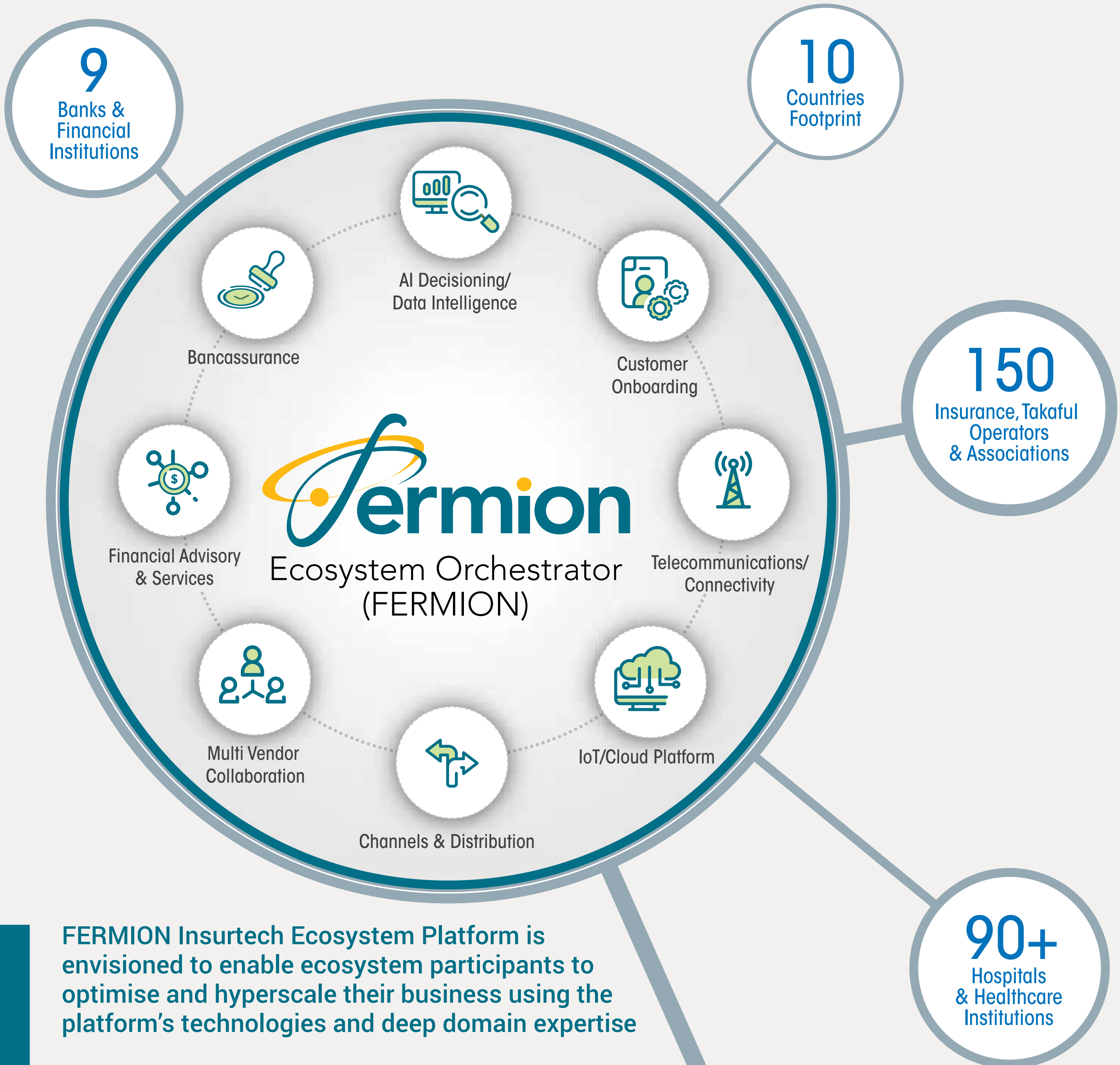
Silverlake Axis prides itself in successfully delivering responsive digital customer experience with resilient, compliant and scalable core over the past 30 years. Providing resilient bank transaction processing and facilitating financial organisations in their digitisation journey is cornerstone to Silverlake Axis' mission.

Ease of collaboration is achieved through the modular design of **Silverlake Axis' Straight Through Banking Platform**. Complex processes can now be efficiently streamlined across multiple processes, as well as among internal/external innovators and trusted partners.

The Straight Through Banking Platform is designed to help banks in their transformation for the Open Banking, gearing up for digital banking services or simply optimising their existing technology investment.

Three key components of the Straight Through Banking Platform are:

MÖBIUS	DSP Mega	SIBS Mega Core
Digital Banking and Open Banking functions, omni-channel design with newly digitised STP service orchestration.	Integrated Application Manager enables Core and Digital to address multi-dimensional digital economy complexities.	Proven, adaptive and comprehensive universal banking solution delivering future proofed architecture through industry-leading speed, scalable, reliable and secure Core Platform.



FERMION Insurtech Ecosystem Platform is envisioned to enable ecosystem participants to optimise and hyperscale their business using the platform's technologies and deep domain expertise

Our Vision

Be Asia's Trusted Platform for Insurers and Insurance Ecosystems to Transact, Expand & Create New Businesses

Our Differentiators

- Deeply Entrenched in one of the fastest growing economies – ASEAN
- An Extensive insurance focused ecosystem of more than 11,000 insurance intermediaries, workshops, repair centres and automobile brands
- An expanding health ecosystem with more than 90 hospitals and healthcare institutions, hundreds of medical practitioners, providers and members
- Backed by the Silverlake Axis Group's unique strengths in financial technology and customer-partner collaboration

Financial Highlights

Revenue	Gross Profit	Other Income	EBITDA	Net Profit
RM663.7 million	RM391.7 million	RM23.6 million	RM278.0 million	RM184.7 million
↓3%	↓8%	↓58%	↓16%	↓25%

Financial Year Ended 30 June	2016	2017[1]	2018	2019	2020
1. Financial Results (RM' million)					
Revenue	636.3	549.9	541.8	680.8	**663.7**
Gross Profit	383.9	307.5	304.9	426.1	**391.7**
Other Income	19.7	808.3 (2)	4.5	55.6 (3)	**23.6** (4)
EBITDA	315.6	985.3 (2)	167.0	332.5 (3)	**278.0** (4)
Profit Before Tax	300.2	968.2 (2)	147.2	284.7 (3)	**212.6** (4)
Net Profit	273.9	863.7 (2)	134.1	245.6 (3)	**184.7** (4)
2. Financial Positions (RM' million)					
Share Capital	191.0	191.0	191.0	191.0	**191.0**
Shareholders' Fund	602.5	1,192.3	523.1	592.3	**746.6**
Total Assets	833.4	1,497.9	1,007.3	1,182.4	**1,468.2**
Total Liabilities	230.8	305.6	484.1	590.0	**721.6**
3. Financial Ratio					
Gross Profit Margin (%)	60%	56%	56%	63%	**59%**
Net Profit Margin (%)	43%	157% (2)	25%	36% (3)	**28%** (4)
Return on Equity (%)	45%	72% (2)	26%	41% (3)	**25%** (4)
Current Assets/Current Liabilities (Times)	2.3	4.8	3.6	3.8	**2.1**
4. Per Share (RM sen)					
Basic Earnings Per Share	10.30	32.65 (2)	5.09	9.27 (3)	**7.04** (4)
Diluted Earnings Per Share	10.30	32.62 (2)(5)	5.08 (5)	9.27 (3)	**7.04** (4)
Net Assets Per Share	22.71	45.05	19.70	22.39	**28.83**
5. Dividends					
Dividends Per Share (SGD cents)	3.00	4.50	3.00	1.80	**0.93**
Dividend Payout (%)	87%	43% (2)	175% (2)	59%	**40%**

(1) The acquisition of Silverlake Investment (SG) Pte. Ltd. (formerly known as Silverlake Investment Ltd.) and three of its subsidiaries comprising Silverlake Digital Economy Sdn. Bhd., Silverlake Digitale Sdn. Bhd. and Silverlake One Paradigm Sdn. Bhd. (collectively, the "SISG Group"), in April 2018 was an acquisition of companies under common control. In accordance with the pooling of interest method of consolidation, the Group's financial statements for FY2017 and FY2018 (for period from July 2017 to March 2018) were restated in FY2018 to include SISG Group's results, as if SISG Group had always been part of the Group. For the purpose of this Annual Report, the impact of the pooling of interest method of consolidation of SISG Group has not been reflected in financials prior to FY2017. SISG Group's net profit for FY2016 was approximately 7% of Group's net profit for FY2016.

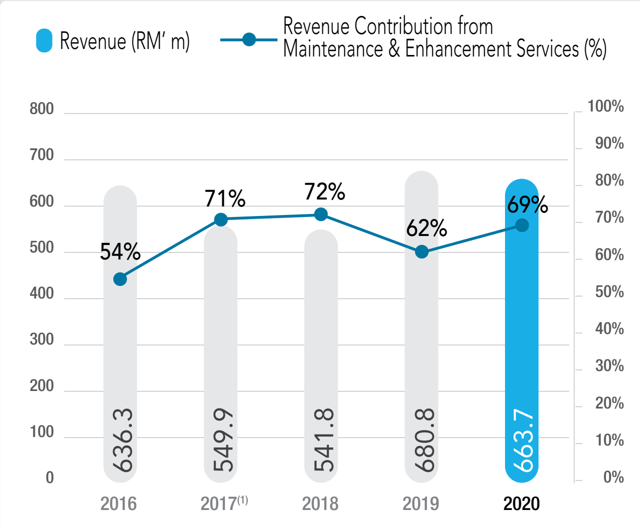
(2) In FY2017, the Group made a net gain of RM426.2 million on disposal of shares in an associate, Global InfoTech Co. Ltd. ("GIT"), mark-to-market accounting gain of RM259.1 million on re-measurement of retained interest in GIT, gain of RM18.8 million on dilution of interest arising from GIT's share capital changes and reversal of deferred tax liabilities of RM4.7 million on unremitted earnings of GIT. The gains were reflected in Other Income and correspondingly in earnings, net profit margin and return on equity ratios. In FY2018, the Group incurred a net loss of RM5.9 million from the sales of GIT shares. Excluding the effects of these non-operational gains and losses related to GIT, the Group's FY2018 adjusted net profit of RM140.0 million would have been 10% lower than FY2017 adjusted net profit of RM154.9 million.

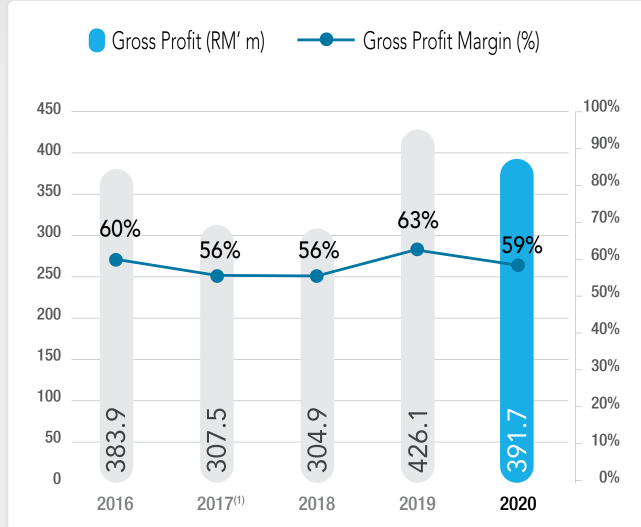
The Group declared five special dividends from the GIT share sale proceeds, totalling Singapore 2.3 cents and Singapore 1.8 cents per share for FY2017 and FY2018 respectively.

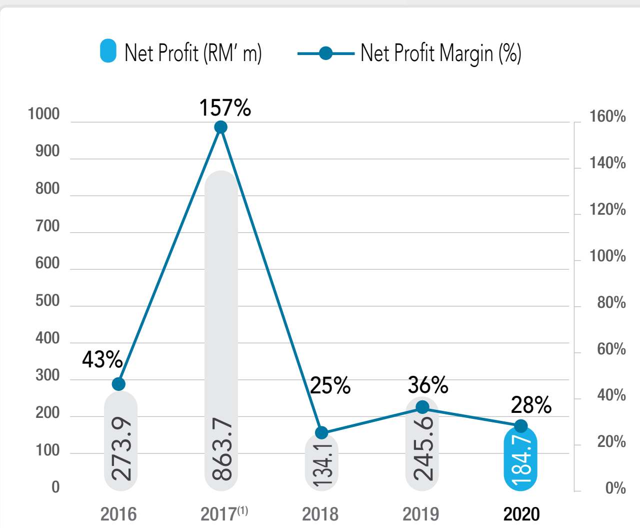
(3) In FY2019, the Group recorded RM14.8 million gain from fair value adjustment on contingent consideration for the acquisition of SISG Group, a net gain of RM14.2 million from reversal of value-added tax ("VAT") accrued for the disposal of GIT shares in FY2017 and FY2018 (as Silver Team Technology Limited, a subsidiary of the Company, had obtained VAT exemption in FY2019 for the disposals), RM9.4 million gain from the recognition of a derivative asset for the call option on the remaining 20% equity interest in SIA X Infotech Group ("XIT Group"), and RM8.5 million net gain from the disposal of freehold land in FY2019. These non-operational gains were reflected in Other Income and correspondingly in earnings, net profit margin and return on equity ratios. Excluding the effects of these non-operational gains, the Group's adjusted net profit of RM198.7 million would have been 42% higher than FY2018 adjusted net profit of RM140.0 million.

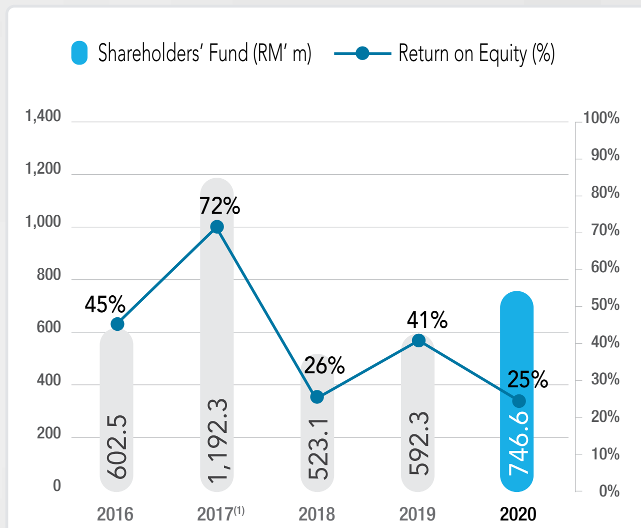
(4) In FY2020, the Group recorded RM11.3 million gain from remeasurement of put liability on the remaining 20% equity interest in XIT Group, RM2.9 million wage subsidies received from the governments of Singapore and Malaysia to support businesses during COVID-19 pandemic, RM2.1 million gain from deemed disposal of investment in Finzsoft Solutions Limited, and RM1.6 million fair value gain from remeasurement of contingent consideration for the acquisition of 80% equity interest in XIT Group and 100% equity interest in SISG Group. These non-operational gains were reflected in Other Income and correspondingly in earnings, net profit margin and return on equity ratios. Excluding the effects of these non-operational gains, the Group's adjusted net profit of RM166.8 million would have been 16% lower than FY2019 adjusted net profit of RM198.7 million.

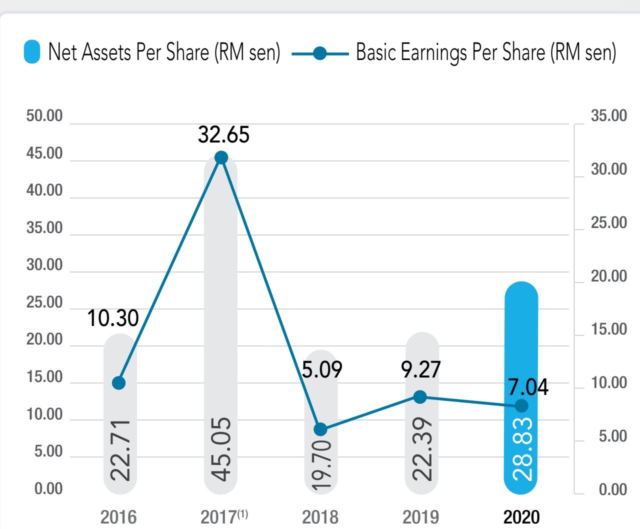
(5) Based on the weighted average number of ordinary shares on issue, after adjusting for dilution shares under Silverlake Axis Ltd. Performance Share Plan.

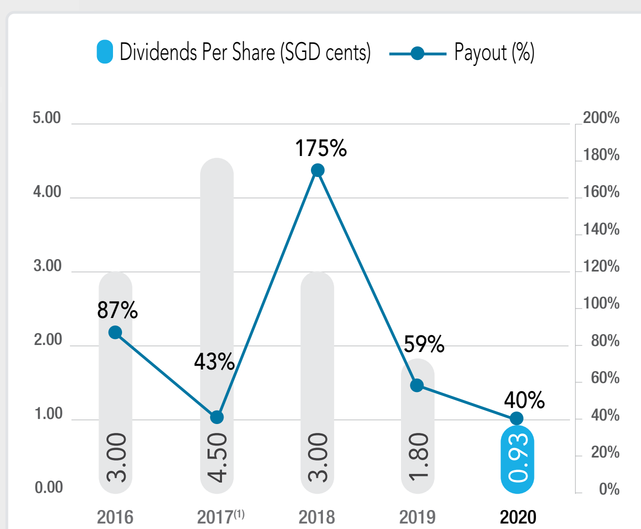

Revenue (RM' m)
Revenue Contribution from Maintenance & Enhancement Services (%)
2016: 636.3, 54%
2017(1): 549.9, 71%
2018: 541.8, 72%
2019: 680.8, 62%
2020: 663.7, 69%


Gross Profit (RM' m)
Gross Profit Margin (%)
2016: 383.9, 60%
2017(1): 307.5, 56%
2018: 304.9, 56%
2019: 426.1, 63%
2020: 391.7, 59%


Net Profit (RM' m)
Net Profit Margin (%)
2016: 273.9, 43%
2017(1): 863.7, 157%
2018: 134.1, 25%
2019: 245.6, 36%
2020: 184.7, 28%


Shareholders' Fund (RM' m)
Return on Equity (%)
2016: 602.5, 45%
2017(1): 1,192.3, 72%
2018: 523.1, 26%
2019: 592.3, 41%
2020: 746.6, 25%


Net Assets Per Share (RM sen)
Basic Earnings Per Share (RM sen)
2016: 22.71, 10.30
2017(1): 45.05, 32.65
2018: 19.70, 5.09
2019: 22.39, 9.27
2020: 28.83, 7.04


Dividends Per Share (SGD cents)
Payout (%)
2016: 3.00, 87%
2017(1): 4.50, 43%
2018: 3.00, 175%
2019: 1.80, 59%
2020: 0.93, 40%

Financial Performance Review

OVERVIEW

FY2020 Group revenue of RM663.7 million was 3% lower as compared to RM680.8 million in FY2019. The Group's earnings before interest, taxes, depreciation, and amortisation ("EBITDA") was RM278.0 million in FY2020 as compared to RM332.5 million in FY2019. The Group recorded a net profit after tax ("NPAT") of RM184.7 million in FY2020, 25% lower than the RM245.6 million achieved in FY2019.

Despite the challenges posed by the COVID-19 pandemic, the Group has sustained its business operations and supported its customers during the various countries' lockdown measures which have restricted the mobility of employees.

REVENUE

Group revenue declined marginally by 3% to RM663.7 million as compared with FY2019.

Project related segments, comprising software licensing and software project services contributed lower revenue in FY2020 whilst the Group's recurring revenue continued its growth trend. Revenue from project related segments decreased 36% from RM203.6 million in FY2019 to RM130.4 million in FY2020 due to lower progressive revenue recognised in FY2020 as key projects secured in prior years were nearing completion. The decline was cushioned by new smaller contracts secured in FY2020.

Recurring revenue from maintenance, enhancement services and Software-as-a-Service ("SaaS") rose 9% to RM495.4 million in FY2020 and remained as the key revenue contributor at 75% of Group revenue. The growth in maintenance and enhancement services were driven by the shift in IT spend of financial institutions from large capital expenditure to incremental system enhancements as well as ongoing and new maintenance contracts during the COVID-19 pandemic period.

Revenue from sale of software and hardware products of RM26.9 million in FY2020 was significantly higher as compared with FY2019 due to the delivery of several sizeable hardware products to certain Malaysian banks.

The growth in SaaS was mainly driven by the implementation of new pricing structure for insurance processing activities as well as provision of TrueSight suite of productivity and analytics solutions in FY2020.

Cloud-based retail automation product ("QR AgoraCloud") was launched during FY2020 and recorded SaaS revenue of RM0.5 million. One Singapore retail customer subscribed to QR AgoraCloud to deliver enhanced customer services and fulfil demand and supply chain operational efficiencies.

GROSS PROFIT

Group gross profit of RM391.7 million in FY2020 was 8% lower compared with RM426.1 million in FY2019.

Group gross profit margin of 59% in FY2020 was lower as compared with 63% in FY2019 mainly due to the change in revenue mix with lower contribution from higher margin business segments such as software licensing and software project services in FY2020.

OTHER INCOME

Other income was RM23.6 million in FY2020 compared with RM55.6 million in FY2019.

FY2020 other income comprises mainly the following items:

- RM11.3 million gain arising from remeasurement of put liability on the remaining 20% equity interest in SIA X Infotech Group ("XIT Group");
- RM2.9 million wage subsidies received from the governments of Singapore and Malaysia to support businesses during COVID-19 pandemic period;
- RM2.1 million gain from deemed disposal of investment in Finzsoft Solutions Limited ("Finzsoft"); and
- RM1.6 million fair value gain from the remeasurement of contingent consideration for the acquisition of 80% equity interest in XIT Group and 100% equity interest in Silverlake Investment (SG) Pte. Ltd. (formerly known as Silverlake Investment Ltd.) Group ("SISG Group").

FY2019 other income comprises mainly the following items:

- RM18.2 million gain from the reversal of value-added tax ("VAT") accrued as the Group obtained VAT exemption for the prior disposal of shares in Global InfoTech Co. Ltd. ("GIT");
- RM14.8 million gain arising from remeasurement of contingent consideration for the acquisition of SISG Group;
- RM9.4 million gain from recognition of a derivative asset for the call option on the remaining 20% equity interest in XIT Group; and
- RM8.8 million pre-tax gain from the disposal of land.

EXPENSES

There was a 11% reduction in selling and distribution costs from RM37.4 million to RM33.4 million in FY2020 as a result of fewer customer contact activities and implementation of cost management measures, partially offset by the consolidation of XIT Group's full year results. XIT Group was acquired in January 2019.

Administrative expenses increased by 4% to RM140.0 million in FY2020 mainly due to consolidation of XIT Group's full year results in FY2020, initiation of cost rationalisation activities and realised foreign currency exchange loss. There was no impairment recorded in FY2020 whilst FY2019 recorded an impairment of goodwill of RM14.1 million. The goodwill impairment in FY2019 was from a cash-generating unit ("CGU"), Payments and Integration Solution.

Finance costs of RM34.7 million in FY2020 was 28% higher compared with the RM27.0 million recorded in FY2019. This was mainly due to higher unwinding of discount recorded on the contingent consideration payable for the acquisition of SISG Group and XIT Group as required by International Financial Reporting Standards ("IFRS") - IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as well as the interest incurred from the drawdown of the revolving credit facility.

SHARE OF RESULTS OF A JOINT VENTURE

The Group booked a profit from the joint venture in FY2020 as compared to a loss in FY2019, and the joint venture's investment has been disposed at end of March 2020.

INCOME TAX

Income tax expense of RM28.0 million in FY2020 was 29% lower as compared with RM39.2 million in FY2019 mainly due to the recognition of deferred tax assets on tax allowance claimable on the intellectual property rights acquired in Singapore in FY2020. The decrease was partially offset by higher tax expenses due to the expiry of pioneer status of a Malaysian subsidiary in early FY2020.

FINANCIAL POSITION

ASSETS

Total assets increased by 24% from RM1,182.4 million as at 30 June 2019 to RM1,468.2 million as at 30 June 2020.

The Group's investment in quoted equity shares of GIT increased by 80% from RM172.1 million to RM310.2 million as at 30 June 2020, attributable to the increase in share price of GIT shares to RMB13.88 per unit as at 30 June 2020 (RMB7.74 per unit as at 30 June 2019).

The Group recognised RM28.8 million right-of-use assets as at 30 June 2020, comprising leases of furniture and fittings, motor vehicles, office equipment and office premises, in accordance with the new IFRS 16 Leases which is effective for financial years beginning on or after 1 January 2019, i.e. FY2020 for SAL Group.

Deferred tax assets of RM66.0 million as at 30 June 2020 was significantly higher as compared to RM26.1 million as at 30 June 2019, arising mainly from the recognition of deferred tax on tax allowance claimable on the intellectual property rights acquired in Singapore of RM32.2 million during the financial year.

Intangible assets increased from RM281.5 million as at 30 June 2019 to RM300.0 million as at 30 June 2020 mainly due to the capitalisation of software development expenditure incurred on core and digital banking, Fintech and other solutions during the financial year. The provisional goodwill and intangibles recognised last year from the business combination of XIT Group have been finalised and adjusted upwards following the completion of purchase price allocation ("PPA") exercise in FY2020. These increments were partially offset by the amortisation of intangible assets in FY2020.

Cash and bank balances increased from RM442.0 million to RM496.7 million in FY2020. The increase was mainly contributed from operating activities with net cash inflow of RM209.8 million during the financial year, partially offset by RM104.8 million dividends paid to shareholders and RM56.8 million cash used for share buyback in FY2020.

The Group maintained a healthy net cash position as at 30 June 2020.

LIABILITIES

Total liabilities increased by 22% from RM590.0 million to RM721.6 million as at 30 June 2020.

During the financial year, the Group recognised additional RM28.2 million deferred tax liabilities mainly from the following items:

- RM12.8 million deferred tax in relation to GIT shares held by the Group in tandem with the increased carrying amount of investment as at 30 June 2020;
- RM6.6 million deferred tax liabilities on intangible assets arising from the business combination of XIT Group upon the completion of PPA exercise in FY2020; and
- RM6.1 million deferred tax liabilities on foreign subsidiaries' remittance.

Loans and borrowings increased to RM150.9 million as at 30 June 2020 from RM74.4 million as at 30 June 2019 mainly due to:

- the recognition of RM26.1 million lease liabilities for right-of-use capitalised in accordance with IFRS 16 Leases, which is effective from FY2020 for SAL Group;
- drawdown of RM61.8 million revolving credit facility during FY2020 for working capital purposes; and
- repayment of RM9.9 million bank overdraft utilised in FY2019.

The contingent consideration for the acquisition of SISG Group of RM276.4 million will be payable within one year from the reporting date. The Company is in net current liabilities position following the classification of this liability as current liabilities in the statement of financial position as at 30 June 2020, as compared to non-current liabilities in FY2019.

EQUITY

With positive contribution in FY2020 where the Group continued to deliver on existing contracts and implemented cost management measures, total equity increased by 26% from RM592.3 million last year to RM746.7 million as at 30 June 2020.

SHARE CAPITAL

The number of issued shares remained at 2,696,472,800 shares as at 30 June 2020.

The number of treasury shares increased from 51,420,068 shares to 107,115,868 shares as at 30 June 2020 following the buyback of 55,695,800 shares during the financial year.

EARNINGS PER SHARE ("EPS")

FY2020 basic and diluted EPS were the same at 7.04 sen as there was no other transaction involving ordinary shares or potential ordinary shares as at 30 June 2020. With lower profitability from operational and non-operational activities (i.e. lower one-off other income) in FY2020 as compared to FY2019, EPS in FY2020 was 24% lower than the 9.27 sen achieved in FY2019.

DIVIDEND

Total dividends in FY2020 comprised interim dividends declared of Singapore 0.60 cents per share and proposed final dividend of Singapore 0.33 cents per share. These represents 40% of the Group's net profit in FY2020.

The proposed final dividend is subject to shareholders' approval at the forthcoming Annual General Meeting.

CASH FLOW

CASH FROM OPERATING ACTIVITIES

Net cash flow from operating activities in FY2020 was RM209.8 million as compared to RM325.2 million in FY2019 due to lower profitability and higher tax paid in FY2020 as a result of the expiry of pioneer status of a Malaysian subsidiary in early FY2020.

CASH USED IN INVESTING ACTIVITIES

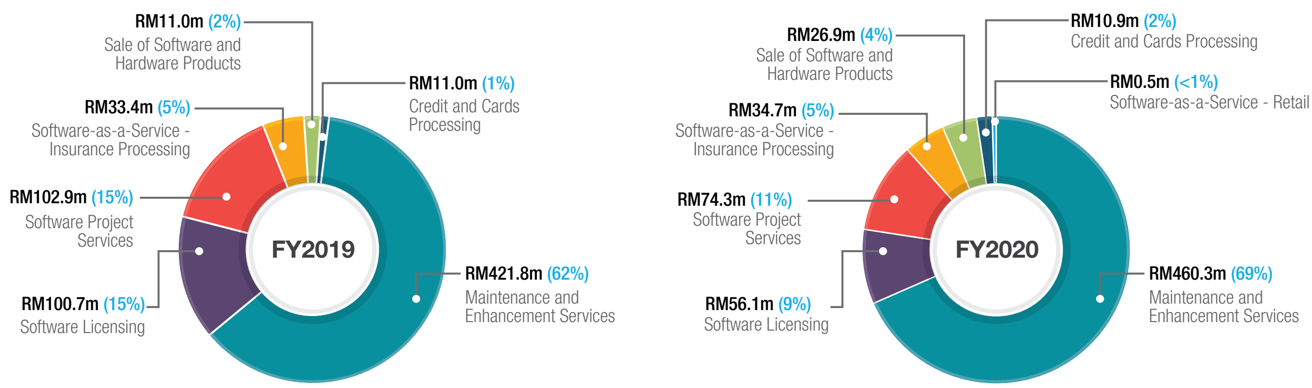
Net cash used in investing activities of RM36.7 million in FY2020 was 58% lower compared with RM86.5 million in FY2019 as there were no new investments made in FY2020.

The Group received RM11.6 million sale proceeds from the disposal of investment in Finzsoft during the financial year. FY2019 recorded sale proceeds of RM16.0 million from the disposal of land coupled with an outflow of RM52.6 million for the acquisition of 80% equity interest in XIT Group.

CASH USED IN FINANCING ACTIVITIES

Net cash used in financing activities was lower in FY2020 at RM113.6 million as compared with RM133.2 million in FY2019 mainly due to drawdown of revolving credit facility to support working capital requirements in FY2020.

REVENUE BY SEGMENT



BANKING AND RETAIL SEGMENTS

Industry Trend in FY2020

Financial year 2020 began well with strong momentum and growth in our key segments, and the prospects for the full year were encouraging. The continued drive towards digital and the increasingly intense competition in the industry landscape enabled the Group to close a number of contracts for enhancement to its customers' technology and digital infrastructure in the first half of the financial year.

In early 2020, the Group as a market participant, began to experience the effects of the COVID-19 pandemic and the economic slowdown as a result of the movement restrictions and the pressure that this placed on many industries. The Group's key customers in Banking were deemed essential services and remained open throughout whilst the retail industry was badly affected by closures and by a large negative impact on demand. These events led to a challenging second half of the financial year and the momentum slowed significantly. Despite these conditions, the Group was still able to close new deals and there were also some new opportunities that were created in which the Group was able to capitalise upon.

An observable trend of the relentless drive toward digital has accelerated but this has been balanced by the reduction in overall IT budgets and stricter justifications for large spend mainly by the financial institutions. As a result, there were incremental enhancements taking precedence over large scale projects.

However, the broad industry themes of machine learning, Artificial Intelligence ("AI") and analytics continue to be relevant as many legacy institutions catch up to the blossoming Fintech space. Competition has intensified from the proliferation of Fintech and with the pending issuance of digital banking licenses in key markets of ASEAN, incumbent institutions are looking to innovate to remain relevant to customer acquisition, engagement and retention. Regulatory and compliance activities continue to be a key driver of IT spend as the evolution in the financial landscape accelerates.

SOFTWARE LICENSING

The Group is a leading and premier digital economy solutions provider to the financial services, retail and logistics industries. The Group's main products include Silverlake Axis Integrated Banking Solution (SIBS), Silverlake Axis Integrated Islamic Banking Solution (SIIBS), Silverlake Axis Provident Fund System (SIPFS), Silverlake Axis Card System (SCS), Silverlake Digital Banking MÖBIUS Open Banking Platform (SDE), Silverlake Axis Retail Merchandising System (PROFIT), Silverlake Axis Enterprise Payment Platform, Cyber Village Converged Internet and Mobile Platform, Silverlake Symmetri Retail Banking Solutions, IntelliSuite (SDS) and NowSuite (SOP) applications, and SIA X Infotech digital identity and security software solution.

Performance

Software licensing contributed 9% to the Group's overall revenue and is a core business for the Group. However, this revenue segment is dependent on closure of large contracts. In FY2020, the Group recorded a 44% reduction in revenue from this segment to RM56.1 million compared with RM100.7 million in FY2019. The difficulty in closing large core banking deals amidst the pandemic and slowing economic conditions contributed to this decline.

Outlook

License fee is highly dependent on the securing of new contracts and the Group has a strong pipeline of transactions that the Group is currently pursuing in Thailand, Indonesia, Sri Lanka and Malaysia. There is particularly strong interest in the open banking platform, MÖBIUS which the Group has officially launched in August 2020 and the working teams are actively pursuing these deals.

Overall, the Group is optimistic however there are headwinds from the ongoing COVID-19 situation whose effects are difficult to predict. The Group continues to exploit every opportunity and is confident of the prospects in FY2021 though muted compared to earlier estimates.

SOFTWARE PROJECT SERVICES

The software project services business is closely related to the provision of software customisation and implementation services to deliver the core banking, payment and retail solutions to our customers to ensure the full functionality of our software.

Performance

With no large new projects in FY2019 or FY2020 (project revenue recognition usually spreads across more than one financial year), software project services revenue decreased 28% to RM74.3 million in FY2020 from RM102.9 million in FY2019.

Overall project services contributed 11% to the overall Group revenue.

Key projects secured in previous financial years neared completion with lower revenue milestones achieved. This was cushioned by some new smaller core banking deals secured in Indonesia and Malaysia. With the business sentiment in the second half of FY2020, it was difficult to close large deals and the Group's customers have taken a cautious stance to the conditions which has been evolving over the last six months.

Outlook

The outlook remains cautiously optimistic with some indications of improvement. The situation is still highly volatile with uncertainty on the economic fallout from the pandemic. In many countries, loan moratoriums and stimulus come to an end in late fiscal 2020 and the extent of the damage will be consolidated and tabulated.

The Group is attending to many enquiries and proposals in Malaysia, Thailand, Indonesia and Sri Lanka for customers who are accelerating their digital transformations.

Some digital banking licenses have been delayed due to the pandemic and the Group continues to pursue these opportunities.

MAINTENANCE AND ENHANCEMENT SERVICES

The maintenance and enhancement business provides the Group's customers with round-the-clock software support services as well as enhancement services to support them in the delivery and execution of their strategies in making new capabilities available to their customers. These capabilities can be in the areas of new channels, to augment customer experience and to address any new regulatory and emerging governance, risk and compliance requirements.

Performance

Revenue from maintenance and enhancement services increased by 9% from RM421.8 million in FY2019 to RM460.3 million in FY2020. This segment accounts for 69% of the Group's overall revenue. A number of new enhancement contracts were secured in FY2020 in response to requests for support and digital transformation activities for banks in Singapore. Modifications to systems to cater for COVID-19 financial relief and the integration of new front-end applications helped to drive this revenue segment. In addition, revenue is being progressively recognised for ongoing long-term maintenance contracts for a large number of customers and is recurring and stable by nature.

Outlook

Growth in this segment is dependent on the installed base of our software. Maintenance contracts are typically for a period of up to five years beginning upon cutover of project implementation and are recurring in nature. The Group's installed base has remained stable throughout the year and there is a large pipeline working to close. As our customers defer large IT spend due to the uncertainties, their moves to enhancing their existing systems has contributed positively to this segment.

Furthermore, with challenger digital banks and Fintech players coming to market at speed, our customers are deploying new customised and digital solutions quickly and this would require the Group's enhancement expertise. With our strong partnerships with ASEAN's leading banking franchises, the Group is optimistic in getting a greater share of wallet from this spend.

SALE OF SOFTWARE AND HARDWARE PRODUCTS

The software and hardware solutions offered by the Group in this segment refer to our non-proprietary software and where we act as resellers to customers who require bundled one-stop solutions. The Group is an authorised reseller of IBM hardware and system software in Malaysia.

Performance

Sales in this segment increased by 144% from RM11.0 million in FY2019 to RM26.9 million in FY2020 and this segment accounts for only 4% of the Group's revenue. The strong performance was mainly due to the three sizeable deals delivered in FY2020.

Outlook

This business only forms a small part of the Group's focus and it is relatively low margin as compared to the gross margins for the other businesses. However, with an overall slowdown in customers' business for physical IT infrastructure over the next 12 months, the Group anticipates that this segment will achieve low to moderate growth. We continue to seek and exploit all opportunities through close collaborations with established and new business partners.

SOFTWARE-AS-A-SERVICE - INSURANCE PROCESSING

The insurance processing business, undertaken by Merimen Group, focuses on providing cloud computing Software-as-a-Service ("SaaS") collaborative platform for policy administration, claim processing and data analytics for the insurance industry, connecting the stakeholders in the insurance ecosystem - insurers, repairers, loss adjusters, parts suppliers, agents, brokers, direct corporate clients and others.

Industry Trend in FY2020

Data protection, cybersecurity and governance continue to be important regulatory concerns in the markets where Merimen operates. This year, Bank Negara Malaysia introduced the Risk Management in Technology ("RMiT") framework, to better address the technology risks and safeguard the cyber resilience of Malaysian financial institutions. Merimen welcomes these positive steps, since the enhanced technology risk management requirements presented Merimen with an advantage due to its long-established experience in managing cloud-based software delivery. Across Asia Pacific and the Middle East, insurance companies are increasing their use of productivity tools backed by mobile technologies and enhanced straight-through automation in the face of high demand from their end-customers and cost pressures. Additionally, non-traditional sales channels such as embedded insurance policy sales in third party platforms became prominent in the industry landscape. Merimen continues to see increasing demand for its proven eClaim and ePolicy collaboration platforms, and its TrueSight suite of productivity and analytics solutions.

Performance

FY2020 insurance processing revenue improved by 4% to RM34.7 million. The growth is achieved at the back of strong results in the first eight months of the financial year, which balances the precipitous drop in revenue during the COVID-19 lockdown periods in its markets during the final four months of the year. Merimen's revenue model is based on the volume of claims and policies transacted by its customers, which was severely impacted by COVID-19 movement restriction orders. The positive contribution for this financial year was from the expansion of its insurance ecosystem platform business in the Philippines, Vietnam, Thailand, Hong Kong and Japan, and new offerings from its analytics SaaS suite, TrueSight. Additional contribution was derived from implementation of a new pricing structure in Malaysia, Singapore and Indonesia.

Outlook

The Group is cautiously optimistic about the outlook for the insurance processing business. Merimen anticipates continued impact to its revenue due to COVID-19 pandemic. However, the negative effects are expected to be countered by the positive developments in its business. Merimen established operations in Tokyo, to better serve the Japanese market, which will be a major growth driver in the coming years. Merimen's first implementation in Japan, with a major international insurer, was successfully completed this financial year. Additionally, another customer in Japan signed on during the year, for the extended warranty line of business. At the height of the COVID-19 pandemic, Merimen successfully secured an insurer in the United Arab Emirates. Positive contributions from the new market is expected in the coming financial year. It will also serve as a springboard for Merimen's regional expansion in the Middle East. Growth will also be driven by countries where Merimen expanded into in the past few years, with improvement in system usage and ecosystem expansion. Merimen TrueSight is expected to contribute positively in the coming year as more insurers come onboard to adopt the new analytics and video technologies.

CREDIT AND CARDS PROCESSING

The credit and cards processing business, undertaken by Silverlake Japan, focuses on providing full scale processing of a wide range of credit cards and other credit products on an outsourcing basis. This service is offered to Japanese card issuers in Japan and banks providing remote service for Japanese card issuers in Asia.

Performance & Outlook

Silverlake Japan is in the midst of a restructuring exercise to downsize its operations. Silverlake Japan 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 Silverlake Japan 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. Silverlake Japan 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, Silverlake Japan is no longer servicing any more customer contracts in its business.

FY2020 credit and cards processing revenue was RM10.9 million as compared to RM11.0 million reported last year.

SUSTAINABILITY REPORT 2020

About this Report

Reporting Scope and Boundaries

Our Group's Sustainability Report ("Report") is published annually and provides information on our sustainability performance for the period from 1 July 2019 to 30 June 2020. Our last Sustainability Report was published on 8 October 2019.

The scope of this Report focuses on Silverlake Axis Ltd. and its subsidiaries for which it has direct managerial control (collectively referred to as the "Group"), unless otherwise stated. References in this Report to "Silverlake Axis", "the Group", and "we" refer to the aforementioned entities. The list of subsidiaries can be found in the Group's Structure on page 13 of the Annual Report.

No restatements were made from the previous report.

Reporting Methodology

This Report has been prepared in accordance with the Global Reporting Initiative ("GRI") Standards: Core option and Singapore Exchange Listing Rules 711A and 711B. While we have undertaken external assurance for our financial statements in our Annual Report, we aspire to follow best practices by expanding to include selected sustainability indicators in the future.

In defining the report content, we have applied the GRI principles of stakeholder inclusiveness, sustainability context, materiality and completeness. This year, we have undertaken a second materiality assessment in line with the GRI Standards, which comprised defining and engaging our key stakeholders, assessing the wider external and internal context of sustainability, as well as determining and prioritising our material matters. Furthermore, we aim to provide balanced and transparent disclosures including historical quantitative data on the Group's key sustainability initiatives and progress across the economic, social and environmental sustainability pillars.

We appreciate and welcome your feedback on our Sustainability Report to continuously improve our reporting and sustainability practices. Please address your feedback to investor.relations@silverlakeaxis.com.

Sustainability at the Group

The Group believes it is necessary to integrate sustainability within our business strategy and core operations to ensure business resilience in addressing rapid digital transformations amidst a challenging economic environment brought about by the COVID-19 pandemic. We are committed to operating responsibly to achieve our financial goals, while managing our social and environmental impacts.

Our sustainability agenda and initiatives are guided by three overarching pillars: Our Business, People and Stewardship, driving sustainable growth to deliver long-term value for our stakeholders.

Our Sustainability Pillars

Our Business

Delivering value through our operations by reinforcing ethical business governance, innovation and a forward-looking culture.

Our People

Empowering and nurturing an employee-centric culture by focusing on the well-being and development of our employees.

Our Stewardship

Our commitment towards minimising our environmental impact across all business locations of the Group.

Diagram 1: Silverlake Axis' Sustainability Pillars

Our Sustainability Policy

The Group Sustainability Policy defines our commitment in contributing to a sustainable operating environment, in line with the Group's Standards of Business Conduct ("Business Conduct Standard") and business strategy. We endeavor to exceed our customers' expectations and encourage our business partners to adopt sustainable practices.

Our 8 guiding principles are:

1. To comply with, and exceed where practicable, all applicable legislation, regulations and codes of practice;
2. To integrate sustainability considerations into all our business decisions;
3. To provide a healthy, safe, conducive and empowering equal opportunity workplace;
4. To conserve natural resources by optimising re-use and recycling wherever possible;
5. To utilise operational processes that do not adversely impact the environment;
6. To work with our stakeholders to enhance awareness, and incorporate, practice and promote sound environmental practices, using our resources to provide leadership, guidance and motivation, where necessary;
7. To continually develop and provide environmentally supportive performance and advances including embedding sustainability into our decision-making, planning and investment processes to provide sustainable value increase to our shareholders; and
8. To review, annually report and continually strive to improve our sustainability performance.

Sustainability Governance

We believe that good governance plays a key role in achieving the Group's objectives and supporting our ability to create value. Setting the tone from the top, our Board of Directors promotes integration of sustainability in strategic decisions and decision-making processes. The Audit and Risk Committee oversees internal controls and compliance, thereby strengthening accountability and progress of our sustainability agenda. Meanwhile, the Group Managing Director is supported by the Sustainability Committee as well as corporate and business functions in the implementation and monitoring of the Group's sustainability initiatives and performance. Our sustainability-related policies, guidelines and processes further serve to guide our business practices, details of which are further explained throughout this Report.

The roles and responsibilities of our sustainability governing body are detailed in Table 1 below.

Board of Directors

- Ultimately responsible for the sustainability direction of the Group
- Ensures progressive integration of sustainability in business strategies
- Approves and reviews sustainability-related business strategies and performance

Audit and Risk Committee

- Provides oversight of the sustainability agenda, system of internal controls, risk management and compliance to laws and regulations

Group Managing Director

- Approves policies, targets and market disclosures
- Steers and provides oversight on the implementation of sustainability-related business strategies and recommends revision to the Board
- Evaluates overall risks and opportunities

Sustainability Committee

- Develops sustainability-related business strategies
- Oversees and steers business functions to ensure robustness of sustainability management
- Reports on performance against sustainability-related targets, processes and controls

Corporate and Business Functions

- Supports and implements the sustainability-related business strategies
- Reports on management targets and develops plans and timeline for disclosure

Table 1: Sustainability Governance Structure

Ethical Business Conduct and Strong Governance

At Silverlake Axis, we remain committed to upholding highest standards of ethical conduct. Our Group's Business Conduct Standard addresses business ethics of confidentiality, conflict of interests, fair dealing, anti-corruption, fraud and transparency to safeguard the interests of our key stakeholders and grow our business responsibly. We also affirm the principle of equal opportunities, and we do not condone discrimination or workplace harassment in the Group. In FY2020, there were no reports of discrimination.

The Board is cognisant of their role in demonstrating strong corporate governance and ensures that our values are cascaded across the Group, along with the expectation for our directors, officers and employees to observe the respective policies and practice ethical business conduct. The Business Conduct Standard is also encapsulated within the Employee Handbook, which is introduced during induction and remains accessible to our employees at all times. To further promote accountability, all employees are required to annually revisit and acknowledge the Business Conduct Standard.

We continue to carry out periodic assessments on our internal practices, thus keeping abreast with changes in regulatory requirements and leading practices for business resilience.

(i) Anti-corruption and anti-bribery

We have zero-tolerance for unlawful conduct including fraudulent transactions and bribery. All directors, officers, employees, and third parties acting on behalf of Silverlake Axis are prohibited from offering or paying, directly or indirectly, any bribe to any employee, official, or agent of any government, commercial entity, or individual in connection with the business or activities of the Group.

Our Gifts and Entertainment Policy outlines the Group's expectations in providing or receiving third party gifts and entertainment, which has been updated this year for compliance with the latest anti-corruption laws. Under circumstances where directors, officers, employees, and third parties acting on behalf of the Group offers or receives third party gifts, gratuities and entertainment in their corporate capacities, they are expected to exercise proper care and good judgement.

Malaysian Anti-Corruption Commission Act 2009 ("MACC Act") Taskforce

In FY2020, we kickstarted the MACC Act Taskforce to ensure organisational readiness in light of the amendments to the MACC Act, which introduced Section 17A on statutory corporate liability offence arising from corrupt acts committed by employees or persons associated with companies.

The Taskforce conducted an assessment that enabled the Group to identify gaps in our existing compliance framework. Furthermore, targeted trainings were provided to Directors and Senior Management to instill awareness on the core values of anti-bribery and anti-corruption, the newly reposed corporate liability provision and the repercussions of non-compliance. In August 2020, we are rolling out our enhanced anti-bribery policy, investigations policy and an online register to record offers and acceptance of gifts which will further reinforce our response and management capabilities.

In FY2020, there were zero confirmed incidents of corruption involving our employees within the Group.

(ii) Whistle-blowing Policy

Our Whistle-blowing Policy provides an avenue for employees and external parties to raise concerns on actual and suspected improprieties with the reassurance that they will be protected from reprisals or victimisation for whistle-blowing in good faith. The Group will also consider anonymous reports, but whistle-blowers are encouraged to identify themselves for ease of investigation. Concerns can be raised through multiple channels, from writing, emailing or via telephone.

Any concern raised will be escalated and investigated by the necessary parties, which may include the following:
- The Audit and Risk Committee
- External or Internal Auditor
- Forensic Professionals
- Police or Commercial Affairs Department

All disclosures and findings are treated with the strictest confidentiality and will be reported quarterly to the Audit and Risk Committee or on a more frequent basis whenever deemed necessary. More details on our Whistle-blowing Policy can be found on http://www.silverlakeaxis.com/investor-relation/corporate-governance.

We did not receive any reports or complaints via our whistle-blowing channels in FY2020.

Stakeholder Engagement

We value the views of our stakeholders and foster meaningful communication with them through regular engagements via formal and informal channels, which enables us to develop a sustainable business strategy for the Group. This two-way communication also allows us to channel our resources appropriately towards our sustainability efforts as we continue to build stakeholder trust.

This year, key stakeholder groups were identified and prioritised by our management team and heads of department, by considering the stakeholders who are affected by or have an impact on our operations. Our key stakeholders include customers, employees, shareholders, business partners, regulators, media and communities. The summary of our stakeholder engagement throughout FY2020 is illustrated in Table 2:

Stakeholder Groups	Engagement Platforms	Areas of Concern	Our Response
Customers	Roadshows activities and events Technology updates Roundtable discussions Account Service Managers	• Pricing and quality of products and services • Compliance with regulations • Environmental impact	• Customer engagement (page 34-36) • Research and Development (R&D) and collaborations (page 34-35) • Corporate governance (page 49-74) • Environmentally friendly solutions (page 35)
Employees	Intranet portal Email communications Performance appraisal Townhalls Internal meetings	• Professional development • Employee benefits and compensation • Work-life balance and company culture	• Project Starlight (page 37-44)
Shareholders	Annual General Meeting	• Business sustainability • Share Price • Dividends • Compliance with regulations • Transparency	• Economic performance (page 18, 33) • Return on investment (page 18-19) • Consistent dividend policies (page 72) • Corporate governance (page 49-74)
Business Partners	Email communications Meetings and briefings	• Increased market presence • Innovation partnerships	• R&D and collaborations (page 34-35)
Regulators	Email communications Meetings	• Compliance with regulations • Anti-corruption • Corporate governance	• Ethical conduct and strong governance (page 28, 49-74) • Anti-corruption training for employees (page 28)
Media	Media briefings and interviews Website and events Social Media Press conference	• Transparency • Branding	• Corporate governance (page 49-74) • Reliable media reporting and marketing communications
Communities	Press release Social media	• End-user experience • Corporate social responsibility • Branding	• R&D and collaborations (page 34-35) • Community investment (page 45) • Reliable media reporting and marketing communications

Table 2: Stakeholder Engagement

Annually Quarterly As needed Ongoing

Materiality Assessment

We define materiality as matters that have significant economic, environmental and social impact, and substantively influence the interests of our key stakeholders and our business. In November 2019, we undertook our second materiality assessment to identify sustainability matters, risks and opportunities that are most important to our business and key stakeholders, considering greater insights into their expectations as well as the fast-changing business landscape. The assessment involved the Group's heads of key business functions and management personnel.

Our revised Materiality Matrix renews our focus on material matters which form the basis of this report, while the respective indicators facilitate the monitoring and measurement of our sustainability performance. In our FY2020 assessment, the Group identified nine priority material matters for disclosure, including three new material matters: customer satisfaction, market presence and emissions.

The materiality assessment process is outlined in Diagram 2 below:

Identification

- The key stakeholder groups were identified and prioritised to ensure their interests and concerns are reflected in the relevant material matters.
- An inventory of matters was created based on internal and external sources of information to determine the sustainability context and common definitions were agreed on across stakeholders.

Prioritisation

- Material sustainability matters were shortlisted and prioritised according to the importance of each matter to key stakeholders and Silverlake Axis.
- A refreshed materiality matrix was mapped as an outcome of the workshop shown in Diagram 3.

Validation

- The material matters were presented to the Sustainability Committee for their endorsement and was thereafter validated by the Board of Directors.

Diagram 2: Materiality Assessment Process

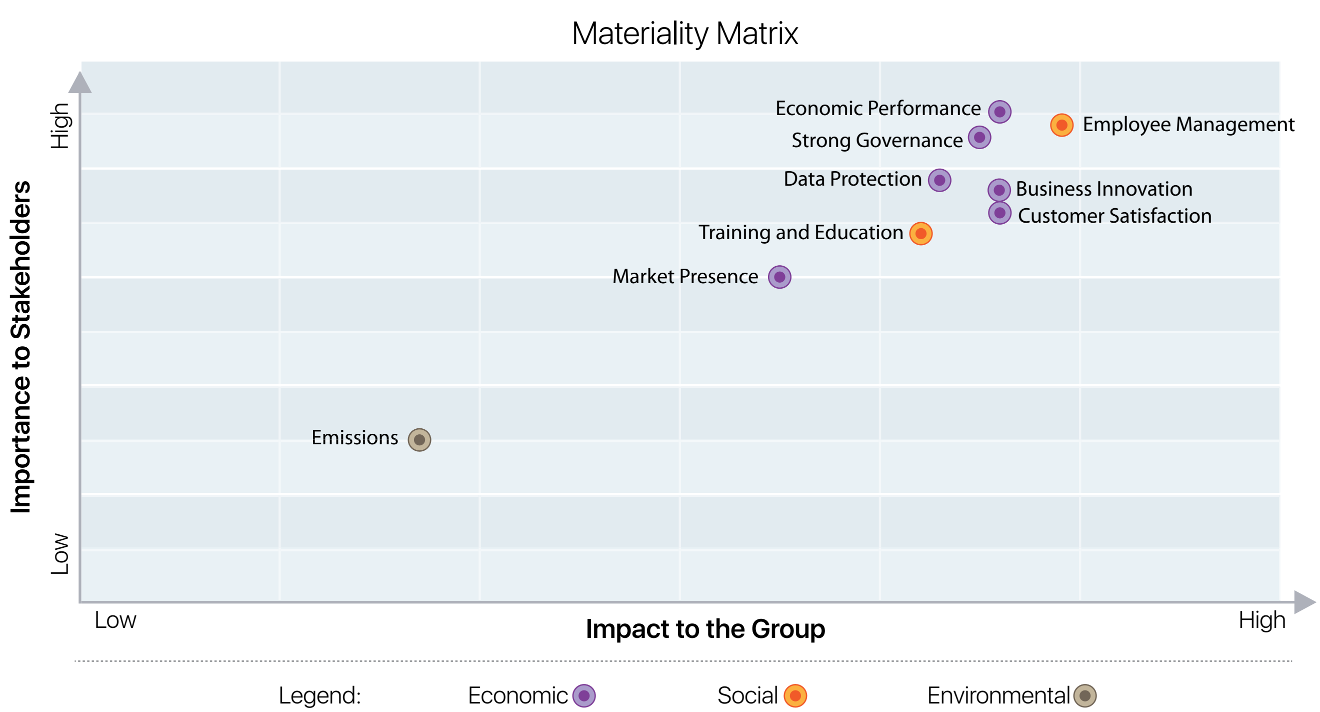


Diagram 3: The Group's Materiality Matrix

Our Sustainability Topics

Material Topics	GRI Standards 2016	Where the impact Occurs	Organisational Boundaries
Our Business			
Economic Performance *Covers financial performance on direct economic generated and distributed as well as any sustainable economic value for stakeholders*	GRI 201: Economic performance	Within and Outside the Group	Group-wide
Strong Governance *Covers activities/initiatives that promote ethical business practices, good governance and transparency, including anti-corruption*	GRI 102-18: Governance structure GRI 205: Anti-corruption	Within and Outside the Group	Group-wide
Data Protection *Efforts to ensure client privacy including from a compliance point of view*	GRI 418: Customer privacy	Within and Outside the Group	Group-wide
Business Innovation *Showcases investments and achievements in innovation to deliver the best practices to customers by helping them implement new technologies, transform their processes and achieve their targets*	N/A	Within and Outside the Group	Group-wide
Customer Satisfaction *Customer satisfaction results and overview of any complaints or reports received from customers including measures taken to address issues*	N/A	Within and Outside the Group	Group-wide
Market Presence *Covers presence in the significant areas of operations (i.e. Singapore and Malaysia) and other areas of opportunities, including contribution to economic development in the local areas or communities*	N/A	Within and Outside the Group	Group-wide
Our People			
Employee Management *Refers to overall management of employees and governing policies*	GRI 401: Employment GRI 405: Diversity and equal opportunity GRI 406: Non-discrimination	Within the Group	*Excludes Silverlake Japan Ltd.
Training and Education *Covers employee training and development to increase employee skills and employability as well as career development mechanisms adopted by the organisation (e.g. training hours, percentage of employees covered, programs)*	GRI 404: Training and education	Within the Group	*Excludes Silverlake Japan Ltd.
Our Stewardship			
Emissions *Covers carbon emissions, energy savings and costs to identify the organisation's impact on the environment*	GRI 305: Emissions	Within and Outside the Group	*Excludes Silverlake Japan Ltd. and SIA X Infotech Group

Table 3: Sustainability Material Topics and Boundaries

Note:
** Silverlake Japan Ltd. and SIA X Infotech Group were excluded for this reporting period as they accounted for 2% and 3% of our revenue contribution respectively.*

Silverlake Axis' Supply Chain and Value Chain Sustainability

Business Line	Product Research	Product Management	Product Development and Testing	Software Packaging and Deployment	Sales and Marketing	Product Support and Maintenance	Implementation and Customisation
Software Licensing	Discovery Validation Conceptualisation and prototyping	Planned releases and periodic customer feedback	Waterfall and agile development Iterative and integrated testing	Packaged as installable modules and installed by product	Silverlake Axis business development and third-party resellers/partners	Software performance Versioning Code conflicts	
Software Project Services							Project management and software development
Maintenance and Enhancement Services						Level 1, 2 and 3 production support streams. Planned enhancements per customers' release schedule	
Sale of Software and Hardware Products					Requested by customers requiring third party hardware and system software to run the Silverlake Axis software solutions		
Credit and Cards Processing	Outsource services for credit and cards processing				Silverlake Axis business development and third-party resellers/partners	Outsource services for credit and cards processing	
Software-as-a-Service - Insurance Processing	Discovery Validation Conceptualisation and prototyping	Frequent releases and collaborative innovation with ecosystem	Agile development and continuous integration	Hosted as solutions on cloud with automatic provisioning in real time		Support through user guides, Frequently Asked Questions, email and phone line customer services Maintenance delivered through planned schedule	Delivered via Software-as-a-Service (SaaS) product with limited customisation

Table 4: Silverlake Axis' Supply Chain and Value Chain Sustainability

Economic Performance

Silverlake Axis provides software solutions and services to the Banking, Insurance, Retail, Government, Payment and Logistics industries. We have over 380 enterprise customers and a market presence that spans 80 countries across Asia Pacific, Middle East, Europe, Africa and Americas.

We aim to develop innovative technological solutions that exceed our customers' expectations, while undertaking sound financial management and cost optimisation to ensure the long-term success of our business.

We have continued to earn industry recognition for our efforts as for the fourth year in a row, Silverlake Axis was honoured with the prestigious Best Islamic Finance Solutions Provider 2019 by the Awards Committee of Global Islamic Finance Awards (GIFA).

Diagram 4: The 9th Global Islamic Finance Awards (GIFA) at The Westin Cape Town, South Africa in September 2019.

In October 2019, the insurance processing arm of Silverlake Axis, Merimen Ventures Sdn. Bhd. and its subsidiaries, also received the Service Provider of the Year 2019 award in recognition of our excellent service and value proposition to the industry.

Silverlake Axis' direct economic value generated and distributed from FY2018 to FY2020 are as follows:

In RM' million	FY2020	FY2019	FY2018
Economic Value Generated	692.7	737.9	533.3
Revenue	663.7	680.8	541.8
Other income	23.6	55.6	4.5
Finance income	4.0	3.2	2.9
Share of profit/(loss) of a joint venture and associates	1.4	(1.7)	(15.9)
Economic Value Distributed	608.7	644.3	646.3
Operating costs	128.8	153.3	154.6
Employee wages and other benefits	310.5	273.7	228.2
Payments to providers of capital	108.9	172.1	236.6
Payments to government	60.5	45.2	26.9
Economic Value Retained	84.0	93.6	(113.0)

Table 5: Direct Economic Value Generated and Distributed

In FY2020, the Group received financial assistance from the governments amounting to SGD 957,669 in light of COVID-19 pandemic.

While the pandemic has led to prolonged uncertainties, the Group has sustained its business operations and is prepared to face any challenges as we move into FY2021. For more details of Silverlake Axis' FY2020 and FY2019 financial results, please refer to the respective pages in our Annual Report 2020:

- Financial highlights (page 18 to 19)
- Financial performance review (page 20 to 21)
- Operations review (page 22 to 25)
- Financial statements (page 78 to 220)

Data Protection

Cyber security threats continue to increase in tandem with the rising intensification of data collection. Strengthening our capabilities to protect and recover from cyber-attacks is essential to us and our stakeholders to prevent data theft, financial loss, operational disruptions and legal ramifications.

The Group has detailed policies and standards to ensure that we respect and uphold our customers' trust by handling their personal data responsibly. Our Privacy Policy, in line with the Personal Data Protection Act 2010 ("PDPA"), clearly states and sets out how Silverlake Axis practices high level of data protection throughout the Group. To fortify our data protection processes, adequate technical, administrative and physical procedures are established to prevent unauthorised access, collection, use, disclosure, copying, modification, disposal or similar risks to personal information. Personal data is stored securely in accordance with local regulations and leveraging information security best practices. These data are only disclosed to third parties if it is required by law.

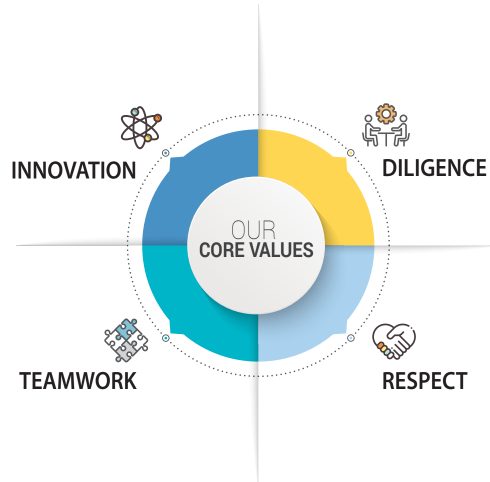


Diagram 5: The Group's Core Values

Our PDPA Officer is responsible to conduct regular reviews and updates on the Privacy Policy with a focus on the following aspects:
- Consent and data collection
- Access, correction and accuracy of data
- Cookies and Internet Protocol (IP) address tracking
- Transfer of information overseas

For more details on our Privacy Policy, please refer to http://www.silverlakeaxis.com/privacy.

This year, we conducted a cybersecurity review to uplift the Group's privacy posture and build a more resilient data privacy and cyber security ecosystem. The review was conducted based on Control Objectives for Information and Related Technology (COBIT) and benchmarked against ISO 27032 Cybersecurity Guidelines. Controls over protection against malware, network and connectivity security, data and operating system security, data storage and disposal, overall management of security-related activities and software acquisition are assessed for possible exposures and risks affecting the system.

In FY2020, there were no substantiated complaints regarding customer privacy breaches, and we recorded zero leaks, theft or losses of personal data. Subsequent to the year end, on 10 September 2020, a cybersecurity incident was reported. Please refer to Note 45(ii) in the Financial Statements on page 220 of the Annual Report for more details on the incident.

Business Innovation

Silverlake Axis places relentless focus on research and development for pivotal fintech innovations to consistently deliver cutting-edge products and services to our business partners and customers. Such innovations secure our competitive advantage and position as the leading solutions provider in the region.

The core focus to drive business innovation across the group is defined by our 3 strategic pillars:

- Fulfilling Customer Needs

  - **For Banking Customers: Möbius Open Banking Platform**
    With the accelerating digital economy pace of change, there is a greater need for digital access to banking services that deliver frictionless experience to our banking customers. The Möbius Open Banking Platform provides a comprehensive enterprise framework within banks to offer better, faster and cheaper customer services. The Platform is cloud-ready, Application Programming Interface (API)-based, customer-centric and able to cater for emerging financial ecosystems and marketplaces. Its banking services components provide e-commerce customers with an option to pay the bank's installment loan via self-service channels, such as mobile applications or e-wallets. It also enables faster mortgage processing by digital links to solicitors and credit agencies through APIs, delivers optional payment services to customers at the point of sale and allows retail stores to act as bank branches. These features improve banks' internal operating models and provide bank customers access to new value propositions delivered by the bank and its partners.

Business Innovation (cont'd)

- Fulfilling Customer Needs (cont'd)

  - **For Insurance Customers: Merimen's TrueSight Interactive Video (TIV)**
    Merimen developed the TrueSight Interactive Video (TIV) solution in partnership with our sister company, Cyber Village, which was launched in June 2019. The TIV solution has been adopted by the insurance claim ecosystems in multiple markets, namely Malaysia, Vietnam, Thailand, and Singapore. The underlying technology for TIV is the WebRTC protocol, featuring real-time, high-quality peer-to-peer communication using default browsers. This eliminates the need to download and install plugins or native applications. By using this technology, TIV's adopters can eliminate a large proportion of the direct monetary and time costs previously inherent in the claims process as in-person meetings are reduced.

  - **For Retail Customers: QR Agora Cloud**
    In FY2020, we launched the QR Agora Cloud to facilitate our PROFIT Retail Solution to meet Food and Beverage (F&B) industry requirements. This innovation will help us penetrate the F&B industry by offering end-to-end solutions to deliver improved customer services that fulfill demand and achieve supply chain operational efficiencies. Additionally, our e-commerce shopping portal aims to support online businesses by providing a responsive user-friendly front-end solution for a seamless shopping experience, coupled with a robust back-end solution to handle various e-commerce processing needs.

- Dialogues with Leaders, Partners and Investors
  We hold meaningful conversations with key leaders, business partners and investors through continuous dialogues, interactions and discussions to exchange ideas and gain industry insights. In FY2020, we actively participated in fruitful physical and virtual discussions and conferences with our partners and investors. This enabled us to better assess our competitive opportunities and respond to changing trends in the fintech industry.

- Strategic Acquisitions and Partnerships
  We have been actively seeking to invest in potential acquisitions and partnerships over the last few years, with our latest partnership being between Silverlake Symmetri and Stockholm-based fintech company Dreams in May 2020. This collaboration entitles Silverlake Symmetri to become the exclusive distribution partner of the Dreams Platform in Asia (excluding Mainland China and North Korea), Africa and the Middle East.

  The Dreams Platform enables banks and financial services to effectively understand and communicate with younger customers about asset management and personal financing solutions. This user-friendly mobile application platform applies behavioural science and mental accounting techniques to personalise financial goals, regardless of prior financial interest or level of financial literacy.

  As we continue to innovate and evolve, Silverlake Axis conducts quarterly business reviews on strategy, funding and progress related to innovation initiatives. This ongoing analysis enables us to identify and prioritise our strategic investment approach, which will be raised to the Strategic Investment Committee.

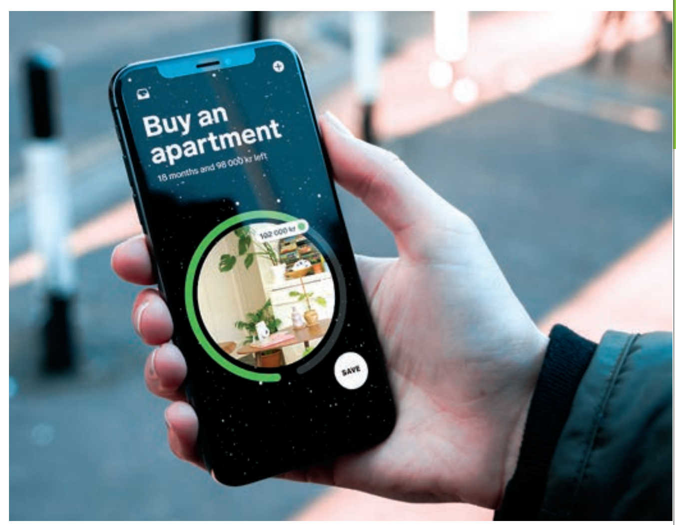


Diagram 6: "Dreams" Platform

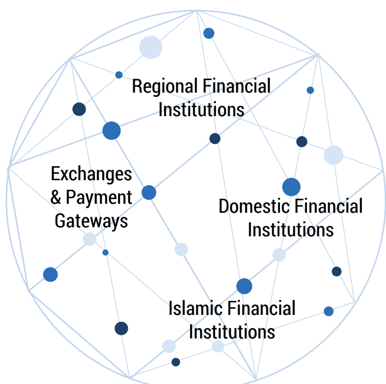
Our Business

Customer Satisfaction

As a leading enterprise technology, software and services company, we endeavor to facilitate our customers' digital economy transformation and deliver flexible and consistent customer experience. In FY2020, we rolled out a customer engagement survey, the Net Promoter Score (NPS), to gather insights into their perception of working with us. With this feedback, we can further improve our customer engagements, better understand their needs for innovative products and solutions, and build greater trust. We have completed our pilot NPS survey for Silverlake Symmetri, and plan to roll out the initiative in stages across the Group.

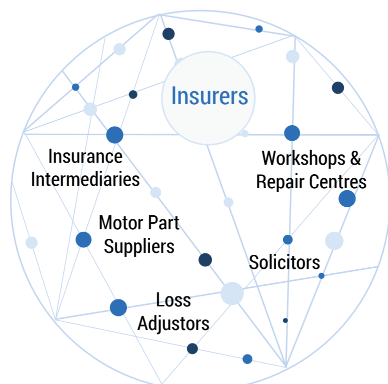
Market Presence

Silverlake Axis has built a strong global presence since it was founded in 1989. We are committed to deliver long-term value for our stakeholders through technology innovations and business collaborations in the markets where we operate.



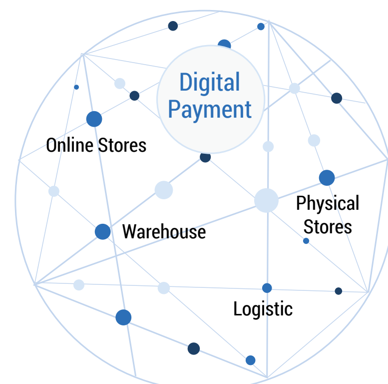
Banking

We have geographical presence in South East Asia, Australia, China, Europe, Japan, Middle East, New Zealand and South Asia. Over 40% of the top 20 largest banks in South East Asia run on our core banking solutions and we have 100% successful implementation in over 150 core institution migrations in Asia and Middle East.



Insurance

As for our insurance ecosystem, our primary markets are Malaysia, Singapore and Indonesia, with growing markets in Thailand, Philippines, Vietnam, Hong Kong, Japan and UAE. We have over 150 insurers, encompassing most major international insurers and many bank-affiliated insurers, covering both conventional and takaful operators.



Retail

Over the years, Silverlake Axis has built strong presence across the fastest growing markets in Asia, with over 20 installations across Cambodia, China, Hong Kong, Indonesia, Malaysia, Singapore and Vietnam. Currently, we are partnering with over 40,000 suppliers, reaching more than 500 retail outlets.

We recognise the importance of having a local market presence in order to achieve our goals and provide high quality software solutions. To expand our business footprint successfully, the Group requires a deep understanding of the economic, cultural, governmental and market context of a country and region to tailor our solutions to fit our customers' needs. Hiring from the local talent pool reinforces our regional presence and supports local socio-economic development. In FY2020, 92% of our workforce is from local hiring, as compared to 91% and 93%, in FY2019 and FY2018, respectively.

Our People

Employee Management

At Silverlake Axis, our people are the backbone of the organisation, crucial in achieving our company's goals and instrumental in driving business growth by contributing innovative business solutions. We aim to be an attractive employer that promotes a fair, performance-based work culture prioritising career growth, without compromising work-life balance.

Project Starlight

In FY2018, Project Starlight is launched to enhance Silverlake Axis's people and talent infrastructure, further to create a sustainable environment in light of Group's transformation initiatives. Through Project Starlight, we support our employees to develop stimulating and rewarding professional lives. The programme is centered on four strategic areas, as described in Table 6.

Strategic Area	Description
Succession Planning	Establish discipline around the development of succession strategies to prepare future leaders for management and leadership across the Group
Talent Development	Establish programmes to better develop and train human capital, the Group's primary asset
Talent Management	Create a retention environment where organisational opportunity meets staff readiness and needs, while ensuring the Group continues to be a preferred and competitive employer in the marketplace
Compensation and Benefits	Enhance compensation and benefits programme to better align with the Group's performance objectives and strategic goals

Table 6: Strategic Areas of Project Starlight

Talent Management

In FY2020, we integrated all business units under a common Human Resources Platform to streamline management of people matters and compile employee data as presented in this Report. Integrated modules include resource and leave management, recruitment and training. To monitor the efficiency of the platform, our Group People and Organisation will continue to review the integration process with the heads of the respective business units.

Our open door policy reflects our commitment to encourage transparent and flexible communication, feedback and discussion with our employees. Employees can take their workplace concerns and suggestions to management, including suspicious violations of the law and the Group's policies, and internal controls. Corrective actions will be implemented where appropriate.

In FY2019, we launched our first Employee Engagement Survey to gather employee feedback from six (6) business units, and it was extended to two (2) business units in FY2020. We will review our approach in people planning, remuneration, training and development and work environment based on the feedback received.

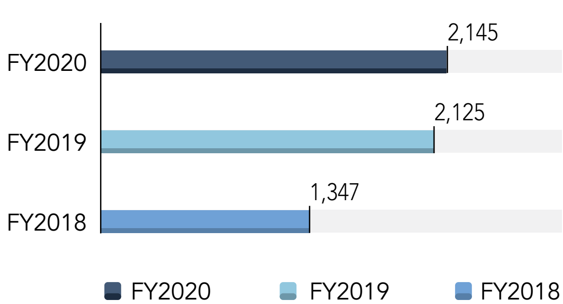


Diagram 7: Number of Employees

360° Review Feedback for Senior Management

In order to promote a cohesive and collaborative work environment, we introduced the 360° Review Feedback for key management personnel (KMPs) which will strengthen employee engagement and a culture of upward feedback. The anonymous review process, undertaken on a voluntary basis in FY2020, allows KMPs to obtain insights on their performance from the perspective of their superior, peers and junior colleagues.

In FY2021, this initiative will be made mandatory to all KMPs.

Employee Management (cont'd)

Talent Management (cont'd)

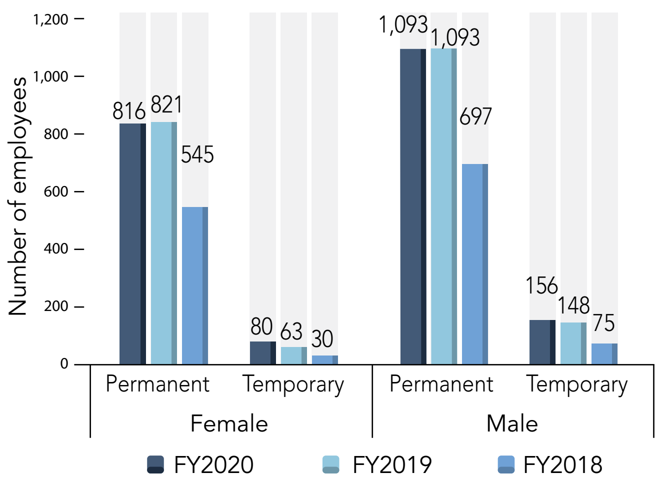


Diagram 8: Number of Employees by Employment Contract by Gender

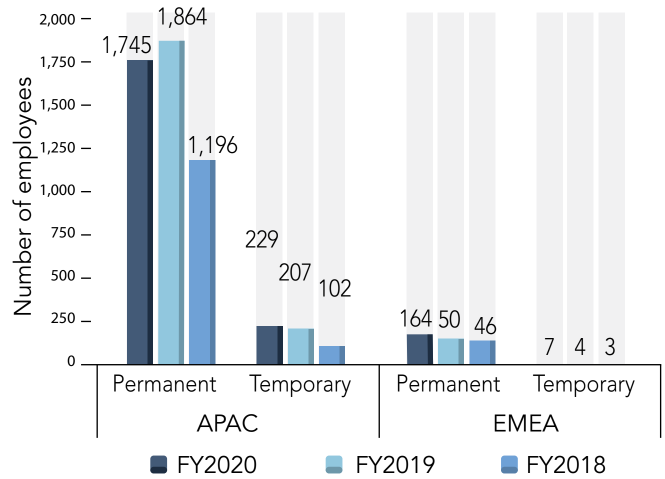


Diagram 9: Number of Employees by Employee Contract by Region

SAL People Strategies in Response to COVID-19

To achieve a leaner, more agile organisation, Silverlake Axis's Workforce Constructive Disruptive Program was implemented as part of an overall economic recovery plan. The actions taken included:

- Redomiciling of units to Malaysia
- Freezing recruitment
- Termination of non-core/critical contractors
- Mutual Separation Scheme (MSS) of non-core/critical employees

In carrying out these headcount optimisation activities, we continuously consulted the affected employees to ensure fair and reasonable compensation and terms, while ensuring compliance with local statutory requirements.

Diversity to Drive Growth

A diverse and inclusive workforce encourages collaboration and innovative thinking. At Silverlake Axis, we value diversity and treat all employees equally by providing the same set of opportunities regardless of gender, age or ethnicity. In particular, we recognise that a key element to our succession planning strategy is ensuring age diversity in our workforce.

The following employee metrics cover our workforce composition based on age and gender, reflecting our efforts to implement inclusive recruitment practices.

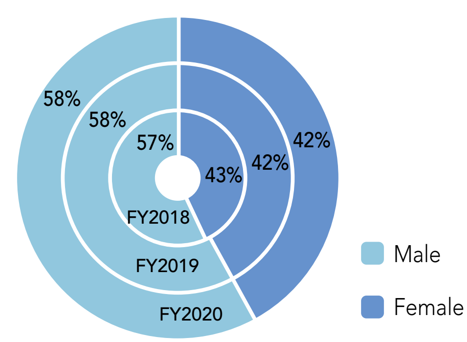


Diagram 10: Gender Diversity

Employee Management (cont'd)

		FY2020	FY2019	FY2018
Director or Executive Vice President (VP)	Female	37%	42%	50%
	Male	63%	58%	50%
Head of Department (HoD)	Female	40%	25%	58%
	Male	60%	75%	42%
Senior Manager	Female	41%	44%	44%
	Male	59%	56%	56%
Manager	Female	45%	44%	43%
	Male	55%	56%	57%
Consultants and Associates	Female	41%	40%	40%
	Male	59%	60%	60%

Table 7: Breakdown of Employee Category by Gender

		FY2020	FY2019	FY2020	FY2019
		Number		Percentage	
Director or Executive Vice President (VP)	Below 30	0	1	0.0%	0.0%
	30 to 50	43	87	2.0%	4.1%
	Over 50	28	50	1.3%	2.4%
Head of Department (HoD)	Below 30	0	0	0.0%	0.0%
	30 to 50	37	11	1.7%	0.5%
	Over 50	5	5	0.2%	0.2%
Senior Manager	Below 30	1	5	0.0%	0.2%
	30 to 50	248	213	11.6%	10.0%
	Over 50	51	33	2.4%	1.6%
Manager	Below 30	18	7	0.8%	0.3%
	30 to 50	420	412	19.6%	19.4%
	Over 50	34	34	1.6%	1.6%
Consultants and Associates	Below 30	726	726	33.9%	34.2%
	30 to 50	490	499	22.8%	23.5%
	Over 50	44	42	2.1%	2.0%

Table 8: Breakdown of Employee Category by Age Group

Employee Management (cont'd)

Nationality	FY2020	FY2019	FY2018
Malaysian	71.2%	79.2%	69.2%
Filipino	6.7%	6.4%	9.1%
Slovak	4.8%	5.1%	2.3%
Indonesian	2.2%	2.4%	6.2%
Thais	1.9%	2.1%	10.2%
Pakistanis	1.9%	1.7%	0.7%
Vietnamese	0.8%	0.7%	0.8%
Myanmar	0.2%	0.2%	0.1%
English	0.2%	0.2%	0.1%
Mauritian	0.1%	0.0%	0.1%
Others	10.0%	2.0%	1.2%
Ethnicity Breakdown of Malaysian Employees			
Chinese	61.6%	66.4%	57.2%
Malay	7.7%	7.4%	7.8%
Indian	1.5%	5.3%	4.1%
Kadazan	0.2%	-	-
Bidayuh	0.1%	0.1%	0.1%
Iban	0.1%	-	-

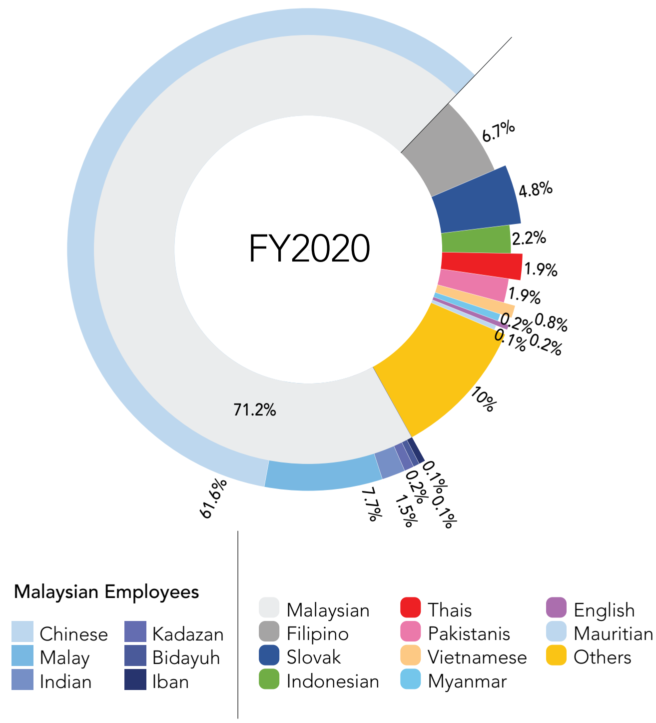


Table 9: Ethnic and National Diversity

			Age Group			Gender		Region	
			Under 30	30 to 50	Over 50	Female	Male	APAC	EMEA
New Hires									
Number of Employees		FY2020	239	113	10	150	212	351	11
		FY2019	264	259	28	231	320	546	5
		FY2018	131	118	13	122	140	262	0
Rate		FY2020	11.1%	5.3%	0.5%	7.0%	9.9%	16.4%	0.5%
		FY2019	12.4%	12.2%	1.3%	10.9%	15.1%	25.7%	0.2%
		FY2018	9.7%	8.8%	1.0%	9.1%	10.4%	19.5%	0.0%
Turnover									
Number of Employees		FY2020	193	165	35	163	230	339	54
		FY2019	132	191	22	124	221	338	7
		FY2018	101	82	7	77	113	186	4
Rate		FY2020	9.0%	7.7%	1.6%	7.6%	10.7%	15.8%	2.5%
		FY2019	6.2%	9.0%	1.0%	5.8%	10.4%	15.9%	0.3%
		FY2018	7.5%	6.1%	0.5%	5.7%	8.4%	13.8%	0.3%

Table 10: Number and Rate of New Hires and Turnover

Employee Management (cont'd)

Succession Planning

Silverlake Axis aspires to develop leaders who can take on important roles, be agile and adaptable to constant change. In FY2020, most of the business units have completed our 5-step succession planning approach and we are progressing towards the tailor of Individual Development Plan (IDP) for the identified successors. They will undergo a series of selection and development activities to further refine and develop their skillsets. We have also identified high potential talents who possess specialised skills and knowledge to fill positions that are critical in achieving strategic goals. These positions will be reviewed regularly in consideration of business plans and organisational objectives.

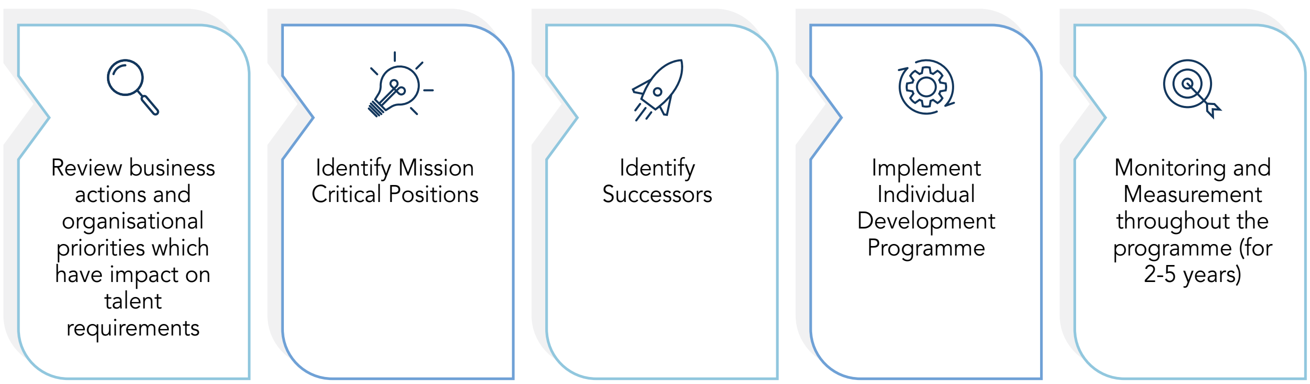


Diagram 11: Succession Planning Process

Compensation and Benefits

We attract and retain talent by offering fair and competitive remuneration packages for all employees, in line with their job responsibilities, performance and experience. The key benefits outlined in Table 11 are for our full-time employees at our significant areas of operations, namely Malaysia and Singapore. Through Project Starlight, we aim to continuously assess and realign our compensation and benefits to drive employee satisfaction and boost morale.

Type of benefit	Description
Leaves	Annual, parental, marriage, childcare, compassionate, sick and hospitalisation
Medical	Outpatient, hospitalisation, maternity health screening and dental coverage
Insurance	Group term life and group personal accident
Travel	Business travel, office parking, mileage, taxi and outstation claims, accommodation, per diem, renewal of passport, and telephone charges
Allowances	Overtime, meal, winter clothing, outstation allowance, broadband, travel, transportation, entertainment and support allowance

Table 11: Benefits for Full-time Employees in Malaysia and Singapore

In response to the movement restriction or lockdown policies due to COVID-19 in the countries where we operate, we provided all employees with additional medical coverage and sought to ease the transition to remote working by providing Wi-Fi tokens for greater internet accessibility. We also took steps to ensure the implementation of additional health and safety measures to protect our people upon the gradual reopening of our offices, including enforcing social distancing, regularly sanitising workspaces, and distributing hygiene packs consisting of face masks and hand sanitisers.

Employee Management (cont'd)

Parental Leave

Providing parental leave not only supports our employees to balance their professional and personal lives, but also facilitates long-term employee retention. Maternity and paternity leave entitlements are in accordance with respective countries' regulatory requirements.

In FY2020, 81 of our employees took parental leave with a 81.5% return to work rate and 73.3% retention rate for at least 12 months. We are refining Project Starlight to introduce initiatives with the aim to improve our retention rates.

	Female		Male	
	FY2020	FY2019	FY2020	FY2019
Number of employees entitled to parental leave	590	438	762	570
Number of employees who took parental leave	51	45	30	58
Number of employees who returned to work in the reporting period after parental leave ended	37	43	29	56
Number of employees who returned to work after parental leave ended and who were still employed 12 months after their return to work	30	26	25	30
Return to work rates (%)	72.5	95.6	96.7	96.6
Retention rates (%)	71.4	86.7	75.8	96.8

Table 12: Return To Work Rate and Retention Rate of Employees Who Took Parental Leave

Engaging with Employees

At Silverlake Axis, we focus on employee wellness and engagement by promoting positive work-life balance and encouraging our employees to lead an active and healthy lifestyle. The Group continually engages with employees to build stronger bonds and teamwork, including organising company trips and group activities, such as paintball and basketball games in FY2020.

Merimen Company Trip

Paintball Activity

Our People

Training and Education

We believe in developing our people by equipping them with the latest skills, technological developments, and ways of working, in order to thrive in our fast-moving industry and contribute to the long-term growth of our business. Our Training and Development Policy guides the systematic planning for performance improvement strategies wherein employees' development needs are assessed and identified in collaboration with heads of departments, project managers and the HR Department. We adopt an integrated approach to talent development, comprising on-the-job training, coaching, workshops and structured graduate programmes.

The objective of our Group's training and development programmes are to:

- Enhance the competency level in terms of skills and knowledge in order to maximise job performance and productivity;
- Develop high potential employees and prepare them for future job requirement; and
- Mould resultant behaviour which will lead to achievement of the job standard and eventually give rise to the attainment of the corporate direction.

Investing in Our People

In FY2020, we invested RM680,269 and clocked in over 21,460 hours of training Group-wide with an average of 10 hours per employee. This is an increase as compared to FY2019 with RM502,451 spent and 13,251 hours of training resulting in an average of 6 hours per employee.

Through a training needs analysis, HR will review, consolidate and analyse the needs and resources for the implementation of respective trainings. Employees can also request for in-house and external trainings relevant to their portfolio. To facilitate remote working, LinkedIn e-Learning Solutions have been implemented at SSSVC, SAACIS, SOP, SDS and Symmetri for flexible training options.

The key training initiatives carried out across the Group are detailed below:

Training Areas	Description of Training
Information technology	Implementation and management of computer-based information systems
Regulatory compliance	Content and importance of regulatory requirements such as corporate governance, anti-corruption, tax rules, and stock exchange rules and & regulations
Leadership and management	Organisational management skills and team coordination

Table 13: Types of Training Programmes Conducted in FY2020

We continue to focus on training, developing and upskilling our people to prepare for the ongoing digital transformation in the industry. The Group is taking an active role in providing technical and soft skill training, Structured Internship Programmes, Individual Development Plan in Succession Planning, and Graduate Programmes, among others, to a future-fit workforce.

Gender	FY2020	FY2019	FY2018
Female	10.0	6.0	3.7
Male	10.0	6.4	3.0

Table 14: Average Training Hours by Gender

Employee Category	Average Training Hours	
	FY2020	FY2019
Director or Executive VP	5.0	3.9
Head of Department	10.5	4.8
Senior Manager	9.6	4.4
Manager	9.9	4.9
Junior and Senior Professional	9.5	7.4

Table 15: Average Training Hours by Employee Category

Our People

Graduate Programme

As we continue to nurture young talents to propel Silverlake Axis's success, our 24-month Graduate Programme aims to develop high calibre talents by providing on-the-job training and broad exposure throughout the two-year period. The graduates will have four rotations to different functions that include coding, design, leadership elements and classroom training.

The review sessions with graduates revealed that they were satisfied with the programme, given the steep learning curve and knowledge sharing culture where they were encouraged to present and share ideas during meetings.

In FY2020, QR has 7 graduates participated in the Graduate Programme of the QR Business Unit.

Structured Internship Programme

Silverlake Axis offers internship opportunities to determined and qualified undergraduates who are looking for exposure in the fintech industry. The aim is to allow undergraduates to develop their business and technological acumen.

In FY2020, 52 interns were placed across different business units including SSSVC, SAACIS, SOP, SDS, SDE, QR and CV. High-performing interns will be considered for absorption into the workforce, should there be any vacancies.

Performance Appraisal

We conduct appraisals annually to assess an employee's performance and contribution to the Group. This involves two-way communication between the immediate superior and the employee on work expectations and performance for continuous improvement and development of key competencies and skillsets.

The standard process of conducting performance appraisal in Silverlake Axis is outlined below:

EVALUATE

HR works with the Evaluation Committee to develop the eligibility criteria for annual appraisals. The appraisal forms are generated through the online appraisal system. The Department Head will then assign the forms to the appraiser and appraisee to be filled in.

REVIEW

The Department Head reviews the appraisal forms and consolidates the scores of all employees within their department.

The Evaluation Committee will convene to discuss and review the final performance scores within the organisation.

MANAGE

Performing employees will be rewarded accordingly. The Evaluation Committee will set the increment ratio and HR will develop the increment report.

When an employee is underperforming, a Performance Improvement Plan ("PIP") would be developed if this extends beyond a period of 2 months.

The PIP would set specific job targets that are measurable and achievable within certain time frame.

For the period under review, 99% of our employees have received a performance appraisal.

Corporate Social Responsibility at Silverlake Axis

As a responsible corporate citizen, we value giving back to the community. Unfortunately, we were unable to continue our Corporate Social Responsibility ("CSR") programme, 'Coding as a Life Skill', this year as we prioritised the health and safety of the participating students, volunteers and employees during the COVID-19 pandemic. We remain committed to equipping the younger generation with coding skills, knowledge on artificial intelligence (AI) technology and as such, aim to continue this programme in future.

The Group recognised the impact of the pandemic on communities and understood the necessity for businesses to offer support. In FY2020, Silverlake Axis contributed a monetary donation towards the MyKasih 'Love My Neighbourhood' Food Programme. Its aim is to benefit underserved families living in PPR Batu, Kuala Lumpur who have been struggling due to the movement control order restrictions. The programme utilises a cashless technology platform that allows recipients to buy essential food supplies from local participating supermarkets using their identification card, MyKad. Through our monetary contribution, 83 families will have food supplies subsidised for six months.

Emissions

Silverlake Axis aims to be an environmentally conscientious organisation. This year, we have revised our Code of Business Conduct to promote cost-effective work and travel alternatives which reflects our commitments to manage our environmental impacts. We strive to be energy efficient by encouraging telecommuting, web-based communications and reducing air travel when feasible. In FY2020, we have started tracking the electricity consumption at our office locations, including monitoring the use of lights and air-conditioning to prevent unnecessary wastage.

There was a notable reduction in travel and office electricity consumption in the latter part of FY2020 due to our remote working initiative in light of COVID-19, leading to reduced emissions. Moving forward, we will continue to monitor and report on our emission reduction initiatives as we progress in this area.

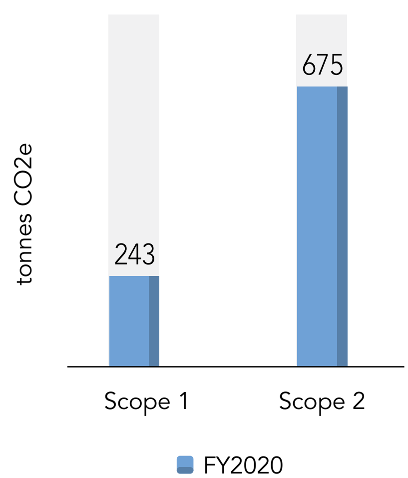


Diagram 12: Total Emissions by the Group

Note:
Scope 1: Emissions are direct greenhouse gas ("GHG") emissions from sources that are owned or controlled by the Group, which includes land travel of employees.

Scope 2: Emissions are indirect GHG emissions resulting from the generation of electricity, heating and cooling or steam purchased by the Group.

Scope 1 emissions are calculated by adopting location-based and market-based methods. Scope 2 emissions are calculated based on market-based methods.

GRI Content Index

GRI Standards	Disclosure		Page(s) and/or URL(s) reference and reason for omission if applicable
General Disclosures			
GRI 102: General Disclosures 2016	**Organisational Profile**		
	102-1	Name of the organisation	Cover page
	102-2	Activities, brands, products, and services	06-07, 16-17, 22-25
	102-3	Location of headquarters	http://www.silverlakeaxis.com (Contact Us)
	102-4	Location of operations	36, 149-153, 217-218
	102-5	Ownership and legal form	02, 99
	102-6	Markets served	03, 06-07, 36, 217-218
	102-7	Scale of the organisation	03, 06-07, 13, 18-22, 37-38
	102-8	Information on employees and other workers	37-38
	102-9	Supply chain	32
	102-10	Significant changes to the organisation and its supply chain	04, 35, 146
	102-11	Precautionary Principle or approach	27, 65-67
	102-12	External initiatives	45
	102-13	Membership of associations	We are a corporate member of the Singapore Institute of Directors.
	Strategy		
	102-14	Statement from senior decision-maker	04 - 05
	Ethics and integrity		
	102-16	Values, principles, standards, and norms of behaviour	03, 28
	Governance		
	102-18	Governance structure	08-12, 14-15, 27
	Stakeholder engagement		
	102-40	List of stakeholder groups	29
	102-41	Collective bargaining agreements	Not applicable as Silverlake Axis is not a unionised company.
	102-42	Identifying and selecting stakeholders	29
	102-43	Approach to stakeholder engagement	29
	102-44	Key topics and concerns raised	29-30
	Reporting practice		
	102-45	Entities included in the consolidated financial statements	13, 149-153, 162-163
	102-46	Defining report content and topic boundaries	26, 31
	102-47	List of material topics	31
	102-48	Restatements of information	There are no restatements of information.

GRI Standards	Disclosure		Page(s) and/or URL(s) reference and reason for omission if applicable
General Disclosures			
GRI 102: General Disclosures 2016	**Reporting practice**		
	102-49	Changes in reporting	26, 31
	102-50	Reporting period	26
	102-51	Date of most recent report	26
	102-52	Reporting cycle	26
	102-53	Contact point for questions regarding the report	26
	102-54	Claims of reporting in accordance with the GRI Standards	26
	102-55	GRI content index	46-48
	102-56	External assurance	26
Material Topics			
Economic Performance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	31, 33
	103-2	The management approach and its components	20-21, 35, 49-74
	103-3	Evaluation of the management approach	20-21, 65-67
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	33
	201-4	Financial assistance received from government	33
Strong Governance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	27-28, 31
	103-2	The management approach and its components	27-28, 67-70
	103-3	Evaluation of the management approach	27-28, 67-70
GRI 205: Anti-Corruption 2016	205-3	Confirmed incidents of corruption and actions taken	There were no confirmed incidents of corruption within the reporting period.
Emissions			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	31, 45
	103-2	The management approach and its components	27, 45
	103-3	Evaluation of the management approach	27, 45
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	45
	305-2	Energy indirect (Scope 2) GHG emissions	45

GRI Standards	Disclosure		Page(s) and/or URL(s) reference and reason for omission if applicable
Material Topics			
Employee Management			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	31, 37-44
	103-2	The management approach and its components	28, 37
	103-3	Evaluation of the management approach	28, 37-38, 41-44
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	40
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	41-42
	401-3	Parental leave	42
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	38-40, 54-56
GRI 406: Non-Discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	There were no reported incidents of discrimination within the reporting period.
Training and Education			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	31, 43-44
	103-2	The management approach and its components	43-44
	103-3	Evaluation of the management approach	43-44
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	43
	404-3	Percentage of employees receiving regular performance and career development reviews	44
Data Protection			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	31, 34
	103-2	The management approach and its components	34
	103-3	Evaluation of the management approach	34
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	There were no substantiated complaints concerning breaches of customer privacy and losses of customer data within the reporting period.

Corporate Governance Statement

The Board of Directors of Silverlake Axis Ltd. (the "Company") (the "Board") recognises the importance of good corporate governance in ensuring greater transparency, protecting the interests of its shareholders as well as strengthening investors' confidence in its management and financial reporting and is committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (the "Group"). Processes and procedures have been instituted and are being regularly reviewed and revised to ensure effective corporate governance.

The Board is pleased to report that the Company has complied with the principles and provisions as set out in the Code of Corporate Governance 2018 (the "Code") which was issued on 6 August 2018, and Mainboard Listing Manual of the Singapore Exchange Securities Trading Limited (the "SGX-ST") (the "Listing Manual"). The Code 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"). Where there are deviations or variations from the provisions of the Code and/or the Listing Manual, appropriate explanations are provided in the relevant sections of this Report.

During FY2020, the following Board initiatives were implemented and announced on SGXNet:

- Retirement/resignation of Professor Tan Sri Dato' Dr. Lin See Yan and Mr. Voon Seng Chuan;
- Appointment of Mr. Yano Satoru; and
- Changes in Board and Board Committees' composition as per table below.

In addition, post-FY2020, the Board appointed Mr. Mah Yong Sun as Independent Non-Executive Director with effect from 27 August 2020.

Director	Board	Audit and Risk Committee	Remuneration Committee	Nominating Committee	Strategic Investment Committee
Executive Directors					
Goh Peng Ooi	Chairman	-	-	Member	-
Tan Teik Wei	Member	-	-	-	-
Goh Shiou Ling	Member	-	-	-	Member[2]
Dr. Kwong Yong Sin	Member	-	-	-	-
Non-Executive Directors					
Independent					
Ong Kian Min	Member	Chairman	Member	Chairman	-
Professor Tan Sri Dato' Dr. Lin See Yan[4]	Member[1]	-		Member[1]	Chairman[1]
Lim Kok Min	Member	Member[1]	Member	Member	Chairman[2]
Tan Sri Dato' Dr. Mohd Munir bin Abdul Majid	Member	Member	Chairman	-	-
Datuk Yvonne Chia	Member	Member[1]	Member	Member	Member[2]
See Chuang Thuan	Member	-	-	-	Member
Yano Satoru[3]	Member[3]	Member[2]	-	-	-
Mah Yong Sun[6]	Member[6]	-	-	-	-
Non-Independent					
Voon Seng Chuan[5]	Member[1]	-	-	-	Member[1]

(1) Until 24 October 2019.
(2) With effect from 25 October 2019.
(3) Mr. Yano Satoru was appointed as Independent Non-Executive Director with effect from 24 October 2019.
(4) Professor Tan Sri Dato' Dr. Lin See Yan voluntarily retired as Independent Non-Executive Director on 24 October 2019.
(5) Mr. Voon Seng Chuan resigned as Non-Executive Director on 24 October 2019.
(6) Mr. Mah Yong Sun was appointed as Independent Non-Executive Director with effect from 27 August 2020.

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

Provision 1.1: Board's Code of Conduct and Ethics
The Board oversees the conduct of the Group with the objective of protecting and enhancing long-term shareholders' value.

The principal responsibilities of the Board include, but are not limited to, the following:
- Provide entrepreneurial leadership, sets overall directions, strategies, values and standards for the Group taking into consideration ethical and sustainability issues;
- Ensure the necessary financial and human resources are in place for the Group to meet its strategic objectives;
- Review the adequacy and effectiveness of the Group's risk management and internal controls framework (including establishing risk appetite, parameters and internal control systems which include financial, operational compliance and information technology controls and management systems) to safeguard the shareholders' investments and the Company's assets;
- Monitor and manage risks to achieve appropriate balance between risks and the Group's performance;
- Ensure the Group's strategies and affairs are in the best interests of the Company and its stakeholders;
- Provide guidance to the Management on the identification of key stakeholder groups and strategies in addressing the concerns of these key stakeholder groups;
- Constructively challenge Management, review and monitor the Group's performance, position and prospects, review the performance of Management against agreed goals and objectives, and satisfying themselves that the Group's businesses are properly managed;
- Review and approve the release of the Group's quarterly, half-yearly and annual financial results and a variety of other strategic initiatives tabled by Management;
- Instill ethical corporate culture and ensure that the Company's values, standards, policies and practices are consistent with the culture;
- Ensure transparency and accountability to key stakeholder groups.

The key activities of the Board during FY2020 include, but are not limited to, the following:
- Review business performance of the Company and the Group;
- Review and approve draft announcement of the Company and the Group;
- Review and approve dividends and fix the dates for the books closure and dividend payment;
- Receive and review reports and recommendations from Audit and Risk Committee ("ARC"), Remuneration Committee ("RC"), Nominating Committee ("NC") and Strategic Investment Committee ("SIC");
- Review of the Group's key strategic initiatives;
- Review on share buy-back exercises;
- Review and approve the Annual Report, Sustainability Report and Corporate Governance Statement;
- Review and approve the Voluntary Disclosure Framework of the Company when the change in quarterly reporting requirement was announced by SGX to be effective on 7 February 2020;
- Participate in the Business Planning and Budget meeting with Management.

Conflicts of interest
The Board has internal guidelines and policies on managing conflicts of interest. Where any of the Board member faces potential conflicts of interest in any matters or agenda items, he/she should disclose and recuse himself/herself from participating in the relevant board meetings, discussions and decisions making process. This policy applies to all the Board Committees as well.

Provision 1.2: Directors' Duties and Trainings of Directors
All Directors are aware of their fiduciary duties and exercise due diligence and independent judgement at all times in ensuring that their decisions are objective and in the best interests of the Company.

Newly appointed directors are provided with formal letter setting out the director's duties and responsibilities and pertinent information about the Group. Orientation programmes are conducted for newly appointed directors where he/she is given appropriate briefings by the key management on the Group's business, strategic direction and policies and governance practices. Site visits to the Group's properties and events are also arranged for all Directors, to enable them to continue to familiarise themselves with the Group's operations and fulfil their roles as Board members and Board Committee members effectively.

Principle 1: The Board's Conduct of Affairs (cont'd)

Provision 1.2: Directors' Duties and Trainings of Directors (cont'd)
All Directors are updated regularly on changes in relevant regulations and updates on industry trends and issues. In addition, Directors are updated regularly on trainings available in areas such as finance, risks, legal and governance. The Company is responsible for the arrangement and funding of these trainings. In addition, the Company is a corporate member of Singapore Institute of Directors ("SID") to benefit from its regular updates and trainings on the latest thinking on corporate governance and to promote professional development for Directors. All Directors are registered with SID and they receive regular updates and notifications on relevant events and training courses from SID.

During FY2020, the training programmes attended by Directors are as follows:
- SID-Listed Entity Director Programmes ("LED") Essential;
- ACRA-SGX-SID Audit Committee Seminar 2020;
- SID Directors Conference;
- Workshop on Malaysian Anti-Corruption Commission Act ("MACC Act");
- SID Networking – Board Ready; and
- SID Remuneration Committee Chairmen's Conversation (with Jardine Lloyd Thompson).

The newly appointed Director, Mr. Yano Satoru has attended LEDs 1 to 8 conducted by SID during the financial year.

Provision 1.3: Board Approval Matters
The Board's approval is specifically required for matters such as strategic plans, annual budgets and business plans, material acquisition and disposal of assets, corporate or financial restructuring, share issuance, dividends and other returns to shareholders and issuance of debt instruments or acceptance of credit facilities from banks. The Board also approves financial results and other announcements for release to the SGX-ST, annual report and audited financial statements. In addition, the Group Authority Matrix provides clear direction to the Management on the requirements for the Board's specific approvals for capital and operating expenditures exceeding Management's approval thresholds.

Provision 1.4: Delegations by the Board
To facilitate the Board in the execution of its duties and to enhance the effectiveness of the Board particularly in the light of the Company's expansion, the Board delegates its authority to the Audit and Risk Committee ("ARC"), Remuneration Committee ("RC"), Nominating Committee ("NC"), and Strategic Investment Committee ("SIC") without abdicating its responsibility. Each Board Committee has its written Terms of Reference ("TOR"), which clearly sets out its composition, administration, authority, accountabilities, duties and responsibilities. The Chairman of the respective Board Committee reports on the deliberations and decisions discussed at the respective Board Committee at the quarterly Board meetings.

The Board performs regular reviews on the composition of the Board and Board Committees. To ensure diversity of skills and experiences, the composition of the Board and Board Committees were reviewed in October 2019. The current composition of the Board and Board Committee is shown in the table below:

Director	Board	ARC	RC	NC	SIC
Executive Directors					
Goh Peng Ooi	Chairman	-	-	Member	-
Tan Teik Wei	Member	-	-	-	-
Goh Shiou Ling	Member	-	-	-	Member
Dr. Kwong Yong Sin	Member	-	-	-	-
Non-Executive Directors					
Independent					
Ong Kian Min	Member	Chairman	Member	Chairman	-
Lim Kok Min	Member	-	Member	Member	Chairman
Tan Sri Dato' Dr. Mohd Munir bin Abdul Majid	Member	Member	Chairman	-	-
Datuk Yvonne Chia	Member	-	Member	Member	Member
See Chuang Thuan	Member	-	-	-	Member
Yano Satoru	Member	Member	-	-	-
Mah Yong Sun	Member	-	-	-	-

Principle 1: The Board's Conduct of Affairs (cont'd)

Provision 1.4: Delegations by the Board (cont'd)
The Board Committees are guided by their written TOR which are clearly disclosed at the respective NC Provisions 4.1 and 4.2, RC Provision 6.1 as well as ARC Provisions 9.1, 10.1 and 10.2. The Board Committees also proactively perform regular reviews of its TOR to ensure relevance of its duties and responsibilities.

Strategic Investment Committee ("SIC")
The SIC shall comprise at least three Directors. Currently, the SIC consists of four Directors, which is chaired by Mr. Lim Kok Min and comprises Mr. See Chuang Thuan, Ms. Goh Shiou Ling and Datuk Yvonne Chia as members. Mr. Lim Kok Min and Datuk Yvonne Chia were appointed as SIC Chairman and SIC member respectively on 25 October 2019. Professor Tan Sri Dato' Dr. Lin See Yan and Mr. Voon Seng Chuan ceased to be SIC Chairman and SIC member respectively on 24 October 2019. Three out of four SIC members are Independent Non-Executive Directors.

The SIC is guided by its written TOR which stipulates that its principal roles include, inter alia,
- To oversee all strategic investment activities of the Company and the Group;
- To set and monitor the targets of the broader Company's growth and profitability strategy as approved by Board of Directors;
- To develop procedures and to monitor application and compliance of investment policies by the Management;
- To assess and approve investment transactions;
- To evaluate the effectiveness of the investment policies in achieving the Group's strategic investment objectives.

The principal responsibilities of the SIC include, but are not limited to, the following:
- To oversee the performance of the Group and individual Business Units ("BU") to ensure performance is in line with the expectations and goals;
- To provide oversight and direction in the determination and implementation of the Company's investment strategies and policies to deliver the Company's approved investment objectives and standards;
- To review and recommend to the Board for approval, the delegation of authority of the SIC to Management for strategic investments (included in the Policy on Delegation of Authority), including appropriate risk parameters;
- To approve strategic investment transactions that exceed the Management's delegated authority;
- To recommend strategic investment transactions (that exceed the SIC's delegation of authority) to the Board for approval;
- To review quarterly or periodically (as deemed appropriate) reports on investment progress, performance and capital requirements and resources allocation utilisation;
- To assess and monitor all risks associated with strategic investments;
- To review and oversee the strategic directions and performance of the existing BUs on quarterly or periodic basis and report to the Board.

The key activities of the SIC during FY2020 include, but are not limited to, the following:
- Review and approve the Strategic Investment Framework;
- Review potential investments deals;
- Receive updates on the ongoing and pipeline investments;
- Develop and refine Strategy and Vision of the Group;
- Review business performance of the Company and the Group;
- Review performance of newly acquired companies;
- Review SIC TOR to include its expanded roles and responsibilities.

Provision 1.5: Board Meetings
The Board meets regularly throughout the year on a quarterly basis and additional meetings are convened as and when necessary. In addition to physical and virtual meetings, written resolutions are also circulated for approval by the Directors. The Company's Bye-laws allow Board meetings to be conducted by way of electronic means. Board meetings are scheduled in advance prior to the start of each financial year in order to provide ample notice of meetings to all Directors.

Principle 1: The Board's Conduct of Affairs (cont'd)

Provision 1.5: Board Meetings (cont'd)

During FY2020, a total of seven Board meetings, four ARC meetings, five RC meetings, one NC meeting and five SIC meetings were held. Apart from the Board and Board Committees' meetings, there were also three Business Planning and Budget meetings with Management during FY2020. The attendance of the Directors at the Board and Board Committee meetings during FY2020 is set out below:

	Attendance Record of Meetings in FY2020				
Director	Board [6]	ARC	RC	NC	SIC
Executive Directors					
Goh Peng Ooi	7			1	
Tan Teik Wei	7				
Goh Shiou Ling	7				4 [2]
Dr. Kwong Yong Sin	7				
Non-Executive Directors					
<u>Independent</u>					
Ong Kian Min	7	4	5	1	
Professor Tan Sri Dato' Dr. Lin See Yan[4]	2 [1]			1 [1]	1 [1]
Lim Kok Min	7	1 [1]	5	1	4 [2]
Tan Sri Dato' Dr. Mohd Munir bin Abdul Majid	7	4	5		
Datuk Yvonne Chia	7	1 [1]	4	1	4 [2]
See Chuang Thuan	7				5
Yano Satoru[3]	5 [3]	3 [2]			
<u>Non-Independent</u>					
Voon Seng Chuan[5]	2 [1]				1 [1]

(1) Until 24 October 2019.
(2) With effect from 25 October 2019.
(3) Mr. Yano Satoru was appointed as Independent Non-Executive Director with effect from 24 October 2019.
(4) Professor Tan Sri Dato' Dr. Lin See Yan voluntarily retired as Independent Non-Executive Director on 24 October 2019.
(5) Mr. Voon Seng Chuan resigned as Non-Executive Director on 24 October 2019.
(6) All Board members who held office then, also attended three Business Planning and Budget meetings with Management.

Provision 1.6: Board's Access to Information

To enable the Board to fulfil its responsibilities, Management provides the Board complete, accurate, adequate and timely information prior to the meetings and on an ongoing basis to enable them to make informed decisions and to discharge their duties and responsibilities. To allow Directors sufficient time to prepare for an informed discussion, all Board and Board Committees papers are distributed to Directors one week in advance of the meeting. During the Board and Board Committees meetings, key management personnel and/or external experts are invited to attend the Board and Board Committees meetings to make the appropriate presentations and to answer any queries from the Directors, if necessary. Any additional material or information requested by Directors is promptly furnished.

In addition to the annual budget and business plans submitted to the Board for approval, Directors are provided with management reports, analysis of operational performance, explanation on variances between the actual results against the corresponding period of the previous financial year and against the budget, cash flow forecast and funding position regularly. Furthermore, Directors are provided with the background and explanatory information which includes, but are not limited to, the facts, risk assessment, scenario analysis, financial impact, professional advice, management recommendations and related materials on Management's proposals for the Board and Board Committees' decision-making. Directors are also provided with relevant regulatory updates from time to time.

Principle 1: The Board's Conduct of Affairs (cont'd)

Provision 1.7: Independent Access

The Board, its Board Committees and every Director have separate and independent access to Management and are free to request for additional information as needed to make informed decisions.

The Company Secretary, under the direction of the Chairman, facilitates good information flows within the Board and its Board Committees, between the Board and Management, and advise the Board on all legal and corporate governance matters. The Company Secretary also facilitates the orientation of new Directors, assists in arranging professional development and training for the Directors as required and acts as the primary channels of communication between the Company and the SGX-ST. The Directors have separate and independent access to the Company Secretary at all times. The appointment and removal of the Company Secretary is subject to the approval of the Board.

Should Directors, whether as a group or individually, require independent professional advice in the furtherance of their duties, professional advisor will be appointed upon direction by the Board. The cost of such professional advice will be borne by the Company.

Principle 2: Board Composition and Guidance

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.

Provisions 2.1, 2.2 and 2.3: Board Independence

The NC rigorously reviews the independence of each Independent Director annually and as and when required. 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 (as defined in the Code) or its officers that can interfere, or be reasonably perceived to interfere with the exercise of the Director's independent business judgement to the best interests of the Company.

As at September 2020, Non-Executive Directors make up a majority of the Board with a 64% composition of the Board. A key duty of the Board is to set objectives and goals for Management, monitor the results, and assess and remunerate Management on its performance. Executive Directors who are part of Management may face conflicts of interest in these areas. To avoid undue influence of Management over the Board and ensure that appropriate checks and balances are in place, majority of the Board are Non-Executive Directors.

There is a strong element of independence in the Board. Currently, the Board comprises eleven members, of which four are Executive Directors and seven are Independent Non-Executive Directors. The NC conducted an annual review of each of the Director's independence, particularly those who have served more than nine years and is satisfied that at least half of the Board comprises Independent Directors since the Group Executive Chairman, Mr. Goh Peng Ooi, is not an Independent Director.

The NC, in considering the independence of a Director, takes into account the Director's relationships as set out in the Code, including whether a Director has any business relationship with the Group and if so, whether such relationship could affect or could appear to affect the Director's independent judgement. The NC also takes into account Directors' conduct at Board meetings, their annual declaration of independence and peer review in its deliberation. No NC member is involved in the deliberation of his/her own independence. Any Director who has an interest or relationship which is likely to impact on his/her independence is required to immediately declare his/her interest or relationship to the Board.

The NC has assessed the independence of the seven Independent Non-Executive Directors, namely Mr. Ong Kian Min, Mr. Lim Kok Min, Tan Sri Dato' Dr. Mohd Munir bin Abdul Majid, Datuk Yvonne Chia, Mr. See Chuang Thuan, Mr. Yano Satoru and Mr. Mah Yong Sun, and is satisfied that there is no relationship or other factors such as gifts or financial assistance, past association, business dealings, representative of shareholder, financial dependence and relationship with the Group or the Group's management which would impair their independent judgement.

Principle 2: Board Composition and Guidance (cont'd)

Provisions 2.1, 2.2 and 2.3: Board Independence (cont'd)

Independence of Directors who have served on the Board beyond Nine Years
Rule 210(5)(d) of the SGX Listing Rules sets out the following specific circumstances in which a director should be deemed to be non-independent:

(a) A director who is being employed by the Company or any of its related corporations for the current or any of the past three financial years;
(b) A director who has an immediate family member who is, or has been in any of the past three financial years, employed by the Company or any of its related corporations and whose remuneration is determined by the RC; or
(c) A director who has been a director on the Board for an aggregate period of more than nine years (whether before or after listing) and whose continued appointment as an independent director has not been sought and approved in separate resolutions by (i) all shareholders and (ii) all shareholders excluding shareholders who also serve as the directors or chief executive office (and their associates).

The above (a) and (b) of Rule 210(5)(d) came into effect on 1 January 2019, whereas (c) of Rule 210(5)(d) will come into effect on 1 January 2022.

The Board also recognises that Independent Directors may over time develop significant relationship with other Directors and Management but at the same time have valuable insights into the Group's business and can continue to provide considerable and useful contribution objectively to the Board. When there are such Directors, the Board rigorously reviews their continuing contribution and independence of character and judgement in discharging their duties objectively.

The NC and Board have conducted rigorous review as described above and have determined that the two Directors, namely Mr. Ong Kian Min and Mr. Lim Kok Min, who have served as Independent Non-Executive Directors of the Company for more than nine years from their respective dates of first appointment to the Board, continue to be considered as Independent Directors. The Board concurred with the NC that they remained independent, professional and objective in discharging their respective Board and Board Committees responsibilities to the best interests of the Company, notwithstanding their tenure of service.

Provision 2.4: Board Size and Diversity
The Company continuously seeks to maintain an appropriate mix of diversity in its Board and also focuses on Board renewal and succession. In reviewing the size, composition and succession planning of the Board and its Committees, the NC considers various aspects of diversity, including diversity of skills, experience, background, gender, age and other relevant factors, to achieve an appropriate balance and diversity. The NC considers candidates recommended by Board members as well as from other external sources, taking into consideration skills, competencies and integrity of the candidates. The Board, upon the recommendation of the NC, appointed Mr. Mah Yong Sun as an Independent Non-Executive Director with effect from 27 August 2020. At the last Annual General Meeting ("AGM"), Mr. Yano Satoru was appointed as an Independent Non-Executive Director with effect from 24 October 2019.

The Board considers that its current Directors represent a mix of competencies, experience, gender and age, and collectively possess the necessary core competencies and knowledge to lead and govern the Company effectively. Five Board members have extensive experience in the IT industry, of whom two are Independent Non-Executive Directors, and two Board members have vast experience in the financial services industry while the remaining four Board members bring a broad range of knowledge and experience in corporate finance, business management and corporate governance. Out of the eleven Directors, two are female. Details of the Directors' qualifications, background and working experience, current and past three years principal directorships and chairmanships and other principal commitments are set out under the Board of Directors section of this annual report.

The Board is of the view that taking into account the nature and scope of the Company's operations, the current board size of eleven Directors is appropriate. The Board believes that the current composition of the Board and Board Committee are of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate without interfering with efficient decision-making.

Principle 2: Board Composition and Guidance (cont'd)

Provision 2.4: Board Size and Diversity (cont'd)
To-date, none of the Non-Executive Directors of the Company has been appointed as a Director of the Company's principal subsidiaries. The Board is of the view that the current Board structure in the principal subsidiaries is well organised and constituted. The Board and Management will from time to time review the board structure of the principal subsidiaries and will make appropriate changes when required, including the appointment of independent directors to the Board of such principal subsidiaries.

Provision 2.5: Non-Executive Directors
Non-Executive Directors and/or Independent Directors, led by the Lead Independent Director ("Lead ID") meet regularly without the presence of Management. The Chairman of such meetings provides feedback to the Board and/or Chairman as appropriate. The Non-Executive Directors also have access to Management.

The Lead ID plays an additional facilitative role within the Board, and where necessary, he also facilitates communications between the Board and shareholders or other stakeholders of the Company, if required. The Lead ID can be contacted via email at OKM@silverlakeaxis.com. The roles of the Lead ID include, but are not limited to, chairing Board meetings in the absence of the Chairman, working with the Chairman in leading the Board, and providing a channel to Non-Executive Directors for confidential discussions on any concerns and to resolve conflicts of interest as and when necessary. In addition, the Lead ID may also help the NC to conduct annual performance evaluation and develop succession plans for the Chairman and Chief Executive Officer ("CEO").

The Non-Executive Directors participate actively in the Board and Board Committees. They constructively challenge and help to develop proposals on strategy and review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance. The diversity of competencies and industry knowledge of the Non-Executive Directors bring invaluable contributions to the Company with their fresh perspective and robust deliberations and decision-making.

Principle 3: Chairman and Chief Executive Officer

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.

Provisions 3.1 and 3.2: Roles of Chairman and Chief Executive Officer ("CEO")/Group Managing Director
Mr. Goh Peng Ooi is the Group Executive Chairman and Mr. Tan Teik Wei is the Group Managing Director. The respective roles of Chairman and Group Managing Director are kept separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

The Board establishes and sets out in writing the division of responsibilities between the Chairman and the Group Managing Director. The overall role of the Chairman is to lead and ensure the effectiveness of the Board and includes:

(a) Promoting a culture of openness and debate at the Board;
(b) Facilitating the effective contributions of all Directors; and
(c) Promoting high standards of corporate governance.

Externally, the Chairman is the face of the Board, and should ensure effective communications with shareholders and other stakeholders.

Within the Company, the Chairman ensures appropriate relations within the Board, and between the Board and Management, in particular between the Board and the Group Managing Director.

In the boardroom, the Chairman's responsibilities range from setting the Board agenda and conducting effective Board meetings, to ensure that the culture in the boardroom promotes open interactions and contributions by all.

Mr. Goh Peng Ooi, the Group Executive Chairman, and Mr. Tan Teik Wei, the Group Managing Director, are not related.

Provision 3.3: Lead Independent Director ("Lead ID")
Mr. Ong Kian Min was appointed by the Board as the Lead ID to provide leadership in situations where the Chairman is conflicted, and especially when the Chairman is not independent. He is also available to shareholders where they have concerns for which contact through the normal channels of the Group Executive Chairman, Group Managing Director or Chief Financial Officer have failed to resolve or is inappropriate. Nevertheless, the Board is of the view that the separation of the role of the Chairman and that of the Group Managing Director and the chairing of the ARC, NC and RC by Independent Directors ensure sufficient balance of power and authority in the Board.

Principle 4: Board Membership

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.

Provisions 4.1 and 4.2: Nominating Committee ("NC") and its Responsibilities
The NC shall comprise at least three Directors, with a majority of Independent Non-Executive Directors.

Currently, the NC comprises four members, three of whom are Independent Directors. The NC is chaired by Mr. Ong Kian Min, who is the Lead ID and the NC members are Mr. Goh Peng Ooi, Mr. Lim Kok Min and Datuk Yvonne Chia. Professor Tan Sri Dato' Dr. Lin See Yan has retired on 24 October 2019.

The NC is guided by its written TOR which stipulates that its principal roles include, inter alia:
- To review the succession plans for Directors, in particular the appointment and/or replacement of the Chairman, the Group Managing Director, and key management personnel;
- The process and criteria for evaluation of the performance of the Board, its Board Committees and Directors;
- The review of training and professional development programmes for the Board and its Directors;
- The appointment and re-appointment of Directors.

The principal responsibilities of the NC include, but are not limited to, the following:
- To review the nomination for appointments and re-appointments of members of the Board and the various Board Committees for the purpose of proposing such nomination to the Board for approval having regard to the individual director's experience, participation, commitment, contributions and performance;
- To review the Board's structure, size, diversity and composition including the review of board succession plans for Directors, in particular the Chairman and the Group Managing Director;
- To recommend the appointment of key management personnel;
- To determine annually whether or not a Director is independent, in particular Directors who have served on the Board beyond nine years;
- To assess on whether or not a Director is able to and has been adequately carrying out his duties as a Director having regard to the individual director's attendance, preparedness, participation and commitment;
- To determine the appointment and induction process of new Directors;
- To assess the effectiveness of the Board as a whole and the Board Committees, as well as the contributions of the Chairman and individual Director;
- To review and recommend training and professional development programs for the Board and key management personnel.

The key activities of the NC during FY2020 include, but are not limited to, the following:
- Review the Board's and Board Committees' performance;
- Review the size and composition of the Board and Board Committees;
- Review and recommend to the Board succession plans for Directors, in particular, the Chairman and Group Managing Director;
- Consider and approve the appointment and resignation of Directors;
- Review and assess the performance and contribution of the Board of Directors and each individual Director;
- Review and recommend training and professional development program for the Board;
- Review Directors having multiple board representations and assess their performance of duties as Director of the Company;
- Consider re-nomination and re-election of the Directors who are due for retirement at the forthcoming AGM pursuant to the Bye-laws of the Company;
- Evaluate the independence of each Director;
- Confirm the compliance to the Code on the composition of Independent Directors of the Board.

Provision 4.3: Process of Selection, Appointment and Re-appointment of Directors
The NC is responsible for identifying candidates and reviewing nominations for the appointment and re-appointment of directors for recommendation to the Board. The NC will consider the Company's current Board in terms of its size, composition, collective skills, knowledge and experience and diversity in the light of the Company's current and future needs. Potential candidates are selected through internal resources, referrals from existing Directors and/or external search. Candidates should possess relevant experience and have the caliber to contribute to the Group and its businesses, and will complement the skills, competencies and attributes of the existing Board and the requirements of the Group. The candidate must be a person of integrity and must be able to commit sufficient time and attention to the affairs of the Company, especially if he/she is serving on multiple boards.

Principle 4: Board Membership (cont'd)

Provision 4.3: Process of Selection, Appointment and Re-appointment of Directors (cont'd)

During FY2020, Mr. Yano Satoru was appointed to the Board. Mr. Mah Yong Sun was appointed to the Board in August 2020. The NC confirmed that it had observed the due process enumerated above in relation to the appointment of both the Directors.

The Company believes that board review should be an ongoing process to ensure the Board collectively has the required skills, diversity and experience to meet the changing needs of the Company and its businesses. The Company's existing practice requires one-third of Directors (excluding the Group Managing Director) to retire and be subjected for re-election by the shareholders at every AGM. Accordingly, no Director shall stay in office for more than three years without being re-elected by the shareholders. All Directors to be re-elected have to be assessed and recommended by the NC before submission to the Board for approval. In recommending a Director for re-election and re-appointment to the Board, the NC takes into consideration the Director's contribution and performance at Board and Board Committee meetings (such as attendance, preparedness, participation and candor) and also reviews his/her independence. In addition, the Company's Bye-laws also stipulates that new Directors appointed by the Board during the financial year without shareholders' approval shall be re-elected at the next AGM following their appointment.

The NC has nominated and recommended Mr. Lim Kok Min, Ms. Goh Shiou Ling and Tan Sri Dato' Dr. Mohd Munir bin Abdul Majid to be retired by rotation pursuant to the Bye-laws 86(1) of the Company's Bye-laws at the forthcoming AGM. Mr. Lim Kok Min will not be offering himself for re-election at the forthcoming AGM. In addition, the newly appointed Director since the last AGM, namely Mr. Mah Yong Sun, will also retire by rotation at the forthcoming AGM in accordance with the Bye-law 85(6) of the Company's Bye-laws.

Taking into consideration their commitment and performance, the NC has recommended that these Directors, with the exception of Mr. Lim Kok Min, retiring by rotation be nominated for re-election. The Board has accepted the recommendation and these Directors, being eligible for re-election, have offered themselves for re-election.

None of the Independent Non-Executive Directors who are standing for re-election at the forthcoming AGM, namely Tan Sri Dato' Dr. Mohd Munir bin Abdul Majid and Mr. Mah Yong Sun, have any relationships, including immediate family relationship, with the other Directors, the Company and its substantial shareholders (as defined in the Code).

Any members of the NC who are seeking re-appointment abstained from the voting or review process of any matters in connection with the assessment of his performance for re-appointment as Director of the Company.

The date of Director's initial appointment, last re-election and their directorships and other principal commitments are set out under the Board of Directors section of this Annual Report.

Provision 4.4: Review of Directors' Independence

The NC conducts an annual review of the independence of the Directors based on their declarations of independence (or otherwise), which were drawn up based on the provisions under the Code. The NC will also assess and determine a Director's independence annually and as and when circumstances require. Directors disclose their relationships with the Company, its related corporations, its substantial shareholders or its officers, if any, which may affect their independence to the Board. If the Board, having taken into account the views of the NC, determines that such Directors are independent notwithstanding the existence of such directorships, the Company discloses the relationships and its reasons in its Annual Report.

Provision 4.5: Commitment of Directors with Multiple Board Representations

Currently, the Board has not determined the maximum number of listed board representations a director may hold. However, in FY2020, none of the Directors hold more than five directorships in other listed companies. In addition, the NC and the Board are of the view that the effectiveness of each Director is best assessed by the qualitative assessment of the Director's contributions rather than a numerical limit on the number of directorships. The NC is of the view that by setting a numerical limit, individuals of high caliber who have the capacity to contribute to the Company may be unnecessarily excluded. In assessing the Director's contribution and ability to carry out his duties as a Director of the Company, the NC takes into account the individual Director's actual conduct on the Board, ability and availability to provide valuable insights and advice, devotion of time and attention to the Company and the level of commitment and complexity of the Director's other principal commitments and directorships. All Directors are required to confirm annually to the Company his/her ability to devote sufficient time and attention to the Company's affairs, despite his/her other commitments.

Principle 4: Board Membership (cont'd)

Provision 4.5: Commitment of Directors with Multiple Board Representations (cont'd)
The respective Directors' directorship in other listed companies are set out in the table below:

Director	Current directorship in listed companies	Past directorship in listed companies (in the last 3 years)
Executive Directors		
Goh Peng Ooi	-	-
Tan Teik Wei	-	-
Goh Shiou Ling	-	-
Dr. Kwong Yong Sin	-	• Global InfoTech Co. Ltd.
Non-Executive Directors		
Independent		
Ong Kian Min	• Food Empire Holdings Limited • Penguin International Ltd. • OUE Commercial REIT Management Pte. Ltd.	• HUPSteel Limited • Jaya Holdings Limited • BreadTalk Group Limited • OUE Hospitality REIT Management Pte. Ltd.
Lim Kok Min	• Boustead Projects Ltd. • IREIT Global Group Pte. Ltd.	- -
Tan Sri Dato' Dr. Mohd Munir bin Abdul Majid	-	-
Datuk Yvonne Chia	• Astro Malaysia Holdings Berhad	• Hengyuan Refining Company Berhad
See Chuang Thuan	-	-
Yano Satoru	-	-
Mah Yong Sun	• Rev Asia Berhad	• Diversified Gateway Solutions Berhad • Omesti Berhad

The Board does not have any alternate Directors.

The NC, having reviewed the Directors' directorships in other listed companies, their principal commitments, and attendance and contributions to the Company, is satisfied that all Directors are able to and have adequately performed their duties as Directors of the Company.

Principle 5: Board Performance

The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

Provision 5.1: Board Performance and Performance Criteria for Board Evaluation
The Board has a formal process, which is overseen by the NC, for assessing the effectiveness of the Board as a whole and of each Board Committee separately, as well as the contributions of the Chairman and individual Director. The evaluation exercise is conducted annually by way of questionnaires for self and peer assessments as well as for the Board as a whole and Board Committees respectively, with feedback on the key areas of improvement. The NC determines, and the Board approves the assessment criteria, which include Board size and composition, independence of the Board, information management, Board operation, Company's performance measurement, Board Committee effectiveness, succession planning, risk management and internal control system and overall Board dynamics. The NC reviews the consolidated assessment compiled by the Company Secretary and in consultation with the Board, determines appropriate improvement actions.

The NC has assessed the current Board's performance to-date, as well as the performance of each individual Director and is of the view that the performance of the Board as a whole, its Board Committees and each individual Director were satisfactory.

In assessing the performance of the Board and Board Committees, the assessment criteria include factors such as Board size and composition, independence of the Board, information management, Board operation, Company's performance measurement, Board Committee effectiveness, succession planning, risk management and internal control system, overall Board dynamics, and quantitative or other financial criteria as approved by the Board.

Principle 5: Board Performance (cont'd)

Provision 5.2: Evaluation of Individual Director
In the case of evaluation of individual Director, the evaluation forms cover both self-evaluation and peer-evaluation. In evaluating the performance and contribution of each individual Director, the assessment criteria include factors such as each Director's commitment of time for meetings of the Board, Board Committees and general meetings, participation, contribution and deliberation of issues at meetings, knowledge and understanding of the Group's dynamics, skills and competencies and interaction with fellow Directors, Management and other relevant parties. The performance of individual Director is taken into account in their re-appointment or re-election.

REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies

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.

Provisions 6.1 and 6.2: Roles and Composition of Remuneration Committee
The RC shall comprise at least three Directors, with the majority of members being Independent Directors.

Currently, the RC consists of four members, all of whom are Independent Non-Executive Directors. The RC is chaired by Tan Sri Dato' Dr. Mohd Munir bin Abdul Majid and its members are Mr. Ong Kian Min, Mr. Lim Kok Min and Datuk Yvonne Chia.

The RC is guided by its written TOR which stipulates that its principal roles include, inter alia:
- To make recommendations to the Board on the remuneration framework for the executive of the Company and the Group;
- To review the adequacy and form of the compensation for Executive Directors (members of the Board who are employees of the Company, whether full-time or part-time) to ensure that the compensation realistically commensurate with the responsibilities and risks involved in being an effective Executive Director;
- To review the remuneration of key management personnel;
- To undertake the duties of overseeing the administration of the Company's Employee Share Option Scheme and Performance Share Plan ("PSP") as per the rules of the PSP;
- To review and ensure that the Group's remuneration framework is competitive and sufficient to attract, retain and motivate Directors and key management personnel to deliver long-term shareholders value.

The principal responsibilities of the RC include, but are not limited to, the following:
- To recommend the specific remuneration packages appropriate to attract, retain and motivate each Director and key management personnel to run the Company successfully for the long term;
- To structure a proportion of Executive Directors' remuneration to link rewards to group or corporate and individual performance;
- To recommend the benchmark for the Company in relation to its competitors and comparable companies;
- To review and recommend to the Board the terms of renewal for those Executive Directors whose current employment contracts will expire or have expired;
- To review the Company's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous;
- To recommend remuneration of Non-Executive Directors appropriate for the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the Directors;
- To review and recommend long-term incentive schemes for Executive Directors and key management personnel, if and when appropriate, taking into account the costs and benefits;
- To consider the use of contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or misconduct resulting in financial loss to the company;
- To review the remuneration of employees related to our Directors and Substantial Shareholders (if any), whose annual remuneration exceeds S$50,000, to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities.

Principle 6: Procedures for Developing Remuneration Policies (cont'd)

Provisions 6.1 and 6.2: Roles and Composition of Remuneration Committee (cont'd)
The key activities of the RC during FY2020 include, but are not limited to, the following:
- Oversee Project Starlight which encompasses the Group's initiatives around succession management, talent development, talent management as well as compensation and benefits;
- Review remuneration packages of Executive Directors and Group Managing Director;
- Review and approve the Company's Key Management Personnel's remuneration structure;
- Recommend Directors' Fees for the financial year ending FY2021.

Provision 6.3: Remuneration Framework
To attract, retain and motivate Directors and employees, the RC establishes appropriate remuneration framework for the Directors and employees of the Company. Such frameworks are reviewed periodically to ensure that they remain relevant. All aspects of remuneration, including but not limited to Directors' fees, salaries, benefits-in-kind and short-term and long-term incentives, options, share-based incentives and awards are covered by the RC.

Directors' fees for the Chairman and other Directors, and for Directors' participation in Board Committees are reviewed annually. The fees are submitted to shareholders for approval at each AGM. The level of fees takes into account the contribution and responsibilities on the Board and Board Committees, prevailing market conditions and industry norms.

For FY2021, taking into consideration the additional responsibilities of RC, the RC proposed and the Board approved, that the Directors' fees for RC to be revised as follows, whilst the Directors' fees for the Board and other Board Committees be maintained the same:

	Chairman (per annum)		Member (per annum)	
Roles	FY2021	FY2020	FY2021	FY2020
Board of Directors	S$120,000	S$120,000	S$60,000	S$60,000
Audit and Risk Committee	S$65,000	S$65,000	S$35,000	S$35,000
Strategic Investment Committee	S$50,000	S$50,000	S$30,000	S$30,000
Nominating Committee	S$30,000	S$30,000	S$20,000	S$20,000
Remuneration Committee	S$40,000	S$30,000	S$30,000	S$20,000
Special or ad hoc projects	Appropriate fee depending on complexity, as recommended by the RC and approved by the Board to be proposed for shareholders' approval			

The RC reviews the remuneration package of the Executive Directors after considering inter alia the achievement of key performance indicators ("KPIs"). In addition, the RC reviews the remuneration of key management personnel, taking into consideration industry norms and individual and the Group's performance for the financial year. No member of the RC will be involved in deciding his/her own remuneration.

All decisions by the RC are made by a majority of votes of the RC members who are present and voting. Any member of the RC with a conflict of interest in relation to the subject matter under consideration would abstain from voting, approving or making recommendations which would affect the decisions of the RC. The recommendations of the RC are submitted for endorsement by the entire Board.

The RC reviews the Company's obligations of the service agreements of the Executive Directors and key management personnel that would arise in the event of termination of these service agreements to ensure that such service agreements contain fair and reasonable termination clauses. The RC is satisfied that termination clauses therein are fair and reasonable to the respective employment class and are not overly generous.

Principle 6: Procedures for Developing Remuneration Policies (cont'd)

Provision 6.4: RC's Access to Independent Advice
The RC has full authority to investigate any matter within its TOR and engage any independent external professional consultant on executive's compensation and remuneration related matters, as and when required, at the Company's expense. The RC will ensure the appointed professional consultant is independent and objective in discharging its services and is not affected by any relationship with the Company. In view of the remuneration framework and internal review process that the Group has in place, the Company has not appointed any professional consultant for FY2020, however the Company subscribed to Mercer remuneration report of certain ASEAN countries for benchmarking purposes. The RC and the Board are of the view that the current remuneration framework is competitive and sufficient to attract, retain and motivate Directors and key management personnel to deliver long-term shareholders value.

Principle 7: Level and Mix of Remuneration

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.

Provision 7.1: Performance-linked Remuneration
In recommending the level and mix of remuneration, the RC seeks to establish a framework for attracting, retaining and motivating directors and employees, aligning the interests of shareholders and promote the long-term success of the Group. The Group aims to link remuneration to individual and corporate performance, and the risk policies and long-term interest of the Group.

The Group's compensation framework comprises fixed and variable components. The variable component comprises short-term and long-term incentives, and is performance related and linked to the Group and individual performance. In the selection of short-term and/or long-term incentives for each key executive, the Group aims to align variable incentives with sustainable value creation over the longer term as well as to retain key talent. The current mix of the fixed component and short-term and long-term incentives is considered appropriate for the Group.

Having reviewed the variable components of the compensations of the Executive Directors and key management personnel, the RC is currently of the view that there is no requirement to institute contractual provisions in the terms of employment to reclaim incentive components of their remuneration paid in prior years.

Provisions 7.2 and 7.3: Remuneration of Non-Executive Directors
The fee structure for Directors comprises basic fees and additional fees for serving on Board Committees. The fee structure for Non-Executive Directors is presented under Provision 8.1 of this Report. The RC and the Board are of the view that the remuneration of the Directors is appropriate and not excessive taking into account factors such as effort and time spent of the Directors and the complexity of the Group's business. The fees are subject to the approval of shareholders at the AGM on an annual basis.

To better align the interests of Non-Executive Directors with the interests of shareholders, the RC also reviews the eligibility of Non-Executive Directors for PSP from time to time. In determining the fees and PSP, the RC ensures that the Non-Executive Directors are not over-compensated to the extent that their independence is compromised.

The Group's long-term incentive scheme comprises performance shares award to eligible directors and employees under the Silverlake Axis Ltd. Performance Share Plan ("PSP"). The RC evaluates the costs and benefits of PSP, reviews the eligibility of Directors and key management personnel for the PSP and determines the award date, performance period, number of shares, performance targets, vesting schedule and any other condition deemed necessary including any restrictions against the disposal or sale in the shares. In all PSP awards, Directors and key management personnel are encouraged to hold their shares beyond the vesting period, subject to the need to finance any cost of acquiring the shares and associated tax liability.

Details of the PSP are disclosed in Provision 8.3 of this Report.

Principle 8: Disclosure on Remuneration

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.

Provision 8.1: Remuneration Report
The Executive Directors have entered into service agreements with the Company. The service agreements cover the terms of employment, specifically salary and other benefits-in-kind.

The remuneration of Non-Executive Directors is determined by their contribution and responsibilities on the Board. Both Executive and Non-Executive Directors receive fixed fees which comprise base fee and additional fees for appointment and responsibilities at Board Committees.

The remuneration of Directors for FY2020 is set out below:

Name	Directors' Fees S$	Salary[1] S$	Benefits[2] S$	Bonus S$	Total S$
Executive Directors					
Goh Peng Ooi	140,000	82,119	17,750	-	239,869
Tan Teik Wei	60,000	598,357	8,558	-	666,915
Goh Shiou Ling	80,000	348,000	-	-	428,000
Dr. Kwong Yong Sin	60,000	583,043	19,082	-	662,125
Non-Executive Directors					
<u>Independent</u>					
Ong Kian Min	175,000	-	-	-	175,000
Lim Kok Min	145,000	-	-	-	145,000
Tan Sri Dato' Dr. Mohd Munir bin Abdul Majid	125,000	-	-	-	125,000
Datuk Yvonne Chia	131,667	-	-	-	131,667
See Chuang Thuan	90,000	-	-	-	90,000
Yano Satoru[3]	63,333	-	-	-	63,333
Professor Tan Sri Dato' Dr. Lin See Yan[4]	43,333	-	-	-	43,333
<u>Non-independent</u>					
Voon Seng Chuan[5]	30,000	-	-	-	30,000
Total Directors' Remuneration	**1,143,333**	**1,611,519**	**45,390**	**-**	**2,800,242**

Note:

(1) Salary includes Provident Fund contributions.
(2) Benefits include car benefits, leave passage and club membership.
(3) Mr. Yano Satoru was appointed as Independent Non-Executive Director with effect from 24 October 2019.
(4) Professor Tan Sri Dato' Dr. Lin See Yan voluntarily retired as Independent Non-Executive Director on 24 October 2019.
(5) Mr. Voon Seng Chuan resigned as Non-Executive Director on 24 October 2019.

Remuneration of Key Management Personnel
The remuneration of key management personnel comprises the basic salary and variable components. The RC seeks to ensure that the level and mix of remuneration is competitive and relevant in finding a balance between current versus long-term objectives. The RC takes into consideration industry norms, corporate performance and individual annual performance appraisal, when determining annual remuneration packages. Short-term and long-term incentives payments are paid upon the achievement of individual and the Group's performance targets.

Principle 8: Disclosure on Remuneration (cont'd)

Provision 8.1: Remuneration Report (cont'd)

Remuneration of Key Management Personnel (cont'd)
There were twelve key management personnel (who are not Directors of the Company) in the Group in FY2020. The Board is of the opinion that it is not in the best interest of the Company to disclose the details of remuneration of key management personnel due to the competitiveness of the industry for key talent and in the interest of maintaining good morale within the Group. The band of remuneration and mix of remuneration by percentage (%) paid to the five top-earning key management personnel for the current financial year are presented as follows:

Name	Percentage of Fixed Remuneration (consists of salary, allowance, benefits-in-kind and contributions to provident fund)	Percentage of Variable Remuneration (consists of incentives and share-based incentives award)
S$250,001 to S$500,000		
Tan Soo Cheng	94%	6%
Wong Yok Koon	100%	-
S$500,001 to S$750,000		
Choo Soo Ching	100%	-
Jonas Daniel Joakim Lind	100%	-
Lim Ep Ban	100%	-

The annual aggregate remuneration paid to all the abovementioned key management personnel of the Group in FY2020 amounted to RM7,949,301 (FY2019: RM7,888,477).

The RC has reviewed the level and mix of remuneration for the Directors and key management personnel of the Company for FY2020 to ensure that the remuneration commensurate with their performance whilst taking into account the industry norms and corporate performance of the Group as a whole during the financial year.

During FY2020, there are no terminations, retirement and post-employment benefits granted to Directors or the key management personnel.

Provision 8.2: Employee Related to Directors or CEO
Ms. Goh Shiou Ling, who is the Executive Director of the Company, is the daughter of Mr. Goh Peng Ooi, the Group Executive Chairman and a substantial shareholder of the Company.

Save as disclosed aforesaid, there was no employee in the Group who is an immediate family member of a Director or the Group Managing Director whose remuneration exceeded S$50,000 during the financial year under review.

Provision 8.3: Employee Share Scheme
Performance Share Plan ("PSP")
The PSP was approved by the Company's shareholders at the Special General Meeting held on 28 October 2010 under which awards ("Awards") of fully paid shares will be issued free of charge to eligible employees, Executive Directors and Non-Executive Directors of the Company and its subsidiaries, provided certain prescribed performance targets are met. The PSP serves as long-term incentive tool to reward, retain and motivate employees to improve their performance. The aggregate number of shares which may be available for Awards under the PSP, when aggregated with the aggregate number of shares available under any other share-based schemes of the Company, will not exceed 5% of the total issued shares of the Company (excluding treasury shares) from time to time.

The RC reviews the eligibility of Directors and employees for the PSP and determines the award date, performance period, number of shares, performance targets, vesting schedule and any other condition deemed necessary including any restrictions against the disposal or sale in the shares. The PSP Committee comprised Mr. Goh Peng Ooi, Professor Tan Sri Dato' Dr. Lin See Yan, Mr. Ong Kian Min and Mr. Lim Kok Min. During the financial year, the role of PSP Committee has been handed over to the RC and hence the PSP Committee has been dissolved on 14 November 2019 accordingly. RC undertakes the duties of overseeing the administration of PSP in accordance with the rules of PSP.

The PSP shall continue to be in force at the discretion of the RC, subject to the maximum period of 10 years commencing on 28 October 2010.

Principle 8: Disclosure on Remuneration (cont'd)

Provision 8.3: Employee Share Scheme (cont'd)

Performance Share Plan ("PSP") (cont'd)
No PSP shares were awarded to eligible employees, Executive Directors and Non-Executive Directors during the financial year.

Details of PSP are disclosed in Note 26(d) to the financial statements.

The information on the link between remuneration paid to the Executive Director and key management personnel, and performance is set out under Provision 8.1 of this Report.

ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

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 interest of the company and its shareholders.

The risk management system and internal controls, including the periodical review of their adequacy and integrity is under the responsibility of the Management, the ARC and the Board of Directors. The internal controls system emphasizes governance, risk management, organisational, operational, financial strategic, regulatory and compliance controls.

This system is designed to manage, as opposed to eliminating, the risks of non-compliance with the Group's policies and to fulfill the objectives and strategic priorities of the Group within the established risk tolerance thresholds that are in place. The system ensures the risk of the occurrence of any material misstatement, loss or fraud is substantially mitigated.

Provision 9.1: Risk Management and Internal Control Systems
With the increasing dynamic, complex and sophisticated business environment, it is critical that we understand the link between risk, internal controls, strategy and value. At Group level, this link is formalised through an alignment of strategy, risk management and internal processes, which supports fulfilment of the Group's strategic priorities, thereby delivering value to all stakeholders.

The Board is responsible and accountable for the establishment of the Group's system of risk management and internal control. The ARC assists the Board in monitoring the risk exposures, the design and operating effectiveness of the underlying risk management and internal control systems. There is no separate Board Risk Committee set up to address the risk matters of the Company.

The principal responsibilities of the ARC include, but are not limited to, the following:
- To ensure appropriate risk management framework and process that identifies business, operational, financial and regulatory risks and the risk mitigation measures to manage these risks;
- To review the risk management framework to ensure it remains appropriate based on the Company's operation, external environment and current regulatory requirements;
- To ensure broad awareness of the risk management framework and assess the extent to which the risk framework is embedded across the Group and whether there is a culture of identifying and managing risks;
- To articulate and review the material risk and risk appetite of the Company, and recommend to the Board for approval.

The ARC assists the Board in overseeing the following operations and processes:
- Periodic review of the principal business risks, and control measures to mitigate or reduce such risks;
- Periodic review of the strengths and weaknesses of the overall internal control system and action plans to address the risk of weaknesses or to improve the assessment process;
- Periodic review of the internal business process and operations reported by the Internal Audit, including action plans to address the identified control weaknesses and status update and monitor the implementation of the recommended action plans; and
- Periodic review and monitoring of reports by the external auditors of any control issues identified in the course of their audit related and non-audit related work and the discussion with the external auditors on the scope of their respective review and findings.

The ARC provides quarterly updates to the Board on the key highlights of the Enterprise Risk Management Framework. The Board considers the works and findings of the ARC in forming its own view on the effectiveness of the system.

Principle 9: Risk Management and Internal Controls (cont'd)

Provision 9.1: Risk Management and Internal Control Systems (cont'd)
The Board's responsibilities include, but are not limited to, the following:
- The governance of risk;
- Determination of the levels of risk tolerance;
- Delegation of the responsibility to Management to design, implement and monitor the risk management;
- Ensuring that risk assessment is performed continually;
- Ensuring that the frameworks and methodologies are implemented to reduce the probability of unpredictable risk;
- Ensuring continual risk monitoring by Management;
- Receiving assurance regarding the effectiveness of the risk management process;
- Ensuring that there are processes in place enabling complete, timely, relevant, accurate and accessible risk disclosure to stakeholders.

Risk Management Framework
The risk management system and internal controls are designed to manage and mitigate risks which may hinder the achievement of the Company's strategy. The Company has put in place a Risk Management Framework with appropriate guidelines, control measures and processes throughout the Group.

Within this framework, the responsibility for day-to-day risk management resides with the Management of each function and business unit where Management are the risk owners and are accountable for managing and assessing the risk identified. In managing the overall risk of the Group which includes the financial, operational, compliance and information technology risk categories, the Risk Management Department collaborates with the Management in reviewing and ensuring that there is ongoing monitoring of risks, the adequacy and effectiveness of its related controls, and action plans developed and implemented to manage these risks to an acceptable level by the Management.

The Enterprise Risk Management ("ERM") Process is a process on how the Group facilitates and approaches risk identification, assessment, reporting, reviewing and mitigating control as well as evaluating the action plan. In addition, the Group monitors the Key Risk Indicator ("KRI") each quarter and reports to the Management accordingly.

Risk management is firmly embedded in the Group's key processes through its Risk Management Framework, in line with Principle 9 and Provisions 9.1 and 9.2 of the Code. The provisions are inculcated in the activities of the Group, which require the establishment of risk tolerance thresholds to actively identify, assess, control and monitor key business risks encountered by the Group.

Risk Management principles, policies, procedures and practices are periodically reviewed, with the results communicated to the Board through the ARC and changes and/or improvements are made thereto where required and necessary to ensure their continuing relevance and compliance with the current laws, rules and regulations.

Other Risks and Internal Control Processes
The overall governance structure and formally-defined policy and procedures play a major role in establishing the control and the risk environment in the Group. A documented and auditable trail of accountability have been established in ARC TOR. In addition, authority limits and major Group's Policies and Business Principles have been disseminated and communicated to the Group's employees.

These processes and procedures have been established and embedded across the whole organisation and provide assurance to all levels of Management, including the Board.

The Board and ARC identified 9 categories of risks which may impact the Group such as the revenue assurance risk, country risk, investments risk, regulatory compliance risk, people and capabilities risk, counterparty credit risk, cybersecurity, IP protection and business continuity planning risk and reputational risks. The frameworks and methodologies are implemented to reduce the impact and ensure continual monitoring and management of these risks for the Group.

Managing the Effects of the COVID-19 Pandemic
The COVID-19 pandemic has caused unprecedented challenges to the Company. The ARC and the Board, together with Management, are actively monitoring and responding to the ongoing and evolving impact of COVID-19 to the short- and medium-term prospects of the Company's business and employees. Management undertakes the necessary assessments as per the guidelines issued by SGX in April 2020 on material information and on how the Company deals with the effects of COVID-19 on its businesses. Based on the outcome of the assessment, the ARC and the Board concluded that nothing has come to their attention which may affect the Group's ability to continue as going concern due to the COVID-19 pandemic.

Principle 9: Risk Management and Internal Controls (cont'd)

Provision 9.1: Risk Management and Internal Control Systems (cont'd)

Managing the Effects of the COVID-19 Pandemic (cont'd)
To ensure operational and business continuity, a COVID-19 Task Force has been established to implement the necessary measures to protect the employees and customers. In addition, shareholders were updated on the potential COVID-19 impact to the Company during the start of the pandemic via SGXNet.

Provision 9.2: Adequacy and Effectiveness of Risk Management and Internal Control Systems
The Board regularly reviews the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls. The ARC, with the assistance of the internal auditors, reviews the adequacy and effectiveness of the Company's internal control systems, including financial, operational, compliance and information technology controls and risks management policies and systems established by Management on an annual basis. In addition, the external auditors will highlight any material control weaknesses within the Group discovered in the course of the statutory audit. Any material findings from both the internal and external auditors together with the improvement recommendations are reported to the ARC. The ARC will review the internal and external auditors' comments and findings and ensure there are adequate follow-up actions.

For FY2020, the Board had received assurance from the Group Managing Director, Group Head of Risk Management and Chief Financial Officer:

- That the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- That the Group's risk management and internal control systems (including financial, operational, compliance and information technology controls) are adequate and effective.

Based on the risk management framework and internal controls established and maintained by the Group, work performed by the internal auditors and external auditors (in the course of their annual statutory audit), and reviews performed by the Management and the Board, the Board with the concurrence of the ARC, is of the opinion that the Group's risk management and internal control framework and systems were adequate and effective for FY2020 to address financial, operational and compliance risks including information technology controls and risk management system, in which the Group consider relevant and material to its operations.

Principle 10: Audit Committee

The Board has an Audit and Risk Committee ("ARC") which discharges its duties objectively.

Provisions 10.1 and 10.2: Roles, Responsibilities and Authority of ARC
The ARC shall comprise at least three Directors, all of whom are Non-Executive Directors and the majority being independent.

Currently, the ARC comprises three members, all of whom are Independent Non-Executive Directors. The ARC is chaired by Mr. Ong Kian Min and its members are Tan Sri Dato' Dr. Mohd Munir bin Abdul Majid and Mr. Yano Satoru. Mr. Yano Satoru was appointed as an ARC member on 25 October 2019. Mr. Lim Kok Min and Datuk Yvonne Chia ceased to be ARC members on 24 October 2019.

The Board considers Mr. Ong Kian Min, who has sufficient accounting, legal and financial management experience, is well qualified to chair the ARC. The ARC members collectively bring with them appropriate professional experience in accounting and financial management. The Board is satisfied that the ARC members are appropriately qualified to discharge their responsibilities.

The ARC is guided by its written TOR which stipulates that its principal roles include, inter alia:
- To safeguard the assets of the Company and its subsidiary companies;
- To maintain adequate accounting records;
- To develop and maintain an effective system of risk management and internal control;
- To ensure appropriate risk management framework and process covering business, operational, financial and regulatory risks;
- To ensure that Management creates and maintains an effective control environment within the Group and demonstrates and stimulates effective internal control structure;
- To ensure that the Company has an appropriate corporate entity risk management framework and process, that is embedded in the Company that identifies business, operational, financial and regulatory risks and risk mitigation measures to manage those risks as well as to maintain a sound business sustainability framework;

Principle 10: Audit Committee (cont'd)

Provisions 10.1 and 10.2: Roles, Responsibilities and Authority of ARC (cont'd)
The ARC is guided by its written TOR which stipulates that its principal roles include, inter alia: (cont'd)
- To provide a channel of communication between the Board, Management, External Auditors and Internal Auditors on matters arising from external and internal audits.

Other than the responsibilities outlined in Provision 9.1, the principal responsibilities of the ARC include, but are not limited to, the following:
- To review the scope and results of the external audit work, cost effectiveness of the audit, and the independence and objectivity of the external auditors;
- To review the Group's quarterly results, half yearly results and full year financial statements, the accounting principles adopted, significant financial reporting issues and judgements and the external auditor's report on the financial statements of the Group before submission to the Board for approval;
- To review and report to the Board at least annually on the adequacy and effectiveness of the Group's internal controls, and risk management systems;
- To review the assurance from the Group Managing Director and Chief Financial Officer on the financial records and financial statements;
- To review the adequacy, effectiveness, independence, scope and results of the external audits and the Company's internal audit function. The internal audit function is adequately resourced and staffed with persons with the relevant qualifications and experiences. The Internal Auditors comply with the standards set by nationally or internationally recognised professional bodies;
- To recommend 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 taking into consideration the Audit Quality Indicators Disclosure Framework published by the Accounting and Corporate Regulatory Authority ("ACRA");
- To review Interested Person Transactions ("IPT") in accordance with the requirements of the Listing Manual of the SGX-ST;
- To review the effectiveness of the Group's whistle-blowing policy, arrangements and the matters raised via the whistle blowing channel.

The key activities of the ARC during FY2020 include, but are not limited to, the following:
- Review draft financial results announcement of the Company and the Group and recommend the same for approval by the Board;
- Review the Enterprise Risk Management of the Group;
- Review the material risk and risk appetites as well as the risk mitigation measures of the Group;
- Review the Group Whistle Blowing Report;
- Review and approve IPT in accordance with the requirements of the Listing Manual of the SGX-ST and the IPT General Mandate;
- Renew the IPT General Mandate for shareholders' approval at the AGM;
- Receive and review the External Auditors' report to the ARC;
- Review the nature and extent of non-audit services provided by the External Auditors;
- Review the independence of the External Auditors;
- Review the appointment of different auditors for the Group's subsidiaries and/or significant associated companies, and confirm the appointment would not compromise the standard and effectiveness of the audit of the Company;
- Review the performance of the External Auditors and recommend its reappointment as external auditors of the Company for the following financial year;
- Meet and discuss with the External Auditors and Internal Auditors without the presence of Management;
- Receive and review the Internal Auditors' reports;
- Discuss the adequacy of the internal controls pursuant to Rule 1207 of the Listing Manual for disclosure in the Annual Report and to form an opinion on the adequacy of internal controls addressing financial, operational and compliance risks;
- Review and update on new accounting standards applicable to the Company and its impact assessment.

In the review of the financial statements for FY2020, the ARC has discussed with the Management and the External Auditors on significant issues and assumptions that impact the financial statements. The most significant matters, as outlined below, have also been included in the External Auditors' report to the members under Key Audit Matters on page 83 to 87 of this Annual Report. Following the review, the ARC was satisfied that these matters have been properly dealt with and recommended the Board to approve the financial statements.

Principle 10: Audit Committee (cont'd)

Provisions 10.1 and 10.2: Roles, Responsibilities and Authority of ARC (cont'd)

Key Audit Matters	How ARC reviewed these matters and what decisions were made
Revenue and cost of sales from software licensing and software project services	The ARC reviewed the appropriateness and reasonableness of management's assessment of software licensing and software project services revenue and cost including, applications of IFRS 15 Revenue from Contracts with Customers, project cost estimates, assumptions and the appropriateness and adequacy of disclosures in the financial statements.
Impairment assessment of goodwill	The ARC reviewed the appropriateness and reasonableness of management's goodwill impairment assessment, including the methodology, assumptions, cash flow forecasts, long-term growth rate and discount rate.
Pricing and disclosure of related parties and related party transactions	The ARC reviewed interested party transactions on a quarterly basis and as and when required to ensure compliance with mandates granted by the shareholders, including the appropriate disclosures in quarterly results announcement and annual report. The Group has processes and controls in place to identify related parties and related party transactions to ensure compliance with mandates granted by the shareholders.
Impairment assessment on investments in subsidiaries	The ARC reviewed the appropriateness and reasonableness of management's impairment assessment of investments in subsidiaries including the methodology, assumptions, cash flow forecasts, long-term growth rate and discount rate.
Call and Put Options	The ARC reviewed the appropriateness and reasonableness of management's options valuation assessment including the methodology, assumptions, cash flow forecasts, long-term growth rate and discount rate.

The ARC has the authority to conduct or authorise investigations into any matters within its TOR. The ARC also has full access to and the co-operation of Management, discretion to invite any director or executive officer to attend its meetings and reasonable resources to enable it to discharge its duties properly.

Independence of External Auditors
The ARC reviews the non-audit services provided by the External Auditors as part of the ARC's assessment of the External Auditors' independence. The aggregate amount of audit and non-audit fees payable to the External Auditors of the Group for FY2020 were RM2,264,820 and RM482,609 (FY2019: RM2,326,019 and RM503,390) respectively. The non-audit services provided by the external auditors of the Group mainly related to tax services, sustainability reporting and due diligence fees for potential acquisitions. The ARC is satisfied that the nature and extent of these services would not prejudice the independence and objectivity of the external auditors.

In compliance with SGX requirements, an audit engagement partner may only be in charge of an audit for up to five consecutive years. Messrs. Ernst & Young PLT, which was first appointed in FY2010, has been meeting this requirement. The current audit engagement partner took over the Group's audit in FY2020.

Both the ARC and the Board have reviewed the appointment of different auditors for its subsidiaries and are satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Company. The Company is in compliance with Rules 712 and 715 of the Listing Manual in relation to the appointment of its auditor and in compliance with Rule 716 of the Listing Manual in relation to its independent auditors.

The ARC has recommended to the Board the re-appointment of Messrs. Ernst & Young PLT as the external auditors of the Company.

Interested Person Transactions
The Company has established policies and procedures for reviewing and approving interested person transactions ("IPTs") in accordance with the general mandate from shareholders. The ARC reviews the Group's IPTs and ensures that the IPTs are on normal commercial terms, on arm's length basis and are not prejudicial to the interests of the Company and its minority shareholders as well as comply with the provisions on IPTs under the Listing Manual of the SGX-ST. The review procedures together with the detailed information on IPTs are disclosed in the Company's Circular to Shareholders dated 9 October 2019.

Principle 10: Audit Committee (cont'd)

Provisions 10.1 and 10.2: Roles, Responsibilities and Authority of ARC (cont'd)

Whistle-blowing Policy

The ARC has incorporated a whistle-blowing policy into the Group's internal control procedures to provide a channel for employees and any external party (i.e. external party refers to customer, contractor, agent, consultant or third party intermediary engaged) to report in good faith and in confidence, without fear of reprisals, any concerns about suspected fraud, corruption, dishonest practices or other similar matters. The objective of the policy is to ensure an independent investigation of such matters and appropriate follow-up actions. Employees and any external party are encouraged to report possible improprieties in financial reporting or other improper business conduct they encounter in the course of work through appropriate channel. The Company treats all information received confidentially and protects the identity of all whistle-blowers. The whistle-blowing contact email is whistleblower@silverlakeaxis.com and can be found on the Company's website.

There was no reported incident pertaining to whistle-blowing in FY2020.

Provision 10.3: ARC Member Restriction

No former partner or director of the Company's existing auditing firm or auditing corporation is a member of the ARC.

Provision 10.4: Internal Audit Function

The Group's in-house Internal Audit and Compliance function is responsible for reviewing, monitoring and assessing the system of internal control and is independent of activities it audits. The Internal Audit and Compliance function, headed by the Head of Internal Audit and Compliance, whose primary reporting line is to the ARC and administratively reports to Group Managing Director. The Internal Audit and Compliance function has unfettered access to all the Group's documents, records, properties and personnel, including direct access to the ARC.

The ARC approves the hiring, evaluation and compensation of the Head of Internal Audit and Compliance. The ARC ensures that the Internal Audit and Compliance function is adequately resourced, has appropriate standing within the Group and is able to perform its functions effectively and objectively.

The Internal Audit and Compliance function is adequately staffed with five suitably qualified and experienced professionals with a range of three to thirty-two years of relevant audit experience, and adopts the standard set by internationally recognised professional bodies, including the Standards for the Professional Practice of Internal Auditing ("SPPIA") set by the Institute of Internal Auditors ("IIA"). The Head of Internal Audit and Compliance is a Certified Internal Auditor from the Institute of Internal Auditors. The internal auditors continuously maintain their professional competency through training program, conferences and seminars.

The annual internal audit plan, which focuses on material internal controls, including financial, operational, compliance and information technology controls across the Group's business, is submitted to the ARC for its review and approval at the beginning of each financial year. Periodic internal audit reports are submitted to the ARC detailing the internal auditor's progress in executing the internal audit plan. All audit findings and recommendations made by the internal auditor are reported to the ARC. The internal auditors follow up on all recommendations by the internal auditors to ensure Management has implemented them on a timely basis and reports the results to the ARC every quarter.

The ARC reviews the adequacy and effectiveness of the internal audit function on an ongoing basis, to ensure that internal audit function remains effective and is adequately staffed. The ARC is satisfied that the Internal Audit and Compliance function has adequate resources to perform its functions effectively.

Provision 10.5: Meetings with External and Internal Auditors

The ARC meets with the external and internal auditors, in the absence of Management at least once a year. The external auditors have unrestricted access to the ARC.

During FY2020, the ARC met four times. The ARC also had one meeting with external auditors and internal auditors separately, without the presence of Management.

The ARC keeps abreast of relevant changes to accounting standards, the Listing Manual and other issues through attendance at relevant seminars or talks, articles and news circulated by the Company Secretary and Management and updates by the External Auditors and Internal Audit and Compliance at ARC Meetings.

SHAREHOLDERS RIGHTS AND ENGAGEMENT

Principle 11: Shareholder Rights and Conduct of General Meetings

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.

Provision 11.1: Opportunity for Shareholders to Participate and Vote at General Meetings

The Company ensures that shareholders have the opportunity to participate effectively, ask questions and vote at general meetings. Shareholders are informed of general meetings through reports or circulars sent to all shareholders in addition to notices published in the newspapers, Company's announcements via SGXNet and the Company's website. Resolutions tabled at general meetings are passed through a process of voting by poll which procedures are clearly explained by the scrutineers at such general meetings.

The Company recognises the shareholders' rights to be sufficiently informed of changes in the Company or its business that would materially affect the price or value of its shares. The Company keeps shareholders fully informed of information that may have a material effect on the price or value of the Company's securities by making timely disclosure of information through SGXNet, press releases, analyst briefings and the Company's website, as well as through the AGM.

Provision 11.2: Separate Resolutions at General Meetings

In general, resolutions are not bundled or made inter-conditional on each other. This is to ensure that shareholders are given the right to express their views and exercise their voting rights on each resolution separately. All the resolutions at the Company's general meetings are single-item resolutions. Detailed information on each resolution in the AGM agenda is in the explanatory notes to the AGM Notice.

The Company provides necessary information on each resolution to enable shareholders to exercise their vote on an informed basis. For resolutions on the election or re-election of Directors, there will be information on the background of Directors, their contributions to the Company, and the Board and Committee positions they are expected to hold upon election.

Provision 11.3: Attendees at General Meetings

All Directors attended the last Annual General Meeting held on 24 October 2019.

The Directors including the Chairman of the Board, Group Managing Director and the Chairmen of the various Board Committees together with the Company Secretaries are present for the entire duration of general meetings. The Chairman of the meeting facilitates constructive dialogue between shareholders and the Board, Management, external auditors and any other relevant professions to address any question or feedback from the shareholders at the AGM, including those pertaining to the proposed resolutions before the resolutions are voted on. The external auditors are also present to address shareholders' queries about the conduct of the audit and preparation and contents of the Auditors' Report, if required.

Provision 11.4: Voting Procedures and Proxies for Nominee Companies

For greater transparency and effective participation, the Company has implemented poll voting since its 2015 AGM and all resolutions are put to vote by poll. Voting procedures and rules governing general meetings are explained and vote tabulations are explained at the general meetings. An independent scrutineer firm is present to count and validate votes. The results of the poll voting on each resolution tabled at general meeting, including the number of votes cast for and against of each resolution and the respective percentages, are announced after each general meeting, via SGXNet. The Company has been conducting electronic poll voting since 2017 AGM.

Shareholders may appoint up to two proxies to attend and vote on their behalf. Pursuant to the introduction of the multiple proxies regime under the Singapore Companies Act and the amendments of the Company's Bye-laws at the 2017 AGM, shareholders who are relevant intermediaries (i.e. banks, capital markets services license holders which provide custodial services for securities and the Central Provident Fund Board) are allowed to appoint more than two proxies to attend, speak and vote at the general meetings, but each proxy must be appointed to exercise the rights attached to a different share or shares held by the relevant shareholder.

Principle 11: Shareholder Rights and Conduct of General Meetings (cont'd)

Provision 11.5: Minutes of General Meetings
The Company prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting and responses from the Board and Management. Provision 11.5 requires companies to publish minutes of general meetings with shareholders on its corporate website as soon as practicable. As general meetings are attended by registered shareholders, the minutes of such meetings are made available at the Company's share registry office upon shareholders' request.

The voting results of the general meeting are announced in SGXNet post meeting on the same day of the meeting.

Provision 11.6: Dividend Policy Guideline
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, among 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. Dividend payouts are communicated clearly to shareholders via announcements on SGXNet when the Company discloses its financial results. The Company also discloses its dividend payment history on its corporate website. The Company pays dividends in a timely manner after it has been declared or approved at the AGM.

Embracing the consistent approach as in previous years, the Board will be proposing at the forthcoming AGM in October 2020, the declaration of a final tax exempt one-tier dividend of Singapore 0.33 cents per ordinary share in respect of the FY2020. The proposed dividend, when approved by shareholders at the AGM, shall be paid on 17 November 2020.

Principle 12: Engagement with Shareholders

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.

The Company recognises the importance of communicating the Company's business strategies, progress of its strategic initiatives and performance to its shareholders and stakeholders regularly. These updates are driven through multiple channels of communication and engagement such as AGM, Annual Report, Company's Announcements and Company's website which allows the Company to gauge feedback from both shareholders and the investment community.

Provision 12.1: Understanding Views of Shareholders
The Board in compliance with the SGX Listing Requirements and the Corporate Disclosure Guide will issue timely and accurate quarterly statements to shareholders and stakeholders on the Company's performance. The Company's objective is to maintain effective communication with its shareholders and investors at all times to enable them to make informed investment decisions and for their feedbacks as well as concerns to be understood and answered.

As announced on SGXNet by the Company on 9 March 2020, the Company has adopted the half-yearly financial reporting cycle with continuous disclosure in accordance with the Listing Rules of the SGX-ST. The Board will continue to engage with its shareholders and stakeholders, and having considered their need for information in the absence of quarterly results announcements, the Company will be providing an executive summary of the key financial information and business commentaries in respect of the performance of the Group for the first and third quarter to be released on a voluntary basis in lieu of quarterly reporting.

Provisions 12.2 and 12.3: Investor Relations Policy
Shareholders are one of our key stakeholders and from a corporate governance perspective, the key elements of the relationship can be illustrated as follows:
- Shareholders have a set of rights including to vote and attend general meetings and to receive declared dividends.
- Shareholders have the rights to convene general meetings and to put forward proposals.
- Shareholders can make enquiries with the Board by posting questions at the AGM.

The Company's Investor Relations Policy encourages the shareholders during the AGM, to actively participate in discussing the resolutions proposed or on future developments of the Company's operations in general, provide their feedback on the Company's performance and participate in the Questions & Answers ("Q&A") session. The Investors Relation policy is available on the Company's website.

Principle 12: Engagement with Shareholders (cont'd)

Provisions 12.2 and 12.3: Investor Relations Policy (cont'd)
All material information and financial results are released through SGXNet, press releases, analyst briefings and the Company's website in a clear, detailed and timely manner.

The Company's investor relations contact (investor.relations@silverlakeaxis.com) is provided in the Company's website (www.silverlakeaxis.com) as the communication channel for shareholders to raise queries. The Company's website also lists the Company's major past and future corporate events and investor conferences.

Regular meetings are held with investors, analysts and fund managers to keep the market updated on the Group's corporate developments and financial performance. The Company does not practice selective disclosure and is mindful of the remedial action required to make public disclosure as soon as practicable, should there be an event of inadvertent disclosure. Price-sensitive information is first publicly released via SGXNet, either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Corporate presentation slides are posted in the Company's website immediately after briefings with analysts on a quarterly basis.

MANAGING STAKEHOLDERS RELATIONSHIPS

Principle 13: Engagement with Stakeholders

The board adopts an inclusive approach by considering and balancing the needs and interest of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Group believes that identifying the areas of concerns of its stakeholders and understanding their expectations are essential for the Company's growth. The Board adopts an inclusive approach, and the interests and areas of concern of material stakeholders are considered in the formulation of the Group's business strategies to ensure the best interests of the Group are served. The Group seeks to engage its stakeholders through providing various modes of communication and sending timely updates.

The Board has always recognised the importance of accurate and timely dissemination of information to shareholders and investors, existing and potential, about the Group's operations, strategies, performance and prospects to maintain credibility and build stronger relationships with the investment community.

Provision 13.1 Identify, Engage and Manage Relationship with Stakeholders
The Group identifies its key stakeholders by taking into consideration their involvement in and influence on the Group's business, as well as their vested interests in the Group's performance. Stakeholders of the Company include, but are not limited to, investors, business partners, tenants, contractors and suppliers, government and regulators, the Board of Directors, employees, and the community. The information on the Group's arrangements to identify and engage with its material stakeholder groups and to manage its relationships with such groups, and the Group's strategy and key areas of focus in relation to the management of stakeholder relationships during FY2020 can be found under "Sustainability Report" section of this Annual Report. In addition, the Company also has an Investor Relations team which works closely with the media and oversees the Company's external communications efforts.

Provision 13.2 Sustainability Report
The Board is mindful of its responsibility to ensure sustainability of the Group's business and have always considered sustainability issues in its formulation of the Group's business strategies. It has identified and evaluated the material environmental, social and governance factors to the Group and will continue to oversee the management and governance of these factors.

The Group's Sustainability Report takes reference from the Global Reporting Initiative ("GRI") Standards reporting guidelines. The Sustainability Report is found on page 26 to 48 in this Annual Report.

The Sustainability Report falls under the ambit of the Sustainability Committee which is a management committee. The Sustainability Committee is chaired by Executive Director, Ms. Goh Shiou Ling.

Provision 13.3 Corporate website
The Company maintains a corporate website (www.silverlakeaxis.com) as a channel of communication and engagement with the stakeholders.

DEALINGS IN SECURITIES

Rule 1207(19) of the Listing Manual

The Company has in place a share trading policy in relation to dealings in the Company's securities pursuant to the Listing Manual that are applicable to all its officers. The Group issues quarterly reminders to Directors, officers and employees on the restrictions in dealings in the Company's shares during the period commencing two weeks before the announcement of the Group's quarterly financial results and one month before the announcement of the Group's full year results and ending on the date of the announcement of the results or when they are in possession of unpublished material price-sensitive information of the Group.

Since the adoption of half-yearly financial reporting cycle in March 2020 (as described under Provision 12.1), the Group has opted to maintain its quarterly reminders to Directors, officers and employees on the restrictions in dealings in the Company's shares during the period commencing two weeks before the announcement of the first and third quarter voluntary announcement and its first half yearly announcement and one month before the announcement of the Group's full year results.

Directors and executives are also expected to observe insider trading laws at all times even when dealing with securities within the permitted trading period and are discouraged from dealing in the Company's securities on short-term considerations.

Other Information

1. RECURRENT INTERESTED PERSON TRANSACTIONS OF A REVENUE OR TRADING NATURE

The Audit and Risk Committee has reviewed the Group's Interested Person Transactions ("IPT") for FY2020 to ensure IPTs are on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders and complied with the mandates granted by the shareholders at the Annual General Meeting of the Company held on 24 October 2019. The review procedures for IPTs are disclosed in the Company's Circular to Shareholders dated 12 October 2020.

The aggregate value of recurrent IPT of revenue or trading nature conducted during FY2020 by the Group were as follows:

Interested Person(s)[(1)]	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than SGD100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than SGD100,000)
	01-07-2019 to 30-06-2020 RM	01-07-2019 to 30-06-2020 RM
Associates of Mr. Goh Peng Ooi ("Silverlake Entities")		
- **IPT Mandate** [(2)]		
Revenue from Silverlake Entities	-	64,206,051
Service fees to Silverlake Entities	-	(11,148,092)
- **Non-Mandate Transactions** [(3)]		
Revenue from Silverlake Entities	(114,886)	-
Service fees to Silverlake Entities	(1,841,102)	-

[(1)] The interested persons are associates of Mr. Goh Peng Ooi (i.e. companies in which he and his immediate family together, directly or indirectly, have an interest of 30% or more), who is the Group Executive Chairman and controlling shareholder of the Company.

[(2)] The IPT Mandate was approved by shareholders on 24 October 2008 for transactions pursuant to Master License Agreement and Master Services Agreement. The IPT Mandate is subject to annual renewal.

[(3)] The Non-Mandate Transactions were mainly derived from the adjustment on revenue contracted between Silverlake Investment (SG) Pte. Ltd. (formerly known as Silverlake Investment Ltd.) together with its subsidiaries ("SISG Group") and Silverlake Entities; and the contract termination fee paid by Silverlake Japan Ltd. to Silverlake Entities following the early termination of a customer contract during the financial year ended 30 June 2020.

The total IPT revenue and IPT service fees of RM64,091,165 and RM12,989,194 (2019: RM131,024,200 and RM19,513,592) accounted for 10% and 5% (2019: 19% and 8%) of the Group's total revenue and total cost of sales respectively. Further details of IPT are disclosed in Note 38(a) to the financial statements.

2. ADDITIONAL DISCLOSURE IN RELATION TO THE COMPANY'S UNDERTAKINGS TO THE SGX-ST ON IPT

The ageing of amounts owing from the Silverlake Entities as at 30 June 2020 was as follows:

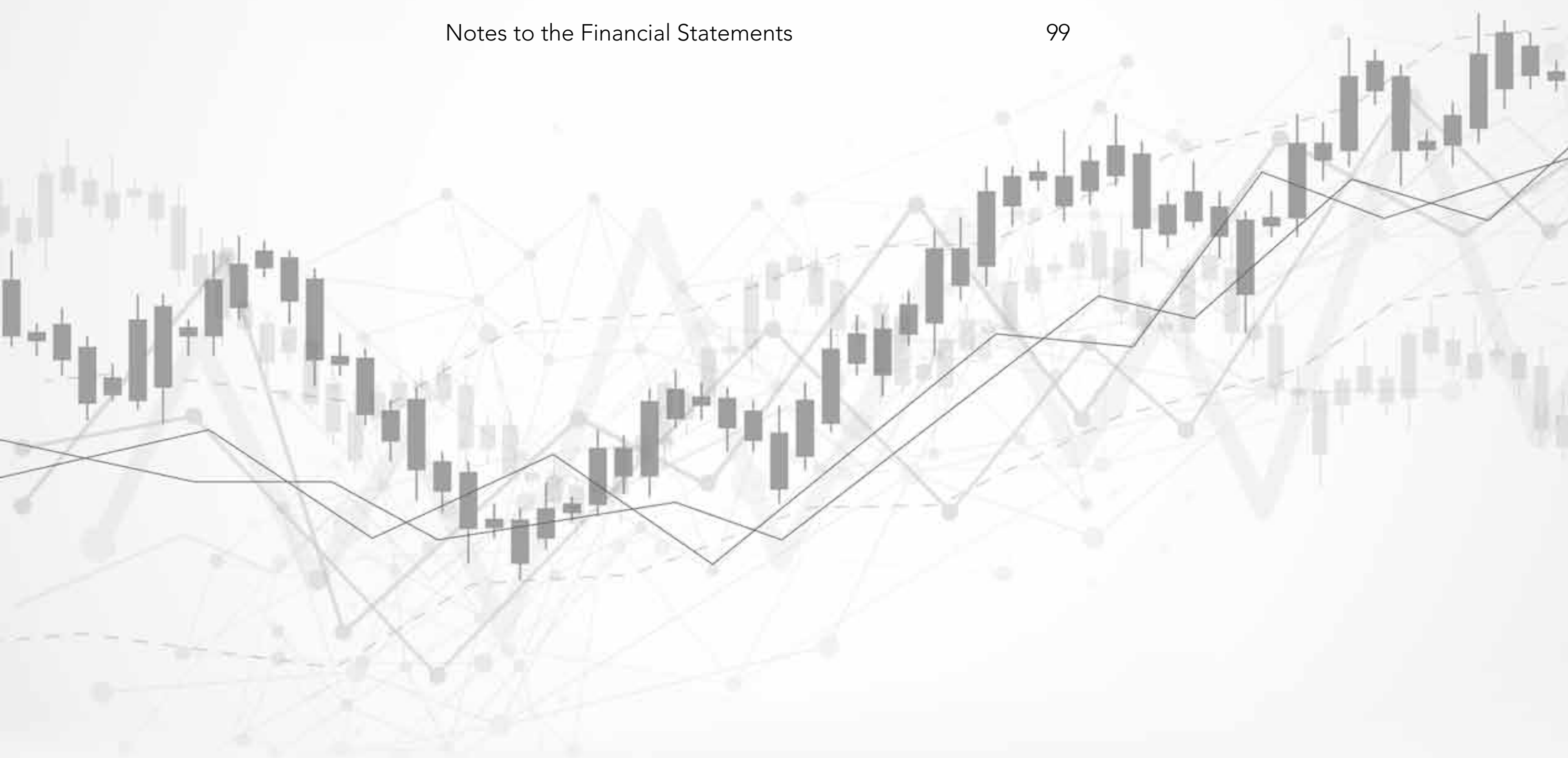
Name of related parties	Total Due RM	0-30 days RM	31-60 days RM	61-90 days RM	91-180 days RM	> 180 days RM
Transactions conducted under IPT Mandate						
Silverlake Entities [1]	7,016,167	6,073,456	942,711	-	-	-
Non-Mandate Transactions						
Silverlake Entities	23,618	23,618	-	-	-	-
Non-Trade Transactions						
Silverlake Entities	103,068	103,068	-	-	-	-
Grand Total	**7,142,853**	**6,200,142**	**942,711**	**-**	**-**	**-**

[1] The Audit and Risk Committee confirms that collections from the Silverlake Entities were within the mandated terms.

3. MATERIAL CONTRACTS

Save as disclosed in Note 1 above, there were no material contracts, including contracts relating to loans, entered into by the Company and its subsidiaries involving the interests of any Director, the Chief Executive Officer, or controlling shareholder during FY2020.

Financial Statements



Directors' Report

The directors are pleased to present their report together with the audited consolidated financial statements of Silverlake Axis Ltd. (the Company) and its subsidiaries (collectively, the Group) and the statement of financial position of the Company for the financial year ended 30 June 2020.

1. DIRECTORS

The directors of the Company in office at the date of this report are:

Goh Peng Ooi
Andrew Tan Teik Wei
Dr. Kwong Yong Sin
Goh Shiou Ling
Ong Kian Min
Lim Kok Min
Tan Sri Dato' Dr. Mohd Munir bin Abdul Majid
Datuk Yvonne Chia
See Chuang Thuan
Yano Satoru (appointed on 24 October 2019)
Mah Yong Sun (appointed on 27 August 2020)

2. ARRANGEMENT TO ENABLE DIRECTORS TO ACQUIRE SHARES

Except as disclosed in the financial statements, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares of the Company or any other body corporate.

3. DIRECTORS' INTERESTS IN SHARES

The following directors, who held office at the end of the financial year, had an interest in shares of the Company and its related corporations as stated below:

	Direct interest		Deemed interest	
Name of director	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
Ordinary shares of the Company				
Goh Peng Ooi	-	-	1,759,877,345	1,759,877,345
Dr. Kwong Yong Sin	18,972,000	18,972,000	1,450,000	2,150,000
Goh Shiou Ling	630,400	630,400	-	-
Ong Kian Min	1,800,000	1,800,000	-	-
Lim Kok Min	800,000	1,100,000	-	-
Tan Sri Dato' Dr. Mohd Munir bin Abdul Majid	200,000	200,000	-	-
Datuk Yvonne Chia	500,000	500,000	110,000	110,000
See Chuang Thuan	39,255,953	39,255,953	-	-
Ordinary shares of the holding company (Intelligentsia Holding Ltd.)				
Goh Peng Ooi	3,882,254	3,882,254	-	-

There was no change in any of the abovementioned interests between the end of the financial year and 21 July 2020.

4. DIRECTORS' CONTRACTUAL BENEFITS

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

5. PERFORMANCE SHARE PLAN

The Silverlake Axis Ltd. Performance Share Plan ("PSP") was approved by the Company's shareholders at the Special General Meeting held on 28 October 2010 under which awards ("Awards") of fully-paid shares will be issued free of charge to eligible employees, executive directors and non-executive directors of the Company and its subsidiaries, provided certain prescribed performance targets are met.

The aggregate number of shares which may be available for Awards under the PSP, when aggregated with the aggregate number of shares available under any other share-based schemes of the Company, will not exceed 5% of the total issued shares of the Company (excluding treasury shares) from time to time. The PSP shall continue to be in force at the discretion of the PSP Committee, subject to the maximum period of 10 years commencing on 28 October 2010.

The PSP Committee comprised of Mr. Goh Peng Ooi, Professor Tan Sri Dato' Dr. Lin See Yan, Mr. Ong Kian Min and Mr. Lim Kok Min, and Professor Tan Sri Dato' Dr. Lin See Yan had subsequently retired during the financial year. On 14 November 2019, the PSP Committee was dissolved and Remuneration Committee ("RC"), comprising Tan Sri Dato' Dr. Mohd Munir bin Abdul Majid as the Chairman and Mr. Ong Kian Min, Mr. Lim Kok Min and Datuk Yvonne Chia as members of RC, undertakes the duties of overseeing the administration of the PSP effective 15 November 2019. In the event that the share awards are granted to non-executive directors who are members of RC, for good governance, the Board of Directors of the Company shall be responsible for the administration of the PSP.

There were no PSP shares awarded in the current financial year.

Previous financial year

(i) PSP shares granted to former managing director

On 5 January 2015, a maximum 10,000,000 PSP shares were awarded and granted to the former Group Managing Director, Dr. Kwong Yong Sin. Taking into account the bonus issue on 8 July 2015, the number of outstanding share awards for the remaining four-financial year performance period had been adjusted from 8,000,000 shares to 9,600,000 shares in the financial year ended 30 June 2016.

On 15 February 2019, 1,800,000 PSP shares were awarded and released from the Company's existing treasury shares at the market price of SGD0.545 per share at grant date, amounting to RM5,218,920 to Dr. Kwong Yong Sin in recognition of his contribution to the Group for the financial year ended 30 June 2018. 600,000 shares had lapsed during the previous financial year and there was no outstanding share award to be granted as at the previous reporting date.

The shares awarded were subject to restrictions against any disposal or sale and/or other dealings in the shares for a period of one year from the applicable release date.

(ii) PSP shares granted to independent non-executive directors

On 30 January 2019, 1,000,000 PSP shares were awarded and granted to five existing/former independent non-executive directors, Mr. Ong Kian Min, Professor Tan Sri Dato' Dr. Lin See Yan, Mr. Lim Kok Min, Tan Sri Dato' Dr. Mohd Munir bin Abdul Majid and Datuk Yvonne Chia, at 200,000 shares each pursuant to PSP. The shares awards are based on the service and contributions made by each independent non-executive director to the success of the Company.

5. PERFORMANCE SHARE PLAN (cont'd)

Previous financial year (cont'd)

(ii) PSP shares granted to independent non-executive directors (cont'd)

The shares awarded were subject to restrictions against any disposal or sale and/or other dealings in the shares for a period of one year from the applicable release date.

On 15 February 2019, 1,000,000 shares were released from the Company's existing treasury shares at the market price of SGD0.545 per share, amounted to RM1,657,618.

Save as disclosed below, no directors or employees of the Group have received 5% or more of the total number of shares available under the PSP:

Name of participant	Aggregate PSP granted since commencement of PSP to the end of the financial year	Aggregate PSP released since commencement of PSP to the end of the financial year	Aggregate PSP lapsed since commencement of PSP to the end of the financial year	Aggregate PSP outstanding as at the end of the financial year
2019				
Dr. Kwong Yong Sin	17,850,000	16,650,000	1,200,000	-

Details of the PSP are disclosed in Note 26(d) to the financial statements.

6. TREASURY SHARES

During the financial year, the Company purchased 55,695,800 (2019: 13,938,000) shares pursuant to the share purchase mandate approved by shareholders on 24 October 2019 (2019: 26 October 2018). These shares were acquired by way of market acquisition for a total consideration of RM56,815,349 (2019: RM17,855,204) and are held as treasury shares by the Company.

In the previous financial year, a total of 2,950,000 treasury shares were released as follows:

(i) 150,000 treasury shares were released at the price of SGD0.47 per share, for the purposes of award of shares to a former non-executive director; and

(ii) 1,800,000 and 1,000,000 treasury shares were released at the price of SGD0.545 each, which reflected the fair values of shares at release date, for the purposes of award of shares to the former managing director and existing/former independent non-executive directors respectively under the PSP.

Further details of the treasury shares are disclosed in Note 26(c) to the financial statements.

7. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 44 to the financial statements.

8. SIGNIFICANT EVENTS AFTER THE FINANCIAL YEAR END

Details of significant events after the financial year end are disclosed in Note 45 to the financial statements.

9. BOARD OPINION ON THE ADEQUACY OF RISK MANAGEMENT AND INTERNAL CONTROLS ADDRESSING FINANCIAL, OPERATIONAL AND COMPLIANCE RISKS (INCLUDING INFORMATION TECHNOLOGY RISKS)

Based on the risk management framework and internal controls established and maintained by the Group, work performed by the internal auditors and external auditors (in the course of their annual statutory audit), and reviews performed by the Management and the Board, the Board with the concurrence of the Audit and Risk Committee, is of the opinion that the Group's risk management and internal control systems, addressing financial, operational and compliance risks, including information technology risks, which the Group considers relevant and material to its operations, were adequate for the financial year ended 30 June 2020.

10. AUDIT AND RISK COMMITTEE ("ARC")

Information on the functions and activities of the ARC are disclosed in the Corporate Governance Statement.

11. AUDITOR

Ernst & Young PLT, have expressed their willingness to continue in office.

On behalf of the board of directors:

GOH PENG OOI DIRECTOR	**ANDREW TAN TEIK WEI** DIRECTOR

29 September 2020

Statement by Directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the statement of financial position of the Company together with notes thereto are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020 and of the results of the business, changes in equity and cash flows of the Group for the year then ended; and

(ii) 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.

On behalf of the board of directors:

GOH PENG OOI
DIRECTOR

ANDREW TAN TEIK WEI
DIRECTOR

29 September 2020

Independent Auditors' Report

To members of Silverlake Axis Ltd.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Silverlake Axis Ltd. and its subsidiaries (collectively, the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2020, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 90 to 220.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with International Financial Reporting Standards ("IFRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). 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 and other ethical responsibilities

We are independent of the Group in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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 current year. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

(1) Revenue and cost of sales from software licensing and software project services

(Refer to Note 2.4(g) Summary of significant accounting policies - Revenue recognition, Note 2.5(a) - Key sources of estimation uncertainty, Note 3 - Revenue)

For the financial year ended 30 June 2020, the Group's revenue from the provision of software licensing and software project services, amounted to RM56 million and RM74 million respectively. Software licensing contracts comprise of sale of license and provision of design and implementation which contain one or more performance obligations while software project services are long-term contracts which span more than one accounting period.

The determination of whether revenue for these contracts should be recognised at a point in time or over time in accordance with IFRS 15 Revenue from Contracts with Customers depends on the underlying contract arrangements. For contracts where the performance obligation is satisfied over time, the Group uses the input method in measuring progress towards complete satisfaction of a performance obligation.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key audit matters (cont'd)

(1) Revenue and cost of sales from software licensing and software project services (cont'd)

We identified revenue and cost of sales from the provision of software licensing and software project services as areas requiring audit focus as significant management judgement and estimates are involved, particularly in the following areas:

(a) judgement made by the management in determining whether sale of license and provision of design and implementation should be considered as one performance obligation; and

(b) in respect of long-term contracts where revenue is recognised over time in accordance with IFRS 15, estimates made by the management in respect of total budgeted costs in measuring progress towards complete satisfaction of a performance obligation.

Our audit response:

In addressing this area of audit focus, we performed, amongst others, the following procedures:

(a) we read the contracts to obtain an understanding of the specific terms and conditions, including the relative proportion of the fees for service and license and the project timeline, in assessing management's judgement on whether sale of license and provision of design and implementation should be considered as one performance obligation;

(b) we obtained an understanding of the relevant internal controls over the accuracy and timing of revenue recognised in the financial statements, including controls performed by the management in estimating total budgeted costs and profit margin;

(c) we read the project management meeting minutes to obtain an understanding of the performance and progress of the contracts;

(d) we sighted sign-offs by customers on completion of each significant stage of implementation (e.g. functional specification, system integration test, user acceptance test, go live);

(e) we evaluated the key assumptions applied by management in estimating the total budgeted costs by examining the documentary evidence such as approved purchase orders and letters of award issued to the sub-contractors which support the total budgeted costs;

(f) we also considered the historical accuracy of management's budgets for similar contracts in assessing the estimated total contract costs; and

(g) we reviewed and recomputed the progress towards complete satisfaction of a performance obligation using input method, including vouching of the actual costs incurred to date to sub-contractors' claims and invoices and vouching of the time cost sheet in respect of payroll costs absorbed to each project.

(2) Impairment assessment of goodwill

(Refer to Note 2.5(b) - Key sources of estimation uncertainty, Note 13 - Intangible assets)

As at 30 June 2020, the carrying amount of goodwill recognised by the Group amounted to RM144 million, representing 34% and 10% of the Group's total non-current assets and total assets respectively. The Group is required to perform annual impairment assessment of the cash-generating units ("CGU") or groups of CGUs to which goodwill has been allocated.

The Group estimated the recoverable amounts of the CGUs to which the goodwill is allocated based on value in use ("VIU"). Estimating the VIU involves discounting the estimated future cash inflows and outflows expected to be derived from the CGUs to its present value using an appropriate discount rate.

We identified this as an area of audit focus as the VIU determined using discounted cash flows is complex and involves significant management judgement and estimates, specifically the key assumptions on the revenue growth rate, gross profit margin, long-term growth rate and discount rate.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key audit matters (cont'd)

(2) Impairment assessment of goodwill (cont'd)

Our audit response:

In addressing this area of audit focus, we performed, amongst others, the following procedures:

(a) we obtained an understanding of the methodology adopted by the management in estimating the VIU and assessed whether such methodology is consistent with those used in the industry;

(b) we obtained an understanding from management on their basis of assigning probability to the potential contracts included in the VIU by reference to the stage of negotiation with customers;

(c) we evaluated management's key assumptions on revenue growth rate, gross profit margin and long-term growth rate, by taking into consideration the current and expected future economic conditions of the respective business segments and geographical regions of the CGUs. We also compared the key assumptions against past actual outcomes;

(d) we involved our internal valuation experts in assessing the discount rate used and whether the rate used reflects the current market assessments of the time value of money and the risks specific to the asset is the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive from the CGUs;

(e) we performed sensitivity analysis on key assumptions that will significantly affect the recoverable amounts of the CGUs; and

(f) we evaluated the adequacy of disclosures of key assumptions to which the outcome of the impairment assessment is most sensitive.

(3) Pricing and disclosure of related parties and related party transactions

(Refer to Note 21 - Amounts due from/(to) subsidiaries and related parties, Note 38 - Significant related party transactions)

The Group has significant related party transactions which include sales of goods and rendering of services to Silverlake Private Entities ("SPEs") totaling RM64 million representing 10% of Group's revenue, and service fees paid to SPEs totaling RM13 million representing 5% of the Group's cost of sales.

We identified this as an area of audit focus due to the significance of the amounts and the frequency of such transactions. Specifically, we focused our audit efforts to determine whether the transactions with SPEs were authorised and entered into at rates and terms approved by the Audit and Risk Committee; and whether adequate disclosures were made in the financial statements in accordance with IAS 24 Related Party Disclosures and SGX listing requirements.

Our audit response:

In addressing this area of audit focus, we performed, amongst others, the following procedures:

(a) we inquired management (including Internal Audit) and obtained understanding of the processes and controls that the Group has to:
   (i) identify, account for, and disclose related party relationships ("RPR") and related party transactions ("RPT");
   (ii) authorise and approve significant RPT with related parties; and
   (iii) authorise and approve significant RPT outside the normal course of business;

(b) we obtained the list of RPR and RPT and assessed:
   (i) completeness of the lists;
   (ii) whether significant RPT are properly approved; and
   (iii) whether significant RPT outside the normal course of business are properly approved;

(c) we read contracts and agreements with related parties to understand the nature and terms of the transactions;

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key audit matters (cont'd)

(3) Pricing and disclosure of related parties and related party transactions (cont'd)

Our audit response: (cont'd)

In addressing this area of audit focus, we performed, amongst others, the following procedures: (cont'd)

(d) we assessed the computation of RPT and agreed the rates used in the computation to the latest rates approved by the Audit and Risk Committee; and

(e) we evaluated the adequacy of disclosures of RPT in the financial statements.

(4) Impairment assessment on investments in subsidiaries

(Refer to Note 2.5(c) - Key sources of estimation uncertainty, Note 14 - Investments in subsidiaries)

As at 30 June 2020, the carrying amount of the Company's investments in subsidiaries amounted to RM2,233 million.

The Company is required to perform impairment assessment of its investments in subsidiaries whenever there is an indication that the investments may be impaired. Investments with carrying amounts higher than the Company's share of their net assets would indicate that the carrying amount of the Company's cost of investment in these subsidiaries may be impaired.

Accordingly, the Company performed an impairment assessment on the cash-generating units ("CGUs") relating to these subsidiaries. The Company estimated the recoverable amounts of the CGUs based on its value in use ("VIU"). Estimating the VIU involves discounting the estimated future cash inflows and outflows expected to be derived from the CGUs to its present value using an appropriate discount rate.

We identified this as an area of audit focus as the VIU determined using discounted cash flows is complex and involves significant management judgement and estimates, specifically the key assumptions on the revenue growth rate, gross profit margin, long-term growth rate and discount rate.

Our audit response:

In addressing this area of audit focus, we performed, amongst others, the following procedures:

(a) we obtained an understanding of the methodology adopted by the management in estimating the VIU and assessed whether such methodology is consistent with those used in the industry;

(b) we obtained an understanding from management on their basis of assigning probability to the potential contracts included in the VIU by reference to the stage of negotiation with customers;

(c) we evaluated management's key assumptions on revenue growth rate, gross profit margin and long-term growth rate, by taking into consideration the current and expected future economic conditions of the respective subsidiaries. We also compared the key assumptions against past actual outcomes;

(d) we involved our internal valuation experts in assessing the discount rate used and whether the rate used reflects the current market assessments of the time value of money and the risks specific to the asset is the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive from the respective subsidiaries;

(e) we performed sensitivity analysis on key assumptions that will significantly affect the recoverable amounts of the investments in subsidiaries; and

(f) we evaluated the adequacy of disclosures of investments in subsidiaries.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key audit matters (cont'd)

(5) Call and Put Options

(Refer to Note 2.5(e) - Key sources of estimation uncertainty, Note 14 - Investments in subsidiaries, Note 17 - Derivative asset, Note 34 - Put liability, Note 35 - Derivative liability)

The Group recognised a call option and a financial liability for the put option over the shares held by non-controlling interest in the consolidated financial statements, in respect of the acquisition of SIA X Infotech Group ("XIT Group") in prior year. In the Company's separate financial statements, the acquisition also resulted in the recognition of a call option. As at 30 June 2020, the call option and the financial liability for the put option of the Group was measured at RM9 million and RM3 million respectively; and the call option in the Company's separate financial statements was measured at RM9 million.

We identified this as an area of audit focus due to the significant management judgement and estimates and the complexity involved in accounting for the put and call options.

Our audit response:

In addressing this area of audit focus, we performed, amongst others, the following procedures:

(a) we involved our internal valuation experts in the evaluation of management's assessment of the key inputs in determining the financial liability amount for the put option of the Group, including key assumptions on long-term growth and discount rate;

(b) we involved our internal valuation experts in the review of management's valuation of the call option of the Group and of the Company, including the evaluation of the appropriateness of the financial model applied and inputs used; and

(c) we evaluated the adequacy of disclosures pertaining to the fair values of the call and put options.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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, 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.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's and the Company'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 the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 ISAs 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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 auditors' report to the related disclosures in the 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 auditors' 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 financial statements, including the disclosures, and whether the 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.

We communicate with the directors 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 the directors 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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements for the current year 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.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, and for no other purpose. We do not assume responsibility to any other person for the content of this report.

The signing partner on the audit resulting in this independent auditors' report is Chong Tse Heng.

ERNST & YOUNG PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Kuala Lumpur, Malaysia
29 September 2020

Consolidated Income Statement

For the financial year ended 30 June 2020

		Group	
	Note	2020 RM	2019 RM
Revenue	3	663,691,553	680,807,760
Cost of sales		(271,960,168)	(254,669,616)
Gross profit		391,731,385	426,138,144
Other items of income			
Finance income	4	3,999,337	3,172,427
Other income	5	23,577,529	55,572,767
Other items of expenses			
Selling and distribution costs		(33,395,344)	(37,423,074)
Administrative expenses		(139,980,646)	(133,996,805)
Finance costs	6	(34,685,474)	(27,021,025)
Share of profit/(loss) of a joint venture	16	1,392,986	(1,716,738)
Profit before tax	7	212,639,773	284,725,696
Income tax expense	9	(27,967,485)	(39,159,484)
Profit for the year		184,672,288	245,566,212
Profit for the year attributable to:			
Owners of the parent		184,675,753	245,577,192
Non-controlling interests		(3,465)	(10,980)
		184,672,288	245,566,212
Earnings per share attributable to the owners of the parent:			
- Basic (sen)	10	7.04	9.27
- Diluted (sen)	10	7.04	9.27

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Comprehensive Income
For the financial year ended 30 June 2020

	Note	Group 2020 RM	Group 2019 RM
Profit for the year		184,672,288	245,566,212
Other comprehensive income:			
Items that may be reclassified to profit or loss in the subsequent periods:			
- Foreign currency translation gain		17,252,452	13,941,368
- Share of foreign currency translation (loss)/gain of a joint venture	16	(250,594)	76,988
		17,001,858	14,018,356
Items that will not be reclassified to profit or loss in the subsequent periods:			
- Fair value gain/(loss) on financial assets - quoted equity shares	27(e)	128,963,226	(23,061,029)
- Deferred tax relating to fair value (gain)/loss on financial assets - quoted equity shares	32	(12,784,185)	2,255,182
- Actuarial loss on defined benefit plans	36	(769,709)	(1,283,006)
- Deferred tax relating to actuarial loss on defined benefit plans	32	223,498	295,548
		115,632,830	(21,793,305)
Other comprehensive income/(loss) for the year, net of tax		132,634,688	(7,774,949)
Total comprehensive income for the year		317,306,976	237,791,263
Total comprehensive income for the year attributable to:			
Owners of the parent		317,310,441	237,802,243
Non-controlling interests		(3,465)	(10,980)
		317,306,976	237,791,263

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position

As at 30 June 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Assets					
Non-current assets					
Property, plant and equipment	11	13,565,267	14,883,219	2,816	3,706
Right-of-use assets	12	28,791,403	-	-	-
Intangible assets	13	300,029,314	281,504,938	-	-
Investments in					
- subsidiaries	14	-	-	2,233,110,533	2,246,199,153
- associate	15	-	-	-	-
Interest in a joint venture	16	696	8,624,011	139	16,009,608
Derivative asset	17	9,343,814	9,366,693	9,343,814	9,366,693
Deferred tax assets	32	65,950,770	26,082,336	-	-
		417,681,264	340,461,197	2,242,457,302	2,271,579,160
Current assets					
Inventories	18	1,082,881	969,423	-	-
Trade and other receivables	19	139,961,183	134,321,976	7,308	214,047
Contract assets	20	57,030,645	57,547,440	-	-
Prepayments		2,901,681	4,345,711	96,527	103,668
Amounts due from subsidiaries	21	-	-	203,963,471	34,492
Amounts due from related parties	21	7,142,853	17,473,386	-	-
Loans to subsidiaries	22	-	-	27,051,200	2,836,600
Tax recoverable		5,867,877	4,260,903	-	-
Financial assets at fair value through other comprehensive income - quoted equity shares	23	310,166,620	172,099,864	-	-
Financial assets at fair value through profit or loss - money market fund	24	29,646,700	8,879,131	-	-
Cash and bank balances	25	496,742,950	441,997,144	79,029,249	82,110,482
		1,050,543,390	841,894,978	310,147,755	85,299,289
Total assets		1,468,224,654	1,182,356,175	2,552,605,057	2,356,878,449

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
Equity and liabilities					
Equity					
Share capital	26(a)	191,040,654	191,040,654	191,040,654	191,040,654
Share premium	26(b)	236,820,722	236,820,722	1,704,482,883	1,704,482,883
Treasury shares	26(c)	(138,541,079)	(81,725,730)	(138,541,079)	(81,725,730)
Foreign currency translation reserve	27(a)	42,565,456	25,563,598	-	-
Capital reserve	27(b)	466,828	466,828	-	-
Statutory reserve	27(c)	21,819	21,819	-	-
Performance share plan reserve	27(d)	-	-	-	-
Fair value reserve of financial assets at FVOCI	27(e)	(18,981,218)	(133,619,065)	-	-
Merger deficit	28	(476,280,829)	(476,280,829)	-	-
Retained profits		909,494,306	829,984,883	209,442,615	230,232,303
Equity attributable to owners of the parent		746,606,659	592,272,880	1,966,425,073	2,044,030,110
Non-controlling interests		60,476	63,941	-	-
Total equity		746,667,135	592,336,821	1,966,425,073	2,044,030,110
Non-current liabilities					
Loans and borrowings	29	141,261,436	63,098,790	121,754,466	59,947,894
Deferred tax liabilities	32	61,403,049	33,235,724	-	-
Other payables	33	-	248,502,535	-	248,502,535
Put liability	34	2,744,202	12,588,232	-	-
Derivative liability	35	-	-	-	1,070,705
Provision for defined benefit liabilities	36	12,364,086	10,302,180	-	-
		217,772,773	367,727,461	121,754,466	309,521,134
Current liabilities					
Trade and other payables	33	358,548,901	70,666,634	278,390,158	1,788,896
Contract liabilities	20	116,988,962	118,323,243	-	-
Provision for defined benefit liabilities	36	394,886	92,338	-	-
Loans and borrowings	29	9,659,538	11,312,065	-	-
Amounts due to subsidiaries	21	-	-	186,035,360	1,538,309
Amounts due to related parties	21	2,780,632	2,793,107	-	-
Tax payable		15,411,827	19,104,506	-	-
		503,784,746	222,291,893	464,425,518	3,327,205
Total liabilities		721,557,519	590,019,354	586,179,984	312,848,339
Net current assets/(liabilities)		546,758,644	619,603,085	(154,277,763)	81,972,084
Total equity and liabilities		1,468,224,654	1,182,356,175	2,552,605,057	2,356,878,449

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Changes in Equity
For the financial year ended 30 June 2020

		Attributable to owners of the parent											
				<------------------------------ Non-distributable				------------------------------>					
2020 Group	Note	Share capital (Note 26(a)) RM	Share premium (Note 26(b)) RM	Treasury shares (Note 26(c)) RM	Foreign currency translation reserve (Note 27(a)) RM	Capital reserve (Note 27(b)) RM	Statutory reserve (Note 27(c)) RM	Fair value reserve of financial assets at FVOCI (Note 27(e)) RM	Merger deficit RM	Distributable retained profits RM	Total RM	Non-controlling interests RM	Total equity RM
At 1 July 2019		191,040,654	236,820,722	(81,725,730)	25,563,598	466,828	21,819	(133,619,065)	(476,280,829)	829,984,883	592,272,880	63,941	592,336,821
Adjustment on initial application of IFRS 16		-	-	-	-	-	-	-	-	(1,347,032)	(1,347,032)	-	(1,347,032)
Adjusted balance as at 1 July 2019		191,040,654	236,820,722	(81,725,730)	25,563,598	466,828	21,819	(133,619,065)	(476,280,829)	828,637,851	590,925,848	63,941	590,989,789
Profit for the year		-	-	-	-	-	-	-	-	184,675,753	184,675,753	(3,465)	184,672,288
Other comprehensive income/(loss) for the year		-	-	-	17,001,858	-	-	116,179,041	-	(546,211)	132,634,688	-	132,634,688
Total comprehensive income/(loss) for the year		-	-	-	17,001,858	-	-	116,179,041	-	184,129,542	317,310,441	(3,465)	317,306,976
Transfer from fair value reserve to retained profits	27(e)	-	-	-	-	-	-	(1,541,194)	-	1,541,194	-	-	-
Transactions with owners													
Purchase of treasury shares	26(c)	-	-	(56,815,349)	-	-	-	-	-	-	(56,815,349)	-	(56,815,349)
Dividends on ordinary shares	37	-	-	-	-	-	-	-	-	(104,814,281)	(104,814,281)	-	(104,814,281)
Total transactions with owners in their capacity as owners		-	-	(56,815,349)	-	-	-	-	-	(104,814,281)	(161,629,630)	-	(161,629,630)
At 30 June 2020		191,040,654	236,820,722	(138,541,079)	42,565,456	466,828	21,819	(18,981,218)	(476,280,829)	909,494,306	746,606,659	60,476	746,667,135

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

		Attributable to owners of the parent													
				<---- Non-distributable ---->											
2019 Group	Note	Share capital (Note 26(a)) RM	Share premium (Note 26(b)) RM	Treasury shares (Note 26(c)) RM	Foreign currency translation reserve (Note 27(a)) RM	Capital reserve (Note 27(b)) RM	Statutory reserve (Note 27(c)) RM	Performance share plan reserve (Note 26(d), Note 27(d)) RM	Available-for-sale reserve RM	Fair value reserve of financial assets at FVOCI (Note 27(e)) RM	Merger deficit (Note 28) RM	Distributable retained profits RM	Total RM	Non-controlling interests RM	Total equity RM
At 1 July 2018		191,040,654	234,417,308	(68,558,076)	11,545,242	466,828	21,819	6,056,474	(112,813,218)	-	(476,280,829)	737,212,629	523,108,831	74,921	523,183,752
Adjustment on initial application of IFRS 15		-	-	-	-	-	-	-	-	-	-	594,194	594,194	-	594,194
Adjustment on initial application of IFRS 9		-	-	-	-	-	-	-	112,813,218	(112,813,218)	-	-	-	-	-
Adjusted balance as at 1 July 2018		191,040,654	234,417,308	(68,558,076)	11,545,242	466,828	21,819	6,056,474	-	(112,813,218)	(476,280,829)	737,806,823	523,703,025	74,921	523,777,946
Profit for the year		-	-	-	-	-	-	-	-	-	-	245,577,192	245,577,192	(10,980)	245,566,212
Other comprehensive income/(loss) for the year		-	-	-	14,018,356	-	-	-	-	(20,805,847)	-	(987,458)	(7,774,949)	-	(7,774,949)
Total comprehensive income/(loss) for the year		-	-	-	14,018,356	-	-	-	-	(20,805,847)	-	244,589,734	237,802,243	(10,980)	237,791,263
Transactions with owners															
Purchase of treasury shares	26(c)	-	-	(17,855,204)	-	-	-	-	-	-	-	-	(17,855,204)	-	(17,855,204)
Grant of shares under Performance Share Plan	26(d)	-	-	-	-	-	-	820,064	-	-	-	-	820,064	-	820,064
Release of shares under Performance Share Plan	26(b),(c),(d)	-	2,427,338	4,449,200	-	-	-	(6,876,538)	-	-	-	-	-	-	-
Shares issued to a former non-executive director	26(b),(c)	-	(23,924)	238,350	-	-	-	-	-	-	-	-	214,426	-	214,426
Dividends on ordinary shares	37	-	-	-	-	-	-	-	-	-	-	(152,411,674)	(152,411,674)	-	(152,411,674)
Total transactions with owners in their capacity as owners		-	2,403,414	(13,167,654)	-	-	-	(6,056,474)	-	-	-	(152,411,674)	(169,232,388)	-	(169,232,388)
At 30 June 2019		191,040,654	236,820,722	(81,725,730)	25,563,598	466,828	21,819	-	-	(133,619,065)	(476,280,829)	829,984,883	592,272,880	63,941	592,336,821

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 30 June 2020

	Note	Group 2020 RM	Group 2019 RM
Operating activities			
Profit before tax		212,639,773	284,725,696
Adjustments for:			
Amortisation of intangible assets	7, 13	20,744,144	19,311,942
Write off of intangible assets	7	117,251	936,779
Impairment of intangible assets	7, 13	2,906,176	15,539,747
Depreciation of property, plant and equipment	7, 11	3,888,732	4,662,175
Write off of property, plant and equipment	7	62,573	65,049
Impairment of property, plant and equipment	7, 11	16,610	850,166
Net gain on disposal of property, plant and equipment	5	(28,238)	(9,039,880)
Depreciation of right-of-use assets	7, 12	10,004,229	-
Gain on disposal of right-of-use assets	5	(52,044)	-
Net gain on lease modifications	5	(96,917)	-
Gain on disposal of an associate	5	-	(1)
Gain on deemed disposal of a joint venture	5	(2,057,425)	-
Inventories written off	7	-	10,399
Bad debts recovered	5	-	(22,000)
Bad debts written off	7	145,005	18,043
Expected credit losses on trade receivables	7	2,954,795	4,123,959
Expected credit losses on contract assets	7	128,752	31,676
Reversal of expected credit losses on trade receivables	5	(808,485)	(190,061)
Reversal of impairment loss on financial assets - loan to an associate	5	-	(135,210)
Provision/(Reversal of provision) for foreseeable losses	7	928,009	(181,303)
Reversal of value-added tax accrued for disposal of quoted equity shares	5	-	(18,249,642)
Dividend income from financial assets - quoted equity shares	5	(818,310)	-
Gain on redemption of financial assets - money market fund	5	(167,547)	(336,582)
Net unrealised foreign currency exchange gain	5	(1,367,029)	(1,997,298)
Fair value adjustment on contingent consideration for business combination	5	(1,612,461)	(14,839,820)
Loss/(Gain) on derivative asset at fair value through profit or loss	7, 5	22,879	(9,366,693)
Fair value adjustment on subsequent measurement of put liability	5	(11,338,260)	-
Performance shares issued	8	-	820,064
Shares issued to a former non-executive director	8	-	214,426
Waiver of debts	5	(110,081)	-
Allowance for unutilised leave	8	3,725,547	1,744,607
Provision for defined benefit liabilities	8, 36	1,147,062	1,634,215
Share of (profit)/loss of a joint venture	16	(1,392,986)	1,716,738
Finance costs	6	34,685,474	27,021,025
Finance income	4	(3,999,337)	(3,172,427)
Total adjustments		57,628,118	21,170,093
Operating cash flows before changes in working capital		270,267,891	305,895,789
Changes in working capital:			
Inventories		(106,798)	2,066,000
Trade and other receivables		(4,962,828)	17,131,991
Amounts due from/to customers for contract work-in-progress		-	12,546,268
Contract assets/liabilities		(1,763,773)	46,939,274
Amounts due from/to related parties		10,292,162	32,773,825
Trade and other payables		6,792,906	(49,025,247)
Total changes in working capital		10,251,669	62,432,111
Cash flows from operations		280,519,560	368,327,900

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	Note	Group 2020 RM	Group 2019 RM
Operating activities (cont'd)			
Cash flows from operations		280,519,560	368,327,900
Net placement of deposits pledged		(1,142,163)	(1,186,011)
Defined benefits paid	36	(92,612)	(269,301)
Income tax paid		(65,848,810)	(40,216,503)
Interest paid		(3,659,438)	(1,473,967)
Net cash flows from operating activities		209,776,537	325,182,118
Investing activities			
Purchases of property, plant and equipment	(a)	(6,122,357)	(5,078,448)
Payments for software development expenditure	13	(31,099,869)	(29,077,716)
Payments for other intangible assets	13	(57,853)	(16,702)
Acquisition of subsidiaries, net of cash acquired	14(a)	-	(52,604,665)
Proceeds from disposal of property, plant and equipment		191,607	16,234,227
Proceeds from disposal of right-of-use assets		74,659	-
Capital gain tax paid relating to the disposal of freehold land		-	(384,926)
Proceeds from disposal of an associate		-	1
Repayment of loan by an associate		-	135,210
Advances to a joint venture	16	-	(79,139)
Proceeds from disposal of quoted equity investment	23	11,580,312	-
Proceeds from redemption of financial assets - money market fund		8,253,381	47,437,451
Purchases of financial assets - money market fund		(28,853,403)	(51,420,003)
Interest received		3,930,979	3,107,504
Dividend income received		818,310	-
Net uplift/(placement) of short-term deposits		4,536,000	(14,754,750)
Net cash flows used in investing activities		(36,748,234)	(86,501,956)
Financing activities			
Dividends paid	37	(104,814,281)	(152,411,674)
Purchase of treasury shares	26(c)	(56,815,349)	(17,855,204)
Proceeds from revolving credit		102,484,025	72,706,050
Repayment of term loan and revolving credit		(42,706,890)	(34,186,331)
Repayment of obligations under finance leases		-	(1,446,859)
Payment of principal portion of lease liabilities		(11,771,676)	-
Net cash flows used in financing activities		(113,624,171)	(133,194,018)
Net increase in cash and cash equivalents		59,404,132	105,486,144
Effects of exchange rate changes on cash and cash equivalents		8,182,029	9,857,668
Cash and cash equivalents at beginning of year		408,837,855	293,494,043
Cash and cash equivalents at end of year	25	476,424,016	408,837,855

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

(a) Additions of property, plant and equipment during the financial year were by way of:

	Group	
	2020 RM	2019 RM
Cash	6,122,357	5,078,448
Hire purchase	-	602,190
	6,122,357	5,680,638

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements
For the financial year ended 30 June 2020

1. Corporate information

Silverlake Axis Ltd. (the Company) is an exempt company with limited liability and incorporated in Bermuda. The holding company is Intelligentsia Holding Ltd., a corporation incorporated in Bermuda.

The Company is listed on the Main Board of Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The principal place of business of the Company is located at Lot 5.04, 5th Floor, Menara 1, Faber Towers, Jalan Desa Bahagia, Taman Desa, 58100 Kuala Lumpur, Malaysia.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 14. There have been no significant changes in the nature of these activities during the financial year.

2. Significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements have been prepared on a historical cost basis, except as disclosed in the summary of significant accounting policies below. The financial statements are presented in Ringgit Malaysia ("RM").

The preparation of financial statements in conformity with IFRS 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 2.5.

2.2 New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS which became effective as of 1 July 2019:

IFRS 16 Leases
IFRIC Interpretation 23 Uncertainty over Income Tax Treatments
Amendments to IFRS 9 Prepayment Features with Negative Compensation
Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures
Amendments to IAS 19 Plan Amendment, Curtailment or Settlement
Annual Improvements to IFRSs 2015 - 2017 Cycle

- Amendments to IFRS 3 Business Combinations
- Amendments to IFRS 11 Joint Arrangements
- Amendments to IAS 12 Income Taxes
- Amendments to IAS 23 Borrowing Costs

The adoption of the above standards did not have any effect on the financial performance or position of the Group and of the Company, except for those described below.

IFRS 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, the adoption of IFRS 16 did not have an impact for leases where the Group is the lessor.

2. Significant accounting policies (cont'd)

2.2 New and amended standards and interpretations (cont'd)

IFRS 16 Leases (cont'd)

The Group adopted IFRS 16 using the modified retrospective method of adoption, with the date of initial application of 1 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 July 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.

The effects of adopting IFRS 16 as at 1 July 2019 were, as follows:

	Net Increase/(Decrease) RM
Non-current assets	
Property, plant and equipment	(3,398,916)
Right-of-use assets	31,231,213
Non-current liabilities	
Loans and borrowings	
- Obligations under finance leases	(2,423,648)
- Lease liabilities	23,192,536
Current liabilities	
Loans and borrowings	
- Obligations under finance leases	(1,151,734)
- Lease liabilities	9,562,175
Equity	
Retained profits	(1,347,032)

The Group assessed the effect of deferred tax on the right-of-use assets and its related lease liabilities identified upon the adoption of IFRS 16 as at 1 July 2019 and recognised a deferred tax asset and deferred tax liability of RM4,823,388 and RM4,584,245 respectively in the statements of financial position.

The Group has lease contracts for various items of furniture and fittings, motor vehicles, office equipment and office premises. Before the adoption of IFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. The accounting policy prior to 1 July 2019 is as disclosed in Note 2.4(m).

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The accounting policy subsequent to 1 July 2019 is as disclosed in Note 2.4(m). The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

<u>Leases previously classified as finance leases</u>
The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e. the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under IAS 17) and these finance leases which were previously presented as part of property, plant and equipment are now presented within right-of-use assets. Accordingly, the finance lease liabilities have also been reclassified to lease liabilities. The requirements of IFRS 16 were applied to these leases from 1 July 2019.

2. Significant accounting policies (cont'd)

2.2 New and amended standards and interpretations (cont'd)

IFRS 16 Leases (cont'd)

Leases previously accounted for as operating leases
The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application and the Group has opted for the right-of-use assets to be carried at an amount equal to the lease liabilities, adjusted by the amount of the prepaid lease payments. Subsequently, accrued operating lease liabilities have also been reclassified to lease liabilities.

The Group also applied the available practical expedients wherein it:

- used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- applied the short-term leases exemptions to leases with lease term that ends within 12 months from the date of initial application; and
- used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019, as follows:

	RM
Operating lease commitments as at 30 June 2019	23,298,850
Weighted average incremental borrowing rate as at 1 July 2019	4%
Discounted operating lease commitments as at 1 July 2019	21,449,521
Less:	
- Commitments relating to short-term leases	(894,703)
- Commitments relating to leases of low-value assets	(1,583,102)
Add:	
- Commitments relating to leases previously classified as finance leases	3,575,382
- Lease payments relating to renewal periods not included in operating lease commitments as at 30 June 2019	10,207,613
Lease liabilities as at 1 July 2019	32,754,711

IFRIC Interpretation 23 Uncertainty over Income Tax Treatments

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income Taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Interpretation specifically addresses the following:

- whether an entity considers uncertain tax treatments separately;
- the assumptions an entity makes about the examination of tax treatments by taxation authorities;
- how an entity determines taxable profit (tax loss), tax bases, unutilised tax losses, unused tax credits and tax rates; and
- how an entity considers changes in facts and circumstances.

The Group determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

2. Significant accounting policies (cont'd)

2.2 New and amended standards and interpretations (cont'd)

IFRIC Interpretation 23 Uncertainty over Income Tax Treatments (cont'd)

The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex multinational environment, it assessed whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions, particularly those relating to transfer pricing. The Company's and the subsidiaries' tax filings in different jurisdictions include deductions related to transfer pricing and the taxation authorities may challenge those tax treatments. The Group determined, based on its tax compliance and transfer pricing study, that it is probable that its tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. The Interpretation did not have an impact on the consolidated financial statements of the Group.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description		Effective for annual periods beginning on or after
Amendments to IFRS 3	Definition of a Business	1 January 2020
Amendments to IAS 1 and IAS 8 *	Definition of Material	1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform	1 January 2020
The Conceptual Framework for Financial Reporting		1 January 2020
Amendment to IFRS 16	Covid-19-Related Rent Concessions	1 June 2020
Amendments to IFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16	Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to IAS 37	Onerous Contracts - Costs of Fulfilling a Contract	1 January 2022
Annual Improvements to IFRSs 2018 - 2020 Cycle		
• Amendments to IFRS 1	First-time Adoption of International Financial Reporting Standards - Subsidiary as A First-time Adopter	1 January 2022
• Amendments to IFRS 9	Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities	1 January 2022
• Amendments to IAS 41	Agriculture - Taxation in Fair Value Measurements	1 January 2022
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
IFRS 17	Insurance Contracts	1 January 2023
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Group intends to adopt these standards when they become effective. The directors of the Company do not anticipate that the application of these standards will have a significant impact on the Group's financial statements.

* *The definition of material in the Conceptual Framework and IFRS Practice Statement 2: Making Materiality Judgements were amended to align with the revised definition of material in IAS 1 and IAS 8.*

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2020.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interests;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any resultant gain or loss in profit or loss; and
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained profits, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(b) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Contingent consideration, resulting from business combinations, is recognised at fair value at the acquisition date. Contingent consideration classified as equity is not re-measured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in profit or loss in accordance with IFRS 9. Other contingent consideration that is not within the scope of IFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the equity of the "acquired" entity is reflected within equity as merger reserve. The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities have always been combined since the date the entities had come under common control.

Expenditure incurred in relation to a business combination under common control is recognised as an expense in the period in which it is incurred. Such expenditure includes professional fees, registration fees and all other incidental expenses.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(c) Associate and joint venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investment in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The income statement reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the income statement outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit or loss of a joint venture and associate' in the income statement.

If the Group's ownership interest in an associate or a joint venture is reduced, but the Group continues to apply the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(d) Investments in subsidiaries, associate and joint venture

Investments in subsidiaries, associate and joint venture are carried at cost less accumulated impairment losses in the Company's statement of financial position. Where an indication of impairment exists, the carrying amounts of the investments are assessed and written down immediately to its recoverable amount. The policy for recognition and measurement of impairment losses is in accordance with Note 2.4(o).

On disposal of investments in subsidiaries, associate and joint venture, the difference between net disposal proceeds and the carrying amounts of the investments are recognised in the Company's income statement.

(e) Transaction with non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the income statement of the Group and within equity in the consolidated statement of financial position, separately from parent shareholders' equity.

Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal of non-controlling interests is recognised directly in equity.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

(f) Foreign currency translation

The Group's consolidated financial statements are presented in Ringgit Malaysia, which is also the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rates of exchange at the reporting date.

All differences arising on settlement or translation of monetary items are recognised in income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(f) Foreign currency translation (cont'd)

(ii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Ringgit Malaysia at the rate of exchange prevailing at the reporting date and their income statements are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates at the dates of the transactions). The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to income statement.

Any goodwill arising on the acquisition of a foreign operation subsequent to 1 July 2010 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Prior to 1 July 2010, the Group treated goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition, as assets and liabilities of the parent. Therefore, those assets and liabilities are already expressed in the functional currency or are non-monetary items and no further translation differences occur.

(g) Revenue recognition

Revenue from contracts with customers

The Group is in the business of providing digital economy solutions such as software licensing, software implementation and maintenance services, sale of software and hardware products, credit and cards processing and Software-as-a-Service for insurance processing and retail automation. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements, since it typically controls the goods or services before transferring them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 2.5.

(i) Software licensing

Revenue from software licensing is recognised at a point in time when there are no remaining obligations in accordance with the substance of the agreement. When there are no obligations subsequent to the delivery of the software source codes, license fees are recognised upon transfer of title to the customer, which takes place upon delivery and customer acceptance.

When there is significant modification required subsequent to the delivery of the software source codes, the performance obligation on software licensing is satisfied over time, where revenue is recognised using the input method in measuring the progress towards complete satisfaction of the performance obligation. Payment is generally due upon completion of customisation and acceptance by the customer.

(ii) Software project services

Revenue from the rendering of software project services is recognised over time. The Group uses the input method in measuring progress towards complete satisfaction of software project services, by reference to the actual cost for work performed to date bear to the estimated total costs for each contract, as disclosed in Note 2.4(h).

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(g) Revenue recognition (cont'd)

Revenue from contracts with customers (cont'd)

(iii) Maintenance and enhancement services
The Group provides maintenance and enhancement services that are either sold separately or bundled together with software licensing and software project services to a customer.

Contracts for bundled software project services and maintenance services comprise multiple performance obligations as the promises to perform the software implementation and to provide maintenance services subsequent to the completion of software implementation are capable of being distinct and separately identifiable. Accordingly, the Group allocates the transaction price based on the relative stand-alone selling prices of each performance obligation.

The Group recognises revenue from maintenance services over the contractual period and enhancement services over time using an input method to measure progress towards complete satisfaction of the service, as the customer simultaneously receives and consumes the benefits provided by the Group.

(iv) Sale of software and hardware products
Revenue from the sale of software and hardware products is recognised at a point in time upon delivery of products and customer acceptance, net of discounts.

When another party is involved in providing the software and hardware to its customer, the Group determines whether it is a principal or an agent in these transactions by evaluating the nature of its promise to the customer. The Group is a principal and records revenue on a gross basis when it controls the promised goods or services before transferring them to the customer (e.g. provides services of integrating software and hardware products provided by another party into the specified service for which the customer has contracted). When the Group's role is only to arrange for another party to provide the software and hardware products, the Group is an agent and records revenue at the net amount that it retains for its agency services.

(v) Credit and cards processing
Revenue on credit and cards processing comprises processing fees received from customers which are recognised at a point in time, and maintenance and enhancement services which are recognised over time. The payments for these services are generally due upon rendering of services and acceptance by the customer respectively.

(vi) Software-as-a-Service - Insurance processing
Revenue on insurance processing comprises subscriptions received from customers which are recognised at a point in time and integration services which are recognised over time. The payments for these services are generally due upon rendering of services and acceptance by customers respectively.

(vii) Software-as-a-Service - Retail
Revenue from Software-as-a-Service for retail comprises cloud subscriptions received from customers which are recognised over the subscription period. The payment for this service is generally due at the beginning of the subscription period.

The Group considers whether there are other promises in each of the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. options to acquire additional licensing or services at a discount and free man-days or maintenance services for specified period in bundled contract). The Group allocates a portion of the transaction price to each separate performance obligation identified. The revenue allocated to these separate performance obligations are deferred until they are utilised, exercised, expired or lapsed, and presented within contract liabilities when the consideration is received.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(g) Revenue recognition (cont'd)

Contract balances

(i) Contract assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

(ii) Trade receivables
A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). The accounting policies of financial assets are as disclosed in Note 2.4(p).

(iii) Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Other revenue

(i) Interest income
Interest income is recognised using the effective interest method.

(ii) Dividend income
Dividend income is recognised when the right to receive payment is established.

(iii) Commission income
Commission income is recognised as earned when the right to receive the commission is established.

(h) Income recognition on contracts

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the progress towards complete satisfaction of a performance obligation in the contract at the reporting date, when the outcome of a contract can be estimated reliably. When the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred. An expected loss on the contract is recognised as an expense immediately when it is probable that total contract costs will exceed total revenue.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims to the extent that it is probable that they will result in revenue and they are capable of being reliably measured. Contract revenue is adjusted based on the stand-alone selling prices for contracts with bundled services in accordance with the requirements for determining the transaction price in IFRS 15.

The progress towards complete satisfaction of a performance obligation in a contract is determined by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Contract costs include staff costs, allowances and other directly attributable costs.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(i) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset, that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs ceases when all activities necessary to prepare the qualifying asset for its intended use or sale are completed.

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of borrowing costs applicable to borrowings that are outstanding during the financial year, other than borrowings made specifically for the purpose of financing a specific qualifying asset, in which case the actual borrowing cost incurred on that borrowing less any investment income on the temporary investment of that borrowings, will be capitalised.

All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(j) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(j) Taxes (cont'd)

Deferred tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unutilised tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unutilised tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Sales tax and service tax

Revenues, expenses and assets are recognised net of the amount of sales and/or service tax, except:

- when the sales and/or service tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales and/or service tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and

- when receivables and payables that are stated with the amount of sales and/or service tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

The payable amount of sales and service tax ("SST") in Malaysia is included as part of payables in the statements of financial position.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(k) Current versus non-current classification

The Group presents assets and liabilities in statements of financial position based on current/non-current classification.

An asset is current when it is:
- expected to be realised or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:
- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issuance of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

(l) Property, plant and equipment

(i) Measurement

Land
Land is initially recognised at cost. Freehold land is subsequently carried at cost less accumulated impairment losses.

Other property, plant and equipment
All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Components of costs
The cost of an item of property, plant and equipment 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. Such costs also include the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(l) Property, plant and equipment (cont'd)

(ii) Depreciation

Freehold land has unlimited useful life and therefore is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over the estimated useful lives, as follows:

Furniture and fittings	5 to 10 years
Motor vehicles	7 years
Office equipment	3 to 10 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed at each reporting date and adjusted prospectively, if appropriate.

(iii) 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 Group and the cost of the item can be measured reliably. All other repair and maintenance expense is recognised in the income statement when incurred.

(iv) Disposal

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

(m) Leases

<u>**Current financial year**</u>

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(m) Leases (cont'd)

Current financial year (cont'd)

Group as a lessee (cont'd)

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Furniture and fittings	5 to 7 years
Motor vehicles	7 years
Office equipment	2 to 5 years
Office premises	2 to 6 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The policy for recognition and measurement of impairment losses is in accordance with Note 2.4(o).

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in loans and borrowings as disclosed in Note 29.

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office premises (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense in the income statement on a straight-line basis over the lease term.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(m) Leases (cont'd)

Current financial year (cont'd)

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease term and is included in other income in the income statement due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as rental income in the period in which they are earned.

Previous financial year

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Group as a lessee

A lease is classified at the inception date as a finance lease or operating lease.

Finance leases that transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the income statement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease term and is included in other income in the income statement due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as rental income in the period in which they are earned.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(n) Intangible assets

(i) Software development expenditure

Software development expenditure comprises purchased software, manpower and related overhead incurred directly in the development of computer software. Software development expenditures are recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete and use or sell the asset;
- the ability to use or sell the intangible asset generated;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

Following initial recognition of the software development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit (to the maximum of 10 years), at the principal annual amortisation rate of 10% to 20%. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

Software development expenditures which are not or have ceased to be commercially viable are written off. The policy for recognition and measurement of impairment losses is in accordance with Note 2.4(o).

(ii) Other intangible assets

Other intangible assets of the Group comprise purchased software, proprietary software, customer relationship and customer contracts.

Other intangible assets acquired separately are measured on initial recognition at cost. The costs of intangible assets acquired in a business combination are their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding software development expenditures, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Other intangible assets with finite lives are amortised over the economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible assets.

Other intangible assets of the Group are amortised on a straight-line basis over their estimated economic useful lives, as follows:

Purchased software	10 years
Proprietary software	10 years
Customer relationship	2 to 12 years
Customer contracts	2 years

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(n) Intangible assets (cont'd)

(ii) Other intangible assets (cont'd)

An intangible asset is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

(o) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The value in use calculation is based on a Discounted Cash Flows ("DCF") model. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group has not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. A long-term growth rate is calculated and applied to project future cash flows after the fifth year. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill recognised by the Group. The key assumptions used to determine the recoverable amount for different CGUs, including a sensitivity analysis are further explained in Note 2.5.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGUs' recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's or CGUs' recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

Goodwill

Goodwill is tested for impairment annually (as at 30 June) and when circumstances indicate that the carrying value may be impaired.

Impairment of goodwill is determined by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(o) Impairment of non-financial assets (cont'd)

Goodwill (cont'd)

Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in those units or groups of units on a pro-rata basis.

(p) Financial instruments – Initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Initial recognition and measurement

Financial assets within the scope of IFRS 9 are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially 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. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. The accounting policies for recognition of revenue from contracts with customers are as disclosed in Note 2.4(g).

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

The Group's and the Company's financial assets comprise financial assets measured at amortised cost, fair value through OCI, and fair value through profit or loss.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(p) Financial instruments – Initial recognition and subsequent measurement (cont'd)

(i) Financial assets (cont'd)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

<u>Financial assets at amortised cost (debt instruments)</u>

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost include trade and other receivables, amounts due from related parties, amounts due from subsidiaries, loans to subsidiaries and advances to a joint venture (included within interest in a joint venture).

<u>Financial assets designated at fair value through OCI (equity instruments)</u>

Upon initial recognition, the Group and the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the income statement when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group and the Company elected to classify irrevocably its investment in quoted equity shares under this category.

<u>Financial assets at fair value through profit or loss</u>

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(p) Financial instruments – Initial recognition and subsequent measurement (cont'd)

(i) Financial assets (cont'd)

Subsequent measurement (cont'd)

<u>Financial assets at fair value through profit or loss (cont'd)</u>

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the income statement.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative are required to be classified in its entirety as a financial asset at fair value through profit or loss.

The Group's and the Company's financial assets at fair value through profit or loss include investment in money market fund and derivative instrument which the Group and the Company had not irrevocably elected to classify at fair value through OCI.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's and the Company's statements of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group and the Company have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group and the Company have transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(p) Financial instruments – Initial recognition and subsequent measurement (cont'd)

(i) Financial assets (cont'd)

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include trade and other payables, amounts due to related parties, amounts due to subsidiaries, put liability, loans and borrowings and derivative liability.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(p) Financial instruments – Initial recognition and subsequent measurement (cont'd)

(ii) Financial liabilities (cont'd)

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group and the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the income statement.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Group's and the Company's financial liabilities designated at fair value through profit or loss are contingent consideration for business combination, put liability and derivative liability.

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the income statement.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

(iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if:

- there is a currently enforceable legal right to offset the recognised amounts; and
- there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(q) Fair value measurement

The Group and the Company measure financial instruments such as short-term investment, derivative asset, put liability and contingent consideration at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. The methods and assumptions used to estimate the fair values of the Group's and the Company's financial instruments are disclosed in Note 40(e).

(r) Inventories

Inventories are valued at the lower of cost and net realisable value.

The cost of inventories is calculated using the first-in/first-out method, and includes expenditure incurred in bringing the inventories to its present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(r) Inventories (cont'd)

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs.

(s) Cash and bank balances

Cash and bank balances in the statements of financial position comprise cash at banks and on hand and short-term deposits.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits with a maturity of three months or less, and are subject to an insignificant risk of changes in values, net of pledged deposits and outstanding bank overdraft.

(t) Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against the share capital.

(u) Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity.

No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in share premium. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them.

(v) Share-based payment transactions

Equity-settled transactions - Performance share plan ("PSP")

Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of equity-settled transactions is measured by reference to the fair value of shares at the date when the award is granted using an appropriate valuation model.

The cost of equity-settled transactions is recognised in employee benefits expense, together with a corresponding increase in the PSP reserve in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transaction for which vesting is conditional upon a market or non-vesting condition. These are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(v) Share-based payment transactions (cont'd)

Equity-settled transactions - Performance share plan ("PSP") (cont'd)

When the performance shares are released on the release date, the PSP reserve is transferred to share capital if new shares are issued, or to treasury shares if the performance shares are satisfied by the reissuance of treasury shares.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, if the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of performance shares awarded but not yet vested is reflected as additional share dilution in the computation of diluted earnings per share.

(w) Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities recognised in a business combination

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of:

- the amount that would be recognised in accordance with the general requirements for provisions above; or
- the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the requirements for revenue recognition.

(x) Employee benefits

(i) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Employees' Provident Fund on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions are recognised as employee benefits expense in the period in which the related service is performed, unless they can be capitalised as an asset.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(x) Employee benefits (cont'd)

(ii) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

(y) Defined benefit plans

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation (derived using a discount rate based on high quality corporate bonds) at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in income statement. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change in the net defined benefit liability or asset during the period, that arises from the passage of time and determined by applying the discount rate based on high quality corporate bonds to measure the net defined benefit liability or asset. The net interest is recognised as expense or income in income statement.

Remeasurements, comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability), are recognised immediately in the statements of financial position with a corresponding debit or credit to retained profits through other comprehensive income in the period in which they arise. Remeasurements are not reclassified to income statement in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognised as a separate asset at fair value when and only when reimbursement is virtually certain.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(z) Related parties

A related party is defined as follows:

(i) A person or a close member or that person's family is related to the Group and the Company if that person:

(1) Has control or joint control over the Company;
(2) Has significant influence over the Company; or
(3) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(ii) An entity is related to the Group and the Company if any of the following condition applies:

(1) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(3) Both entities are joint ventures of the same third party.
(4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(5) The entity is a post-employment benefit plan for the benefit of employees of either the Company or any entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
(6) The entity is controlled or jointly controlled by a person identified in (i).
(7) A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(aa) Contingencies

A contingent liability is:

(i) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(ii) A present obligation that arises from past events but is not recognised because:

- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

(ab) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 43, including the factors used to identify the reportable segments and the measurement basis of segment information.

2. Significant accounting policies (cont'd)

2.5 Significant accounting estimates and judgements

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in the future periods.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

(a) Measurement of progress towards complete satisfaction of software project services

The Group uses the input method in measuring progress towards complete satisfaction of software project services in accounting for its contract revenue for rendering of software project services where it is probable that contract costs are recoverable. The progress towards complete satisfaction of software project services is determined by the proportion that the contract costs incurred to date bear to the estimated total costs for the contract.

Significant judgement is required in determining the progress towards complete satisfaction of software project services, the extent of the contract costs incurred and the estimated total contract costs, as well as the recoverability of the contract costs. In making the estimation, the Group evaluates based on its past experience of similar types of contracts.

Sensitivity analysis on the estimated remaining contract costs

If the estimated remaining contract costs (excluding sub-contractor fees) for material contracts increase by 10%, the net profit of the Group will decrease by approximately RM147,000 (2019: RM2,676,000).

(b) Impairment of goodwill

An impairment exists when the carrying value of an asset or cash-generating unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions in arm's length transactions of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flows model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group has not yet committed to or significant future investments that will enhance the performance of the asset or the CGU being tested.

The recoverable amounts are most sensitive to the discount rate used for the discounted cash flows model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are further explained in Note 13. No further impairment loss on goodwill (2019: RM14,056,000) (Note 13) has been recognised in the current financial year.

2. Significant accounting policies (cont'd)

2.5 Significant accounting estimates and judgements (cont'd)

Key sources of estimation uncertainty (cont'd)

(c) Impairment of investments in subsidiaries

The Company assesses, at each reporting date, whether there is an indication that the investments in subsidiaries may be impaired. Where an indication of impairment exists, recoverable value is assessed based on an estimate of the value in use of the subsidiaries. Estimating the value in use requires the Company to make an estimate of the expected future cash flows from the subsidiaries and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Company's investments in subsidiaries as at 30 June 2020 was RM2,233,110,533 (2019: RM2,246,199,153) (Note14).

The carrying value of the Company's investments in subsidiaries has been tested for impairment by discounting the total estimated future cash flows of the subsidiaries' business using long-term growth rate ranging from 0% to 4% (2019: 0% to 5%) and discount rate ranging from 12% to 14% (2019: 11% to 16%), varying in accordance to country and industry, taking into consideration the nature and basis for valuation adjustments and calculations. In the current financial year, an impairment loss of RM20,415,545 (2019: RM35,982,968) (Note 14) has been recognised on investments in subsidiaries.

<u>Sensitivity analysis on discount rate and growth rate used</u>

On the basis that all other assumptions in calculation remain constant, an increase of 1% in discount rate and a decrease of 1% in growth rate would result in additional impairment in the Company's statement of financial position, as follows:

	Potential impairment			
	Discount rate increases by 1%		Growth rate decreases by 1%	
	2020 RM	2019 RM	2020 RM	2019 RM
QR Technology Sdn. Bhd.	-	6,666,000	-	4,693,000
Symmetric Payments & Integration Holdings Pte. Ltd.	-	3,485,000	-	2,729,000
	-	10,151,000	-	7,422,000

(d) Provision for expected credit losses ("ECLs") of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. by geographical region).

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. If forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated with the changes in the forward-looking estimates.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs require estimation. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may not be representative of customer's actual default in the future.

2. Significant accounting policies (cont'd)

2.5 Significant accounting estimates and judgements (cont'd)

Key sources of estimation uncertainty (cont'd)

(d) Provision for expected credit losses ("ECLs") of trade receivables and contract assets (cont'd)

The carrying amounts of the Group's trade receivables and contract assets at the reporting date are disclosed in Note 19 and Note 20 respectively. The assessment of credit risk and the information about the ECLs on the Group's trade receivables and contract assets are disclosed in Note 40(c).

(e) Call and put options

The Group acquired SIA X Infotech Group and two of its subsidiaries (collectively, the "XIT Group") in the previous financial year.

The acquisition of XIT Group had resulted in the recognition of a derivative asset for the call option over the shares held by non-controlling interest and a financial liability for put option over the shares held by non-controlling interest. As at the reporting date, the carrying amount of the Group's and the Company's derivative asset was RM9,343,814 (2019: RM9,366,693) and the Group's financial liability for the put option was RM2,744,202 (2019: RM12,588,232).

Sensitivity analysis on discount rate and growth rate used

The derivative asset for call option is most sensitive to the discount rate and growth rate used in valuing the option. On the basis that all other assumptions in calculation remain constant, an increase or decrease of 1% in discount rate and a decrease or increase of 1% in growth rate would result in an increase or decrease in the value of derivative asset as follows:

	Group and Company (Decrease)/Increase Call option	
	2020 RM	2019 RM
If discount rate increases by 1%	(983,031)	(1,325,074)
If discount rate decreases by 1%	1,178,182	3,650,856
If growth rate decreases by 1%	(678,328)	(705,104)
If growth rate increases by 1%	808,212	2,810,356

The details on the acquisition of subsidiaries are disclosed in Note 14(a).

(f) Income tax and deferred tax

The Group is subject to income taxes in numerous jurisdictions in which the Group operates. Significant judgement is required in determining the written-down allowance of intellectual property rights, capital and other tax allowances, and deductibility of certain expenses during the estimation of the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for tax based on estimation of the tax liability due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

2. Significant accounting policies (cont'd)

2.5 Significant accounting estimates and judgements (cont'd)

Key sources of estimation uncertainty (cont'd)

(f) Income tax and deferred tax (cont'd)

Deferred tax assets are recognised for all unutilised tax losses and other tax benefits to the extent that it is probable that taxable profit will be available against which the losses and tax benefits can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Group has RM55,925,693 (2019: RM90,587,630) of unutilised tax losses carried forward in which no deferred tax assets have been recognised. These losses relate to subsidiaries that have a history of losses and may not be used to offset taxable income elsewhere in the Group. The subsidiaries do not have sufficient taxable temporary differences nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on these tax losses carried forward.

If the Group was able to recognise these unrecognised deferred tax assets, profit and equity would have increased by RM13,858,945 (2019: RM20,881,602). Further details on taxes are disclosed in Note 9 and Note 32.

Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, which have significant effects on the amounts recognised in the consolidated financial statements.

(a) Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the environment in which the entities operate and the entities' process of determining sales prices.

(b) Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

(i) Identifying separate performance obligations in a bundled contract

The Group provides software license, implementation, enhancement and maintenance services that are either sold separately or bundled together to a customer. These promises are part of the negotiated exchange between the Group and the customer.

The Group determined that for software that is to be substantially customised to add significant new functionality to enable the software to interface with other software applications used by the customer, both the license and the implementation services are not capable of being distinct. The contract result in a promise to provide a significant service of integrating the licenced software into the existing software system by performing a customisation. In other words, the Group is using the licence and the customisation as inputs to produce the combined output (i.e. a functional and integrated software system). The software is significantly modified and customised by the implementation service.

2. Significant accounting policies (cont'd)

2.5 Significant accounting estimates and judgements (cont'd)

Judgements made in applying accounting policies (cont'd)

(b) Revenue from contracts with customers (cont'd)

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers: (cont'd)

(i) Identifying separate performance obligations in a bundled contract (cont'd)

The Group also determined that the promises to transfer the customised software solution and to provide maintenance services are distinct within the context of the contract. The customised software solution and maintenance services are not inputs to a combined item in the contract. The Group is not providing a significant integration service as the presence of the customised software solution and maintenance services together in this contract do not result in any additional or combined functionality and neither the customised software solution nor the maintenance services modify or customise the other. In addition, the customised software solution and maintenance services are not highly interdependent or highly interrelated since the Group would be able to transfer the customised software solution even if the customer does not engage the Group for the maintenance services.

The Group also identified a small number of maintenance service contracts with customers that contain free man-days and certain contracts that grants options to customers to acquire additional goods or services at discounts. The free man-days and the options that provide the customers material rights are accounted for as separate performance obligations.

(ii) Determining the timing of satisfaction of performance obligations

The Group concluded that revenue from the provision of software implementation services is to be recognised over time because the Group creates or enhances the customised software solution that the customer controls as it is created or enhanced; and the Group's performance does not create a software solution with alternative use and the Group has a right to payment for performance completed to date.

The Group determined that the input method is the best method in measuring progress of the implementation services because there is a direct relationship between the Group's effort and the transfer of implementation service to the customer.

For maintenance services, the Group concluded that revenue is to be recognised over time as the customer simultaneously receives and consumes the benefits provided by the Group. The fact that another entity would not need to re-perform the maintenance services that the Group has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Group's performance as it performs.

(c) Determining the lease term of contracts with renewal and termination options – Group as a lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

3. Revenue

	Note	Group 2020 RM	Group 2019 RM
Sale of goods or rendering of services			
Software licensing	(a)	56,109,260	100,654,052
Software project services	(b)	74,313,921	102,911,087
Maintenance and enhancement services	(c)	460,288,342	421,804,060
Sale of software and hardware products	(d)	26,948,914	11,041,089
Credit and cards processing	(e)	10,876,716	10,978,900
Software-as-a-Service			
- Insurance processing	(f)	34,670,851	33,418,572
- Retail	(g)	483,549	-
Total revenue from contracts with customers		663,691,553	680,807,760
Timing of revenue recognition			
At a point in time		70,246,320	59,215,033
Over time		593,445,233	621,592,727
Total revenue from contracts with customers		663,691,553	680,807,760

Performance obligations
Information about the Group's performance obligations are summarised below:

(a) Software licensing

The performance obligation is satisfied at a point in time when there are no obligations subsequent to the delivery of the software source codes, and payment is due upon transfer of title to the customer, which takes place upon delivery and acceptance by customer.

When there is significant modification required subsequent to the delivery of the software source codes, the performance obligation on software licensing is satisfied over time, where revenue is recognised using the input method in measuring the progress towards complete satisfaction of the performance obligation. Payment is generally due upon completion of customisation and acceptance by the customer.

Included in software licensing revenue disclosed above is software licensing revenue recognised over time using the input method amounting to RM42,175,529 (2019: RM83,233,930).

(b) Software project services

The performance obligation is satisfied over time and payment is generally due upon completion of customisation and acceptance by the customer. For some contracts, short-term advances are required before the customisation service is provided.

In compliance with IFRS 15, software licensing together with software project services which involve significant customisation are treated as a single performance obligation. For IFRS 15 disclosure purpose, total software licensing and software project services revenue recognised over time amounted to RM116,489,450 (2019: RM186,145,017).

(c) Maintenance and enhancement services

Revenue from maintenance and enhancement services comprise two separate performance obligations i.e. maintenance services and enhancement services, amounting to RM222,059,074 and RM238,229,268 (2019: RM196,577,554 and RM225,226,506) respectively.

3. Revenue (cont'd)

Performance obligations (cont'd)
Information about the Group's performance obligations are summarised below: (cont'd)

(c) Maintenance and enhancement services (cont'd)

Maintenance services are satisfied over time and payment is generally due in advance at the beginning of the maintenance period.

Enhancement services are satisfied over time and payment is generally due upon completion of customisation and acceptance by the customer. For some contracts, short-term advances are required before the customisation service is provided.

(d) Sale of software and hardware products

The performance obligation is satisfied at a point in time and payment is due upon delivery and acceptance by customer.

(e) Credit and cards processing

In the current financial year, the entire revenue on credit and cards processing comprises maintenance and enhancement services which are recognised over time (2019: RM10,838,120). There were no processing fees received from customers which are recognised at a point in time during current financial year (2019: RM140,780). Payments for these services are generally due upon acceptance by the customer and rendering of services respectively.

(f) Software-as-a-Service - Insurance processing

Revenue on insurance processing comprises subscriptions received from customers which are recognised at a point in time and integration services which are recognised over time, amounting to RM29,363,675 and RM5,307,176 (2019: RM30,613,042 and RM2,805,530) respectively. Payments for these services are generally due upon rendering of services and acceptance by customer respectively.

(g) Software-as-a-Service - Retail

This represents cloud subscription received from customers which are recognised over time and payment for this service is generally due at the beginning of the subscription period.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 30 June are as follows:

	Group	
	2020 RM	2019 RM
Within one year	239,005,192	279,196,454
More than one year	108,834,767	104,362,864
	347,839,959	383,559,318

The Group applies the practical expedient on the exemption to disclose the information on the remaining performance obligations that have original expected durations of one year or less.

Included in the aggregate amount of remaining performance obligations (unsatisfied or partially unsatisfied) to be recognised within one year are maintenance services contracts with auto-renewal term amounting to RM128,490,445 (2019: RM107,331,848), which is recurring in nature unless notice of termination is made available and mutually agreed before renewal.

The remaining performance obligations expected to be recognised in more than one year relate to the customisation of software solutions to be satisfied within two years (2019: two years) and maintenance services to be satisfied within or more than three years (2019: within or more than three years).

4. Finance income

	Group	
	2020 RM	2019 RM
Interest income from deposits with licensed banks	3,999,337	3,172,427

5. Other income

	Group	
	2020 RM	2019 RM
Bad debts recovered	-	22,000
Commission income and other incentives	222,458	46,805
Dividend income from financial assets - quoted equity shares	818,310	-
Fair value adjustment on contingent consideration for business combination	1,612,461	14,839,820
Fair value adjustment on subsequent measurement of put liability (Note 34)	11,338,260	-
Gain on deemed disposal of a joint venture (Note 16)	2,057,425	-
Gain on derivative asset at fair value through profit or loss	-	9,366,693
Gain on redemption of financial assets - money market fund	167,547	336,582
Gain on disposal of an associate (Note 15)	-	1
Net foreign currency exchange gain:		
- Realised	-	139,645
- Unrealised	1,367,029	1,997,298
Net gain on disposal of property, plant and equipment	28,238	9,039,880
Gain on disposal of right-of-use assets	52,044	-
Net gain on lease modifications	96,917	-
Rental income of office premises	934,986	626,309
Reversal of expected credit losses on trade receivables (Note 40(c))	808,485	190,061
Reversal of impairment loss on financial assets - loan to an associate (Note 15)	-	135,210
Reversal of value-added tax accrued for disposal of quoted equity shares	-	18,249,642
Wage subsidies from authorities	2,910,835	63,785
Waiver of debts	110,081	-
Miscellaneous income	1,052,453	519,036
Total other income	23,577,529	55,572,767

GROUP OVERVIEW
PERFORMANCE OVERVIEW
SUSTAINABILITY REPORT
GOVERNANCE
FINANCIAL STATEMENTS
OTHERS

6. Finance costs

	Group	
	2020 RM	2019 RM
Interest expense on:		
- Revolving credit	2,311,196	1,306,022
- Obligations under finance leases	-	147,683
- Lease liabilities (Note 31)	1,236,614	-
- Bank overdraft	389,786	507,682
- Term loan	35,930	20,262
- Advances from previous owners	75,698	-
	4,049,224	1,981,649
Unwinding of discount on contingent consideration (other payables) and put liability for business combination	31,026,036	25,547,058
	35,075,260	27,528,707
Less: Capitalised under intangible assets (Note 13)	(389,786)	(507,682)
Total finance costs	34,685,474	27,021,025

7. Profit before tax

The following items have been included in arriving at profit before tax:

	Group	
	2020 RM	2019 RM
Amortisation of intangible assets (Note 13)	20,744,144	19,311,942
Write off of intangible assets	117,251	936,779
Impairment of intangible assets (Note 13)	2,906,176	15,539,747
Depreciation of property, plant and equipment (Note 11)	3,888,732	4,662,175
Depreciation of right-of-use assets (Note 12)	10,004,229	-
Write off of property, plant and equipment	62,573	65,049
Impairment of property, plant and equipment (Note 11)	16,610	850,166
Loss on derivative asset at fair value through profit or loss (Note 17)	22,879	-
Inventories written off	-	10,399
Bad debts written off	145,005	18,043
Expected credit losses on trade receivables (Note 40(c))	2,954,795	4,123,959
Expected credit losses on contract assets (Note 40(c))	128,752	31,676
Provision/(Reversal of provision) for foreseeable losses	928,009	(181,303)
Net realised foreign currency exchange loss	4,372,603	-
Directors' fees	3,474,279	3,770,425
Employee benefits expense (Note 8)	281,849,960	248,852,801
Audit fees:		
- Auditors of the Company	1,507,320	1,559,685
- Other auditors	757,500	766,334
Non-audit fees:		
- Auditors of the Company	273,645	329,756
- Other auditors	208,964	173,634
Lease expenses (Note 31 and Note 39(b))	3,348,625	11,110,100

Total software project costs (including employee benefits expense) recognised in cost of sales amounted to RM53,108,246 (2019: RM64,034,537).

8. Employee benefits expense (including directors' remuneration)

	Group	
	2020 RM	2019 RM
Wages and salaries	268,293,922	241,921,084
Defined contribution plans	22,487,128	20,774,125
Defined benefit obligation (Note 36)	1,147,062	1,634,215
Performance shares issued (Note 26(d))	-	820,064
Shares issued to a former non-executive director (Note 26(c))	-	214,426
Allowance for unutilised leave	3,725,547	1,744,607
Retirement and termination benefits	7,509,273	-
Other employee benefits	7,321,373	6,567,897
	310,484,305	273,676,418
Less: Capitalised under intangible assets (Note 13)	(28,257,395)	(24,669,462)
Less: Capitalised under contract assets (Note 20)	(376,950)	(154,155)
	281,849,960	248,852,801

9. Income tax expense

	Group	
	2020 RM	2019 RM
Current income tax:		
- Malaysia	39,436,239	21,731,050
- Singapore	3,457,755	5,141,736
- Thailand	2,038,538	2,091,821
- Brunei	800,116	730,679
- Indonesia	1,732,683	2,556,234
- Philippines	2,779,845	1,363,798
- Slovakia	372,739	584,981
- Others	107,166	209,089
	50,725,081	34,409,388
Deferred tax (Note 32)		
- Origination and reversal of temporary differences	(32,750,781)	(5,564,906)
(Over)/Under provision in prior financial years:		
- Income tax	(1,934,060)	(195,675)
- Deferred tax (Note 32)	254,831	(519,089)
	(1,679,229)	(714,764)
Income tax expense for the year	16,295,071	28,129,718
Foreign and withholding tax	11,672,414	10,644,840
Real property gains tax	-	384,926
	27,967,485	39,159,484

9. Income tax expense (cont'd)

The corporate income tax rates applicable to companies within the Group are as follows:

	2020	2019
Malaysia	24%	24%
Singapore	17%	17%
Thailand	20%	20%
Brunei	19%	19%
Indonesia	25%	25%
Japan	31%	31%
Philippines	30%	30%
Hong Kong		
- Tier 1 first HKD 2 million	8%	8%
- Tier 2 next HKD 2 million	17%	17%
New Zealand	28%	28%
Czech Republic	19%	19%
United Kingdom	-	19%
Slovakia	21%	21%
Vietnam	20%	20%
Pakistan	29%	29%
Latvia	20%	20%
Kenya	30%	30%

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The reconciliation between income tax expense and the product of accounting profit multiplied by the applicable corporate tax rates for the financial years ended 30 June 2020 and 2019 are as follows:

	Group	
	2020 RM	2019 RM
Profit before tax	212,639,773	284,725,696
Tax calculated at a tax rate of:		
- Malaysia 24% (2019: 24%)	49,326,762	54,521,994
- Singapore 17% (2019: 17%)	(4,285,425)	236,340
- Thailand 20% (2019: 20%)	1,937,787	1,987,666
- Brunei 19% (2019: 19%)	727,057	767,432
- Indonesia 25% (2019: 25%)	2,530,606	2,485,570
- Japan 31% (2019: 31%)	65,291	(1,453,936)
- Philippines 30% (2019: 30%)	1,588,140	1,619,238
- Hong Kong 17% (2019: 17%)	(52,022)	2,149,547
- New Zealand 28% (2019: 28%)	390,036	(480,687)
- Czech Republic 19% (2019: 19%)	(147,615)	(127,495)
- United Kingdom Nil (2019: 19%)	-	13,945
- Slovakia 21% (2019: 21%)	84,634	(923,741)
- Vietnam 20% (2019: 20%)	(46,639)	(128,091)
- Pakistan 29% (2019: 29%)	35,153	130,509
- Latvia 20% (2019: 20%)	(2,863,606)	1,688,263
- Kenya 30% (2019: 30%)	(377,628)	(471,499)
Taxation at respective jurisdictions	48,912,531	62,015,055

9. Income tax expense (cont'd)

The reconciliation between income tax expense and the product of accounting profit multiplied by the applicable corporate tax rates for the financial years ended 30 June 2020 and 2019 are as follows: (cont'd)

	Group	
	2020 RM	2019 RM
Taxation at respective jurisdictions (cont'd)	48,912,531	62,015,055
Tax effect of:		
- Share of (profit)/loss of a joint venture	(390,036)	480,687
- Partial exemption and tax relief	(887,776)	(637,623)
- Exempted income under pioneer status[1]	(8,406,226)	(31,617,679)
- Exempted income under increase in value of export incentive[2]	(552,497)	(401,391)
- Expenses not deductible for tax purposes:		
Net foreign currency exchange loss	958,799	770,894
Impairment loss on goodwill	-	2,389,520
Unwinding of discount on contingent consideration (other payables) and put liability for business combination	5,274,426	4,343,000
Others	13,724,526	10,061,526
- Income not subject to tax:		
Fair value adjustment on contingent consideration for business combination	(274,118)	(2,522,769)
Gain on derivative asset at fair value through profit or loss	-	(1,592,338)
Gain on disposal of freehold land	-	(2,123,096)
Reversal of value-added tax accrued for disposal of quoted equity shares	-	(3,011,191)
Gain on deemed disposal of a joint venture	(349,762)	-
Others	(3,530,868)	(3,853,716)
- Tax rebates	(19,896)	(14,084)
- Enhanced capital allowances	(675)	(28,155)
- Effect of change in tax rate related to deferred tax	98,949	(53,020)
Recognition of deferred tax assets on tax allowance claimable in relation to acquired intellectual property (Note 32)	(32,208,029)	-
Deferred tax assets not recognised	399,098	1,240,475
Recognition of deferred tax assets previously not recognised	(3,702,405)	(1,476,886)
Deferred tax on undistributed profits of subsidiaries (Note 32)	6,083,434	276,228
Effect of temporary difference originating and reversing during the pioneer period	2,223,858	(948,345)
Utilisation of capital allowances previously not recognised	(553)	-
Utilisation of tax losses previously not recognised	(1,359,871)	(3,672,124)
Utilisation of bilateral tax credit	(4,651,369)	(780,486)
Expiration of tax losses previously not recognised	(3,367,240)	-
Over provision of income tax in prior financial years	(1,934,060)	(195,675)
Under/(Over) provision of deferred tax in prior financial years	254,831	(519,089)
Income tax expense for the year	16,295,071	28,129,718
Foreign and withholding tax	11,672,414	10,644,840
Real property gains tax	-	384,926
	27,967,485	39,159,484

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction and eliminating intra-group transactions.

Three Bermuda subsidiaries of the Group, Silverlake Adaptive Applications & Continuous Improvement Services Ltd. ("SAACIS"), Silverlake Solutions Ltd. ("SSL") and Silverlake Investment Ltd. ("SIL"), have obtained exemption from the Ministry of Finance, Bermuda, under the Exempted Undertakings Tax Protection Act 1966 of Bermuda, thus no taxes shall be applicable on all income derived by SAACIS, SSL and SIL.

9. Income tax expense (cont'd)

During the financial year, SSL and SIL have been redomiciled from Bermuda to Singapore through the transfer of registration in accordance with Section 359(1) of the Singapore Companies Act (Chapter 50), and registered as Silverlake Global Structured Services Pte. Ltd. and Silverlake Investment (SG) Pte. Ltd. respectively.

1. Four Malaysian subsidiaries of the Group, Merimen Online Sdn. Bhd. ("MOSB"), Silverlake Structured Services Sdn. Bhd. ("SSSVC"), Silverlake Digital Economy Sdn. Bhd. ("SDE") and Silverlake One Paradigm Sdn. Bhd. ("SOP"), are Multimedia Super Corridor Status Companies and enjoy the incentives, rights and privileges provided for under the Bill of Guarantees.

   The pioneer period of these subsidiaries are as follows:

Subsidiaries	Commencement date	Expiry date	Extended expiry date
MOSB	31 July 2008	30 July 2013	30 July 2018
SSSVC	13 August 2009	12 August 2014	12 August 2019
SDE	23 May 2012	22 May 2017	22 May 2022
SOP	23 March 2016	22 March 2021	-

2. A Malaysian subsidiary of the Group, QR Retail Automation (Asia) Sdn. Bhd., qualifies for exemption on income for value of increased export of services under Income Tax Act, 1967 (Exemption) (No.2) 2001 - P.U. (A) 154 and (No.9) 2002 - P.U. (A) 57 and (Amendment) 2006 - P.U. (A) 275, for services rendered to foreign customers.

10. Earnings per share

Basic and diluted earnings per share

Basic earnings per share is calculated by dividing the Group's net profit attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is calculated by dividing the Group's net profit attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	Group	
	2020	2019
Profit net of tax attributable to owners of the parent (RM)	184,675,753	245,577,192
Weighted average number of ordinary shares for basic earnings per share computation *	2,623,799,690	2,648,408,108
Basic earnings per share (RM sen)	7.04	9.27
Weighted average number of ordinary shares for diluted earnings per share computation	2,623,799,690	2,648,408,108
Diluted earnings per share (RM sen)	7.04	9.27

* The weighted average number of shares has taken into account the weighted average effect of changes in ordinary shares and treasury shares transactions during the financial year.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

11. Property, plant and equipment

Group	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Total RM
At 30 June 2020				
Cost				
At 1 July 2019	8,324,533	5,083,767	12,843,475	26,251,775
Reclassification upon initial application of IFRS 16 (Note 12)	(750,532)	(4,050,948)	(130,608)	(4,932,088)
Adjusted balance as at 1 July 2019	7,574,001	1,032,819	12,712,867	21,319,687
Additions	2,351,420	-	3,770,937	6,122,357
Disposals	(1,447,614)	(13,828)	(663,857)	(2,125,299)
Written off	(730,912)	-	(575,072)	(1,305,984)
Currency translation differences	114,860	(5,299)	181,966	291,527
At 30 June 2020	7,861,755	1,013,692	15,426,841	24,302,288
Accumulated depreciation				
At 1 July 2019	175,496	1,718,669	8,590,678	10,484,843
Reclassification upon initial application of IFRS 16 (Note 12)	(159,488)	(1,328,617)	(45,067)	(1,533,172)
Adjusted balance as at 1 July 2019	16,008	390,052	8,545,611	8,951,671
Charge for the year (Note 7)	1,605,913	115,094	2,167,725	3,888,732
Disposals	(905,059)	(2,017)	(358,945)	(1,266,021)
Written off	(484,303)	-	(563,772)	(1,048,075)
Currency translation differences	62,981	3,487	124,644	191,112
At 30 June 2020	295,540	506,616	9,915,263	10,717,419
Accumulated impairment losses				
At 1 July 2019	612,494	-	271,219	883,713
Charge for the year (Note 7)	16,610	-	-	16,610
Disposals	(421,587)	-	(274,322)	(695,909)
Written off	(195,336)	-	-	(195,336)
Currency translation differences	7,421	-	3,103	10,524
At 30 June 2020	19,602	-	-	19,602
Net carrying amount	7,546,613	507,076	5,511,578	13,565,267

11. Property, plant and equipment (cont'd)

Group	Freehold land RM	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Total RM
At 30 June 2019					
Cost					
At 1 July 2018	7,153,765	9,948,077	4,583,591	12,351,724	34,037,157
Acquisition of subsidiaries (Note 14(a))	-	847,713	71,407	484,754	1,403,874
Additions	-	2,496,261	1,023,963	2,160,414	5,680,638
Disposals	(7,153,765)	(5,097,904)	(633,281)	(2,338,196)	(15,223,146)
Written off	-	(140,199)	-	(34,265)	(174,464)
Transfer (Note a)	-	-	-	(7,322)	(7,322)
Currency translation differences	-	270,585	38,087	226,366	535,038
At 30 June 2019	-	8,324,533	5,083,767	12,843,475	26,251,775
Accumulated depreciation					
At 1 July 2018	-	3,492,426	1,585,112	8,544,174	13,621,712
Charge for the year (Note 7)	-	1,650,576	741,293	2,270,306	4,662,175
Disposals	-	(5,074,126)	(625,365)	(2,329,308)	(8,028,799)
Written off	-	(76,349)	-	(33,066)	(109,415)
Transfer (Note a)	-	-	-	(3,342)	(3,342)
Currency translation differences	-	182,969	17,629	141,914	342,512
At 30 June 2019	-	175,496	1,718,669	8,590,678	10,484,843
Accumulated impairment loss					
At 1 July 2018	-	-	-	-	-
Charge for the year (Note 7)	-	589,243	-	260,923	850,166
Currency translation differences	-	23,251	-	10,296	33,547
At 30 June 2019	-	612,494	-	271,219	883,713
Net carrying amount	-	7,536,543	3,365,098	3,981,578	14,883,219

Company	Office equipment RM
At 30 June 2020	
Cost	
At 1 July 2019/30 June 2020	7,347
Accumulated depreciation	
At 1 July 2019	3,641
Charge for the year	890
At 30 June 2020	4,531
Net carrying amount	2,816

11. Property, plant and equipment (cont'd)

Company	Office equipment RM
At 30 June 2019	
Cost	
At 1 July 2018	10,222
Additions	4,447
Transfer (Note a)	(7,322)
At 30 June 2019	7,347
Accumulated depreciation	
At 1 July 2018	6,094
Charge for the year	889
Transfer (Note a)	(3,342)
At 30 June 2019	3,641
Net carrying amount	3,706

(a) Transfer of asset

In the previous financial year, an office equipment with net carrying amount of RM3,980 was transferred to a former non-executive director of the Company as retirement gratuity.

The amounts are included in "other employee benefits" in Note 8.

Assets held under finance leases

In the previous financial year, the Group acquired motor vehicles and office equipment with an aggregate cost of RM602,190 by means of finance leases.

The carrying amount of property, plant and equipment of the Group held under finance leases as at the previous reporting date were RM3,398,916. At the beginning of the financial year (i.e. date of initial application of IFRS 16), these assets have been reclassified as right-of-use assets (Note 12).

Certain leased assets are pledged as security for the related finance lease liabilities.

Assets pledged as security for borrowings

Property, plant and equipment of a subsidiary with an aggregate carrying amount of RM585,103 (2019: RM1,242,090) are pledged to secure the term loan facility of a subsidiary (Note 29).

Impairment testing

In the previous financial year, an impairment loss of RM850,166 was recognised which represented the write-down of certain property, plant and equipment of a subsidiary to its recoverable amount based on value in use at a discount rate of 9% determined at the level of each cash-generating unit.

12. Right-of-use assets

Group	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Office premises RM	Total RM
At 30 June 2020					
Cost					
At 1 July 2019	-	-	-	-	-
Upon initial application of IFRS 16:					
- Adjustment	-	562,775	-	47,323,508	47,886,283
- Reclassification (Note 11)	750,532	4,050,948	130,608	-	4,932,088
Adjusted balance as at 1 July 2019	750,532	4,613,723	130,608	47,323,508	52,818,371
Additions (Note 31)	-	80,663	104,943	3,654,554	3,840,160
Modification/Remeasurement	-	-	-	3,433,717	3,433,717
Disposals	-	(15,051)	(15,647)	-	(30,698)
Currency translation differences	-	34,154	2,903	614,638	651,695
At 30 June 2020	750,532	4,713,489	222,807	55,026,417	60,713,245
Accumulated depreciation					
At 1 July 2019	-	-	-	-	-
Upon initial application of IFRS 16:					
- Adjustment	-	203,650	-	19,850,336	20,053,986
- Reclassification (Note 11)	159,488	1,328,617	45,067	-	1,533,172
Adjusted balance as at 1 July 2019	159,488	1,532,267	45,067	19,850,336	21,587,158
Charge for the year (Note 7)	112,580	704,168	55,188	9,132,293	10,004,229
Modification/Remeasurement	-	-	-	(145,361)	(145,361)
Disposals	-	(4,582)	(3,501)	-	(8,083)
Currency translation differences	-	15,498	1,606	466,795	483,899
At 30 June 2020	272,068	2,247,351	98,360	29,304,063	31,921,842
Net carrying amount	478,464	2,466,138	124,447	25,722,354	28,791,403

Remeasurement of right-of-use assets
The Group has several lease contracts for office premises that contain extension and termination options. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate. The right-of-use asset is subsequently adjusted for any remeasurement of the lease liability resulting from reassessments during the financial year.

Assets held under finance leases
The carrying amount of right-of-use assets of the Group held under finance leases as at the reporting date were RM2,815,706, of which RM2,337,242 are pledged as security for the related finance lease liabilities.

Assets pledged as security for borrowings
Right-of-use assets of a subsidiary with an aggregate carrying amount of RM362,383 are pledged to secure the term loan facility of a subsidiary.

13. Intangible assets

Group	Software development expenditure RM	Purchased software RM	Proprietary software RM	Customer relationship RM	Customer contracts RM	Goodwill RM	Total RM
At 30 June 2020							
Cost							
At 1 July 2019	155,667,654	9,729,519	98,600,781	19,289,904	2,016,000	150,967,607	436,271,465
Acquisition of subsidiaries - Adjustment upon completion of purchase price allocation exercise (Note 14(a))	-	-	(6,584,425)	8,817,539	-	5,264,758	7,497,872
Additions							
- internal development	31,099,869	-	-	-	-	-	31,099,869
- purchased	-	57,853	-	-	-	-	57,853
Disposals	-	(627,643)	-	-	-	-	(627,643)
Written off	(116,281)	(1,698)	-	-	-	-	(117,979)
Currency translation differences	2,568,598	321,467	986,037	423,229	-	1,762,558	6,061,889
At 30 June 2020	189,219,840	9,479,498	93,002,393	28,530,672	2,016,000	157,994,923	480,243,326
Accumulated amortisation							
At 1 July 2019	73,997,709	5,266,376	45,300,682	10,497,732	2,016,000	-	137,078,499
Charge for the year (Note 7)	7,645,380	1,434,402	8,807,784	2,856,578	-	-	20,744,144
Disposals	-	(516,607)	-	-	-	-	(516,607)
Written off	-	(728)	-	-	-	-	(728)
Currency translation differences	1,575,963	202,334	398,039	144,527	-	-	2,320,863
At 30 June 2020	83,219,052	6,385,777	54,506,505	13,498,837	2,016,000	-	159,626,171
Accumulated impairment losses							
At 1 July 2019	3,522,249	109,779	-	-	-	14,056,000	17,688,028
Charge for the year (Note 7)	-	2,906,176	-	-	-	-	2,906,176
Disposals	-	(111,036)	-	-	-	-	(111,036)
Currency translation differences	46,839	57,834	-	-	-	-	104,673
At 30 June 2020	3,569,088	2,962,753	-	-	-	14,056,000	20,587,841
Net carrying amount	102,431,700	130,968	38,495,888	15,031,835	-	143,938,923	300,029,314

13. Intangible assets (cont'd)

Group	Software development expenditure RM	Purchased software RM	Proprietary software RM	Customer relationship RM	Customer contracts RM	Goodwill RM	Total RM
At 30 June 2019							
Cost							
At 1 July 2018	122,128,213	43,735,112	63,362,936	19,135,778	2,016,000	107,931,963	358,310,002
Acquisition of subsidiaries (Note 14(a))	3,106,635	171,296	33,890,918	-	-	41,422,234	78,591,083
Additions							
- internal development	29,077,716	-	-	-	-	-	29,077,716
- purchased	-	16,702	-	-	-	-	16,702
Written off	(253,897)	(34,593,642)	-	-	-	-	(34,847,539)
Currency translation differences	1,608,987	400,051	1,346,927	154,126	-	1,613,410	5,123,501
At 30 June 2019	155,667,654	9,729,519	98,600,781	19,289,904	2,016,000	150,967,607	436,271,465
Accumulated amortisation							
At 1 July 2018	66,745,617	35,688,142	36,357,113	8,647,490	2,016,000	-	149,454,362
Charge for the year (Note 7)	6,136,630	3,275,246	8,097,461	1,802,605	-	-	19,311,942
Written off	-	(33,910,760)	-	-	-	-	(33,910,760)
Currency translation differences	1,115,462	213,748	846,108	47,637	-	-	2,222,955
At 30 June 2019	73,997,709	5,266,376	45,300,682	10,497,732	2,016,000	-	137,078,499
Accumulated impairment losses							
At 1 July 2018	2,135,984	-	-	-	-	-	2,135,984
Charge for the year (Note 7)	1,378,135	105,612	-	-	-	14,056,000	15,539,747
Currency translation differences	8,130	4,167	-	-	-	-	12,297
At 30 June 2019	3,522,249	109,779	-	-	-	14,056,000	17,688,028
Net carrying amount	78,147,696	4,353,364	53,300,099	8,792,172	-	136,911,607	281,504,938

Acquisition of subsidiaries
At the previous reporting date, the initial accounting for the business combination, acquisition of SIA X Infotech Group ("XIT") Group (Note 14(a)), had not been completed as the purchase price allocation ("PPA") exercise was still on-going. The intangible assets and goodwill arising from the business combination recognised in the financial year ended 30 June 2019 were provisional amounts.

Following the completion of PPA for the acquisition of XIT Group during the financial year, the intangible assets and goodwill arising from the business combination have been adjusted.

Software development expenditure
Included in software development expenditure capitalised during the financial year are borrowing costs and employee benefits expense amounted to RM389,786 and RM28,257,395 (2019: RM507,682 and RM24,669,462) (Note 6 and Note 8) respectively.

13. Intangible assets (cont'd)

Purchased software

Purchased software represents mainly software acquired from third parties for enhancing front-end customer interaction software components and expansion of the capabilities of the Group's existing software solutions.

Proprietary software

Proprietary software represents software acquired through the acquisition of XIT Group (Note 14(a)) in the previous financial year; and Silverlake Symmetri (Singapore) Pte. Ltd. ("Symmetri") Group, Cyber Village Sdn. Bhd. ("CVSB"), Merimen Ventures Sdn. Bhd. ("Merimen") Group and Symmetric Payments & Integration Holdings Pte. Ltd. ("SPI") Group in prior years.

Customer relationship

Customer relationship acquired through:

(i) the acquisition of XIT Group in financial year 2019 represents the relationships that existed between XIT Group and its major recurring customers in Latvia as at the acquisition date;

(ii) the acquisition of Symmetri Group in financial year 2016 represents the relationships that existed between Symmetri Group and its major recurring customers in Malaysia and Singapore as at the acquisition date;

(iii) the acquisition of CVSB in financial year 2014 represents the relationships that existed between CVSB and its major recurring banking customers in Malaysia as at the acquisition date; and

(iv) the acquisition of Merimen Group in financial year 2013 represents the relationships that existed between Merimen Group and its major recurring customers in Malaysia, Singapore and Indonesia as at the acquisition date.

Customer contracts

Customer contracts acquired through the acquisition of CVSB in financial year 2014 represents software licensing and software project services contracts entered by CVSB with its major banking customers.

Goodwill

Goodwill represents the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed arising from the acquisition of XIT Group, Symmetri Group, CVSB, Merimen Group and SPI Group.

Goodwill acquired through business combinations has been allocated to five cash-generating units ("CGUs"), as follows:

	2020 RM	2019 RM
Payments and integration solution	17,759,817	17,625,266
Insurance processing solution	37,894,012	37,894,012
Mobile and internet solution	23,032,343	23,032,343
Silverlake Symmetri retail banking solution	17,377,834	16,809,865
Digital identity and security software solution	47,874,917	41,550,121
	143,938,923	136,911,607

Amortisation expense

The amortisation of intangible assets (other than goodwill) of RM20,744,144 (2019: RM19,311,942) (Note 7) is included in the cost of sales line item in the consolidated income statement.

Impairment testing for intangible assets (other than goodwill)

The carrying value of intangible assets (other than goodwill) is expected to be recovered from the probable future economic benefits that are expected to be generated from the commercial exploitation of these intangible assets. The remaining amortisation period at financial year end is less than 9 years (2019: less than 9 years).

The Group performed a review of the commercial prospects and marketability on certain software development expenditure and purchased software of subsidiaries. During the financial year, an impairment loss of RM2,906,176 (2019: RM1,483,747) (Note 7) was recognised as the Group assessed that no foreseeable future economic benefits are expected to flow to the Group from the sale or use of these intangible assets.

13. Intangible assets (cont'd)

Impairment testing for goodwill

The recoverable amounts of the CGUs have been determined based on value in use calculations using projected cash flows from financial budgets approved by management covering a five-year period. The discount rates applied to the cash flow projections and the forecast growth rates used to extrapolate the cash flows beyond the five-year period are as follows:

	Payments and integration solution		Insurance processing solution		Mobile and internet solution		Silverlake Symmetri retail banking solution		Digital identity and security software solution	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Discount rate	13%	11%	13%	16%	12%	12%	13%	12%	14%	12%
Terminal growth rate	2%	2%	4%	5%	4%	5%	4%	2%	4%	5%

Discount rate - Discount rate represents the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital ("WACC"). The WACC takes into account both cost of debt and cost of equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Terminal growth rate - Rate is based on management's expectation of the long-term average growth rate of the industry.

The Group tests goodwill, proprietary software, customer relationship and customer contracts for impairment by assessing the value in use of the underlying CGU. No impairment loss was recognised during the financial year. In the previous financial year, an impairment loss of RM14,056,000 was recognised on goodwill for the Payments and Integration Solution CGU.

14. Investments in subsidiaries

	Company	
	2020 RM	2019 RM
Shares at cost, unquoted		
At beginning of the year	2,351,664,121	2,287,816,773
Acquisition of subsidiaries by way of:		
- cash (Note a(i))	-	59,213,472
- deferred payment arrangement (Note a(i))	-	4,628,529
Incorporation of subsidiaries	3	5,347
Contribution to a subsidiary (Note c)	7,326,922	-
At end of the year	2,358,991,046	2,351,664,121
Accumulated impairment loss		
At beginning of the year	105,464,968	69,482,000
Impairment loss for the year	20,415,545	35,982,968
At end of the year	125,880,513	105,464,968
Net carrying amount	2,233,110,533	2,246,199,153

14. Investments in subsidiaries (cont'd)

The Group does not have material partly-owned subsidiaries. Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Country of incorporation	Proportion of ownership interest held 2020 %	Proportion of ownership interest held 2019 %
Held by the Company:				
Silverlake Axis Sdn. Bhd. *	Rendering of software project, maintenance and enhancement services and provision of management services to related companies	Malaysia	100	100
Silverlake Adaptive Applications & Continuous Improvement Services Ltd. ("SAACIS") *	Software licensing and the rendering of enhancement services	Bermuda	100	100
Silverlake Adaptive Applications & Continuous Improvement Services (SG) Pte. Ltd. ("SAACIS SG") ** $	Software licensing and the rendering of enhancement services	Singapore	100	-
Silverlake Japan Ltd. ^	Provision of credit and debit cards payment processing services	Japan	100	100
QR Technology Sdn. Bhd. ("QRT") *	Investment holding	Malaysia	100	100
Silverlake Global Structured Services Pte. Ltd. (f.k.a. Silverlake Solutions Ltd.) ("SGSS") ** t	Investment holding	Singapore	100	100
Silver Team Technology Limited ("STTL") ^^^^^	Investment holding	Hong Kong	100	100
Symmetric Payments & Integration Holdings Pte. Ltd. ("SPI") **	Investment holding, sales of computer software and support services	Singapore	100	100
Merimen Ventures Sdn. Bhd. ("Merimen") #	Investment holding and provision of electronic insurance claim solution services	Malaysia	100	100
Cyber Village Sdn. Bhd. ("CVSB") *	Provision of internet and mobile services, portal, customer loyalty and e-commerce solutions and services	Malaysia	100	100

14. Investments in subsidiaries (cont'd)

Name of subsidiaries	Principal activities	Country of incorporation	Proportion of ownership interest held 2020 %	2019 %
Held by the Company: (cont'd)				
Silverlake Symmetri (Singapore) Pte. Ltd. ("Symmetri") **	Provision of customised software solutions for banking and financial services industry	Singapore	100	100
Silverlake Investment (SG) Pte. Ltd. (f.k.a. Silverlake Investment Ltd.) ("SISG") (Note b) ** ŧ	Investment holding	Singapore	100	100
SIA X Infotech Group ("XIT") (Note a) ∂∂∂∂∂	Investment holding	Latvia	80	80
Silvirture Limited ^^^^^ $$	Investment holding	Hong Kong	100	100
Held by SAACIS:				
Silverlake Holdings Sdn. Bhd. *	Trading of IBM products in Malaysia and the rendering of enhancement services	Malaysia	-	100
Silverlake Axis MSC Sdn. Bhd. *	Rendering of software project services and provision of enhancement services	Malaysia	-	100
Held by SAACIS SG:				
Silverlake Holdings Sdn. Bhd. *	Trading of IBM products in Malaysia and the rendering of enhancement services	Malaysia	100	-
Silverlake Axis MSC Sdn. Bhd. *	Rendering of software project services and provision of enhancement services	Malaysia	100	-
Held by QRT:				
QR Retail Automation (Asia) Sdn. Bhd. *	Software trading, development and maintenance services	Malaysia	100	100
QR Retail Automation (S) Pte. Ltd. ^^	Software trading, development and maintenance services	Singapore	100	100
QR Agoracloud Sdn. Bhd. *	Provision of cloud-based Software-as-a-Service solution for retailers of all sizes	Malaysia	100	100

14. Investments in subsidiaries (cont'd)

Name of subsidiaries	Principal activities	Country of incorporation	Proportion of ownership interest held 2020 %	2019 %
Held by QRT: (cont'd)				
QR Retail Automation Vietnam Company Limited *****	Provision of application management services and software maintenance support services	Vietnam	100	100
Held by SGSS:				
Silverlake Structured Services Sdn. Bhd. *	Services and maintenance of Silverlake customised software	Malaysia	100	100
Silverlakegroup Pte. Ltd. **	Services and maintenance of Silverlake customised software	Singapore	100	100
Silverlakegroup Pte. Ltd. (Philippines branch) ****	Services and maintenance of Silverlake customised software	Philippines	100	100
Silverlake Structured Services Ltd. ***	Services and maintenance of Silverlake customised software	Thailand	100	100
PT Structured Services ^^^	Services and maintenance of Silverlake customised software	Indonesia	100	100
Silverlake Sistem Sdn. Bhd. ^^^^	Services and maintenance of Silverlake customised software	Brunei	100	100
Held by SPI:				
Symmetric Payments & Integration Pte. Ltd. **	Sales of computer software and provision of technical support services	Singapore	100	100
Symmetric Payments & Integration Sdn. Bhd. *	Sales of computer software and provision of technical support services	Malaysia	100	100
Held by Merimen:				
Merimen Online Sdn. Bhd. #	Provision of electronic insurance claim solution services	Malaysia	100	100
Merimen Technologies (Singapore) Pte. Ltd. ##	Provision of electronic insurance claim solution services	Singapore	100	100
P.T. Merimen Technologies Indonesia ^^^	Provision of electronic insurance claim solution services	Indonesia	100	100
Merimen Technologies Philippines Inc. ###	Provision of electronic insurance claim solution services	Philippines	100	100
Motobiznes Online Sdn. Bhd. #	Provision of electronic insurance claim solution services	Malaysia	51	51

14. Investments in subsidiaries (cont'd)

Name of subsidiaries	Principal activities	Country of incorporation	Proportion of ownership interest held 2020 %	Proportion of ownership interest held 2019 %
Held by Merimen: (cont'd)				
Merimen Technologies (Vietnam) Company Limited ####	Provision of electronic insurance claim solution services	Vietnam	100	100
Merimen Technologies (Thailand) Co. Ltd #####	Provision of electronic insurance claim solution services	Thailand	100	100
Merimen Technologies Hong Kong Limited ######	Provision of electronic insurance claim solution services	Hong Kong	100	100
Merimen Technologies (Malaysia) Sdn. Bhd. #	Develop and commercialise a data science and machine learning product for insurance industry	Malaysia	100	100
Merimen Automative Group Sdn. Bhd. #	Investment holding for the commercialisation of Software-as-a-Service solutions for automotive industry	Malaysia	100	100
Held by CVSB:				
Affinities Village Sdn. Bhd. *	Provision of innovative insurance and financial services ecosystem solutions including the offers of Software-as-a-Service and licensing of fintech and insurtech platforms	Malaysia	100	100
Held by Symmetri:				
Silverlake Symmetri (Malaysia) Sdn. Bhd. *	Provision of card and payment software solution services	Malaysia	100	100
Silverlake Symmetri (Philippines) Enterprises, Inc. ∂	Provision of services related to designing, selling and installing computer hardware and software	Philippines	100	100
Silverlake Symmetri (Thailand) Limited ∂∂	Dormant	Thailand	100	100
Silverlake Symmetri Pakistan (PVT.) Limited ∂∂∂	Provision of services related to designing, developing, engineering, promoting, exporting, marketing and selling computer related technologies, products and services	Pakistan	100	100
Silverlake Symmetri (Czech Republic) s.r.o. $$$	Dormant	Czech Republic	-	100

14. Investments in subsidiaries (cont'd)

Name of subsidiaries	Principal activities	Country of incorporation	Proportion of ownership interest held 2020 %	2019 %
Held by Symmetri: (cont'd)				
Silverlake Symmetri (Slovakia) spol. s.r.o. [∂∂∂∂]	Provision of services related to designing, developing, engineering, promoting, exporting, marketing and selling computer related technologies, products and services	Slovakia	100	100
Representative Office of Silverlake Symmetri (Singapore) Pte. Ltd. in Hanoi	Provision of customised software solutions for banking and financial services industry	Vietnam	100	100
Silverlake Symmetri (Singapore) Pte. Ltd. (Dubai Branch)	Provision of customised software solutions for banking and financial services industry	United Arab Emirates	100	100
Held by SISG:				
Silverlake Digital Economy Sdn. Bhd. *	Marketing of computer equipment and software, licensing of software, and provision of modification, implementation and maintenance services	Malaysia	100	100
Silverlake Digitale Sdn. Bhd. *	Marketing of computer equipment and software, licensing of software, and provision of modification, implementation and maintenance services	Malaysia	100	100
Silverlake One Paradigm Sdn. Bhd. *	Marketing of computer equipment and software, licensing of software, and provision of modification, implementation and maintenance services	Malaysia	100	100
Held by XIT:				
SIA X Infotech [∂∂∂∂∂]	Provision of software product development and solution implementation in area of banking and government sector	Latvia	100	100
X-Infotech Africa Limited [∂∂∂∂∂∂]	Sale of payments and card systems to government and banking sector, software support and allied services	Kenya	100	100

14. Investments in subsidiaries (cont'd)

*	Audited by Ernst & Young PLT, Malaysia
**	Audited by Ernst & Young, Singapore
***	Audited by Ernst & Young, Thailand
****	Audited by SyCip Gorres Velayo & Co. (Ernst & Young, Philippines)
*****	Audited by RSM Vietnam Auditing & Consulting Company Limited
^	Audited by Miyako & Co., Japan
^^	Audited by SS Lee PAC, Singapore
^^^	Audited by Kosasih, Nurdiyaman, Mulyadi, Tjahjo & Rekan (Crowe Horwath, Indonesia)
^^^^	Audited by Lee Corporatehouse Associates, Brunei
^^^^^	Audited by Union Alpha C.P.A Limited, Hong Kong
#	Audited by Crowe Horwath, Malaysia
##	Audited by Crowe Horwath, Singapore
###	Audited by Ramon F. Garcia and Company CPA, Philippines
####	Audited by Crowe Horwath, Vietnam
#####	Audited by ANS Audit Co., Ltd., Thailand
######	Audited by Crowe Horwath, Hong Kong
∂	Audited by PricewaterhouseCoopers, Philippines
∂∂	Audited by PricewaterhouseCoopers, Thailand
∂∂∂	Audited by Feroz Aziz & Company, Pakistan
∂∂∂∂	Audited by Grant Thornton Audit, s.r.o.
∂∂∂∂∂	Audited by SIA Deloitte Audits Latvia
∂∂∂∂∂∂	Audited by Deloitte, Kenya
$	Incorporated on 17 February 2020
$$	Incorporated on 26 June 2019
$$$	Dissolved on 16 March 2020
t	The company was incorporated in Bermuda and its company registration has been transferred to Singapore in accordance with Section 359(1) of the Singapore Companies Act (Chapter 50) during the financial year

Acquisition of subsidiaries

Previous financial year

(a) SIA X Infotech Group ("XIT")

In the previous financial year, on 25 January 2019, the Company acquired 80% equity interest with a call and put options on the remaining 20% equity interest in XIT, a private limited liability company incorporated in Latvia. The Company does not have a present ownership interest in the remaining 20% equity interest in XIT subject to call and put options. The Company has chosen to base its accounting policy on IAS 32 Financial instruments: Presentation as the Company intends to acquire 100% equity interest in XIT and had therefore recognised a financial liability on the put option for the non-controlling interest and consolidated 100% of XIT's results.

XIT with its wholly-owned subsidiaries, SIA X Infotech and X-Infotech Africa Limited (collectively, the "XIT Group"), are principally engaged in the provision of software solutions for the issuance and verification of digital identity documents and financial smart cards.

The Company acquired XIT Group to expand its digital economy offerings to its customers' ecosystems, particularly in the area of public and private enterprise digital identity solutions for customer identity economics, social and financial inclusion, security, and payments. It extends beyond the Group's digital economy offerings for banking, insurance, retail, logistics and public sector enterprises by offering digital capabilities such as customer onboarding, customer information, payments, anti-money laundering, fraud prevention and cyber security applications.

At the previous reporting date, the initial accounting for the business combination of XIT Group had not been completed as the purchase price allocation ("PPA") exercise was still on-going. The intangible assets and goodwill arising from the business combination recognised in the financial year ended 30 June 2019 were provisional amounts.

Following the completion of PPA for the acquisition of XIT Group during the financial year, the intangible assets and goodwill arising from the business combination have been adjusted.

14. Investments in subsidiaries (cont'd)

Acquisition of subsidiaries (cont'd)

Previous financial year (cont'd)

(a) SIA X Infotech Group ("XIT") (cont'd)

The net carrying value, provisional fair value and adjusted fair value of the identifiable assets and liabilities of XIT Group were as follows:

	Net carrying value as at the date of acquisition RM	Provisional fair value recognised on date of acquisition RM	Adjusted fair value recognised upon completion of PPA RM
Assets			
Property, plant and equipment (Note 11)	1,403,874	1,403,874	1,403,874
Intangible assets (Note 13)	3,277,931	37,168,849	39,401,963
Inventories	3,041,335	3,041,335	3,041,335
Trade and other receivables	9,560,175	9,560,175	9,560,175
Contract assets	897,637	897,637	897,637
Prepayments	725,545	725,545	725,545
Tax recoverable	12,136	12,136	12,136
Cash and bank balances	6,608,807	6,608,807	6,608,807
	25,527,440	59,418,358	61,651,472
Liabilities			
Trade and other payables	(9,692,863)	(9,692,863)	(9,692,863)
Contract liabilities	(13,251,778)	(13,251,778)	(13,251,778)
Tax payable	(988,102)	(988,102)	(988,102)
Loans and borrowings	(1,126,554)	(1,126,554)	(1,126,554)
Deferred tax liabilities (Note 32)	-	-	(7,497,872)
	(25,059,297)	(25,059,297)	(32,557,169)
Total identifiable net assets at fair value		34,359,061	29,094,303
Goodwill arising on acquisition (Note 13)		41,422,234	46,686,992
Purchase consideration transferred		75,781,295	75,781,295

Consideration for acquisition of XIT Group

	2019 RM
Initial cash consideration paid	59,213,472
Deferred contingent consideration payable (Note 33(i))	4,628,529
Financial liability on Put Option (Note 34)	11,939,294
Total consideration	75,781,295

14. Investments in subsidiaries (cont'd)

Acquisition of subsidiaries (cont'd)

Previous financial year (cont'd)

(a) SIA X Infotech Group ("XIT") (cont'd)

Effect of the acquisition of XIT Group on cash flows

	2019 RM
Total purchase consideration transferred, settled in cash	59,213,472
Less: Cash and cash equivalents of subsidiaries acquired	(6,608,807)
Net cash outflow on acquisition	52,604,665

Consideration for acquisition of XIT Group
The purchase consideration comprises an Initial Consideration and an Earn-Out Consideration for the initial 80% equity interest acquisition, and call and put options on the remaining 20% equity interest in XIT Group.

(i) Initial Consideration ("IC") for the acquisition of 80% equity interest

The IC amounted EUR17,600,000 was arrived at on a willing buyer and seller basis. It comprises an Upfront Amount of EUR12,608,000 (equivalent to RM59,213,472) made on the completion date and a Deferred Amount of EUR4,992,000 payable upon achievement of key financial targets, i.e. a pre-determined growth (% Growth) over the period from 1 January 2016 to 30 June 2020 as specified below:

- from 1 January 2016 to 31 December 2016 ("FY2016")
- from 1 January 2017 to 31 December 2017 ("FY2017")
- from 1 January 2018 to 30 June 2019 ("FY2019")
- from 1 July 2019 to 30 June 2020 ("FY2020")

Deferred Amount	Key financial target	Period payable
(a) EUR2,000,000	Provided that the audited profit before tax of XIT Group for FY2019 is not less than EUR715,000	Payable within 45 days from the date of completion of the audited consolidated financial statements ("AFS") of XIT Group for FY2019
(b) EUR2,992,000	(i) A sum of 60% of the Deferred Amount • Provided that the earnings before interest and taxes ("EBIT") of XIT Group for FY2019 (annualised) shows a growth of at least 20% based on the agreed average base EBIT of XIT Group for FY2016 and FY2017 ("TGR 1")	Payable within 45 days from the date of completion of AFS of XIT Group for FY2019
	(ii) A sum of 40% of the Deferred Amount • Provided that the EBIT of XIT Group for FY2020 shows a year-on-year growth of at least 25% ("TGR 2")	Payable within 45 days from the date of completion of AFS of XIT Group for FY2020

14. Investments in subsidiaries (cont'd)

Acquisition of subsidiaries (cont'd)

Previous financial year (cont'd)

(a) SIA X Infotech Group ("XIT") (cont'd)

Consideration for acquisition of XIT Group (cont'd)

(i) Initial Consideration ("IC") for the acquisition of 80% equity interest (cont'd)

Deferred Amount	Key financial target	Period payable
(b) EUR2,992,000 (cont'd)	(iii) Remaining or the entire Deferred Amount • Where XIT Group fails to achieve either TGR 1 or TGR 2 but the average growth rate of EBIT of XIT Group for FY2019 (annualised) and FY2020 meet or in excess of 22.5%; and • Growth rate of the EBIT of XIT Group for the financial year in which TGR 1 or TGR 2 is not met is at least 15% or more	Payable within 45 days from the date of completion of AFS of XIT Group for FY2020

Both the deferred amounts are non-dependant and shall be payable upon achievement of the financial targets. If the conditions for both the deferred amounts are not achieved or met by XIT Group, the respective Deferred Amount shall not be payable and the Upfront Amount shall be the only amount payable by the Company to the seller.

As at the reporting date, there were no initial deferred consideration payable for the acquisition of 80% equity interest in XIT (2019: RM4,876,179) (Note 33(i)).

(ii) Earn-Out Consideration ("EOC")

The EOC payable is dependent on whether XIT Group is able to undertake an initial public offering ("IPO") on or before 31 December 2021 ("Earn-Out Determination Date"); as follows:

(a) IPO scenario

Where XIT Group is the subject of an IPO and the following conditions are satisfied on or before the Earn-Out Determination Date, the EOC shall be a sum calculated at 12 times of XIT Group's FY2021 EBIT multiplied by 80% and deducted by the amount paid in respect of the IC (i.e. 12 x FY2021 EBIT x 0.8 - IC) ("IPO EOC"):

(1) either (a) the issue and offer price of the shares of XIT is not less than 15 times the EBIT of XIT Group for FY2021 or (b) where XIT or the seller on behalf of XIT receives or obtains an Underwriting Letter;
(2) the average growth rate of the EBIT of XIT Group for FY2019 (annualised), FY2020 and FY2021 respectively meets or is in excess of 21.5% ("Average EBIT Growth Target for FY2019-FY2021");
(3) the growth rate of the EBIT of XIT Group for FY2019 (annualised), FY2020 and FY2021 respectively shall be at least 15% ("Minimum Annual EBIT Growth Target for FY2019-FY2021");
(4) there is no change in control occurring in any of Latvian Special Purpose Vehicles and/or the seller; and
(5) the remaining 20% equity shares remain held by the seller.

14. Investments in subsidiaries (cont'd)

Acquisition of subsidiaries (cont'd)

Previous financial year (cont'd)

(a) SIA X Infotech Group ("XIT") (cont'd)

Consideration for acquisition of XIT Group (cont'd)

(ii) Earn-Out Consideration ("EOC") (cont'd)

The EOC payable is dependent on whether XIT Group is able to undertake an initial public offering ("IPO") on or before 31 December 2021 ("Earn-Out Determination Date"); as follows: (cont'd)

(b) No IPO scenario

Where XIT Group does not or is unable to undertake an IPO and where no Underwriting Letter is obtained on or before the Earn-Out Determination Date and the following conditions ("No IPO Conditions") are satisfied, the EOC shall be a sum calculated at 12 times of XIT Group's FY2021 adjusted net profit after tax ("Adjusted NPAT") multiplied by 80% and deducted by the amount paid in respect of the IC (i.e. 12 x FY2021 Adjusted NPAT x 0.8 - IC) ("No IPO EOC"):

(1) the Average EBIT Growth Target for FY2019-FY2021 is met; and
(2) the Minimum Annual Average EBIT Growth Target for FY2019-FY2021 is met.

The EOC shall be payable within forty-five (45) days from the Earn-Out Determination Date.

As at the reporting date, there were no amounts accrued for in respect of EOC (2019: Nil).

(iii) Put and Call options

(a) Put Option

The Company has granted a Put Option to the seller, requiring the Company to purchase the remaining 20% equity interest in XIT Group provided that XIT Group achieves or meets the No IPO Conditions.

The Put Option shall be exercisable by the seller in writing by notice served to the Company at any time within ninety (90) days from the Earn-Out Determination Date. The purchase price of the remaining 20% equity interest shall be calculated in one of the following manner:

Scenario	Put Option consideration
No IPO with underwriting letter	20% of 12.0 times of FY2021 EBIT
No IPO and no underwriting letter	20% of 12.0 times of FY2021 Adjusted NPAT

The sale and purchase of the remaining 20% equity interest shall be settled within three (3) months from the notice of exercise of the Put Option.

(b) Call Option

The seller has granted a Call Option to the Company, requiring the seller to sell the remaining 20% equity interest in XIT Group in the event that XIT Group fails to achieve or meet the No IPO Conditions and the Put Option was not exercised within the stipulated period.

The Call Option shall be exercisable by the Company in writing by notice served on the seller at any time within one hundred and twenty (120) days from the Earn-Out Determination Date. The purchase price of the remaining 20% equity interest shall be a sum calculated at 12 times of XIT Group's FY2021 adjusted NPAT multiplied by 20%.

The sale and purchase of the remaining 20% equity interest shall be settled within three (3) months from the notice of exercise of the Call Option.

14. Investments in subsidiaries (cont'd)

Acquisition of subsidiaries (cont'd)

Previous financial year (cont'd)

(a) SIA X Infotech Group ("XIT") (cont'd)

Consideration for acquisition of XIT Group (cont'd)

As at the acquisition date, the fair values of the deferred consideration, Earn-Out Consideration and options were estimated as follows:

	Valuation method	Group RM	Company RM
Initial deferred consideration	Probability-weighted average payouts ("PWAP")	4,628,529	4,628,529
Earn-Out Consideration		-	-
Financial liability on Put Option		11,939,294	-
Derivative liability on Put Option	Black Scholes model	-	1,070,705
Derivative asset on Call Option		9,366,693	9,366,693

The above fair values were calculated at a discount rate of 12.36%.

Subsequent measurement of initial deferred consideration and financial liability on put option
As XIT Group did not meet TGR2 and the growth rate of its EBIT was below 15% in FY2020, the deferred consideration has been derecognised with a fair value gain of RM5,117,930 (Note 33(i)) recognised in the "Other income" line item in the consolidated income statement for the financial year ended 30 June 2020.

The estimated FY2021 Adjusted NPAT was lower than that estimated at the previous reporting date. Accordingly, the fair value of the put liability has been remeasured at a discount rate of 14% (2019: 12.36%) with a fair value gain of RM11,338,260 (Note 5) recognised in the "Other income" line item in the consolidated income statement for the financial year ended 30 June 2020.

Fair value of assets acquired and liabilities assumed
The fair value of the trade and other receivables of RM9,560,175 included trade receivables with a fair value of RM7,990,320. The gross contractual amount of these trade receivables was RM11,708,342, of which RM3,718,022 (Note 40(c)) were impaired as they were not expected to be collected.

The provisional fair value of acquired identifiable intangibles assets of RM37,168,849, consist of proprietary software, which was valued by using the Relief from Royalty method.

Upon the completion of PPA exercise, the fair value of acquired identifiable intangibles assets has been adjusted to RM39,401,963, consisting of proprietary software and customer relationship, which were valued by using the Relief from Royalty method and Multi Period Excess Earnings method respectively. The related deferred tax liabilities were provided for accordingly (Note 32).

Provisional goodwill of RM41,422,234 comprises the value of expected synergies arising from the acquisition which were not separately recognised. The goodwill has been adjusted to RM46,686,992 upon the completion of PPA exercise during the financial year. Goodwill is allocated entirely to the XIT Group Digital Identity and Security Software Solution CGU. None of the goodwill recognised was expected to be deductible for income tax purposes.

Impact of acquisition on consolidated income statement
From the date of acquisition, XIT Group had contributed RM29,191,428 and RM6,288,926 to the Group's revenue and profit net of tax respectively for the financial year ended 30 June 2019. If the business combination had taken place at the beginning of the financial year ended 30 June 2019, the Group's revenue and profit net of tax would have been RM694,855,121 and RM243,948,835 respectively.

Acquisition-related costs of RM743,497 was recognised in the "Administrative expenses" line item in the consolidated income statement for the financial year ended 30 June 2019.

14. Investments in subsidiaries (cont'd)

Acquisition of subsidiaries (cont'd)

Previous financial year (cont'd)

(b) Silverlake Investment (SG) Pte. Ltd. ("SISG") (formerly known as Silverlake Investment Ltd. ("SIL"))

On 18 April 2018, the Company acquired 100% equity interest in SIL, a private company incorporated in Bermuda. During the financial year, SIL has been redomiciled and its company registration has been transferred to Singapore in accordance with Section 359(1) of the Singapore Companies Act (Chapter 50) under the name of Silverlake Investment (SG) Pte. Ltd. ("SISG").

SISG with its wholly-owned subsidiaries, Silverlake Digital Economy Sdn. Bhd. ("SDE"), Silverlake Digitale Sdn. Bhd. ("SDS") and Silverlake One Paradigm Sdn. Bhd. ("SOP") (collectively, the "SISG Group"), provide the front and middle layer of the banking system to enhance the Group's digital capabilities. These layers are plugged into core banking systems to provide digital engagement and digital experience capabilities.

The Company acquired SISG Group to expand its portfolio of Fintech software products and services to address the growing demand for transformational digital banking from its customers.

Consideration for acquisition of SISG Group

The purchase consideration comprises a Base Consideration satisfied by the issuance of shares of the Company upon completion and an Earn-Out Consideration payable in cash ("Cash Option") and/or shares ("Earn-Out Consideration Shares") in the financial year ending 2021. The total purchase consideration shall not exceed 25% of the Company's market capitalisation as at 20 October 2017, the date of share sale and purchase agreement, of SGD469,774,624 (equivalent to RM1,462,032,585) ("Consideration Cap"), arrived at by multiplying the Company's issued shares excluding treasury shares of 2,646,617,600 with an agreed issue price of SGD0.71 per share ("Agreed Issue Price").

(i) Base Consideration ("BC")

The BC for each acquired entity is based on a multiple of the adjusted net profit after tax ("Adjusted NPAT") for the financial year ended 31 December 2016 ("FY2016"), as follows:

(a) the BC for SDE acquisition is RM93,893,801, being 11 times of SDE's Adjusted NPAT of approximately RM8,535,800 for FY2016;

(b) the BC for SDS acquisition is RM46,587,566, being 8 times of SDS's Adjusted NPAT of approximately RM5,823,446 for FY2016; and

(c) the BC for SOP acquisition is RM14,434,352, being 8 times of SOP's Adjusted NPAT of approximately RM1,804,294 for FY2016.

The aggregate BC of RM154,915,719 (equivalent to SGD49,776,916) was satisfied by the reissuance of 70,108,332 treasury shares of the Company, at the Agreed Issue Price, amounting to RM123,811,314, upon completion in the financial year ended 30 June 2018. The surplus on reissuance of treasury shares of RM31,104,405 was recognised in the share premium account in the financial year ended 30 June 2018.

(ii) Earn-Out Consideration ("EOC")

The EOC is only payable for each acquired entity achieving an average year-on-year percentage growth ("Average % Growth"), in its Adjusted NPAT, of at least 25% over the period from 1 January 2017 to 30 June 2020 as specified below:

- from 1 January 2017 to 30 June 2018, on an annualised basis ("FY2018");
- from 1 July 2018 to 30 June 2019 ("FY2019"); and
- from 1 July 2019 to 30 June 2020 ("FY2020").

14. Investments in subsidiaries (cont'd)

Acquisition of subsidiaries (cont'd)

Previous financial year (cont'd)

(b) Silverlake Investment (SG) Pte. Ltd. ("SISG") (formerly known as Silverlake Investment Ltd. ("SIL")) (cont'd)

Consideration for acquisition of SISG Group (cont'd)

(ii) Earn-Out Consideration ("EOC") (cont'd)

The EOC shall be based on a multiple of the average Adjusted NPAT over FY2018 to FY2020 ("AVNPAT"), less the BC of each acquired entity as follows:

	Average % Growth	
	Between 25% to 50%	Above 50%
SDE acquisition	11.0 times of AVNPAT, less its BC	14.5 times of AVNPAT, less its BC
SDS acquisition	10.0 times of AVNPAT, less its BC	12.0 times of AVNPAT, less its BC
SOP acquisition	10.0 times of AVNPAT, less its BC	12.0 times of AVNPAT, less its BC

With the Consideration Cap of SGD469,774,624 (equivalent to RM1,462,032,585), the EOC shall not exceed SGD419,997,708 (equivalent to RM1,307,116,866), being the balance arrived at after deducting the BC paid.

The Company shall notify the vendors on their entitlements under the EOC within no later than seven days from the issuance of the audited financial statements of the acquired entities for FY2020 ("Company Notification"). The vendors may exercise Cash Option and the Company has the option to settle the EOC partially in cash based on funding available and settle the balance portion of EOC by Earn-Out Consideration Shares, at the higher of the Agreed Issue Price or the average volume weighted average price of the shares of the Company over the five market days immediately preceding the date of Company Notification. The EOC amount shall be paid within a period of up to seven months from the date of Company Notification.

As at the acquisition date, the fair value of EOC was estimated to be RM233,743,461 (Note 33(ii)) recognised under "Other Payables" in the statements of financial position. The fair value of the EOC was calculated using the "probability-weighted average payouts" method at a discount rate of 9%.

Subsequent measurement of Earn-Out Consideration ("EOC")
The overall net profit after tax of the acquired entities were higher (2019: lower) than that estimated at the previous reporting date (2019: at the acquisition date). Accordingly, the Average % Growth was higher (2019: lower) and the fair value of the EOC has been remeasured at a discount rate of 13% (2019: 12%). The fair value of the EOC increased by RM3,505,469 (2019: decreased by RM14,839,820) with the fair value adjustment recognised in the consolidated income statement for the financial year ended 30 June 2020.

(c) Contribution to a subsidiary

The Company contributed RM7,326,922 in assets to a subsidiary as a result of the Group's internal restructuring.

Impairment testing of investments in subsidiaries
During the financial year, management performed an impairment test on investments in subsidiaries with indications of impairment. Based on the assessment, an impairment loss of RM20,415,545 (2019: RM35,982,968) was recognised during the financial year to write down the carrying amount of an investment in subsidiary to its recoverable amount in the Company's statement of financial position, as following the Group's internal restructuring during the current financial year, it is assessed that the subsidiary will not be able to generate sufficient future cash inflow.

15. Investments in an associate

	Group
	2019 RM
Shares, at cost	21,000,000
Share of post-acquisition reserve	(21,000,000)
At end of the year	-

	Company
	2019 RM
Shares, at cost	
At beginning of the year	21,000,000
Disposal	(21,000,000)
At end of the year	-
Accumulated impairment loss	
At beginning of the year	21,000,000
Disposal	(21,000,000)
At end of the year	-
Net carrying amount	-

The Group's investment in an associate is accounted for using the equity method in the consolidated financial statements.

Details of the associate is as follows:

Name of associate	Principal activities	Country of incorporation	Proportion of ownership interest held 2019 %
Held by the Company:			
ePetrol Silverswitch Sdn. Bhd. ("ePetrol")	Dormant	Malaysia	-

In the previous financial year, the Company disposed its investment in ePetrol at sale consideration of RM1 and received a sum of RM135,210 as a full settlement of loan given to ePetrol in previous years amounting to RM735,000. These sale consideration and loan repayment received were recognised under "Other income" (Note 5) in the consolidated income statement for the financial year ended 30 June 2019 as the Company's investment in ePetrol and loan to ePetrol had been fully impaired in previous financial years.

The Group had not recognised losses relating to ePetrol where its share of losses exceeds the Group's interest in this associate. In the previous financial year, the Group's cumulative share of unrecognised losses up to date of disposal was RM7,645,627, of which RM1,488 was the share of losses for the financial year ended 30 June 2019. The Group had no obligation in respect of these losses.

16. Interest in a joint venture

	Group 2020 RM	Group 2019 RM
At beginning of the year	8,624,011	9,667,993
Advances to a joint venture	-	79,139
Disposal	(9,765,710)	-
Share of profit/(loss) for the year	1,392,986	(1,716,738)
Share of other comprehensive (loss)/income	(250,594)	76,988
Currency translation differences	3	516,629
At end of the year	696	8,624,011
Comprise:		
Shares, at cost	139	139
Advances to a joint venture (Note 19)	-	32,688,469
Share of post-acquisition reserves	557	(24,064,597)
	696	8,624,011
Fair value of interest in a joint venture *	-	16,009,023

* The fair value is derived based on Level 1 valuation input under the fair value hierachy.

	Company 2020 RM	Company 2019 RM
Shares, at cost	139	139
Advances to a joint venture (Note 19)	-	32,688,469
Allowance for impairment loss on advances to a joint venture (Note 19)	-	(16,679,000)
	139	16,009,608

The Group's interest in a joint venture is accounted for using the equity method in the consolidated financial statements.

Details of the joint venture are as follow:

Name of companies	Principal activities	Country of incorporation	Proportion of ownership interest held 2020 %	Proportion of ownership interest held 2019 %
Held by the Company:				
Silverlake HGH Limited ("SHGH") ^	Dormant	New Zealand	51.00	51.00
Held by SHGH:				
Finzsoft Solutions Limited ("Finzsoft") ^^	Computer software development, sales and support with hosting and SaaS Bureau Service	New Zealand	-	85.47

^ Unaudited for the financial years ended 30 June 2020 and 2019
^^ Audited by Crowe Horwath, New Zealand for the financial year ended 30 June 2019

16. Interest in a joint venture (cont'd)

Summarised financial information in respect of the Group's joint venture is set out below. The summarised financial information represents the amounts in the financial statements of the joint venture and not the Group's share of those amounts.

(i) Summarised statement of financial position

	SHGH	
	2020 RM	2019 RM
Cash and bank balances	1,365	3,582,914
Other current assets	-	3,399,217
Current assets	1,365	6,982,131
Non-current assets excluding goodwill	-	39,894,282
Goodwill	-	70,299
Non-current assets	-	39,964,581
Total assets	1,365	46,946,712
Current liabilities	-	(78,569,662)
Non-current liabilities	-	(10,640,468)
Non-controlling interests	-	(3,236,842)
Net assets/(liabilities)	1,365	(45,500,260)
Proportion of the Group's ownership	51%	51%
Group's share of net assets/(liabilities)	696	(23,205,133)
Advances to a joint venture	-	32,688,469
Dilution of interest in a joint venture	-	(859,325)
Carrying amount of the investment	696	8,624,011

(ii) Summarised statement of comprehensive income

	SHGH	
	2020 RM	2019 RM
Revenue	13,013,703	28,893,384
Depreciation and amortisation	(757,122)	(4,910,691)
Interest expense	(79,576)	(135,418)
Profit/(Loss) before tax	3,380,471	(3,558,813)
Income tax (expense)/credit	(649,126)	192,660
Profit/(Loss) after tax	2,731,345	(3,366,153)
Other comprehensive (loss)/income	(491,361)	150,956
Total comprehensive income/(loss)	2,239,984	(3,215,197)

16. Interest in a joint venture (cont'd)

Acquisition of interest in a joint venture
On 18 December 2014, the Company entered into a joint venture with Holliday Group Holdings (ICT Investments No. 2) Limited ("HGH2") to form Silverlake HGH Limited ("SHGH") with shareholding of 51%, for the purpose to make a full takeover offer of the ordinary shares of Finzsoft Solutions Limited ("Finzsoft"). Finzsoft was a public company incorporated in New Zealand and listed on the New Zealand Stock Exchange, which is principally engaged in computer software development, sales and support with hosting and SaaS Bureau service. Finzsoft was subsequently delisted on 6 May 2020.

SHGH is incorporated in New Zealand and is a strategic venture for the Group to expand its existing portfolio of software solutions. The Group jointly controls SHGH with HGH2 under the contractual agreement and requires unanimous consent for all major decisions over the relevant activities.

On 18 December 2014, the Company and HGH2 entered into a funding agreement to provide funding or advances to SHGH in proportion of their shareholdings in SHGH for the takeover offer of Finzsoft. The advances provided to SHGH are non-interest bearing, and no demand for repayment was to be made unless SHGH has sufficient funds to make repayment and both the Company and HGH2 agree to the demand being made.

As at 30 June 2019, the advances given by the Company to SHGH amounted to NZD11,760,557 which is equivalent to RM32,688,469. There were no amounts due from SHGH as at the current reporting date.

Deemed disposal of interest in a joint venture
On 28 August 2019, the Company entered into a deed of settlement and implementation ("Deed") with HGH2 and SHGH, where SHGH agreed to sell its entire shareholding comprising 7,528,990 ordinary shares of Finzsoft to the Company and HGH2 in proportion of their equity interest in SHGH. This proposal had been approved by Finzsoft's shareholders on 29 October 2019 and the 3,839,785 Finzsoft shares were transferred from SHGH to the Company on 30 October 2019. As a result, the Company held 43.59% equity interest in Finzsoft whilst SHGH no longer held any shares in Finzsoft.

On 13 December 2019, the Group ceased to have significant influence over Finzsoft as the Company no longer had any representation on Finzsoft's board of directors.

Following the transfer of shares and cessation of significant influence of the Company over Finzsoft, the 3,839,785 shares representing 43.59% equity interest in Finzsoft were remeasured to RM10,039,118 (Note 23) and recognised as financial assets at fair value through other comprehensive income in the statements of financial position, with a gain on deemed disposal of RM2,057,425 (Note 5) recognised in the "Other income" line item in the consolidated income statement for the financial year ended 30 June 2020.

The investment in Finzsoft was subsequently disposed on 26 March 2020. The details are as disclosed in Note 23. As at the reporting date, the interest in a joint venture represents the remaining carrying value of the 51% equity interest in SHGH.

Impairment testing of interest in a joint venture
In the previous financial year, management performed an impairment test for the interest in a joint venture. Based on the assessment, an impairment loss of RM7,695,000 was recognised during the previous financial year to write down the carrying amount of this investment to its recoverable amount in the Company's statement of financial position.

17. Derivative asset

	Group and Company	
	2020 RM	2019 RM
Financial asset at fair value	9,343,814	9,366,693

This represents the fair value of call option in connection with the acquisition of the remaining 20% equity interest in SIA X Infotech Group, accounted for as a derivative asset in accordance with IFRS 9. The derivative asset has been remeasured at the reporting date and the change in fair value of RM22,879 (Note 7) has been recognised in the "Administrative expenses" line item in the consolidated income statement for the financial year ended 30 June 2020.

18. Inventories

	Group	
	2020 RM	2019 RM
Finished products for re-sale	1,082,881	969,423

Inventories recognised as an expense under "Cost of sales" in the consolidated income statement for the financial year ended 30 June 2020 amounted to RM2,950,621 (2019: RM4,453,727).

19. Trade and other receivables

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Trade receivables				
Third parties	141,968,285	136,747,681	-	-
Less: Expected credit losses (Note 40(c))	(10,838,080)	(10,766,066)	-	-
Net trade receivables (Note 40(c))	131,130,205	125,981,615	-	-
Other receivables				
Sundry receivables	4,901,122	3,381,838	7,308	214,047
Deposits	3,929,856	4,958,523	-	-
	8,830,978	8,340,361	7,308	214,047
Total trade and other receivables	139,961,183	134,321,976	7,308	214,047
Trade and other receivables	139,961,183	134,321,976	7,308	214,047
Advances to a joint venture (Note 16)	-	32,688,469	-	16,009,469
Amounts due from:				
- Subsidiaries (Note 21)	-	-	203,963,471	34,492
- Related parties (Note 21)	7,142,853	17,473,386	-	-
Loans to subsidiaries (Note 22)	-	-	27,051,200	2,836,600
Total debt instruments at amortised cost	147,104,036	184,483,831	231,021,979	19,094,608

Trade receivables
Trade receivables are non-interest bearing and are generally on 30 days to 45 days (2019: 30 days to 45 days) term. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

As at 30 June 2020, the Group's significant concentration of credit risk is as disclosed in Note 40(c).

Receivables that are impaired
Trade receivables that are impaired at the reporting date relate to debtors collectively or individually assessed for expected credit losses in accordance with IFRS 9 Financial Instruments as disclosed in Note 40(c).

Other receivables
Other receivables are unsecured, non-interest bearing and repayable on demand.

Other information on financial risks of trade and other receivables are disclosed in Note 40(c).

20. Contract assets/(liabilities)

	Group	
	2020 RM	2019 RM
Contract assets		
Amounts due from customers for contract work-in-progress	49,197,340	51,631,907
Advance maintenance costs	6,408,766	5,103,522
Prepaid license and hardware costs	1,587,970	846,530
	57,194,076	57,581,959
Less: Expected credit losses (Note 40(c))	(163,431)	(34,519)
Net contract assets	57,030,645	57,547,440
Contract liabilities		
Amounts due to customers for contract work-in-progress	(24,273,613)	(39,808,665)
Advance maintenance fees	(84,054,573)	(69,567,212)
Deferred revenue	(8,660,776)	(8,947,366)
	(116,988,962)	(118,323,243)

Contract assets include amounts due from customers for contract work-in-progress, which are initially recognised for revenue earned from project implementation services and enhancement services as receipt of consideration is conditional on successful completion of implementation and enhancement work. Upon acceptance of work progress by the customer and issuance of billing to customer, the amounts recognised as contract assets are reclassified to trade receivables.

Contract assets also include advance maintenance costs where billings are received or payments are made in advance for which the maintenance costs will be recognised over the contractual period, as well as prepaid costs where the costs will be recognised when the goods are received from the suppliers.

Contract liabilities include amounts due to customers for contract work-in-progress where billings have been issued to or amounts collected from customers for work yet to be performed, maintenance fees billed in advance for which revenue will be recognised over the contractual period, as well as deferred revenue where transaction price is allocated to unexpired free man-days and options for the customers to acquire additional goods or services at discounts.

Set out below is the amount of revenue recognised from:

	Group	
	2020 RM	2019 RM
Amounts included in contract liabilities at the beginning of the year	99,987,088	97,115,310

Included in contract assets capitalised during the financial year is employee benefits expense amounted to RM376,950 (2019: RM154,155) (Note 8).

21. Amounts due from/(to) subsidiaries and related parties

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Amounts due from subsidiaries (Note 19)	-	-	203,963,471	34,492
Amounts due to subsidiaries (Note 33)	-	-	(186,035,360)	(1,538,309)
Amounts due from related parties (Note 19)				
- Trade (Note 40(c))	7,039,785	17,323,115	-	-
- Non-trade	103,068	150,271	-	-
	7,142,853	17,473,386	-	-
Amounts due to related parties (Note 33)				
- Trade	(2,780,280)	(2,395,871)	-	-
- Non-trade	(352)	(397,236)	-	-
	(2,780,632)	(2,793,107)	-	-

Amounts due from/(to) subsidiaries
The amounts due from/(to) subsidiaries are non-trade, unsecured, non-interest bearing and repayable in cash on demand.

Amounts due from related parties
The amounts due from related parties are unsecured and non-interest bearing except for amounts owing by related parties to certain subsidiaries amounted to RM574,655 (2019: RM4,779,424) which carry interest at 1.0% (2019: 1.0%) per month for debts past due credit terms. The trade amounts due from related parties have a credit term of 30 days (2019: 30 days). The amounts due from related parties are to be settled in cash.

Amounts due to related parties
The amounts due to related parties are unsecured, non-interest bearing and repayable in cash on demand.

Further details on related party transactions are disclosed in Note 38(a).

Other information on financial risks of amounts due from/(to) subsidiaries and related parties are disclosed in Note 40.

22. Loans to subsidiaries

	Company	
	2020 RM	2019 RM
Loans to subsidiaries	59,406,140	35,191,540
Less: Expected credit losses	(32,354,940)	(32,354,940)
	27,051,200	2,836,600

Loans to subsidiaries are unsecured and repayable on demand. Included in loans to subsidiaries is an amount of RM27,051,200 (2019: RM2,836,600) which bears interest at 5.5% (2019: 5.5%) per annum.

23. Financial assets at fair value through other comprehensive income - quoted equity shares

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Shares at fair value, quoted				
At beginning of the year	172,099,864	189,780,204	-	-
Reclassification from interest in a joint venture due to cessation of significant influence (Note 16)	10,039,118	-	10,039,118	-
Subsequent fair value gain/(loss) through other comprehensive income (Note 27(e))	128,963,226	(23,061,029)	1,541,194	-
Disposals	(11,580,312)	-	(11,580,312)	-
Currency translation differences	10,644,724	5,380,689	-	-
At end of the year	310,166,620	172,099,864	-	-

At the reporting date, this represents investment in equity interest in Global InfoTech Co. Ltd. which has been remeasured at fair value. The fair value is derived based on Level 1 valuation input under the fair value hierarchy.

During the financial year, 3,839,785 Finzsoft Solutions Limited ("Finzsoft") shares representing 43.59% equity interest in Finzsoft held by Silverlake HGH Limited ("SHGH") have been transferred to the Company. Following the Group's cessation of significant influence over Finzsoft, these shares had been classified as financial assets at fair value through other comprehensive income and remeasured. Details of the shares transfers and cessation of significant influence are as disclosed in Note 16.

On 26 March 2020, the Company disposed the investment in Finzsoft for an aggregate cash consideration of NZD4,415,753, which is equivalent to RM11,580,312. The accumulated changes in fair value from initial recognition up to date of disposal amounting to RM1,541,194 (Note 27(e)) were transferred within equity from fair value reserve to retained profits.

24. Financial assets at fair value through profit or loss - money market fund

	Group	
	2020 RM	2019 RM
Money market fund	29,646,700	8,879,131

Financial assets at fair value through profit or loss of the Group represent investment in money market fund with financial institutions. Fair value of this investment is determined by reference to the net asset value of the fund. Any subsequent changes in fair value is recognised in profit or loss.

25. Cash and bank balances

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash at banks and on hand	332,266,147	242,494,445	51,320,213	2,577,573
Short-term deposits with licensed banks	164,476,803	199,502,699	27,709,036	79,532,909
Cash and bank balances	496,742,950	441,997,144	79,029,249	82,110,482

25. Cash and bank balances (cont'd)

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods between one day and twelve months (2019: one day and twelve months) depending on the immediate cash requirements of the Group, and earn interests at the respective short-term deposit rates. As at 30 June 2020, the interest rates of short-term deposits of the Group and of the Company at the reporting date range from 0.05% to 8.25% (2019: 0.15% to 7.75%) and 0.15% to 0.40% (2019: 1.20% to 2.35%) per annum respectively.

As at 30 June 2020, short-term deposits with licensed banks of the Group amounting to RM9,610,184 (2019: RM8,467,897) are pledged by certain subsidiaries for bank guarantee facilities in relation to project tenders.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the reporting date:

	Group	
	2020 RM	2019 RM
Cash and bank balances	496,742,950	441,997,144
Less: Short-term deposits with licensed banks with maturity more than 3 months	(10,708,750)	(14,754,750)
Less: Pledged deposits	(9,610,184)	(8,467,897)
Less: Bank overdraft (Note 29)	-	(9,936,642)
Cash and cash equivalents	476,424,016	408,837,855

26. Share capital, share premium, treasury shares and performance share plan

(a) Ordinary share capital

(i) Authorised

	Group and Company Number of ordinary shares of USD0.02 each	
	2020	2019
At beginning and end of the year	5,000,000,000	5,000,000,000

(ii) Issued and fully paid

	Group and Company			
	Number of ordinary shares of USD0.02 each		Amount	
	2020	2019	2020 RM	2019 RM
At beginning and end of the year	2,696,472,800	2,696,472,800	191,040,654	191,040,654

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

26. Share capital, share premium, treasury shares and performance share plan (cont'd)

(b) Share premium

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
At beginning of the year	236,820,722	234,417,308	1,704,482,883	1,702,079,469
Arising from:				
- Release of treasury shares to a former non-executive director (Note c)	-	(23,924)	-	(23,924)
- Release of treasury shares pursuant to Performance Share Plan (Note d)	-	2,427,338	-	2,427,338
At end of the year	236,820,722	236,820,722	1,704,482,883	1,704,482,883

(c) Treasury shares

	Group and Company	
	Number of treasury shares	RM
At 1 July 2018	40,432,068	68,558,076
Purchase of treasury shares	13,938,000	17,855,204
Release of treasury shares to a former non-executive director	(150,000)	(238,350)
Release of treasury shares pursuant to Performance Share Plan (Note d)	(2,800,000)	(4,449,200)
At 30 June 2019	51,420,068	81,725,730
At 1 July 2019	51,420,068	81,725,730
Purchase of treasury shares	55,695,800	56,815,349
At 30 June 2020	107,115,868	138,541,079

Treasury shares relate to ordinary shares of the Company that are held by the Company.

During the financial year, the Company purchased 55,695,800 (2019: 13,938,000) shares pursuant to the share purchase mandate approved by shareholders on 24 October 2019 (2019: 26 October 2018). These shares were acquired by way of market acquisition for a total consideration of RM56,815,349 (2019: RM17,855,204) and are held as treasury shares by the Company.

On 26 October 2018, the Company awarded 150,000 shares to its former non-executive director, Datuk Sulaiman bin Daud. The shares awards were based on the service and contributions made by the former non-executive director to the success of the Company. These shares were released from the Company's existing treasury shares at the price of SGD0.47 per share, amounted to RM214,426 (Note 8). The deficit on reissuance of treasury shares of RM23,924 was recognised in the share premium account (Note b).

The percentage of treasury shares over total ordinary shares net treasury shares amounts to 4.1% (2019: 1.9%).

26. Share capital, share premium, treasury shares and performance share plan (cont'd)

(d) Performance share plan ("PSP")

	Group and Company		
	Former managing director RM	Independent non-executive directors RM	Total RM
At 1 July 2018	6,056,474	-	6,056,474
Grant of PSP (Note 8 and Note 38(b))	(837,554)	1,657,618	820,064
- Current year	902,086	1,657,618	2,559,704
- Reversal of PSP shares lapsed	(1,739,640)	-	(1,739,640)
Release of PSP	(5,218,920)	(1,657,618)	(6,876,538)
At 30 June 2019/1 July 2019/30 June 2020	-	-	-

(i) PSP shares granted to former managing director

On 5 January 2015, a maximum 10,000,000 PSP shares were awarded and granted to the former Group Managing Director, Dr. Kwong Yong Sin. Taking into account the bonus issue on 8 July 2015, the number of outstanding share awards for the remaining four-financial year performance period to financial year ended 30 June 2018 had been adjusted from 8,000,000 shares to 9,600,000 shares in financial year 2016.

On 15 February 2019, 1,800,000 (Note c) PSP shares, out of 2,400,000 PSP shares which were subjected to the achievement of performance targets set for financial year ended 30 June 2018, were released from the Company's existing treasury shares at the market price of SGD0.545 per share at grant date, amounted to RM5,218,920 to Dr. Kwong Yong Sin in recognition of his contribution to the Group for financial year ended 30 June 2018. The surplus on reissuance of treasury shares of RM2,358,720 was recognised in the share premium account (Note b) in the previous financial year.

The shares awarded were subject to restrictions against any disposal or sale and/or other dealings in the shares for a period of one year from the applicable release date.

During the previous financial year, 600,000 shares had lapsed and the related expense of RM1,739,640 recognised previously had been reversed to profit or loss. As at current and previous reporting date, there was no outstanding share award recognised in the performance share plan reserve account.

The fair value of PSP awarded was estimated using Forward Pricing Formula, taking into account the terms and conditions upon which the PSP were awarded. The fair value of PSP measured at grant date and the assumptions were as follows:

	PSP granted to former managing director	
Granted during financial year ended 30 June	2016	2015
Number of shares awarded	1,600,000	10,000,000
Fair value of PSP:		
Weighted average fair value of PSP (RM)	1.94	3.26
Share price at grant date (RM)	1.95	3.39
Average risk free rate (%)	1.03	1.32
Expected dividend yield (%)	3.48	4.32

The share price at grant date used was the closing price of the Company's shares on that date. Expected yield rate used was based on historical data and future estimates, which may not necessarily be the actual outcome. No other features of the share award were incorporated into the measurement of fair value.

26. Share capital, share premium, treasury shares and performance share plan (cont'd)

(d) Performance share plan ("PSP") (cont'd)

(ii) PSP shares granted to independent non-executive directors

On 30 January 2019, the Company granted 1,000,000 PSP shares awards to its five independent non-executive directors at 200,000 shares each. The shares awards are based on the service and contributions made by each independent non-executive director to the success of the Company.

The shares awarded were subject to restrictions against any disposal or sale and/or other dealings in the shares for a period of one year from the applicable release date.

On 15 February 2019, 1,000,000 shares were released from the Company's existing treasury shares at the price of SGD0.545 per share, amounted to RM1,657,618. The surplus on reissuance of treasury shares of RM68,618 was recognised in the share premium account (Note b) in the previous financial year.

27. Foreign currency translation reserve, capital reserve, statutory reserve, performance share plan reserve and fair value reserve of financial assets at fair value through other comprehensive income

(a) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(b) Capital reserve

This represents non-distributable capital reserve of a subsidiary arising from the issuance of bonus shares in prior years.

(c) Statutory reserve

This represents non-distributable reserve of a subsidiary incorporated in Thailand. As required by Thailand Civil and Commercial Code, an entity shall allocate at least 5% of its annual net profit to a reserve, when dividend is declared, until the reserve reaches an amount not less than 10% of the entity's authorised capital.

(d) Performance share plan reserve

This represents non-distributable reserve arising from performance shares granted to former managing director and independent non-executive directors (Note 26(d)). As at current and previous reporting date, there were no outstanding shares awarded and the shares granted to the managing director and non-executive directors were fully released in the previous financial year.

27. Foreign currency translation reserve, capital reserve, statutory reserve, performance share plan reserve and fair value reserve of financial assets at fair value through other comprehensive income (cont'd)

(e) Fair value reserve of financial assets at fair value through other comprehensive income ("FVOCI")

	Fair value loss/(gain) on financial assets RM	Deferred tax relating to fair value (gain)/loss on financial assets (Note 32) RM	Total RM
Group			
At 1 July 2018	124,931,568	(12,118,350)	112,813,218
Remeasurement of financial assets (Note 23)	23,061,029	(2,255,182)	20,805,847
At 30 June 2019	147,992,597	(14,373,532)	133,619,065
At 1 July 2019	147,992,597	(14,373,532)	133,619,065
Remeasurement of financial assets (Note 23)	(128,963,226)	12,784,185	(116,179,041)
Transfer of cumulative fair value changes relating to investment in equity instrument to retained profits upon its disposal (Note 23)	1,541,194	-	1,541,194
At 30 June 2020	20,570,565	(1,589,347)	18,981,218
Company			
At 1 July 2019	-	-	-
Remeasurement of financial assets (Note 23)	(1,541,194)	-	-
Transfer of cumulative fair value changes relating to investment in equity instrument to retained profits upon its disposal (Note 23)	1,541,194	-	-
At 30 June 2020	-	-	-

This represents non-distributable reserve arising from cumulative fair value changes, net of tax, of financial assets until they are disposed of.

The above reserves are not available for dividend distribution to shareholders.

28. Merger deficit

	Group	
	2020 RM	2019 RM
At beginning and end of the year	476,280,829	476,280,829

The merger deficit represents the excess of nominal value of the shares issued by the Company over the book value of the assets and liabilities of the acquired subsidiaries, accounted for using the pooling of interest method.

The above reserve is not available for dividend distribution to shareholders.

29. Loans and borrowings

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Current				
Unsecured				
Bank overdraft (Note 25)	-	9,936,642	-	-
Lease liabilities (Note 31)	8,398,267	-	-	-
	8,398,267	9,936,642	-	-
Secured				
Obligations under finance leases (Note 30)	-	1,151,734	-	-
Lease liabilities (Note 31)	1,022,487	-	-	-
Term loan	238,784	223,689	-	-
	1,261,271	1,375,423	-	-
	9,659,538	11,312,065	-	-
Non-current				
Unsecured				
Lease liabilities (Note 31)	17,695,036	-	-	-
Revolving credit - Committed	121,754,466	59,947,894	121,754,466	59,947,894
	139,449,502	59,947,894	121,754,466	59,947,894
Secured				
Obligations under finance leases (Note 30)	-	2,423,648	-	-
Lease liabilities (Note 31)	1,326,733	-	-	-
Term loan	485,201	727,248	-	-
	1,811,934	3,150,896	-	-
	141,261,436	63,098,790	121,754,466	59,947,894
Total loans and borrowings (Note 33)	150,920,974	74,410,855	121,754,466	59,947,894

Overdraft facility - floating rate
A subsidiary has an overdraft facility with effective interest rate of 7.14% (2019: 8.39%) per annum. This facility is secured by guarantee provided by the Company.

Lease liabilities - fixed rate
This represents the present value of lease payments to be made over the lease term. The details and interest rate of the leases are disclosed in Note 31.

Obligations under finance leases - fixed rate
These obligations are secured by a charge over the leased assets (Note 12) and have been presented within lease liabilities (Note 31) upon initial application of IFRS 16 on 1 July 2019. The effective interest rate of the leases are disclosed in Note 31 (2019: Note 30).

29. Loans and borrowings (cont'd)

Term loan - floating rate

This loan is repayable in 60 monthly instalments from the first drawdown on 24 May 2018 and was secured by guarantee provided by Development Finance Institution ALTUM and commercial pledge on property, plant and equipment (Note 11) and right-of-use assets (Note 12) of a subsidiary. The effective interest rate of this loan at the reporting date was 4.0% (2019: 4.0%) per annum.

Committed revolving credit facility - floating rate

During the previous financial year, the Company has refinanced its uncommitted revolving credit facility for a new 3-year medium term committed revolving credit facility guaranteed by subsidiaries of the Company. The facility can be drawdown for one, three or six months. It is repayable on the last day of its interest period and the principal amount may be rolled over at the discretion of the Company, provided that any interest accrued on the facility was paid on the last day of its interest period. This revolving credit facility is due to be terminated on 8 January 2022.

As at the reporting date, the Company has outstanding balance of revolving credit amounting to SGD27,590,000 and USD8,624,444 (2019: SGD7,910,000 and USD8,624,444), which are equivalent to RM84,811,660 and RM36,942,806 (2019: RM24,212,510 and RM35,735,384) respectively. The average effective interest rate of this revolving credit at the reporting date was 2.58% (2019: 3.38%) per annum.

30. Obligations under finance leases

	Group
	2019 RM
Future minimum lease payments:	
Not later than one year	1,289,638
Later than one year but not later than five years	2,426,629
Later than five years but not later than seven years	173,991
Total future minimum lease payments (Note 40(b))	3,890,258
Less: Amounts representing finance charges	(314,876)
Present value of obligations under finance leases (Note 31)	3,575,382
The present value of the obligations under finance leases may be analysed as follows:	
Not later than one year	1,151,734
Later than one year but not later than five years	2,254,248
Later than five years but not later than seven years	169,400
	3,575,382
Presented as:	
Current (Note 29)	1,151,734
Non-current (Note 29)	2,423,648
	3,575,382

The effective interest rates of finance lease liabilities at the previous reporting date ranged from 0.83% to 4.60% per annum.

Obligations under finance leases have been presented within lease liabilities (Note 31) upon initial application of IFRS 16 on 1 July 2019.

31. Lease liabilities

The Group has lease contracts for various items of furniture and fitting, motor vehicles, office equipment and office premises. These leases generally have lease terms between two and seven years.

The Group also has certain leases of office premises and office equipment with either lease terms of 12 months or less, or leases with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Group		
	Unsecured RM	Secured RM	Total RM
At 1 July 2019	-	-	-
Upon initial application of IFRS 16:			
- Adjustment (Note 41)	29,179,329	-	29,179,329
- Reclassification (Note 30)	-	3,575,382	3,575,382
Adjusted balance as at 1 July 2019	29,179,329	3,575,382	32,754,711
Additions (Note 41)	3,729,076	111,084	3,840,160
Modification/Remeasurement (Note 12 and Note 41)	3,482,161	-	3,482,161
Accretion of interest (Note 6)	1,093,115	143,499	1,236,614
Payments	(11,534,924)	(1,473,366)	(13,008,290)
Currency translation differences	144,546	(7,379)	137,167
At 30 June 2020	26,093,303	2,349,220	28,442,523

The maturity analysis of lease liabilities is as follows:

	Group		
	Unsecured RM	Secured RM	Total RM
Future minimum lease payments:			
Not later than one year	9,282,420	1,104,922	10,387,342
Later than one year but not later than five years	18,615,885	1,405,922	20,021,807
Later than five years but not later than seven years	163,959	11,065	175,024
Total future minimum lease payments (Note 40(b))	28,062,264	2,521,909	30,584,173
Less: Amounts representing finance charges	(1,968,961)	(172,689)	(2,141,650)
Present value of lease liabilities	26,093,303	2,349,220	28,442,523
The present value of the lease liabilities may be analysed as follows:			
Not later than one year	8,398,267	1,022,487	9,420,754
Later than one year but not later than five years	17,533,557	1,315,727	18,849,284
Later than five years but not later than seven years	161,479	11,006	172,485
	26,093,303	2,349,220	28,442,523
Presented as:			
Current (Note 29)	8,398,267	1,022,487	9,420,754
Non-current (Note 29)	17,695,036	1,326,733	19,021,769
	26,093,303	2,349,220	28,442,523

31. Lease liabilities (cont'd)

The following are the amounts recognised in profit or loss:

	Group
	2020 RM
Depreciation of right-of-use assets (Note 7 and 12)	10,004,229
Interest expense on lease liabilities (Note 6)	1,236,614
Expenses (included in administrative expenses) (Note 7) relating to:	
- Short-term leases	1,515,930
- Leases of low-value assets	1,832,695
	3,348,625
Total amount recognised in profit or loss	14,589,468

The Group had total cash outflows for leases of RM16,356,915, and non-cash additions to right-of-use assets and lease liabilities of RM3,840,160 for the financial year ended 30 June 2020.

The weighted average incremental borrowing rate of unsecured lease liabilities was 4.0%.

The effective interest rates for secured lease liabilities at the reporting date ranged from 0.83% to 4.60% per annum.

32. Deferred tax

	Group	
	2020 RM	2019 RM
At beginning of the year	7,153,388	15,453,336
Acquisition of subsidiaries - Adjustment upon completion of purchase price allocation exercise (Note 14(a))	7,497,872	-
Recognised in income statement (Note 9):		
Provision in current year	(32,750,781)	(5,564,906)
Under/(Over) provision in prior financial years	254,831	(519,089)
Recognised in other comprehensive income:		
Provision in current year	12,560,687	(2,657,228)
Under provision in prior financial years	-	106,498
Currency translation differences	736,282	334,777
At end of the year	(4,547,721)	7,153,388
Presented after appropriate offsetting as follows:		
Deferred tax assets	(74,293,936)	(28,322,170)
Offsetting	8,343,166	2,239,834
Deferred tax assets (after offsetting)	(65,950,770)	(26,082,336)
Deferred tax liabilities	69,746,215	35,475,558
Offsetting	(8,343,166)	(2,239,834)
Deferred tax liabilities (after offsetting)	61,403,049	33,235,724
Deferred tax	(4,547,721)	7,153,388

The Group offsets deferred tax assets and liabilities if and only if it has a legally enforceable right to set off deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

32. Deferred tax (cont'd)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Software development expenditure RM	Proprietary software RM	Customer relationship RM	Property, plant and equipment RM	Right-of-use assets RM	Undistributed profits of subsidiaries (Note 9) RM	Financial assets at fair value through OCI RM	Others RM	Total RM
At 1 July 2018	5,802,524	6,168,059	2,275,565	435,558	-	160,279	18,227,351	96,779	33,166,115
Recognised in income statement:									
Provision in current year	5,000,443	(1,362,854)	(387,017)	62,337	-	276,228	-	126,866	3,716,003
Under provision in prior financial years	-	-	-	22,356	-	-	-	-	22,356
Recognised in other comprehensive income (Note 27(e)):									
Provision in current year	-	-	-	-	-	-	(2,255,182)	-	(2,255,182)
Currency translation differences	-	257,023	27,790	8,197	-	-	516,402	16,854	826,266
At 30 June 2019	10,802,967	5,062,228	1,916,338	528,448	-	436,507	16,488,571	240,499	35,475,558
At 1 July 2019	10,802,967	5,062,228	1,916,338	528,448	-	436,507	16,488,571	240,499	35,475,558
Acquisition of subsidiaries - Adjustment upon completion of purchase price allocation exercise (Note 14(a))	-	5,734,364	1,763,508	-	-	-	-	-	7,497,872
Recognised in income statement:									
Provision in current year	4,246,457	(2,247,936)	(605,347)	140,357	4,769,556	6,083,434	-	(144,138)	12,242,383
Under provision in prior financial years	292,664	-	-	10,774	-	-	-	-	303,438
Recognised in other comprehensive income (Note 27(e)):									
Provision in current year	-	-	-	-	-	-	12,784,185	-	12,784,185
Currency translation differences	-	223,864	80,730	1,000	53,510	35,067	1,034,818	13,790	1,442,779
At 30 June 2020	15,342,088	8,772,520	3,155,229	680,579	4,823,066	6,555,008	30,307,574	110,151	69,746,215

32. Deferred tax (cont'd)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows: (cont'd)

Deferred tax assets of the Group:

	Provision for defined benefit liabilities RM	Allowance for unutilised leave RM	Contract liabilities RM	Unutilised tax losses RM	Lease liabilities RM	Tax allowance claimable on intellectual property RM	Others RM	Total RM
At 1 July 2018	(1,695,473)	(1,066,161)	(3,814,081)	(10,064,439)	-	-	(1,072,625)	(17,712,779)
Recognised in income statement:								
Provision in current year	(326,187)	(711,453)	(6,704,089)	(1,828,080)	-	-	288,900	(9,280,909)
Under provision in prior financial years	(186,581)	-	(257,795)	(51,661)	-	-	(45,408)	(541,445)
Recognised in other comprehensive income (Note 36):								
Provision in current year	(402,046)	-	-	-	-	-	-	(402,046)
Over provision in prior financial years	106,498	-	-	-	-	-	-	106,498
Currency translation differences	(139,698)	(15,438)	(22,721)	(284,328)	-	-	(29,304)	(491,489)
At 30 June 2019	(2,643,487)	(1,793,052)	(10,798,686)	(12,228,508)	-	-	(858,437)	(28,322,170)
At 1 July 2019	(2,643,487)	(1,793,052)	(10,798,686)	(12,228,508)	-	-	(858,437)	(28,322,170)
Recognised in income statement:								
Provision in current year	(282,501)	(741,519)	(3,549,740)	(3,378,892)	(4,975,903)	(32,208,029)	143,420	(44,993,164)
(Under)/Over provision in prior financial years	-	-	(53,154)	(4,435)	-	-	8,982	(48,607)
Recognised in other comprehensive income (Note 36):								
Provision in current year	(223,498)	-	-	-	-	-	-	(223,498)
Currency translation differences	(146,186)	(7,767)	(27,167)	(453,828)	(57,842)	-	(13,707)	(706,497)
At 30 June 2020	(3,295,672)	(2,542,338)	(14,428,747)	(16,065,663)	(5,033,745)	(32,208,029)	(719,742)	(74,293,936)

32. Deferred tax (cont'd)

As at reporting date, the deferred tax assets have not been recognised in respect of the following items:

	Group	
	2020 RM	2019 RM
Unutilised tax losses	55,925,693	90,587,630
Unabsorbed capital allowances	721,161	483,080
Other deductible temporary differences	-	1,079,544
	56,646,854	92,150,254

Tax consequences of proposed dividends

There are no income tax consequences (2019: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 37).

Unutilised tax losses

Included in the unutilised tax losses of RM55,925,693 (2019: RM90,587,630) are tax losses in subsidiaries of RM23,286,164 (2019: RM49,872,207) that are available indefinitely for offset against future taxable profits of the subsidiaries in which the losses arose. However, as these losses relate to subsidiaries that have a history of losses, deferred tax assets have not been recognised as these losses may not be used to offset taxable profits elsewhere in the Group. If the Group was able to recognise these unrecognised deferred tax assets, profit would increase by RM13,858,945 (2019: RM20,881,602).

Unrecognised earnings

At 30 June 2020, deferred tax liabilities of RM6,555,008 (2019: RM436,507) have been recognised for taxes that would be payable on the undistributed earnings of certain subsidiaries. There was no other recognised deferred tax liability for taxes that would be payable on the undistributed earnings of other subsidiaries of the Group. The Group has determined that undistributed profits of other subsidiaries will not be distributed in the foreseeable future. At the reporting date, deferred tax liability on undistributed earnings of other subsidiaries amounting to RM1,347,760 (2019: RM4,940,915) has not been recognised.

33. Trade and other payables

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Current				
Trade payables				
Third parties	9,065,742	10,990,512	-	-
Accrual of sub-contractor fees	14,833,032	15,631,818	-	-
Total trade payables	23,898,774	26,622,330	-	-
Other payables				
Sundry payables and accruals	43,380,218	32,957,101	2,023,168	1,788,896
Contingent consideration for business combination	276,366,990	-	276,366,990	-
Allowance for unutilised leave	14,902,919	11,087,203	-	-
Total other payables	334,650,127	44,044,304	278,390,158	1,788,896
	358,548,901	70,666,634	278,390,158	1,788,896
Non-current				
Other payables				
Contingent consideration for business combination	-	248,502,535	-	248,502,535
Total other payables	-	248,502,535	-	248,502,535
Total trade and other payables	358,548,901	319,169,169	278,390,158	250,291,431
Trade and other payables	358,548,901	319,169,169	278,390,158	250,291,431
Loans and borrowings (Note 29)	150,920,974	74,410,855	121,754,466	59,947,894
Amounts due to:				
- Subsidiaries (Note 21)	-	-	186,035,360	1,538,309
- Related parties (Note 21)	2,780,632	2,793,107	-	-
Total financial liabilities carried at amortised cost	512,250,507	396,373,131	586,179,984	311,777,634

Trade and other payables (current)

These amounts are non-interest bearing. Trade payables are normally settled on 60 days (2019: 60 days) term while other payables have an average term of 6 months (2019: 6 months).

33. Trade and other payables (cont'd)

Contingent consideration for business combination

This amount represents the fair value of the remaining purchase consideration payable to the vendors in FY2021 in relation to the acquisition of XIT Group (Note 14(a)) and SISG Group (Note 14(b)).

(i) Acquisition of XIT Group

	Group and Company	
	2020 RM	2019 RM
Contingent consideration (Note 14(a))	4,628,529	4,628,529
Unwinding of discount on contingent consideration payable (cumulative)	472,046	230,295
Fair value changes recognised in profit or loss (cumulative) (Note 14(a))	(5,117,930)	-
Currency translation differences	17,355	17,355
Contingent consideration payable at end of the year	-	4,876,179

(ii) Acquisition of SISG Group

	Group and Company	
	2020 RM	2019 RM
Contingent consideration (Note 14(b))	233,743,461	233,743,461
Unwinding of discount on contingent consideration payable (cumulative)	53,957,880	24,722,715
Fair value changes recognised in profit or loss (cumulative)	(11,334,351)	(14,839,820)
Contingent consideration payable at end of the year	276,366,990	243,626,356

Other information on financial risks of trade and other payables are disclosed in Note 40.

34. Put liability

	Group	
	2020 RM	2019 RM
Put liability (Note 14(a))	11,939,294	11,939,294
Unwinding of discount on put liability (cumulative)	2,143,168	594,048
Fair value changes recognised in profit or loss (Note 5)	(11,338,260)	-
Currency translation differences	-	54,890
Put liability at end of the year	2,744,202	12,588,232

This represents the present value of the estimated exercise price for the put option on the remaining 20% equity interest in SIA X Infotech Group. Subsequent changes in the fair value will be recognised in profit or loss.

Other information on financial risks of put liability are disclosed in Note 40.

35. Derivative liability

	Company	
	2020 RM	2019 RM
Derivative liability at fair value	-	1,070,705

This represents the fair value of put option over shares in the remaining 20% equity interest in SIA X Infotech Group.

Other information on financial risks of derivative liability are disclosed in Note 40.

36. Provision for defined benefit liabilities

The Group has defined benefit pension plans in Indonesia, Thailand and Philippines respectively, for its employees.

(a) Indonesia plans

(i) A subsidiary in Indonesia provides benefits for its employees who achieve the retirement age at 57 (2019: 57) based on the provisions of Labor Law No.13/2003 dated 25 March 2003. The employee benefits liability is unfunded. The employee benefits liability of this subsidiary was determined by an independent actuarist in its report dated 1 July 2020 for financial year ended 30 June 2020 and 18 July 2019 for financial year ended 30 June 2019.

The principal assumptions used in determining the employee benefits liability of the Indonesia plan are shown below:

Principal actuarial assumptions:

	2020	2019
Discount rate	8.00%	8.00%
Salary increment rate	10%	10%
Mortality rate	100% **	100% *
Disability rate	5% **	5% *
Resignation rate	8% to age 30, then decreasing linearly to 0% at age 57	8% to age 30, then decreasing linearly to 0% at age 57

36. Provision for defined benefit liabilities (cont'd)

(a) Indonesia plans (cont'd)

(ii) A subsidiary in Indonesia provides benefits for its employees who achieve the retirement age at 57 (2019: 57) based on the provisions of Labor Law No.13/2003 dated 25 March 2003. The employee benefits liability is unfunded. The employee benefits liability of this subsidiary was determined by an independent actuarist in its report dated 1 July 2020 for financial year ended 30 June 2020 and 30 June 2019 for financial year ended 30 June 2019.

The principal assumptions used in determining the employee benefits liability of the Indonesia plan are shown below:

Principal actuarial assumptions:

	2020	2019
Discount rate	8.25%	8.75%
Salary increment rate	10%	10%
Mortality rate	100% **	100% *
Disability rate	5% **	5% *
Resignation rate	5% to age 30, then decreasing linearly to 0% at age 57	5% to age 30, then decreasing linearly to 0% at age 57

* Based on Indonesian Mortality Table 3
** Based on Indonesian Mortality Table 4

(b) Thailand plan

A subsidiary in Thailand provides benefits for its employees who achieve the retirement age at 60 (2019: 60) based on the provisions of Labour Protection Act (A.D. 1998), on Severance Pay. The employee benefits liability is unfunded. The employee benefits liability of this subsidiary was determined by an independent actuarist in its report dated 15 July 2020 for financial year ended 30 June 2020 and 26 June 2019 for financial year ended 30 June 2019.

The principal assumptions used in determining the employee benefits liability of the Thailand plan are shown below:

Principal actuarial assumptions:

	2020	2019
Discount rate	1.60%	2.50%
Salary increment rate	14% per annum for ages up to 29; 7% per annum for ages 30 to 39; 3% per annum for ages 40 to 49; 1% per annum for ages 50 and above	14% per annum for ages up to 29; 7% per annum for ages 30 to 39; 3% per annum for ages 40 to 49; 0.50% per annum for ages 50 and above
Mortality rate	Thailand Mortality Ordinary 2017 Table	Thailand Mortality Ordinary 2008 Table
Disability rate	0%	0%
Resignation rate	6% per annum for ages up to 29; 4% per annum for ages 30 to 39; 4% per annum for ages 40 to 49; 0% per annum for ages 50 and above	6% per annum for ages up to 29; 4% per annum for ages 30 to 39; 3% per annum for ages 40 to 49; 0% per annum for ages 50 and above

36. Provision for defined benefit liabilities (cont'd)

(c) Philippines plans

(i) A subsidiary in Philippines provides benefits for its employees who achieve the retirement age at 60 (2019: 60) based on the provisions of the Retirement Pay Law (Republic Act No. 7641). The employee benefits liability is unfunded. The employee benefits liability of this subsidiary was determined by an independent actuarist in its report dated 3 July 2020 for financial year ended 30 June 2020 and 2 July 2018 for financial year ended 30 June 2019.

The principal assumptions used in determining the employee benefits liability of the Philippines plan are shown below:

Principal actuarial assumptions:

	2020	2019
Discount rate	3.68%	5.16%
Salary increment rate	8%	10%
Mortality rate	The 2001 CSO Table - Generational (Scale AA, Society of Actuarists)	The 2001 CSO Table - Generational (Scale AA, Society of Actuarists)
Disability rate	0%	0%
Resignation rate	7.5% per annum for ages 19 to 24; 6% per annum for ages 25 to 29; 4.5% per annum for ages 30 to 34; 3% per annum for ages 35 to 39; 2% per annum for ages 40 to 44; 0% per annum for ages 45 and above	7.5% per annum for ages 19 to 24; 6% per annum for ages 25 to 29; 4.5% per annum for ages 30 to 34; 3% per annum for ages 35 to 39; 2% per annum for ages 40 to 44; 0% per annum for ages 45 and above

(ii) A subsidiary in Philippines conforms to the minimum regulatory benefit under the Retirement Pay Law (Republic Act No. 7641) and provides retirement benefit equal to 22.5 days pay for every year of credited service for employees who attain the normal retirement age of 60 (2019: 60) with at least five years of service. The regulatory benefit is paid in a lump sum upon retirement. The employee benefits liability of this subsidiary was determined by an independent actuarist in its report dated 2 July 2020 for the financial year ended 30 June 2020 and 2 July 2019 for the financial year ended 30 June 2019.

The principal assumptions used in determining the employee benefits liability of the Philippines plan are shown below:

Principal actuarial assumptions:

	2020	2019
Discount rate	3.44%	5.26%
Salary increment rate	5%	5%
Mortality rate	The 2001 CSO Table - Generational (Scale AA, Society of Actuarists)	The 2001 CSO Table - Generational (Scale AA, Society of Actuarists)
Disability rate	0%	0%
Resignation rate	11.5% per annum for ages 19 to 24; 13.3% per annum for ages 25 to 29; 13.3% per annum for ages 30 to 34; 10.7% per annum for ages 35 to 39; 4.5% per annum for ages 40 to 44; 4.8% per annum for ages 45 and above	12.9% per annum for ages 19 to 24; 14.9% per annum for ages 25 to 29; 15.0% per annum for ages 30 to 34; 12.0% per annum for ages 35 to 39; 5.1% per annum for ages 40 to 44; 4.1% per annum for ages 45 and above

36. Provision for defined benefit liabilities (cont'd)

The following tables summarise the components of employee benefits expense recognised in the consolidated statement of comprehensive income and the amounts recognised in the statements of financial position as employee benefits liabilities.

The details of the net employee benefits liability are as follows:

	Group							
	2020				2019			
	Indonesia Plans RM	Thailand Plan RM	Philippines Plans RM	Total RM	Indonesia Plans RM	Thailand Plan RM	Philippines Plans RM	Total RM
Present Value of the Defined Benefit Obligation ("PVDBO") as at 1 July	3,162,217	3,167,588	4,064,713	10,394,518	3,050,418	2,239,438	1,874,669	7,164,525
Defined benefit obligation (Note 8)	238,687	311,601	596,774	1,147,062	309,504	930,168	394,543	1,634,215
Benefits paid	-	(92,612)	-	(92,612)	(34,517)	(234,784)	-	(269,301)
Gross amount of actuarial (gain)/loss	(360,348)	254,320	875,737	769,709	(272,132)	(35,382)	1,590,520	1,283,006
Currency translation differences	104,847	106,597	328,851	540,295	108,944	268,148	204,981	582,073
PVDBO as at 30 June	3,145,403	3,747,494	5,866,075	12,758,972	3,162,217	3,167,588	4,064,713	10,394,518
Analysis of funded and unfunded PVDBO								
PVDBO from plans that are wholly unfunded	3,145,403	3,747,494	5,866,075	12,758,972	3,162,217	3,167,588	4,064,713	10,394,518
Analysed as:								
Current	-	394,886	-	394,886	-	92,338	-	92,338
Non-current:								
Later than:								
- one year but not later than two years	-	-	-	-	136,174	343,872	-	480,046
- two years but not later than five years	424,682	53,853	-	478,535	203,404	-	-	203,404
- five years	2,720,721	3,298,755	5,866,075	11,885,551	2,822,639	2,731,378	4,064,713	9,618,730
Total non-current	3,145,403	3,352,608	5,866,075	12,364,086	3,162,217	3,075,250	4,064,713	10,302,180
	3,145,403	3,747,494	5,866,075	12,758,972	3,162,217	3,167,588	4,064,713	10,394,518

36. Provision for defined benefit liabilities (cont'd)

The following tables summarise the components of employee benefits expense recognised in the consolidated statement of comprehensive income and the amounts recognised in the statements of financial position as employee benefits liabilities. (cont'd)

The details of net employee benefits expense recognised in operations are as follows:

	Group							
	2020				2019			
	Indonesia Plans RM	Thailand Plan RM	Philippines Plans RM	Total RM	Indonesia Plans RM	Thailand Plan RM	Philippines Plans RM	Total RM
Current service cost	392,633	234,492	381,158	1,008,283	418,055	165,316	225,583	808,954
Past service cost	(406,275)	-	-	(406,275)	(362,032)	692,548	-	330,516
Interest cost	252,329	77,109	215,616	545,054	253,481	72,304	168,960	494,745
Net employee benefits expense (Note 8)	238,687	311,601	596,774	1,147,062	309,504	930,168	394,543	1,634,215
Total amount recognised in statement of comprehensive income								
Actuarial loss arising from changes in financial assumptions	53,215	461,025	750,964	1,265,204	44,748	201,399	1,093,695	1,339,842
Actuarial (gain)/loss arising from changes in demographic assumptions	(301,496)	(79,464)	(277,200)	(658,160)	(344,970)	(114,946)	200,853	(259,063)
Actuarial (gain)/loss arising from experience adjustments	(112,067)	(127,241)	401,973	162,665	28,090	(121,835)	295,972	202,227
Gross amount of actuarial (gain)/loss	(360,348)	254,320	875,737	769,709	(272,132)	(35,382)	1,590,520	1,283,006
Deferred tax (Note 32)	90,087	(50,864)	(262,721)	(223,498)	68,033	7,077	(370,658)	(295,548)
Net amount of actuarial (gain)/loss	(270,261)	203,456	613,016	546,211	(204,099)	(28,305)	1,219,862	987,458
Cumulative amount of actuarial (gain)/loss recognised in statement of comprehensive income	(441,498)	862,364	(1,359,529)	(938,663)	(171,237)	658,908	(1,972,545)	(1,484,874)

36. Provision for defined benefit liabilities (cont'd)

Sensitivity analysis:

The sensitivity analysis below have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

Discount rate
A one percentage point change in the assumed discount rate would have the following effects:

	Increase in one percentage point on discount rate				Decrease in one percentage point on discount rate			
	Indonesia Plans RM	Thailand Plan RM	Philippines Plans RM	Total RM	Indonesia Plans RM	Thailand Plan RM	Philippines Plans RM	Total RM
2020								
Effect on the aggregate current service cost and interest cost	(318,338)	(372,836)	(758,822)	(1,449,996)	370,070	441,543	905,095	1,716,708
Effect on the PVDBO as at 30 June	(329,315)	(382,763)	(793,816)	(1,505,894)	382,831	453,300	946,835	1,782,966
2019								
Effect on the aggregate current service cost and interest cost	(341,995)	(309,576)	(514,323)	(1,165,894)	399,463	363,459	606,993	1,369,915
Effect on the PVDBO as at 30 June	(341,995)	(327,044)	(532,740)	(1,201,779)	399,463	383,968	628,726	1,412,157

36. Provision for defined benefit liabilities (cont'd)

Sensitivity analysis: (cont'd)

The sensitivity analysis below have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another. (cont'd)

Salary increment rate
A one percentage point change in the assumed salary increment rate would have the following effects:

	Increase in one percentage point on salary increment rate				Decrease in one percentage point on salary increment rate			
	Indonesia Plans RM	Thailand Plan RM	Philippines Plans RM	Total RM	Indonesia Plans RM	Thailand Plan RM	Philippines Plans RM	Total RM
2020								
Effect on the aggregate current service cost and interest cost	361,428	434,773	872,791	1,668,992	(316,868)	(375,265)	(749,191)	(1,441,324)
Effect on the PVDBO as at 30 June	373,892	446,350	913,040	1,733,282	(327,794)	(385,258)	(783,741)	(1,496,793)
2019								
Effect on the aggregate current service cost and interest cost	389,452	363,147	598,526	1,351,125	(340,019)	(315,438)	(517,149)	(1,172,606)
Effect on the PVDBO as at 30 June	389,452	383,638	619,957	1,393,047	(340,019)	(333,237)	(535,666)	(1,208,922)

Amounts for the current and previous periods are as follows:

	Indonesia Plans		Thailand Plan		Philippines Plans	
	2020 RM	2019 RM	2020 RM	2019 RM	2020 RM	2019 RM
PVDBO	3,145,403	3,162,217	3,747,494	3,167,588	5,866,075	4,064,713
Experience adjustments on plan liabilities	(115,929)	28,090	(130,631)	(128,710)	420,510	306,569

37. Dividends

	2020		2019	
	Dividend per share SGD/RM	Amount of dividend RM	Dividend per share SGD/RM	Amount of dividend RM
Declared and paid/payable during the financial year:				
Dividends on ordinary shares:				
In respect of financial year ended 30 June 2018:				
- Final and special dividends paid per share, tax exempt (1-tier)	-	-	0.0080 / 0.0242	64,027,141
In respect of financial year ended 30 June 2019:				
- First interim dividend paid per share, tax exempt (1-tier)	-	-	0.0030 / 0.0092	24,252,584
- Second interim dividend paid per share, tax exempt (1-tier)	-	-	0.0040 / 0.0120	31,867,596
- Third interim dividend paid per share, tax exempt (1-tier)	-	-	0.0040 / 0.0122	32,264,353
- Final dividend paid per share, tax exempt (1-tier)	0.0070 / 0.0215	56,851,440	-	-
In respect of financial year ended 30 June 2020:				
- First interim dividend paid per share, tax exempt (1-tier)	0.0030 / 0.0092	24,208,749	-	-
- Second interim dividend paid per share, tax exempt (1-tier)	0.0030 / 0.0091	23,754,092	-	-
		104,814,281		152,411,674
Proposed but not recognised as a liability as at 30 June:				
Final dividend on ordinary shares, subject to shareholders' approval at the AGM	0.0033 / 0.0101	26,266,955	0.0070 / 0.0214	56,675,545

38. Significant related party transactions

(a) Sale and purchase of goods and services

The Group has the following significant related party transactions between the Group and the related parties, who are not members of the Group, which took place on terms agreed between the parties during the financial year:

	Group	
	2020 RM	2019 RM
Sale of goods and rendering of services to related parties:		
- Software licensing	16,280,772	53,045,057
- Software project services	23,313,194	54,228,501
- Maintenance and enhancement services	24,408,229	22,544,841
- Sale of hardware products	88,970	1,205,801
Service fees paid to related parties	12,989,194	19,513,592
Accounting and administrative expenses paid to related parties	2,737,269	2,411,536
Other costs reimbursed from related parties	64,739	151,577
Rental paid to related parties	235,128	248,023
Rental paid by related parties	339,843	292,819
Purchase of property, plant and equipment from a related party	5,854	218,888
Interest on receivables charged to related parties	-	6,793

Information regarding outstanding balances arising from related party transactions as at reporting date are disclosed in Note 21.

<u>The parent</u>
There were no transactions other than dividends paid, between the Group and Intelligentsia Holding Ltd. during the financial year (2019: Nil).

(b) Compensation of key management personnel

	Group	
	2020 RM	2019 RM
Salaries and other short-term employee benefits	20,267,742	20,348,481
Performance shares plan (Note 26(d))	-	820,064
Defined contribution plans	1,349,754	1,111,437
Benefits-in-kind	261,763	212,855
	21,879,259	22,492,837
Comprise amounts paid to:		
- Directors of the Company	8,511,337	7,618,870
- Other key management personnel	13,367,922	14,873,967
	21,879,259	22,492,837

39. Commitments and contingencies

(a) Capital commitments

There is no significant capital commitment as at financial year end.

(b) Operating lease commitments - Group as a lessee

The Group leases certain office premises under non-cancellable lease agreements with varying terms and renewal rights. There are no restrictions placed upon the Group and the Company as a result of entering into these leases.

The Group adopted new IFRS 16 Leases effective 1 July 2019 and these leases, except for certain leases which are short-term in nature or of low-value, were accounted as right-of-use assets in the consolidated statement of financial position. The details of the lease expenses recognised in the income statement during the financial year are disclosed in Note 31.

Comparatives information
Operating lease expenses recognised in the income statement during the previous financial year amounted to RM11,110,100 (Note 7).

Future minimum rental under non-cancellable operating leases at the previous reporting date are as follows:

	Group
	2019 RM
Not later than one year	7,862,147
Later than one year but not later than five years	12,897,841
Later than five years but not later than seven years	2,538,862
	23,298,850

(c) Finance lease commitments

The Group has finance leases for its furniture and fittings, motor vehicles and office equipment. Upon the adoption of IFRS 16 Leases, these assets have been reclassified from property, plant and equipment (Note 11) to right-of-use assets (Note 12).

Future minimum lease payment under finance leases together with the present value of net minimum lease payments are disclosed in Note 31 (2019: Note 30).

(d) Guarantees

At the reporting date, the Group has provided bank guarantees to third parties amounting to RM35,834,162 (2019: RM24,910,948). No liability is expected to arise.

At the reporting date, the Company has provided corporate guarantee to its subsidiaries amounting to RM133,401,500 (2019: RM177,731,500). No liability is expected to arise.

40. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, liquidity risk, credit risk and foreign currency risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit and Risk Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial years, the Group's policy that no derivatives shall be undertaken except for the use as hedging instrument where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of the changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings with floating interest rate. The Group's policy is to manage its interest costs by obtaining the most favourable interest rates on its borrowings.

Surplus funds of the Group are placed with licensed banks as deposits to generate interest income. The Group has no significant net exposure to interest rate risk.

<u>Sensitivity analysis for interest rate risk</u>
The Group's revolving credit at variable rate were denominated in Singapore Dollar (SGD) and United States Dollar (USD). At the reporting date, assuming the market interest rate increases/decreases by 1% with other variables including tax rate being held constant, the Group's profit before tax for the financial year would have been lower/higher by RM1,217,545 (2019: RM599,479) arising mainly as a result of higher/lower interest expense on these revolving credit.

The Group's overdraft at variable rate was denominated in Ringgit Malaysia (RM). At the previous reporting date, assuming the market interest rate increases/decreases by 1% with other variables including tax rate being held constant, the Group's profit before tax for the previous financial year would have been lower/higher by RM99,366 arising mainly as a result of higher/lower interest expense on this bank overdraft.

The Group's term loan at variable rate was denominated in Euro. At the reporting date, assuming the market interest rate increases/decreases by 1% with other variables including tax rate being held constant, the Group's profit before tax for the financial year would have been lower/higher by RM7,240 (2019: RM9,509) arising mainly as a result of higher/lower interest expense on this term loan.

The assumed fluctuation in market interest rate sensitivity analysis is based on the observable market environment.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. There is no significant exposure to liquidity risk. The Group actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. The Group maintains sufficient levels of cash and cash equivalents to meet its working capital requirements. The Group's liquidity risk management policy is to match maturities of financial assets and liabilities, and to maintain available banking facilities of a reasonable level to its overall debt position.

40. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's financial liabilities at the reporting date based on contracted undiscounted repayment obligations.

	Less than 1 year RM	Between 1 and 5 years RM	Over 5 years RM	Total RM
Group				
At 30 June 2020				
Trade and other payables	369,188,703	-	-	369,188,703
Put liability	-	3,464,492	-	3,464,492
Amounts due to related parties (Note 21)	2,780,632	-	-	2,780,632
Revolving credit	-	126,350,724	-	126,350,724
Term loan	263,397	504,846	-	768,243
Lease liabilities (Note 31)	10,387,342	20,021,807	175,024	30,584,173
	382,620,074	150,341,869	175,024	533,136,967
At 30 June 2019				
Trade and other payables	70,666,634	289,004,492	-	359,671,126
Put liability	-	17,833,675	-	17,833,675
Amounts due to related parties (Note 21)	2,793,107	-	-	2,793,107
Revolving credit	-	65,066,262	-	65,066,262
Bank overdraft (Note 29)	9,936,642	-	-	9,936,642
Term loan	257,655	772,964	-	1,030,619
Obligations under finance leases (Note 30)	1,289,638	2,426,629	173,991	3,890,258
	84,943,676	375,104,022	173,991	460,221,689
Company				
At 30 June 2020				
Trade and other payables	289,029,960	-	-	289,029,960
Amounts due to subsidiaries (Note 21)	186,035,360	-	-	186,035,360
Revolving credit	-	126,350,724	-	126,350,724
	475,065,320	126,350,724	-	601,416,044
At 30 June 2019				
Trade and other payables	1,788,896	289,004,492	-	290,793,388
Derivative liability (Note 35)	-	1,070,705	-	1,070,705
Amounts due to subsidiaries (Note 21)	1,538,309	-	-	1,538,309
Revolving credit	-	65,066,262	-	65,066,262
	3,327,205	355,141,459	-	358,468,664

40. Financial risk management objectives and policies (cont'd)

(c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables, contract assets, advances to a joint venture and amounts due from related parties. For other financial assets (including cash and cash equivalents), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

Exposure to credit risk profile
As at reporting date, the Group has a significant concentration of credit risk in the form of outstanding balances due from 11 (2019: 10) customers, representing 50% (2019: 54%) of the Group's trade receivables and amounts due from related parties (trade).

Trade receivables and contract assets
The Group monitors its credit risk closely and trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group does not expect its related parties to default on their repayment obligations.

Other receivables
Credit risks on other receivables are mainly arising from deposits paid for office buildings and fixtures rented. These deposits will be received at the end of each lease terms. The Group manages the credit risk together with the leasing arrangement.

At the reporting date, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position and the Group did not recognise any expected credit loss.

Cash and bank balances and money market fund
Cash and deposits are placed with reputable licensed banks. At the reporting date, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

These reputable licensed banks have low credit risks. In addition, some of the bank balances are insured by government agencies. Accordingly, the Group and the Company are of the view that the expected credit loss is minimal.

Advances to a joint venture and loans to subsidiaries
Advances are made to a joint venture and loans to subsidiaries in support of their respective principal activities. At the reporting date, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

40. Financial risk management objectives and policies (cont'd)

(c) Credit risk (cont'd)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the region of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's net trade receivables at the reporting date is as follows:

	Group			
	2020 RM	%	2019 RM	%
By geographical areas				
South East Asia	98,428,418	71%	87,771,039	61%
North East Asia	11,531,401	8%	20,473,007	14%
South Asia	18,728,215	14%	21,666,659	15%
Middle East	1,116,642	1%	3,021,096	2%
Americas	96,670	-*	1,086,267	1%
Africa	3,547,656	3%	5,139,686	4%
Europe	4,720,988	3%	4,146,976	3%
	138,169,990	100%	143,304,730	100%

* Less than 1%

	Group	
	2020 RM	2019 RM
Represented by:		
Trade receivables - third parties (Note 19)	131,130,205	125,981,615
Amounts due from related parties - trade (Note 21)	7,039,785	17,323,115
	138,169,990	143,304,730

An impairment analysis is performed at the reporting date using a provision matrix to measure expected credit losses ("ECLs"). The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. by geographical region). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables past due more than one year are subjected to further assessment for impairment and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 19.

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted.

At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is an estimate. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work-in-progress and have substantially the same risk characteristics as the trade receivables for the same types 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.

40. Financial risk management objectives and policies (cont'd)

(c) Credit risk (cont'd)

Credit risk concentration profile (cont'd)

Set out below is the information about the credit risk exposure on the Group's trade receivables and contract assets using a provision matrix:

		Gross carrying amount		Expected credit losses		Net balance
Group	Expected credit loss rate %	Trade receivables (including related parties) RM	Contract assets RM	Collectively assessed RM	Individually assessed RM	RM
2020						
Current	0.14%	73,320,374	57,194,076	(189,186)	-	130,325,264
Past due 0 to 1 month	0.12%	19,046,587	-	(22,932)	-	19,023,655
Past due 1 to 2 months	0.38%	11,787,293	-	(44,261)	-	11,743,032
Past due 2 to 3 months	0.29%	18,069,295	-	(52,116)	-	18,017,179
Past due 3 to 6 months	1.14%	7,855,942	-	(89,608)	-	7,766,334
Past due over 6 months	56.02%	18,928,579	-	(108,584)	(10,494,824)	8,325,171
		149,008,070	57,194,076	(506,687)	(10,494,824)	195,200,635
2019						
Current	0.05%	75,648,840	57,581,959	(64,461)	-	133,166,338
Past due 0 to 1 month	0.10%	22,096,840	-	(21,477)	-	22,075,363
Past due 1 to 2 months	0.26%	18,174,763	-	(46,473)	-	18,128,290
Past due 2 to 3 months	0.69%	5,724,672	-	(39,745)	-	5,684,927
Past due 3 to 6 months	0.81%	15,064,212	-	(122,456)	-	14,941,756
Past due over 6 months	60.51%	17,361,469	-	(628,363)	(9,877,610)	6,855,496
		154,070,796	57,581,959	(922,975)	(9,877,610)	200,852,170

40. Financial risk management objectives and policies (cont'd)

(c) Credit risk (cont'd)

Credit risk concentration profile (cont'd)

The movement of the loss allowance accounts used to record the impairment are as follows:

Group	Trade receivables (including related parties)			Contract assets
	Expected credit losses (collectively assessed) RM	Expected credit losses (individually assessed) RM	Total (Note 19) RM	Expected credit losses (collectively assessed) (Note 20) RM
2020				
At beginning of the year	888,456	9,877,610	10,766,066	34,519
Charge for the year (Note 7)	-	2,954,795	2,954,795	128,752
Reversal (Note 5)	(544,390)	(264,095)	(808,485)	-
Written off	-	(2,218,440)	(2,218,440)	-
Currency translation differences	(810)	144,954	144,144	160
At end of the year	343,256	10,494,824	10,838,080	163,431
2019				
At beginning of the year, as per IAS 39	-	3,140,800	3,140,800	-
Acquisition of subsidiaries (Note 14(b))	451,679	3,266,343	3,718,022	2,043
Charge for the year (Note 7)	434,224	3,689,735	4,123,959	31,676
Reversal (Note 5)	-	(190,061)	(190,061)	-
Currency translation differences	2,553	(29,207)	(26,654)	800
At end of the year	888,456	9,877,610	10,766,066	34,519

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities. The companies in the Group primarily transact in their respective functional currencies. The Group's business is exposed to foreign exchange risk arising from various currency exposures primarily with respect to sales and operating expenses denominated mainly in Singapore Dollar (SGD), United States Dollar (USD) and Thailand Baht (Baht).

The Group holds short-term deposits denominated in SGD, USD, Baht, Brunei Dollar (BND), Indonesia Rupiah (IDR), Philippine Peso (PESO) and Chinese Renminbi (RMB) which also give rise to foreign currency exposure. The Group is also exposed to currency translation risk arising from its net investments in foreign operations whose functional currencies are not in Ringgit Malaysia (RM). The Company's net investments in foreign operations are not hedged as currency positions of the respective companies are considered to be long-term in nature.

At the reporting date, the Group does not hedge its foreign currency exposure using any financial instruments. However, the management monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arises.

40. Financial risk management objectives and policies (cont'd)

(d) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following tables demonstrate the sensitivity of the Group's and the Company's profit net of tax and equity to a reasonably possible change in the SGD, USD, Baht, BND, Euro (EUR), Hong Kong Dollar (HKD), IDR and RMB exchange rates against the respective functional currencies of the Group entities, with all other variables including tax rate being held constant.

	Group			
	Profit net of tax		Equity	
	2020 RM	2019 RM	2020 RM	2019 RM
SGD/RM				
- strengthened by -* (2019: 3%)	81,852	2,700,817	312,124	3,757,736
- weakened by -* (2019: 3%)	(81,852)	(2,700,817)	(312,124)	(3,757,736)
USD/RM				
- strengthened by 3% (2019: 3%)	2,630,887	1,744,545	10,690,815	5,503,804
- weakened by 3% (2019: 3%)	(2,630,887)	(1,744,545)	(10,690,815)	(5,503,804)
Baht/RM				
- strengthened by 3% (2019: 10%)	96,636	1,344,613	853,580	3,047,028
- weakened by 3% (2019: 10%)	(96,636)	(1,344,613)	(853,580)	(3,047,028)
BND/RM				
- strengthened by -* (2019: 3%)	2,571	13,365	77,354	440,237
- weakened by -* (2019: 3%)	(2,571)	(13,365)	(77,354)	(440,237)
EUR/RM				
- strengthened by 2% (2019: -*)	256,018	5,087	214,485	16,931
- weakened by 2% (2019: -*)	(256,018)	(5,087)	(214,485)	(16,931)
HKD/RM				
- strengthened by 4% (2019: 3%)	105,791	44,093	11,361,623	4,880,143
- weakened by 4% (2019: 3%)	(105,791)	(44,093)	(11,361,623)	(4,880,143)
IDR/RM				
- strengthened by 3% (2019: 4%)	2,751	1,966	720,837	761,026
- weakened by 3% (2019: 4%)	(2,751)	(1,966)	(720,837)	(761,026)
RMB/RM				
- strengthened by 1% (2019: 1%)	(1,695)	(88,518)	3,099,971	(1,809,516)
- weakened by 1% (2019: 1%)	1,695	88,518	(3,099,971)	1,809,516

* Less than 1%

	Company			
	Profit net of tax		Equity	
	2020 RM	2019 RM	2020 RM	2019 RM
SGD/RM				
- strengthened by -* (2019: 3%)	161,603	1,702,850	161,603	1,702,850
- weakened by -* (2019: 3%)	(161,603)	(1,702,850)	(161,603)	(1,702,850)
USD/RM				
- strengthened by 3% (2019: 3%)	(1,060,801)	(1,029,779)	(1,060,801)	(1,029,779)
- weakened by 3% (2019: 3%)	1,060,801	1,029,779	1,060,801	1,029,779
EUR/RM				
- strengthened by 2% (2019: -*)	186,761	3,997	186,761	3,997
- weakened by 2% (2019: -*)	(186,761)	(3,997)	(186,761)	(3,997)

* Less than 1%

40. Financial risk management objectives and policies (cont'd)

(d) Foreign currency risk (cont'd)

The Group's currency exposure is as follows:

At 30 June 2020	Ringgit Malaysia RM	Singapore Dollar RM	United States Dollar RM	Philippine Peso RM	Chinese Renminbi RM	Japanese Yen RM	Thailand Baht RM	Brunei Dollar RM	Indonesia Rupiah RM	New Zealand Dollar RM	Euro RM	Hong Kong Dollar RM	Others RM	Total RM
Financial assets														
Financial assets at fair value through other comprehensive income - quoted equity shares	-	-	-	-	310,166,620	-	-	-	-	-	-	-	-	310,166,620
Financial assets at fair value through profit or loss - money market fund	29,646,700	-	-	-	-	-	-	-	-	-	-	-	-	29,646,700
Cash and bank balances	119,614,337	147,931,376	133,986,259	3,399,778	63,183	5,448,397	37,069,271	20,728,598	19,859,469	-	4,460,399	532,429	3,649,454	496,742,950
Trade receivables	44,938,351	12,271,444	38,360,561	35,412	4,548,502	83,597	7,210,855	3,145,767	14,177,818	-	5,554,808	151,863	651,227	131,130,205
Other receivables	3,437,278	758,723	261,940	2,448,829	50,652	84,572	616,532	9,529	93,341	-	715,823	29,434	324,325	8,830,978
Amounts due from related parties	3,972,125	103,068	-	-	-	-	334,161	-	-	-	-	2,733,499	-	7,142,853
Derivative asset	-	-	-	-	-	-	-	-	-	-	9,343,814	-	-	9,343,814
	201,608,791	161,064,611	172,608,760	5,884,019	314,828,957	5,616,566	45,230,819	23,883,894	34,130,628	-	20,074,844	3,447,225	4,625,006	993,004,120
Financial liabilities														
Loans and borrowings	11,781,749	94,925,641	36,942,806	830,263	-	218,459	1,053,478	-	633,920	-	3,486,756	-	1,047,902	150,920,974
Trade payables	12,017,958	436,782	1,167,942	19,396	-	-	234,417	887,575	8,677,745	-	321,816	75,982	59,161	23,898,774
Other payables	304,770,382	5,682,458	193,781	3,463,444	4,831,874	222,707	1,701,761	241,114	1,272,769	139	8,528,558	234,900	3,506,240	334,650,127
Amounts due to related parties	619,181	-	-	-	-	1,521,634	594,064	45,753	-	-	-	-	-	2,780,632
Put liability	-	-	-	-	-	-	-	-	-	-	2,744,202	-	-	2,744,202
	329,189,270	101,044,881	38,304,529	4,313,103	4,831,874	1,962,800	3,583,720	1,174,442	10,584,434	139	15,081,332	310,882	4,613,303	514,994,709
Net financial (liabilities)/assets	(127,580,479)	60,019,730	134,304,231	1,570,916	309,997,083	3,653,766	41,647,099	22,709,452	23,546,194	(139)	4,993,512	3,136,343	11,703	478,009,411
Less: Net financial position denominated in the respective entities' functional currencies	127,273,668	(40,746,847)	(46,608,005)	(1,570,916)	-	(3,601,749)	(38,425,901)	(22,104,036)	(23,454,510)	-	7,807,382	(491,567)	(497,476)	(42,419,957)
Currency exposure	(306,811)	19,272,883	87,696,226	-	309,997,083	52,017	3,221,198	605,416	91,684	(139)	12,800,894	2,644,776	(485,773)	435,589,454

40. Financial risk management objectives and policies (cont'd)

(d) Foreign currency risk (cont'd)

The Group's currency exposure is as follows: (cont'd)

At 30 June 2019	Ringgit Malaysia RM	Singapore Dollar RM	United States Dollar RM	Philippine Peso RM	Chinese Renminbi RM	Japanese Yen RM	Thailand Baht RM	Brunei Dollar RM	Indonesia Rupiah RM	New Zealand Dollar RM	Euro RM	Hong Kong Dollar RM	Others RM	Total RM
Financial assets														
Financial assets at fair value through other comprehensive income - quoted equity shares	-	-	-	-	172,099,864	-	-	-	-	-	-	-	-	172,099,864
Financial assets at fair value through profit or loss - money market fund	8,879,131	-	-	-	-	-	-	-	-	-	-	-	-	8,879,131
Cash and bank balances	142,056,623	147,264,398	85,661,819	3,054,410	3,663,680	3,847,767	11,733,035	17,128,379	18,117,764	-	7,295,847	450,218	1,723,204	441,997,144
Trade receivables	30,371,464	9,402,938	46,299,286	168,558	9,795,831	497,510	12,621,959	2,138,721	6,304,972	-	4,675,060	109,961	3,595,355	125,981,615
Other receivables	2,856,695	836,069	234,417	1,025,649	2,900	695,117	458,908	36,610	81,148	141,702	1,707,486	70,535	193,125	8,340,361
Amounts due from related parties	9,942,555	78,349	3,755,847	-	-	-	2,168,076	11,901	-	-	-	1,516,658	-	17,473,386
Advances to a joint venture	-	-	-	-	-	-	-	-	-	32,688,469	-	-	-	32,688,469
Derivative asset	-	-	-	-	-	-	-	-	-	-	9,366,693	-	-	9,366,693
	194,106,468	157,581,754	135,951,369	4,248,617	185,562,275	5,040,394	26,981,978	19,315,611	24,503,884	32,830,171	23,045,086	2,147,372	5,511,684	816,826,663
Financial liabilities														
Loans and borrowings	12,422,644	24,603,809	35,735,384	-	-	600,224	-	-	-	-	1,048,794	-	-	74,410,855
Trade payables	6,362,508	290,983	2,594,295	14,401	-	68,486	14,259,609	29,311	-	-	2,856,653	93,059	53,025	26,622,330
Other payables	264,750,606	4,270,115	240,447	1,700,293	4,610,657	778,056	1,867,758	527,600	819,847	21,541	10,212,381	191,509	2,556,029	292,546,839
Amounts due to related parties	1,434,462	28,199	-	269,528	-	621,956	407,612	503	30,847	-	-	-	-	2,793,107
Put liability	-	-	-	-	-	-	-	-	-	-	12,588,232	-	-	12,588,232
	284,970,220	29,193,106	38,570,126	1,984,222	4,610,657	2,068,722	16,534,979	557,414	850,694	21,541	26,706,060	284,568	2,609,054	408,961,363
Net financial (liabilities)/assets	(90,863,752)	128,388,648	97,381,243	2,264,395	180,951,618	2,971,672	10,446,999	18,758,197	23,653,190	32,808,630	(3,660,974)	1,862,804	2,902,630	407,865,300
Less: Net financial position denominated in the respective entities' functional currencies	90,478,601	(38,361,423)	(39,229,743)	(2,264,403)	-	(3,012,200)	2,999,132	(18,312,708)	(23,604,048)	(16,679,000)	8,013,108	(393,048)	(3,029,946)	(43,395,678)
Currency exposure	(385,151)	90,027,225	58,151,500	(8)	180,951,618	(40,528)	13,446,131	445,489	49,142	16,129,630	4,352,134	1,469,756	(127,316)	364,469,622

40. Financial risk management objectives and policies (cont'd)

(d) Foreign currency risk (cont'd)

The Company's currency exposure is as follows:

At 30 June 2020	Ringgit Malaysia RM	Singapore Dollar RM	United States Dollar RM	Hong Kong Dollar RM	Japanese Yen RM	New Zealand Dollar RM	Euro RM	Total RM
Financial assets								
Cash and bank balances	278,085	76,980,413	1,683,595	-	87,156	-	-	79,029,249
Other receivables	-	7,308	-	-	-	-	-	7,308
Loans to subsidiaries	-	27,051,200	-	-	-	-	-	27,051,200
Amounts due from subsidiaries	15,325	203,939,521	-	8,625	-	-	-	203,963,471
Derivative asset	-	-	-	-	-	-	9,343,814	9,343,814
	293,410	307,978,442	1,683,595	8,625	87,156	-	9,343,814	319,395,042
Financial liabilities								
Loans and borrowings	-	84,811,660	36,942,806	-	-	-	-	121,754,466
Other payables	276,752,988	1,490,678	100,834	-	39,740	139	5,779	278,390,158
Amounts due to subsidiaries	2,405,178	183,624,836	-	5,346	-	-	-	186,035,360
	279,158,166	269,927,174	37,043,640	5,346	39,740	139	5,779	586,179,984
Net financial (liabilities)/assets	(278,864,756)	38,051,268	(35,360,045)	3,279	47,416	(139)	9,338,035	(266,784,942)
Less: Net financial position denominated in the functional currencies	278,864,756	-	-	-	-	-	-	278,864,756
Currency exposure	-	38,051,268	(35,360,045)	3,279	47,416	(139)	9,338,035	12,079,814

40. Financial risk management objectives and policies (cont'd)

(d) Foreign currency risk (cont'd)

The Company's currency exposure is as follows: (cont'd)

At 30 June 2019	Ringgit Malaysia RM	Singapore Dollar RM	United States Dollar RM	Hong Kong Dollar RM	Japanese Yen RM	New Zealand Dollar RM	Euro RM	Total RM
Financial assets								
Cash and bank balances	553,058	80,057,356	1,415,719	-	84,349	-	-	82,110,482
Other receivables	-	63,629	443	8,273	-	141,702	-	214,047
Loans to subsidiaries	1,000,000	1,836,600	-	-	-	-	-	2,836,600
Amounts due from subsidiaries	304	5,978	28,210	-	-	-	-	34,492
Advances to a joint venture	-	-	-	-	-	16,009,469	-	16,009,469
Derivative asset	-	-	-	-	-	-	9,366,693	9,366,693
	1,553,362	81,963,563	1,444,372	8,273	84,349	16,151,171	9,366,693	110,571,783
Financial liabilities								
Loans and borrowings	-	24,212,510	35,735,384	-	-	-	-	59,947,894
Other payables	244,246,024	982,497	34,967	5,346	124,877	21,541	4,876,179	250,291,431
Amounts due to subsidiaries	1,531,413	6,896	-	-	-	-	-	1,538,309
Derivative liability	-	-	-	-	-	-	1,070,705	1,070,705
	245,777,437	25,201,903	35,770,351	5,346	124,877	21,541	5,946,884	312,848,339
Net financial (liabilities)/assets	(244,224,075)	56,761,660	(34,325,979)	2,927	(40,528)	16,129,630	3,419,809	(202,276,556)
Less: Net financial position denominated in the functional currencies	244,224,075	-	-	-	-	-	-	244,224,075
Currency exposure	-	56,761,660	(34,325,979)	2,927	(40,528)	16,129,630	3,419,809	41,947,519

40. Financial risk management objectives and policies (cont'd)

(e) Fair values of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 - Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly; and
- Level 3 - Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

There were no transfers between Level 1, Level 2 and Level 3 during the current and previous financial year.

40. Financial risk management objectives and policies (cont'd)

(e) Fair values of financial instruments (cont'd)

(i) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Fair value measurements using			
Group	Quoted prices in active markets for identical instruments (Level 1) RM	Significant observable inputs other than quoted prices (Level 2) RM	Significant unobservable inputs (Level 3) RM	Total RM
Assets and liabilities measured at fair value				
2020				
Financial assets:				
Non-current asset				
Derivative asset	-	-	9,343,814	9,343,814
Current assets				
Financial assets at fair value through other comprehensive income - quoted equity shares	310,166,620	-	-	310,166,620
Financial assets at fair value through profit or loss - money market fund	-	29,646,700	-	29,646,700
Financial assets as at 30 June 2020	310,166,620	29,646,700	9,343,814	349,157,134
Financial liabilities:				
Non-current liability				
Put liability	-	-	2,744,202	2,744,202
Current liability				
Other payables - contingent consideration	-	-	276,366,990	276,366,990
Financial liabilities as at 30 June 2020	-	-	279,111,192	279,111,192

40. Financial risk management objectives and policies (cont'd)

(e) Fair values of financial instruments (cont'd)

(i) Assets and liabilities measured at fair value (cont'd)

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period: (cont'd)

	Fair value measurements using			
Group	Quoted prices in active markets for identical instruments (Level 1) RM	Significant observable inputs other than quoted prices (Level 2) RM	Significant unobservable inputs (Level 3) RM	Total RM
Assets and liabilities measured at fair value				
2019				
Financial assets:				
Non-current asset				
Derivative asset	-	-	9,366,693	9,366,693
Current assets				
Financial assets at fair value through other comprehensive income - quoted equity shares	172,099,864	-	-	172,099,864
Financial assets at fair value through profit or loss - money market fund	-	8,879,131	-	8,879,131
Financial assets as at 30 June 2019	172,099,864	8,879,131	9,366,693	190,345,688
Financial liabilities:				
Non-current liabilities				
Put liability	-	-	12,588,232	12,588,232
Other payables - contingent consideration	-	-	248,502,535	248,502,535
Financial liabilities as at 30 June 2019	-	-	261,090,767	261,090,767

40. Financial risk management objectives and policies (cont'd)

(e) Fair values of financial instruments (cont'd)

(i) Assets and liabilities measured at fair value (cont'd)

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period: (cont'd)

	Fair value measurements using			
Company	Quoted prices in active markets for identical instruments (Level 1) RM	Significant observable inputs other than quoted prices (Level 2) RM	Significant unobservable inputs (Level 3) RM	Total RM
Assets and liabilities measured at fair value				
2020				
Financial asset:				
<u>Non-current asset</u>				
Derivative asset	-	-	9,343,814	9,343,814
Financial liability:				
<u>Current liabilities</u>				
Other payables - contingent consideration	-	-	276,366,990	276,366,990
2019				
Financial asset:				
<u>Non-current asset</u>				
Derivative asset	-	-	9,366,693	9,366,693
Financial liabilities:				
<u>Non-current liabilities</u>				
Derivative liability	-	-	1,070,705	1,070,705
Other payables - contingent consideration	-	-	248,502,535	248,502,535
Financial liabilities as at 30 June 2019	-	-	249,573,240	249,573,240

40. Financial risk management objectives and policies (cont'd)

(e) Fair values of financial instruments (cont'd)

(ii) Assets and liabilities not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The following table shows an analysis of each class of assets and liabilities not carried at fair value and whose carrying amounts are not reasonable approximation of fair value:

Group	Carrying amount (Note 30) RM	Fair value RM
Liability not measured at fair value		
2019		
Financial liability:		
Non-current liability		
Obligations under finance leases	2,423,648	2,329,763

(iii) The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

- **Financial assets at fair value through other comprehensive income - quoted equity shares**

  Quoted equity shares is determined by reference to their published market closing price or the quoted closing bid price at the reporting date.

- **Financial assets at fair value through profit or loss - money market fund**

  Unquoted money market funds are valued based on the published Net Asset Value ("NAV") of the funds.

- **Cash and cash equivalents, other receivables, other payables, other payables - contingent consideration, amounts due from/to subsidiaries/related parties, and bank overdraft**

  The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

  The fair value of a particular other payable - contingent consideration for business combination, are estimated by discounting the expected future payouts at interest rate specific to the contractual arrangement at the reporting date. The carrying amount of this financial instrument is not materially different from its calculated fair value.

- **Trade receivables and trade payables**

  The carrying amounts approximate fair values because these are subject to normal trade credit terms.

- **Loans and borrowings (non-current)**

  The fair values of the lease liabilities and obligations under finance leases are determined by the present value of minimum lease payments, which are estimated by discounting the expected future cash flows at market incremental lending rate for similar types of leases at the reporting date.

  The fair value of the term loan and revolving credit approximates its carrying amount as they are floating rate instruments that are re-priced to market interest rate on or near the reporting date.

40. Financial risk management objectives and policies (cont'd)

(e) Fair values of financial instruments (cont'd)

Description of significant unobservable inputs to valuation:

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 30 June 2020 and 2019 are shown below:

	Valuation technique	Significant unobservable inputs	Range (Weighted average)	Sensitivity of the input to fair value
Group				
Put liability	Discounted cash flow ("DCF") method	Assumed probability - adjusted net profit after tax ("NPAT") of XIT Group	**2020:** (RM1,394,201) **2019:** (RM7,420,919)	10% increase or decrease would result in an increase or decrease in fair value by RM274,420 (2019: RM1,258,823) in put liability
Group and Company				
Contingent consideration - XIT Group	DCF method	Assumed probability - earnings before interest and taxes of XIT Group	**2020:** (Nil)	-
			2019: (RM6,511,617)	10% increase or decrease would not change the deferred amount
Contingent consideration - SISG Group	DCF method	Assumed probability - adjusted NPAT of SISG Group	**2020:** (RM25,365,105)	-
			2019: (RM31,073,763)	10% increase or decrease would result in an increase or decrease in fair value by RM11,084,861
Derivative asset - Call option	Black Scholes model	Long-term growth rate for cash flows for subsequent years	**2020:** 1% - 3% (2%) **2019:** 1% - 3% (2%)	1% decrease would result in a decrease in fair value by RM678,328 (2019: RM705,104); 1% increase would result in an increase in fair value by RM808,212 (2019: RM2,810,356)
		Weighted average cost of capital ("WACC")	**2020:** 13% - 15% (14%) **2019:** 11% - 13% (12%)	1% increase would result in a decrease in fair value by RM983,031 (2019: RM1,325,074); 1% decrease would result in an increase in fair value by RM1,178,182 (2019: RM3,650,856)

40. Financial risk management objectives and policies (cont'd)

(e) Fair values of financial instruments (cont'd)

Description of significant unobservable inputs to valuation: (cont'd)

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 30 June 2020 and 2019 are shown below: (cont'd)

	Valuation technique	Significant unobservable inputs	Range (Weighted average)	Sensitivity of the input to fair value
Company				
Derivative liability - Put option	Black Scholes model	Long-term growth rate for cash flows for subsequent years	**2020:** -	-
			2019: 1% - 3% (2%)	1% increase would result in an increase in fair value by RM121,905; 1% increase would result in a decrease in fair value by RM360,489
		WACC	**2020:** -	-
			2019: 11% - 13% (12%)	1% increase would result in an increase in fair value by RM243,157; 1% decrease would result in a decrease in fair value by RM439,511

(f) Collateral

Other than part of short-term deposits pledged with banks as disclosed in Note 25, the Group has no other significant terms and conditions associated with the use of collateral.

The Group did not hold collateral as at 30 June 2020 (2019: Nil).

41. Changes in liabilities arising from financing activities

	Dividends (Note 37) RM	Loans and borrowings (excluding overdraft) (Note 29) RM	Total liabilities from financing activities RM
Group			
At 1 July 2018	-	25,022,135	25,022,135
Dividends declared during the year	152,411,674	-	152,411,674
Dividends paid	(152,411,674)	-	(152,411,674)
Proceeds from revolving credit	-	72,706,050	72,706,050
Repayment of term loan and revolving credit	-	(34,186,331)	(34,186,331)
Repayment of obligations under finance leases	-	(1,446,859)	(1,446,859)
Others	-	2,379,218	2,379,218
At 30 June 2019	-	64,474,213	64,474,213
At 1 July 2019	-	64,474,213	64,474,213
Effects of adoption of IFRS 16 (Note 31)	-	29,179,329	29,179,329
Adjusted balance as at 1 July 2019	-	93,653,542	93,653,542
Dividends declared during the year	104,814,281	-	104,814,281
Dividends paid	(104,814,281)	-	(104,814,281)
Proceeds from revolving credit	-	102,484,025	102,484,025
Repayment of term loan and revolving credit	-	(42,706,890)	(42,706,890)
Additions of leases during the year (Note 31)	-	3,840,160	3,840,160
Modification/Remeasurement of leases during the year (Note 31)	-	3,482,161	3,482,161
Payment of principal portion of lease liabilities	-	(11,771,676)	(11,771,676)
Others	-	1,939,652	1,939,652
At 30 June 2020	-	150,920,974	150,920,974

The 'Others' line item includes purchases of property, plant and equipment held under finance leases*, acquisition of subsidiaries and the effect of foreign currency translation on loans and borrowings (excluding overdraft) denominated in foreign currencies. The Group classifies interest paid as cash flows from operating activities.

* Applicable for FY2019

42. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2020 and 2019.

The Group monitors capital using the net asset value of the Group, which is total assets less total liabilities of the Group. The net asset value of the Group as at 30 June 2020 is RM746,667,135 (2019: RM592,336,821).

The Group and its subsidiaries are not subject to any externally imposed capital requirements.

43. Segment information

For management purposes, the Group is organised into segments as follows:

Operating and non-operating segments

(i) Software licensing - provision of digital economy solutions to banks and corporations in banking, retail, government, payment and logistics industries.

(ii) Software project services - provision of software customisation and implementation services to deliver end-to-end core banking, payment, retail, digital identity and security software solutions.

(iii) Maintenance and enhancement services - provision of round-the-clock software maintenance support and software enhancement services.

(iv) Sale of software and hardware products - sale of software and hardware products to meet customers' software and hardware needs.

(v) Software-as-a-Service - Insurance processing - provision of cloud computing Software-as-a-Service collaborative platform for policy origination and insurance claim processing.

(vi) Software-as-a-Service - Retail - provision of Software-as-a-Service subscription version of retail automation solution.

(vii) Others - comprising credit and cards processing which does not constitute a separate reportable segment; and investment holding and corporate activities which costs cannot be directly attributable to the operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain aspect as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the financial year to acquire segment assets which are expected to be used for more than one period.

Current taxes and deferred taxes are not allocated to individual segments as they are managed on a group basis.

43. Segment information (cont'd)

(a) Business information

The following table presents the revenue and results information regarding the Group's business segments for the financial years ended 30 June 2020 and 2019 and assets, liabilities and other segment information regarding the Group's segments as at 30 June 2020 and 30 June 2019.

2020	Software licensing RM	Software project services RM	Maintenance and enhancement services RM	Sale of software and hardware products RM	Software-as-a-Service - Insurance processing RM	Software-as-a-Service - Retail RM	Others RM	Adjustments and eliminations RM	Notes	Per consolidated financial statements RM
Revenue:										
External customers	56,109,260	74,313,921	460,288,342	26,948,914	34,670,851	483,549	10,876,716	-		663,691,553
At a point in time	13,933,731	-	-	26,948,914	29,363,675	-	-	-		70,246,320
Over time	42,175,529	74,313,921	460,288,342	-	5,307,176	483,549	10,876,716	-		593,445,233
Inter-segment	-	-	-	-	-	-	152,486,160	(152,486,160)	A	-
Results:										
Finance income	255,697	378,741	2,478,178	132,527	121,242	1,370	631,582	-		3,999,337
Finance costs	(113,772)	(135,818)	(956,993)	(71,494)	(34,467)	(1,340)	(33,371,590)	-		(34,685,474)
Selling and distribution costs	(3,529,205)	(3,367,125)	(21,452,988)	(1,989,413)	(3,809,806)	(38,861)	792,054	-		(33,395,344)
Depreciation of property, plant and equipment	(346,840)	(351,665)	(2,221,994)	(180,125)	(724,898)	(7,292)	(55,918)	-		(3,888,732)
Net gain/(loss) on disposal of property, plant and equipment	6,228	3,466	9,692	6,965	760	(92)	1,219	-		28,238
Depreciation of right-of-use assets	(929,822)	(1,065,104)	(7,070,432)	(464,075)	(330,153)	(7,900)	(136,743)	-		(10,004,229)
Amortisation of intangible assets	(16,744,420)	-	(2,137,657)	-	(1,862,067)	-	-	-		(20,744,144)
Impairment of intangible assets	(2,906,176)	-	-	-	-	-	-	-		(2,906,176)
Share of profit of a joint venture	-	-	-	-	-	-	1,392,986	-		1,392,986
Provision for foreseeable losses	-	(928,009)	-	-	-	-	-	-		(928,009)
Fair value adjustment on contingent consideration for business combination	-	-	-	-	-	-	1,612,461	-		1,612,461
Fair value adjustment on subsequent measurement of put liability	-	-	-	-	-	-	11,338,260	-		11,338,260
Gain on deemed disposal of a joint venture	-	-	-	-	-	-	2,057,425	-		2,057,425
Dividend income from financial assets - quoted equity shares	-	-	-	-	-	-	818,310	-		818,310
Other non-cash (expenses)/income	(109,100)	(28,495)	(3,910,653)	3,548	(47,574)	4,255	(1,630,352)	-	B	(5,718,371)
Segment profit/(loss)	25,102,626	15,972,454	264,707,999	6,218,060	18,529,014	122,729	(138,428,654)	20,415,545	C	212,639,773
Assets:										
Interest in a joint venture	-	-	-	-	-	-	696	-		696
Capital expenditure	30,047,817	1,573,899	10,436,008	1,762,017	4,699,495	69,803	29,072	-	D	48,618,111
Segment assets	119,700,699	124,899,737	613,504,997	32,892,038	81,107,838	438,361	423,862,337	71,818,647	E	1,468,224,654
Segment liabilities	23,630,982	20,946,691	174,264,446	6,761,175	7,060,709	67,553	412,011,087	76,814,876	F	721,557,519

43. Segment information (cont'd)

(a) Business information (cont'd)

The following table presents the revenue and results information regarding the Group's business segments for the financial years ended 30 June 2020 and 2019 and assets, liabilities and other segment information regarding the Group's segments as at 30 June 2020 and 30 June 2019. (cont'd)

2019	Software licensing RM	Software project services RM	Maintenance and enhancement services RM	Sale of software and hardware products RM	Software-as-a-Service - Insurance processing RM	Others RM	Adjustments and eliminations RM	Notes	Per consolidated financial statements RM
Revenue:									
External customers	100,654,052	102,911,087	421,804,060	11,041,089	33,418,572	10,978,900	-		680,807,760
At a point in time	17,420,122	-	-	11,041,089	30,613,042	140,780	-		59,215,033
Over time	83,233,930	102,911,087	421,804,060	-	2,805,530	10,838,120	-		621,592,727
Inter-segment	-	-	-	-	-	203,247,600	(203,247,600)	A	-
Results:									
Finance income	308,865	190,738	1,454,405	31,188	47,672	1,139,559	-		3,172,427
Finance costs	(43,749)	(38,302)	(44,860)	(6,942)	-	(26,887,172)	-		(27,021,025)
Selling and distribution costs	(4,627,246)	(4,688,207)	(21,988,983)	(950,494)	(4,079,929)	(1,088,215)	-		(37,423,074)
Depreciation of property, plant and equipment	(522,920)	(524,791)	(1,883,956)	(97,656)	(579,959)	(1,052,893)	-		(4,662,175)
Net gain on disposal of property, plant and equipment	1,437,122	795,718	947,083	-	-	5,859,957	-		9,039,880
Amortisation of intangible assets	(15,457,923)	-	(823,264)	-	(2,119,567)	(911,188)	-		(19,311,942)
Impairment of intangible assets	(1,378,135)	-	(14,056,000)	-	-	(105,612)	-		(15,539,747)
Share of loss of a joint venture	-	-	-	-	-	(1,716,738)	-		(1,716,738)
Reversal of provision for foreseeable losses	-	181,303	-	-	-	-	-		181,303
Reversal of value-added tax accrued for disposal of quoted equity shares	-	-	-	-	-	18,249,642	-		18,249,642
Fair value adjustment on contingent consideration for business combination	-	-	-	-	-	14,839,820	-		14,839,820
Gain on derivative asset at fair value through profit or loss	-	-	-	-	-	9,366,693	-		9,366,693
Gain on disposal of an associate	-	-	-	-	-	1	-		1
Other non-cash expenses	(1,888,973)	(903,829)	(2,896,249)	(694,371)	(399,646)	(985,164)	-	B	(7,768,232)
Segment profit/(loss)	75,444,066	33,616,650	237,298,630	1,741,893	17,144,259	(124,197,770)	43,677,968	C	284,725,696
Assets:									
Interest in a joint venture	-	-	-	-	-	8,624,011	-		8,624,011
Capital expenditure	67,947,736	15,812,485	13,952,630	16,583,334	460,352	13,476	-	D	114,770,013
Segment assets	153,942,311	138,528,470	465,926,738	20,818,435	77,973,083	294,823,899	30,343,239	E	1,182,356,175
Segment liabilities	44,342,408	22,384,009	129,716,580	2,944,310	7,584,973	330,706,844	52,340,230	F	590,019,354

43. Segment information (cont'd)

(a) Business information (cont'd)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment dividend is eliminated on consolidation.

B Other non-cash (expenses)/income consist of write off and impairment of property, plant and equipment, gain on disposal of right-of-use assets, gain on lease modifications, write off of intangible assets, net gain on redemption of financial assets - money market fund, reversal of impairment loss on financial assets - loan to an associate, reversal/(provision) of expected credit losses on trade receivables and contract assets, loss on derivative asset at fair value through profit or loss, inventories written off, bad debts (written off)/recovered, waiver of debts, net unrealised foreign currency exchange gain, allowance for unutilised leave, provision for defined benefits liabilities, performance shares issued and shares issued to a former non-executive director as presented in the respective notes to the financial statements.

C The following items are eliminated on consolidation to arrive at "Profit before tax" presented in the consolidated income statement, as these items have been included in the segment profit/(loss) of the corporate and others segment:

	2020 RM	2019 RM
Elimination of impairment losses in investments in subsidiaries	20,415,545	35,982,968
Elimination of impairment loss on advances to a joint venture	-	7,695,000
	20,415,545	43,677,968

D Capital expenditure consists of additions to property, plant and equipment, right-of-use assets, and intangible assets, including assets from the acquisition of subsidiaries.

E The following tax items are managed on a group basis and are not allocated to individual segment, and are herein added to segment assets to arrive at total assets reported in consolidated statement of financial position:

	2020 RM	2019 RM
Tax recoverable	5,867,877	4,260,903
Deferred tax assets	65,950,770	26,082,336
	71,818,647	30,343,239

F The following tax items are managed on a group basis and are not allocated to individual segment, and are herein added to segment liabilities to arrive at total liabilities reported in consolidated statement of financial position:

	2020 RM	2019 RM
Tax payable	15,411,827	19,104,506
Deferred tax liabilities	61,403,049	33,235,724
	76,814,876	52,340,230

43. Segment information (cont'd)

(b) Geographical information

The Group's seven main business segments operate in seven main geographical regions:

- South East Asia - the operations in this area are principally software licensing; rendering of software project services; maintenance and enhancement services; sale of software and hardware products; Software-as-a-Service - Insurance processing and Software-as-a-Service - Retail.
- North East Asia - the operations in this area are principally software licensing; rendering of software project services; maintenance and enhancement services; Software-as-a-Service - Insurance processing; and credit and cards processing.
- South Asia - the operations in this area are principally software licensing; rendering of software project services; maintenance and enhancement services; and sale of software and hardware products.
- Middle East - the operations in this area are principally software licensing; rendering of software project services; maintenance and enhancement services; and sale of software and hardware products.
- Americas - the operations in this area are principally software licensing; rendering of software project services; maintenance and enhancement services; and sale of software and hardware products.
- Africa - the operations in this area are principally software licensing; rendering of software project services; maintenance and enhancement services; and sale of software and hardware products.
- Europe - the operations in this area are principally software licensing; rendering of software project services; maintenance and enhancement services; and sale of software and hardware products.

Revenue, trade receivables, contract assets and amounts due from related parties (trade) are based on the country in which the end-customer is located. Other assets and capital expenditure are shown by the geographical region where the assets are located.

	Group	
	2020 RM	2019 RM
Revenue		
South East Asia	530,886,946	534,054,164
North East Asia	39,778,063	40,596,098
South Asia	42,995,630	43,759,184
Middle East	14,928,299	20,717,037
Americas	2,341,569	3,145,403
Africa	7,187,597	10,702,715
Europe	25,573,449	27,833,159
	663,691,553	680,807,760
Capital expenditure		
South East Asia	37,694,999	32,843,553
North East Asia	16,610	4,459
South Asia	949,469	-
Middle East	-	39,509
Africa	-	136,284
Europe	9,957,033	81,746,208
	48,618,111	114,770,013

43. Segment information (cont'd)

(b) Geographical information (cont'd)

Revenue, trade receivables, contract assets and amounts due from related parties (trade) are based on the country in which the end-customer is located. Other assets and capital expenditure are shown by the geographical region where the assets are located. (cont'd)

	Group	
	2020 RM	2019 RM
Segmental assets		
South East Asia	988,244,116	826,186,699
North East Asia	328,451,977	202,334,480
South Asia	29,792,075	24,229,222
Middle East	1,937,392	4,323,140
Americas	612,382	2,769,480
Africa	6,897,584	7,353,077
Europe	112,288,432	106,394,364
Oceania	-	141,702
	1,468,223,958	1,173,732,164
Interest in a joint venture	696	8,624,011
	1,468,224,654	1,182,356,175

No other individual country contributed more than 10% of consolidated revenue and non-current assets, except for:

	2020 RM	2019 RM
Revenue		
Malaysia	270,829,056	270,496,710
Singapore	88,117,022	100,757,956
Indonesia	72,254,330	50,125,826 #
Thailand	49,552,869 #	65,899,606
Non-current assets *		
Malaysia	156,144,414	132,507,616
Singapore	84,629,985	74,850,746
Latvia	87,135,280	79,361,657

\# Contribution is less than 10% of consolidated revenue.
* Non-current assets for this purpose consist of property, plant and equipment, right-of-use assets, and intangible assets.

<u>Information about major customers</u>
No major customer contributed more than 10% of the total Group's revenue during the financial year. In the previous financial year, one major customer contributed more than 10% of the total Group's revenue amounting to RM103,124,656. Revenue from the major customer arose from software licensing, software project services, maintenance and enhancement services and sale of software and hardware products.

44. Significant events during the financial year

(i) Disposal of investment in Finzsoft Solutions Limited ("Finzsoft")

(a) Deemed disposal of interest in a joint venture

On 28 August 2019, the Company entered into a deed of settlement and implementation ("Deed") with HGH (ICT Investments No. 2) Limited ("HGH2") and Silverlake HGH Limited ("SHGH"), where SHGH agreed to sell its entire shareholding comprising 7,528,990 ordinary shares of Finzsoft to the Company and HGH2 in proportion of their equity interest in SHGH. This proposal had been approved by Finzsoft's shareholders on 29 October 2019 and the 3,839,785 Finzsoft shares were transferred from SHGH to the Company on 30 October 2019. As a result, the Company held 43.59% equity interest in Finzsoft whilst SHGH no longer held any shares in Finzsoft.

On 13 December 2019, the Group ceased to have significant influence over Finzsoft as the Company no longer had any representation on Finzsoft's board of directors.

Following the transfer of shares and cessation of significant influence of the Company over Finzsoft, the 3,839,785 shares representing 43.59% equity interest in Finzsoft were remeasured to RM10,039,118 as financial assets at fair value through other comprehensive income in the consolidated statement of financial position.

The impact of the deemed disposal of interest in a joint venture is as disclosed in Note 16.

(b) Full disposal of Finzsoft shares

On 26 March 2020, the Company disposed the investment in Finzsoft for an aggregate cash consideration of NZD4,415,753, which is equivalent to RM11,580,312. The accumulated changes in fair value from initial recognition up to date of disposal has been transferred from fair value reserve to retained profits.

The impact of the full disposal of investment in Finzsoft is as disclosed in Note 23.

(ii) Outbreak of Coronavirus ("COVID-19")

The outbreak of COVID-19 since the beginning of 2020 resulted in movement restriction measures implemented in many countries and caused significant uncertainties to business environment as well as the global economic activities. Despite the challenging conditions facing all industries, there was no major disruption to the Group's operations in the financial year ended 30 June 2020. The Group is deemed as an essential service provider to the banking and finance industry. The pandemic has resulted in a shift in information technology spending of the Group's key customers, mainly financial institutions, from larger capital expenditures to smaller incremental system enhancements, and this has had some effects on the revenue and earnings, the effects of which have been reflected in the results for the financial year ended 30 June 2020.

The Board of Directors and the management are closely monitoring the developments relating to COVID-19 and up to the date of the financial statements, the Group does not expect a significant change in the carrying amounts of its assets, liabilities and its financial position.

45. Significant events after the financial year end

(i) Mode of Payment for Earn-Out Consideration for the acquisition of Silverlake Investment (SG) Pte. Ltd. (formerly known as Silverlake Investment Ltd.) Group ("SISG Group")

With reference to Note 14(b), pursuant to the terms for the acquisition of SISG Group, an Earn-Out Consideration ("EOC") will be payable by the Company for each acquired entity achieving an average year-on-year percentage growth in its Adjusted NPAT of at least 25% over the period from 1 January 2017 to 30 June 2020. It was agreed that, the Company shall notify the vendors on their entitlements for the EOC within no later than seven days from the issuance of the audited financial statements of each acquired entity for the financial year ended 30 June 2020 ("Company Notification"), and the vendors may exercise Cash Option and the Company has the option to settle the EOC partially in cash based on funding available and settle the balance portion of EOC by Earn-Out Consideration Shares, at the higher of the Agreed Issue Price or the average volume weighted average price of the shares of the Company over the five market days immediately preceding the date of Company Notification. The EOC amount shall be paid within a period of up to seven months from the date of Company Notification. As at 30 June 2020, the EOC payable was amounted to RM276,366,990 (Note 33).

Subsequent to the financial year end, on 27 August 2020, the Company entered into an agreement with the vendors of SISG Group, ahead of the Company Notification, whereby the vendors agreed that the EOC shall be settled by way of cash payment of 20% and Earn-Out Consideration Shares of 80%. Pursuant to this agreement, any estimated difference arising between the pre-determined value of the Earn-Out Consideration Shares and the actual issue price of the shares issued to settle the EOC payable will be accounted for via equity.

(ii) Cybersecurity Incident

On 10 September 2020, the Group has been informed by its IT service provider of a cybersecurity incident where its servers were attacked by a ransomware. As the servers being attacked are separated from the Group's enterprise network, the Group's enterprise network is not affected. The Group has ascertained that this incident does not have an impact on its financial statements as at 30 June 2020. The IT service provider together with a cyber security expert are attending to resolve the malware incident.

At the date of approval of these financial statements, the investigations on the incident are still ongoing. The Group does not foresee any material financial impact to the financial statements from this incident at this juncture.

46. Authorisation of financial statements for issue

The financial statements for the financial year ended 30 June 2020 were authorised for issue in accordance with a resolution of the directors on 29 September 2020.

Statistics of Shareholdings

AS AT 18 SEPTEMBER 2020

Issued and fully paid-up capital	: RM191,040,654
No. of shares issued	: 2,696,472,800 shares
Class of shares	: Ordinary shares
Voting rights	: One vote per share
No. of treasury shares held	: 116,665,968
Percentage of treasury shares against total number of issued ordinary shares (excluding treasury shares)	: 4.5%
Subsidiary holdings	: No shares issued in the share capital of the Company was held by the Company's subsidiaries.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares (excluding treasury shares)	%
1 - 99	24	0.44	782	0.00
100 - 1,000	214	3.91	132,839	0.00
1,001 - 10,000	1,981	36.19	12,617,120	0.49
10,001 - 1,000,000	3,207	58.60	194,461,611	7.54
1,000,001 AND ABOVE	47	0.86	2,372,594,480	91.97
TOTAL	5,473	100.00	2,579,806,832	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	896,774,419	34.76
2	BNP PARIBAS NOMINEES SINGAPORE PTE. LTD.	460,802,400	17.86
3	INTELLIGENTSIA HOLDING LTD	410,779,447	15.92
4	RAFFLES NOMINEES (PTE.) LIMITED	120,074,466	4.65
5	DB NOMINEES (SINGAPORE) PTE LTD	91,595,101	3.55
6	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	69,034,323	2.68
7	DBS NOMINEES (PRIVATE) LIMITED	62,418,321	2.42
8	SEE CHUANG THUAN OR LOI PEK KEAW	39,255,953	1.52
9	MAYBANK KIM ENG SECURITIES PTE. LTD.	22,108,320	0.86
10	HSBC (SINGAPORE) NOMINEES PTE LTD	20,810,207	0.81
11	PHILLIP SECURITIES PTE LTD	19,247,400	0.75
12	KWONG YONG SIN	18,972,000	0.74
13	OCBC SECURITIES PRIVATE LIMITED	18,953,800	0.73
14	DBSN SERVICES PTE. LTD.	17,827,264	0.69
15	UOB KAY HIAN PRIVATE LIMITED	9,110,400	0.35
16	IFAST FINANCIAL PTE. LTD.	6,751,160	0.26
17	TAN BIEN CHUAN	6,600,000	0.26
18	28 HOLDINGS PTE. LTD.	6,519,500	0.25
19	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	5,652,700	0.22
20	SAN TAI CONSTRUCTION (S) PTE LTD	5,000,000	0.19
TOTAL		**2,308,287,181**	**89.47**

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders of the Company as at 18 September 2020 are as follows:

	No. of Ordinary Shares of USD0.02 each			
	Direct Interest	%	Deemed Interest	%
Intelligentsia Holding Ltd.	1,759,877,345	68.22%	-	-
Goh Peng Ooi	-	-	1,759,877,345	68.22%

Note:

Intelligentsia Holding Ltd. is wholly-owned by Mr. Goh Peng Ooi. As such, Mr. Goh Peng Ooi is deemed to have an interest in the 1,759,877,345 shares held by Intelligentsia Holding Ltd. A total of 1,349,097,898 shares held by Intelligentsia Holding Ltd. are registered in the names of nominee companies.

FREE FLOAT

As at 18 September 2020, approximately 28.72% of the issued ordinary shares of the Company was held in the hands of the public (on the basis of information available to the Company).

Accordingly, 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 SILVERLAKE AXIS LTD. (the "**Company**") will be convened and held by way of electronic means on Tuesday, 27 October 2020 at 2.00 p.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 30 June 2020 together with the Directors' Report and Auditors' Report thereon. **Ordinary Resolution 1**

2. To declare a final tax exempt 1-tier dividend of Singapore 0.33 cents per ordinary share for the financial year ended 30 June 2020 as recommended by the Directors. **Ordinary Resolution 2**

3. To approve the payment of Directors' Fees of S$1,151,667 (2020: S$1,153,333) for the financial year ending 30 June 2021, to be paid quarterly in arrears. **Ordinary Resolution 3**

4. To re-elect Tan Sri Dato' Dr. Mohd Munir bin Abdul Majid, who is retiring under Bye-law 86(1) of the Company's Bye-laws, as Director of the Company. **Ordinary Resolution 4**

   [See Explanatory Note (i)(a)]

5. To re-elect Ms. Goh Shiou Ling, who is retiring under Bye-law 86(1) of the Company's Bye-laws, as Director of the Company. **Ordinary Resolution 5**

   [See Explanatory Note (i)(b)]

6. To re-elect Mr. Mah Yong Sun, who is retiring under Bye-law 85(6) of the Company's Bye-laws, as Director of the Company. **Ordinary Resolution 6**

   [See Explanatory Note (i)(c)]

7. To re-appoint Messrs Ernst & Young PLT, as auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 7**

8. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions (with or without amendments):

9. **AUTHORITY TO DIRECTORS TO ALLOT AND ISSUE SHARES** **Ordinary Resolution 8**

   "That pursuant to the Rule 806 of the Listing Manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the Company ("**Shares**"), whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and,

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of Shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) subject to such calculation as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the rules, measures, guidelines, practice notes, and other materials issued by the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST), in particular the SGX-ST Listing Manual, and the Company's Bye-laws for the time being; and

(4) 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 earlier."

[See Explanatory Note (ii)]

10. **RENEWAL OF SHARE PURCHASE MANDATE** **Ordinary Resolution 9**

"THAT:

(a) for the purposes of Section 42A of the Bermuda Companies Act 1981 (the "**Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company ("**Shares**") not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the maximum Price (as hereafter defined), whether by way of:

(1) on-market purchases (each a "**Market Purchase**") on the SGX-ST; and/or

(2) off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the Directors as they consider fit, which schemes shall satisfy all the conditions prescribed by the Act,

and otherwise in accordance with all other laws, 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 Purchase Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earliest of:

(1) the date on which the next Annual General Meeting of the Company is held or required by law to be held; or

(2) the date on which purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

(c) In this Resolution:

"**Prescribed Limit**" means that number of issued Shares representing 10% of the issued Shares of the Company as at the date of the passing of this Resolution (excluding treasury shares and subsidiary holdings); and

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(1) in the case of a Market Purchase, 105% of the Average Closing Price; and

(2) in the case of an Off-Market Purchase, 120% of the Average Closing Price,

where:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last 5 market days on which Shares were transacted on the SGX-ST immediately preceding the date of making the Market Purchase by the Company or, as the case may be, the date of making the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five-market day period and on the day on which the purchases are made;

"**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, and

"**market day**" means a day on which the SGX-ST is open for trading in securities; and

(d) the Directors of the Company 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."

[See Explanatory Note (iii)]

11. **RENEWAL OF INTERESTED PERSONS TRANSACTIONS GENERAL MANDATE** **Ordinary Resolution 10**

"THAT:

(a) approval be and is hereby given for the purposes of Chapter 9 of the Listing Manual of the SGX-ST for the Company, its subsidiaries and associated companies or any of them to enter into any of the transactions falling within the types of the interested persons transactions ("**Recurrent Transactions**") set out in the Company's Circular to Shareholders dated 2 October 2008 ("**Circular**"), with any party who is of the classes of Interested Persons described in the Circular, provided that such interested persons transactions are carried out on normal commercial terms and in accordance with the review procedures for Recurrent Transactions as set out in the Circular ("**General Mandate**");

(b) the General Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company;

(c) the Audit and Risk Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Listing Manual of the SGX-ST which may be prescribed by the SGX-ST from time to time; and

(d) the Directors of the Company and each of them be hereby authorised to complete and do all such acts and things including executing all such documents as may be required as they or he may consider expedient or necessary or in the interest of the Company to give effect to the General Mandate and/or this resolution."

[See Explanatory Note (iv)]

BY ORDER OF THE BOARD

Tan Min-Li
Priscilla Tan
Joint Company Secretaries
Singapore

Date: 12 October 2020

Explanatory Notes:

(i) In accordance with Bye-law 86(1) of the Company's Bye-laws, Mr Lim Kok Min is also one of the Directors to retire by rotation at this AGM of the Company. However, he will not be offering himself for re-election and will retain office until the conclusion of this AGM.

(a) If re-elected under Resolution 4 above, Tan Sri Dato' Dr. Mohd Munir bin Abdul Majid will remain as an Independent Non-Executive Director; the Chairman of Remuneration Committee and a member of Audit and Risk Committee. Detailed information on Tan Sri Dato' Dr. Mohd Munir bin Abdul Majid can be found at page 11 of the Annual Report.

Details on Tan Sri Dato' Dr. Mohd Munir bin Abdul Majid

Date of Appointment: 1 June 2015

Date of last re-appointment (if applicable): 26 October 2017

Age: 72

Country of principal residence: Malaysia

The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process): Please refer to the Corporate Governance section in the Company's 2020 Annual Report

Whether appointment is executive, and if so, the area of responsibility: Non-Executive

Job Title: Independent Non-Executive Director; Chairman of Remuneration Committee; and member of Audit and Risk Committee

Professional Qualifications: Please refer to the Board of Directors section in the Company's 2020 Annual Report

Working experience and occupation(s) during the past 10 years: Please refer to the Board of Directors section in the Company's 2020 Annual Report

Shareholding interest in the listed issuer and its subsidiaries: In the Company, 200,000 shares (Direct Interest)

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

Conflict of interest (including any competing business): None

Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) of the Mainboard Rules has been submitted to the listed issuer: Yes

Items (a) to (k) of Appendix 7.4.1: All items have been declared as "No".

(b) If re-elected under Resolution 5 above, Ms. Goh Shiou Ling will remain as an Executive Director of the Company and a member of the Strategic Investment Committee. Detailed information on Ms. Goh Shiou Ling can be found at page 10 of the Annual Report.

Details on Ms. Goh Shiou Ling

Date of Appointment: 1 June 2015

Date of last re-appointment (if applicable): 26 October 2017

Age: 33

Country of principal residence: Singapore

The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process): Please refer to the Corporate Governance section in the Company's 2020 Annual Report

Whether appointment is executive, and if so, the area of responsibility: Executive (with effect from 1 April 2018). Ms. Goh leads Silverlake Axis' strategic acquisitions and investments team to contribute to the growth and value creation of the Company

Job Title: Executive Director and member of Strategic Investment Committee

Professional Qualifications: Please refer to the Board of Directors section in the Company's 2020 Annual Report

Working experience and occupation(s) during the past 10 years: Please refer to the Board of Directors section in the Company's 2020 Annual Report

Shareholding interest in the listed issuer and its subsidiaries: In the Company, 630,400 shares (Direct Interest)

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: Ms. Goh is the daughter of Mr. Goh Peng Ooi who is the Group Executive Chairman and substantial shareholder of the Company

Conflict of interest (including any competing business): None

Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) of the Mainboard Rules has been submitted to the listed issuer: Yes

Items (a) to (k) of Appendix 7.4.1: All items have been declared as "No".

(c) If re-elected under Resolution 6 above, Mr. Mah Yong Sun will remain as an Independent Non-Executive Director. Detailed information on Mr. Mah Yong Sun can be found at page 12 of the Annual Report.

Details on Mr. Mah Yong Sun

Date of Appointment: 27 August 2020

Date of last re-appointment (if applicable): Not Applicable

Age: 58

Country of principal residence: Singapore

The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process): Please refer to the Corporate Governance section in the Company's 2020 Annual Report

Whether appointment is executive, and if so, the area of responsibility: Non-Executive

Job Title: Independent Non-Executive Director

Professional Qualifications: Please refer to the Board of Directors section in the Company's 2020 Annual Report

Working experience and occupation(s) during the past 10 years: Please refer to the Board of Directors section in the Company's 2020 Annual Report

Shareholding interest in the listed issuer and its subsidiaries: Nil

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

Conflict of interest (including any competing business): None

Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) of the Mainboard Rules has been submitted to the listed issuer: Yes

Items (a) to (k) of Appendix 7.4.1: All items have been declared as "No".

(ii) Resolution 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue Shares and make or grant Instruments convertible into Shares and to issue shares pursuant to such Instruments, up to a maximum of fifty percent (50%) of the issued share capital of the Company (of which the aggregate number of Shares and convertible securities to be issued other than on a pro rata basis to existing shareholders shall not exceed twenty percent (20%) of the issued share capital of the Company) for such purposes as they consider would be in the interests of the Company.

(iii) Please refer to the Letter to Shareholders dated 12 October 2020 ("**Letter**") for more details on the Renewal of Share Purchase Mandate.

(iv) Please refer to the Letter for more details on the Renewal of Interested Persons Transactions General Mandate.

Important Notes:

1. **Pre-Registration:**

   The AGM is being convened, and will be held, by way of 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. Alternative arrangements relating to, among others, attendance, submission of questions in advance and or/voting by proxy at the AGM are set out in this notice of AGM. This notice of AGM may be accessed at the URLs *https://www.sgx.com/securities/company-announcements* and *http://www.silverlakeaxis.com/investor-relation/shareholders-meetingsFY2020*.

   Members will not be able to attend the AGM physically. Members who wish to participate at the AGM may watch the AGM proceedings via a live audio-visual webcast or live audio-only stream ("**Live Webcast**"). To do so, members must pre-register their details including full name (as per CDP/Script-based records), identification number (e.g. NRIC/Passport Number/FIN), shareholding type(s) (e.g. CDP/Script-based), email address and contact number (to enable the Company and/or its agents and service providers to authenticate their status as member) on the Company's AGM pre-registration website at the URL *https://online.meetings.vision/silverlakeaxis-agm-registration* before **2.00 p.m.** on **Saturday, 24 October 2020** ("**Registration Deadline**") for the Company to verify their status as members.

   Verified members will receive an email by **3.00 p.m.** on **Monday, 26 October 2020** containing instructions to access the Live Webcast. Members must not forward the link or their log-in details to third persons who are not members or who are not entitled to attend the AGM proceedings.

   Members who do not receive an email by **3.00 p.m.** on **Monday, 26 October 2020** but have registered before the Registration Deadline should contact the Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. by email at srs.teamc@boardroomlimited.com or call the general telephone number at +65 6536 5355 during office hours.

2. **Submission of Questions:**

   The Company will not be addressing any questions raised by the members during the Meeting. Members who have any substantial and relevant questions in relation to any agenda item of this notice, shall send their queries to the Company in advance, by **2.00 p.m.** on **Saturday, 24 October 2020** via email to FY2020AGM@silverlakeaxis.com.

   The Company will endeavour to upload the Company's responses to substantial and relevant queries from members on the SGXNet and the Company's website by **Monday, 26 October 2020**.

3. **Submission of Proxy Form:**

   Members will not be able to vote through the Live Webcast and voting is only through submission of proxy form. If a member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing Chairman of the Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the proxy form, failing which, the appointment of Chairman of the Meeting as proxy for that resolution will be treated as invalid.

   The accompanying proxy form for the AGM can be accessed at the Company's website at the URL *http://www.silverlakeaxis.com/investor-relation/shareholders-meetingsFY2020*, and is made available with this notice of AGM on the SGXNet at the URL *https://www.sgx.com/securities/company-announcements* on the same day.

   For CPF or SRS investors who wish to appoint Chairman of the Meeting as their proxy, they should approach their CPF and/or SRS Approved Nominees to submit their votes at least seven (7) working days before the AGM, i.e. by **2.00 p.m.** on **Friday, 16 October 2020**.

The instrument appointing Chairman of the Meeting as proxy must be submitted to the Company in the following manner:

(a) If submitted by post, it has to be deposited at the office of the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623; or

(b) If submitted electronically, it has to be submitted via email to the Company's Singapore Share Transfer Agent at srs.teamc@boardroomlimited.com,

in either case, not less than 72 hours before the time appointed for holding the AGM, i.e. by **2.00 p.m.** on **Saturday, 24 October 2020**.

Any incomplete/improperly completed proxy form (including any proxy form which does not appoint "Chairman of the Meeting" as proxy) will be rejected by the Company.

A member who wishes to submit an instrument of proxy must first **download, complete and sign the proxy form,** before submitting it by post to the address provided above, or scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

The Company shall be entitled to reject the instrument appointing Chairman of the Meeting as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing Chairman of the Meeting as proxy (including any related attachment) (such as in the case where the appointor submits more than one instrument appointing Chairman of the Meeting as proxy). In addition, in the case of members whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing Chairman of the Meeting as proxy lodged if such members are not shown to have shares entered against their names in the Depository Register as at 72 hours before the time appointed for the AGM, as certified by The Central Depository (Pte) Limited to the Company.

4. **Annual Report and other documents:**

The Annual Report for the financial year ended 30 June 2020 and the Letter can be accessed from the SGXNet at the URL *https://www.sgx.com/securities/company-announcements* and the Company's website at the URL *http://www.silverlakeaxis.com/investor-relation/shareholders-meetingsFY2020*.

Personal data privacy:

By submitting 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 shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder'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, 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 shareholders discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the shareholders 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, and (iii) agrees that the shareholders will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

PAPERS USED

In line with Silverlake Axis' continuing efforts to promote environmental sustainability, the papers used in this Annual Report are made from chlorine-free recycled and virgin pulps.

Cover – Antartic Snow Cambric, 280gsm

Review pages – Munken Kristall, 150gsm

Financial pages – Green Forest, 100 gsm

Soft copies of this Annual Report may be downloaded from www.silverlakeaxis.com in document format (PDF) so as to reduce consumption of resources from printing and distributing hard copies.

Reduce, Reuse and Recycle

You can do your part for the environment by recycling this Annual Report after reading.

silverlake
SYMMETRY AT WORK

Silverlake Axis Ltd (32447)

No. 6, Raffles Quay,
#18-00,
Singapore 048580.

investor.relations@silverlakeaxis.com