**SILVERLAKE AXIS LTD**
(Company Registration No. 32447)
(Incorporated in Bermuda on 29 July 2002)

**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)
Professor Tan Sri Dato' Dr. Lin See Yan (Independent Non-Executive Director)
Lim Kok Min (Independent Non-Executive Director)
Tan Sri Dato' Dr. Mohd Munir bin Abdul Majid (Independent Non-Executive Director)
Yau Ah Lan (a.k.a. Datuk Yvonne Chia) (Independent Non-Executive Director)
See Chuang Thuan (Independent Non-Executive Director)
Voon Seng Chuan (Non-Executive Director)

**Registered Address**

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

9 October 2019

To: The Shareholders of Silverlake Axis Ltd ("**Shareholders**")

Dear Shareholder

**I. RENEWAL OF SHARE PURCHASE MANDATE**
**II. RENEWAL OF INTERESTED PERSONS TRANSACTIONS ("IPT") GENERAL MANDATE**

We refer to the Notice of Annual General Meeting ("**Notice of AGM**") of Silverlake Axis Ltd ("**Company**") dated 9 October 2019 in respect of the Annual General Meeting to be held on 24 October 2019 at Capricorn & Leo, Level 1, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594 at 2.00 p.m. ("**AGM**") and Ordinary Resolutions 12 and 13 ("**Resolution 12**" and "**Resolution 13**" respectively) set out under "Special Business" in the Notice of AGM.

The purpose of this letter ("**Letter**") is to provide Shareholders with information relating to (i) the proposed renewal of the Company's share purchase mandate, and (ii) the proposed renewal of the Company's general mandate to carry out certain interested persons transactions, and to seek Shareholders' approval in relation thereof.

*Capitalised terms used in this Letter shall, unless otherwise defined herein, have the same meanings ascribed to them in the 2008 Share Purchase Mandate (as defined below) or the 2008 IPT Mandate (as defined below) (as the case may be).*

## I. RENEWAL OF SHARE PURCHASE MANDATE

### 1. Background

Shareholders had approved a mandate ("**2008 Share Purchase Mandate**") at the Special General Meeting of the Company held on 24 October 2008 to enable the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company ("**Shares**"). The 2008 Share Purchase Mandate was renewed by Shareholders at the annual general meetings of the Company in 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017 and again at the annual general meeting of the Company held on 26 October 2018 ("**2018 Share Purchase Mandate**"). The authority conferred on the Directors under the 2018 Share Purchase Mandate will expire at the forthcoming AGM unless renewed by the Shareholders.

Accordingly, the Directors propose to seek the approval of Shareholders for the renewal of the 2018 Share Purchase Mandate ("**Renewal of Share Purchase Mandate**", and such renewed mandate, the "**Renewed Share Purchase Mandate**"), to take effect and continue in force until the conclusion of the next annual general meeting of the Company in 2020, by way of an ordinary resolution. The resolution in respect of the Renewal of Share Purchase Mandate is set out in **Resolution 12** in the Notice of AGM. The purpose of this letter is to provide Shareholders with information relating to, *inter alia*, the Renewal of Share Purchase Mandate.

2. **Rationale for the Renewal of Share Purchase Mandate**

The rationale for the Company to undertake the purchase or acquisition of its Shares is as follows:

(a) Share purchases may be considered as one of the ways through which shareholders' value may be increased by enhancing the return on earnings ("**ROE**") and/or net tangible assets ("**NTA**") value per share. This effect is greater the more undervalued the shares are when they are purchased. If shares are undervalued, this may be the most profitable course of action for the company.

(b) Buying back shares also means that the Company's earnings are now split among fewer shares, meaning higher earnings per share ("**EPS**").

(c) Buying back shares provides the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements in an expedient, effective and cost-efficient manner.

The Directors further believe that Share purchases by the Company may help to mitigate short-term market volatility in the Company's Share price, off-set the effects of short-term speculation and bolster Shareholders' confidence.

By obtaining the Renewed Share Purchase Mandate, the Company will have the flexibility to undertake purchases of Shares at any time, subject to market conditions, during the period when the Renewed Share Purchase Mandate is in force. If and when circumstances permit, the Directors will decide whether to effect the Share purchases via Market Purchases (as defined below) or Off-Market Purchases (as defined below), after taking into account the amount of surplus cash available, the prevailing market conditions and the most cost-effective and efficient approach. The Directors do not propose to carry out buy-backs to an extent that would, or in circumstances that might, result in a material adverse effect on the liquidity and/or the orderly trading of the Shares and/or the financial condition of the Company and its subsidiaries ("**Group**"). Shareholders should also note that purchases or acquisitions of Shares pursuant to the Renewed Share Purchase Mandate may not be carried out to the full limit as authorised.

3. **Authority and Limits of the Share Purchase Mandate**

Any purchase or acquisition of Shares by the Company shall be made in accordance with, and in the manner prescribed by the Companies Act (Cap 50) of Singapore ("**Act**"), the Companies Act 1981 of Bermuda (as amended) ("**Bermuda Companies Act**"), the Company's Memorandum of Association and Bye-laws and the Listing Manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), in particular, Rule 883(1) of the Listing Manual, and such other laws and regulations as may for the time being, be applicable. The authority and limitations placed on purchases or acquisitions of Shares by the Company under the Renewed Share Purchase Mandate are summarised below:

(a) **Maximum Number of Shares**

Only shares which are issued and fully paid-up may be purchased or acquired by the Company.

The total number of Shares which may be purchased or acquired by the Company pursuant to the Renewed Share Purchase Mandate shall not exceed **ten per cent (10%)** of the issued ordinary share capital of the Company as at the date of the passing of **Resolution 12** set out in the Notice of AGM ("**Maximum Limit**"), where the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered by a reduction of its share capital (if applicable) (excluding any treasury shares that may be held by the Company, from time to time and subsidiary holdings).

Purely for illustrative purposes, on the basis of 2,645,052,732 Shares in issue (excluding 51,420,068 treasury shares) as at 17 September 2019 ("**Latest Practicable Date**") and assuming that no further Shares are issued on or prior to the AGM, not more than 264,505,273 Shares (representing 10% of the Shares in issue, excluding treasury shares and subsidiary holdings, as at that date) may be purchased or acquired by the Company pursuant to the Renewed Share Purchase Mandate.

(b) **Duration of Authority**

The authority conferred on the Directors pursuant to the Renewed Share Purchase Mandate, unless varied or revoked by the Company in a general meeting, may be exercised by the Directors at any time and from time to time during the period commencing from the obtaining of the Renewed Share Purchase Mandate and expiring on the earliest of:

(i) the conclusion of the next annual general meeting of the Company or the date by which such annual general meeting is required by law to be held; or

(ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Renewed Share Purchase Mandate are carried out to the full extent mandated; or

(iii) the date on which the authority contained in the Renewed Share Purchase Mandate is varied or revoked by ordinary resolution of the Company in a general meeting.

The Renewed Share Purchase Mandate may be renewed at each annual general meeting or other general meeting of the Company.

(c) **Manner of Purchases or Acquisitions of Shares**

Purchases or acquisitions of Shares may be effected by the Company by way of:

(i) on-market purchases ("**Market Purchases**"); and/or

(ii) off-market purchases, otherwise than on a securities exchange, in accordance with an "equal access scheme" as defined in Section 76C of the Act ("**Off-Market Purchases**").

Market Purchases refer to purchases or acquisitions of Shares by the Company effected on the SGX-ST, through one or more duly licensed dealers appointed by the Company for the purpose.

In an Off-Market Purchase, the Directors may impose such terms and conditions which are not inconsistent with the Renewed Share Purchase Mandate, the Listing Manual, the Act and other applicable laws and regulations, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. An equal access scheme must, however, satisfy the following conditions:

(i) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

(ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and

(iii) the terms of all the offers are the same in respect of all persons offered, except that there shall be disregarded:

(aa) differences in consideration attributable to the fact that the offers may relate to Shares with different accrued dividend entitlements;

(bb) (if applicable) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and

(cc) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares in board lots of 1,000 Shares after the Share Purchases, in the event there are offeree Shareholders holding odd numbers of Shares.

Under the Listing Manual, if the Company wishes to make an Off-Market Purchase, the Company will issue an offer document containing, *inter alia*, the following information to all Shareholders:

(i) the terms and conditions of the offer;

(ii) the period and procedures for acceptances; and

(iii) the information required under Rule 883(2), (3), (4), (5) and (6) of the Listing Manual.

(d) **Maximum Purchase Price**

The purchase price (excluding ancillary expenses such as brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) to be paid for the Shares will be determined by the Directors. However, the purchase price to be paid for the Shares must not exceed the maximum price ("**Maximum Price**") as set out below:

(i) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares, and

(ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price of the Shares,

in each case, excluding related expenses of the purchase or acquisition.

For the above purposes:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) market days on which transactions in the Shares were recorded on the SGX-ST immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five-day period, and

"**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 holders of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

4. **Status of Purchased Shares**

Under the Bermuda Companies Act, any share purchased by a company will be deemed cancelled immediately on purchase (and all rights and privileges attached to that share will expire on cancellation) unless such share was acquired or purchased by the company to be held, and is held, as a treasury share as permitted under its memorandum of association or bye-laws. Pursuant to the Memorandum of Association and the Bye-laws of the Company, any Share which is purchased or acquired by the Company may either be cancelled or be held by the Company as treasury shares, in accordance with the Bermuda Companies Act, on such terms as the Directors think fair.

5. **Treasury Shares Held by the Company**

Under the Bermuda Companies Act, a company limited by shares, or other company having a share capital, may, if authorised to do so by its memorandum of association or bye-laws, acquire its own shares, to be held as treasury shares, for cash or any other consideration.

A company may not acquire its own shares to be held as treasury shares if, as a result of the acquisition, all of the company's issued shares, other than the shares to be held as treasury shares, would be non-voting shares. Save for the aforementioned, there are no other limits imposed under the laws of Bermuda on how many treasury shares can be held by a company. Please refer to paragraph 3(a) of this Letter for the maximum number of Shares which may be purchased or acquired by the Company pursuant to the Renewed Share Purchase Mandate.

An acquisition by a company of its own shares to be held as treasury shares may be authorised by its board of directors or otherwise by or in accordance with its bye-laws. No acquisition by a company of its own shares to be held as treasury shares may be effected if, on the date on which the acquisition is to be effected, there are reasonable grounds for believing that the company is, or after the acquisition would be, unable to pay its liabilities as they become due.

Purchases by a company of its own shares, whether to be held as treasury shares or to be cancelled, may only be effected out of the capital paid-up on the purchased shares or out of the funds of the company which would otherwise be available for dividend or distribution or out of the proceeds of a fresh issue of shares made for the purpose of the purchases. Any premium payable on such a purchase over the par value of the shares to be purchased must be provided for out of the funds of the company which would otherwise available for dividend or distribution or out of the company's share premium account before the shares are purchased. Any amount due to a shareholder on a purchase by a company of its own shares may (i) be paid in cash; (ii) be satisfied by the transfer of any part of the undertaking or property of the company having the same value, or (iii) be satisfied partly under (i) and partly under (ii).

A company that acquires its own shares to be held as treasury shares may (a) hold all or any of the shares, (b) dispose of or transfer all or any of the shares for cash or other consideration, or (c) cancel all or any of the shares. If shares are cancelled, the amount of the company's issued share capital shall be diminished by the nominal value of those shares, but the cancellation of shares shall not be taken as reducing the amount of the company's authorised share capital.

Under the Bermuda Companies Act, if a company holds shares as treasury shares, the company shall be entered in the register of members as the member holding the shares but the company is not permitted to exercise any rights in respect of those shares, including any right to attend and vote at meetings, and any purported exercise of such a right is void. No dividend shall be paid to the company in respect of shares held by the company as treasury shares, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) shall be made to the company in respect of shares held by the company as treasury shares.

Under Rule 704(28) of the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares. Such announcement must include details such as the date of the sale, transfer, cancellation and/or use of such treasury shares, the purpose of such sale, transfer, cancellation and/or use of such treasury shares, the number of treasury shares which have been sold, transferred, cancelled and/or used, the number of treasury shares before and after such sale, transfer, cancellation and/or use, the percentage of the number of treasury shares against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after such sale, transfer, cancellation and/or use, and the value of the treasury shares if they are used for a sale or transfer, or cancelled.

## 6. Source of Funds

Under the Bermuda Companies Act, a purchase of Shares may only be funded out of the capital paid-up on the Shares to be purchased, or out of the funds of the Company which would otherwise be available for dividend or distribution, or out of the proceeds of a fresh issue of Shares made for the purpose of the purchase, and the premium payable on the purchase (i.e. the amount paid in excess of the nominal value of the Shares to be purchased) must be provided for out of the funds of the Company which would otherwise be available for dividend or distribution, or out of the Company's share premium account before the Shares are purchased. The funds for making any proposed purchase shall be from funds legally available for such purpose in accordance with the Bye-laws and the laws of Bermuda. However, no purchase by the Company of its Shares may be effected, if, on the date on which the purchase is to be effected, there are reasonable grounds for believing that the Company is, or, after the purchase would be unable to pay its liabilities as they become due.

If the purchased Shares are cancelled, the Company's total issued share capital will be diminished by the total nominal value of the Shares purchased by the Company. The purchase price paid by the Company for the Shares (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) will correspondingly reduce the funds of the Company otherwise available for dividend or distribution and/or the Company's share premium account.

The Company intends to use its cash and bank balances or bank borrowings or a combination of both to finance purchases of its Shares. The Directors do not propose to exercise the Renewed Share Purchase Mandate to such an extent as would have a material adverse effect on the working capital requirements of the Company or the gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Company.

7. **Financial Effects**

The financial effects of a Share purchase on the Group and the Company will depend on, *inter alia*, whether the Shares are purchased or acquired out of profits and/or capital of the Company, the number of Shares purchased or acquired, the price paid for such Shares and whether the Shares purchased or acquired are held in treasury or cancelled. The financial effects on the audited financial accounts of the Group and the Company will depend, *inter alia*, on the factors set out below:

(a) **Purchase or Acquisition out of capital or profits**

Under the Bermuda Companies Act, purchases or acquisitions of Shares by the Company may be made out of the funds of the Company which would otherwise be available for dividend or distribution or out of the capital paid-up on the Shares to be purchased or acquired or out of the proceeds of a fresh issue of Shares made for the purpose of the purchase or acquisition and the premium (if any) payable on the purchase (i.e. the amount paid in excess of the nominal value of the Shares to be purchased) must be provided for out of the funds of the Company which would otherwise be available for dividends or distribution or out of the Company's share premium account before the Shares are purchased. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (excluding brokerage, commission, applicable goods and services tax and other related expenses) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital paid up on those Shares, the amount available for the distribution of cash dividends by the Company will not be reduced.

(b) **Maximum number of Shares that may be purchased as at the Latest Practicable Date**

Based on 2,645,052,732 issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date, the purchase by the Company of up to the maximum limit of 10% of its issued Shares will result in the purchase or acquisition of 264,505,273 Shares. Notwithstanding, in order to comply with the minimum public float requirement of the Listing Manual, the Company will purchase its shares only to the extent that it will not result in less than 10% of its issued ordinary share capital being held by public shareholders. Accordingly, the Company may only purchase Shares up to a maximum number of 264,505,273 Shares or 10% of its issued and ordinary share capital pursuant to the Renewed Share Purchase Mandate, based on the number of shares in the hands of the public as at the Latest Practicable Date.

(c) **Maximum Price that may be paid for Shares purchased**

For illustrative purposes only, assuming the Company purchases the maximum number of 264,505,273 Shares or 10% of its issued and ordinary share capital at the Maximum Price, the maximum amount of funds required (excluding related brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) is:

(i) S$129,343,078 in the case of Market Purchases of Shares for approximately 264,505,273 Shares based on Maximum Price of S$0.489 for one (1) Share (being the price equivalent to 5% above the Average Closing Price of the Shares traded on the SGX-ST for the five (5) consecutive market days immediately preceding the Latest Practicable Date); and

(ii) S$147,858,448 in the case of Off-Market Purchases of Shares for approximately 264,505,273 Shares based on Maximum Price of S$0.559 for one (1) Share (being the price equivalent to 20% above the Average Closing Price of the Shares traded on the SGX-ST for the five (5) consecutive market days immediately preceding the Latest Practicable Date).

(d) **Illustrative Financial Effects**

For illustrative purposes only, on the basis of the assumptions set out above, and assuming that the purchases of Shares are financed solely by internal resources, the financial effects of the purchase of Shares by the Company pursuant to the Renewed Share Purchase Mandate on the audited financial statements of the Group and the Company for the financial year ended 30 June 2019 as if the Renewed Share Purchase Mandate had been effective on 30 June 2019 would have been as follows:

***Purchases made out of capital***

**(A) Purchases made entirely out of capital and cancelled, and (B) Purchases made entirely out of capital and held as treasury shares.**

| | | Market Purchase | | Off-Market Purchase | |
|---|---|---|---|---|---|
| **(RM'000)** | Audited Before Buyback | **(A)** Proforma After Buyback and Cancelled | **(B)** Proforma After Buyback and held as Treasury Shares | **(A)** Proforma After Buyback and Cancelled | **(B)** Proforma After Buyback and held as Treasury Shares |
| **Company** | | | | | |
| Shareholders' Funds | 2,044,030 | 1,652,120 | 1,652,120 | 1,596,019 | 1,596,019 |
| NTA | 2,044,030 | 1,652,120 | 1,652,120 | 1,596,019 | 1,596,019 |
| Current Assets | 85,299 | 3,189 | 3,189 | 3,189 | 3,189 |
| Current Liabilities | 3,327 | 313,127 | 313,127 | 369,228 | 369,228 |
| Cash and Cash Equivalents | 82,110 | - | - | - | - |
| Total Borrowings | 59,948 | 369,748 | 369,748 | 425,849 | 425,849 |
| Number of Shares including Treasury Shares ('000) | 2,696,473 | 2,431,968 | 2,696,473 | 2,431,968 | 2,696,473 |
| Treasury Shares ('000) | 51,420 | 51,420 | 315,925 | 51,420 | 315,925 |
| **Financial Ratios** | | | | | |
| NTA per Share (sen) | 77.28 | 69.40 | 69.40 | 67.04 | 67.04 |
| Current Ratio (times) | 25.64 | 0.01 | 0.01 | 0.01 | 0.01 |
| Gearing Ratio (times) | 0.03 | 0.22 | 0.22 | 0.27 | 0.27 |
| **Group** | | | | | |
| Shareholders' Funds | 592,273 | 200,363 | 200,363 | 144,262 | 144,262 |
| NTA | 310,768 | (81,142) | (81,142) | (137,243) | (137,243) |
| Net Profit | 245,566 | 245,566 | 245,566 | 245,566 | 245,566 |
| Current Assets | 841,895 | 449,985 | 449,985 | 433,057 | 433,057 |
| Current Liabilities | 222,292 | 222,292 | 222,292 | 261,465 | 261,465 |
| Cash and Cash Equivalents | 408,838 | 16,928 | 16,928 | - | - |
| Total Borrowings | 74,411 | 74,411 | 74,411 | 113,584 | 113,584 |
| **Financial Ratios** | | | | | |
| NTA per Share (sen) | 11.75 | (3.41) | (3.41) | (5.77) | (5.77) |
| Basic EPS (sen) | 9.27 | 10.30 | 10.30 | 10.30 | 10.30 |
| ROE (%) | 41% | 123% | 123% | 170% | 170% |
| Current Ratio (times) | 3.79 | 2.02 | 2.02 | 1.66 | 1.66 |
| Gearing Ratio (times) | 0.13 | 0.37 | 0.37 | 0.79 | 0.79 |

***Purchases made out of profits***

**(C) Purchases made entirely out of profits and cancelled, and (D) Purchases made entirely out of profits and held as treasury shares.**

| | | Market Purchase | | Off-Market Purchase | |
|---|---|---|---|---|---|
| **(RM'000)** | Audited Before Buyback | **(C)** Proforma After Buyback and Cancelled | **(D)** Proforma After Buyback and held as Treasury Shares | **(C)** Proforma After Buyback and Cancelled | **(D)** Proforma After Buyback and held as Treasury Shares |
| **Company** | | | | | |
| Shareholders' Funds | 2,044,030 | 1,652,120 | 1,652,120 | 1,596,019 | 1,596,019 |
| NTA | 2,044,030 | 1,652,120 | 1,652,120 | 1,596,019 | 1,596,019 |
| Current Assets | 85,299 | 3,189 | 3,189 | 3,189 | 3,189 |
| Current Liabilities | 3,327 | 313,127 | 313,127 | 369,228 | 369,228 |
| Cash and Cash Equivalents | 82,110 | - | - | - | - |
| Total Borrowings | 59,948 | 369,748 | 369,748 | 425,849 | 425,849 |
| Number of Shares including Treasury Shares ('000) | 2,696,473 | 2,431,968 | 2,696,473 | 2,431,968 | 2,696,473 |
| Treasury Shares ('000) | 51,420 | 51,420 | 315,925 | 51,420 | 315,925 |
| **Financial Ratios** | | | | | |
| NTA per Share (sen) | 77.28 | 69.40 | 69.40 | 67.04 | 67.04 |
| Current Ratio (times) | 25.64 | 0.01 | 0.01 | 0.01 | 0.01 |
| Gearing Ratio (times) | 0.03 | 0.22 | 0.22 | 0.27 | 0.27 |
| **Group** | | | | | |
| Shareholders' Funds | 592,273 | 200,363 | 200,363 | 144,262 | 144,262 |
| NTA | 310,768 | (81,142) | (81,142) | (137,243) | (137,243) |
| Net Profit | 245,566 | 245,566 | 245,566 | 245,566 | 245,566 |
| Current Assets | 841,895 | 449,985 | 449,985 | 433,057 | 433,057 |
| Current Liabilities | 222,292 | 222,292 | 222,292 | 261,465 | 261,465 |
| Cash and Cash Equivalents | 408,838 | 16,928 | 16,928 | - | - |
| Total Borrowings | 74,411 | 74,411 | 74,411 | 113,584 | 113,584 |
| **Financial Ratios** | | | | | |
| NTA per Share (sen) | 11.75 | (3.41) | (3.41) | (5.77) | (5.77) |
| Basic EPS (sen) | 9.27 | 10.30 | 10.30 | 10.30 | 10.30 |
| ROE (%) | 41% | 123% | 123% | 170% | 170% |
| Current Ratio (times) | 3.79 | 2.02 | 2.02 | 1.66 | 1.66 |
| Gearing Ratio (times) | 0.13 | 0.37 | 0.37 | 0.79 | 0.79 |

**Notes:**

(1) NTA per Share is calculated by the NTA divided by the number of shares excluding treasury shares as at 30 June 2019.

(2) Basic EPS is calculated by the profit attributable to shareholders divided by the weighted average number of shares excluding treasury shares.

(3) Current ratio is derived based on current assets divided by current liabilities.

**Shareholders should note that the financial effects set out above are for illustrative purposes only (based on the aforementioned assumptions). The actual impact will depend on, *inter alia*, the number and price of the Shares purchased or acquired (if any). In particular, Shareholders should note that the above analysis is based on the audited financial statements of the Company for the financial year ended 30 June 2019 and is not necessarily representative of future financial performance.**

The Company may take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of a share purchase before execution.

8. **Requirements in the Listing Manual**

(a) Under Rule 886 of the Listing Manual, a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 am (i) in the case of a Market Purchase, on the market day following the day on which the Market Purchase was effected, and (ii) in the case of an Off-Market Purchase, on the second market day after the close of acceptances of the offer. The notification of such purchases or acquisitions to the SGX-ST shall be in such form, and shall include such details, as may be prescribed by the SGX-ST in the Listing Manual.

(b) The Listing Manual does not expressly prohibit any purchase of shares by a listed company during any particular time(s). However, as the Company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Purchase Mandate in the following circumstances:

(i) at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of a decision of the Board until the price-sensitive information has been publicly announced, and

(ii) in particular, in accordance with Rule 1207(19) of the Listing Manual on securities dealings, the Company would not purchase or acquire any Shares through Market Purchases during the period of one (1) month immediately preceding the announcement of the Company's full-year results and the period of two (2) weeks before the announcement of the first quarter, second quarter and third quarter results.

(c) Rule 723 of the Listing Manual requires a company to ensure that at least 10% of equity securities (excluding preference shares and convertible equity securities) in a class that is listed are held by public shareholders. The "public", as defined under the Listing Manual, are persons other than the directors, chief executive officer, substantial shareholders or controlling shareholders of the Company and its subsidiary companies, as well as the associates of such persons. The proposed share purchase under the Renewed Share Purchase Mandate will not affect the listing status of the Shares on the SGX-ST, and the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or to affect orderly trading.

**As at the Latest Practicable Date, there are approximately 800,249,425 Shares in the hands of the public, representing approximately 30.25% of the issued ordinary share capital excluding treasury shares of the Company. To comply with the minimum public float requirement of the Listing Manual, the Company will purchase its shares only to the extent that it will not result in less than 10% of its issued ordinary share capital being held by public shareholders. Accordingly, the Company may purchase shares up to a maximum of 264,505,273 Shares, i.e. 10% of its issued and ordinary share capital pursuant to the Share Purchase Mandate, based on the number of shares in the hands of the public as at the Latest Practicable Date.**

9. **Take-over Implications**

Appendix 2 ("**Appendix 2**") of the Singapore Code on Take-overs and Mergers ("**Take-over Code**") contains the Share Buy Back Guidance Note. The take-over implications arising from any purchase by the Company of its Shares are set out below:

(a) **Obligation to Make a Take-over Offer**

Any resultant increase in the percentage of voting rights held by a Shareholder and persons acting in concert with him, following any purchase or acquisition of Shares by the Company, will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code ("**Rule 14**"). Consequently, depending on the number of Shares purchased or acquired by the Company and the Company's issued share capital at that time, a Shareholder or group of Shareholders acting in concert with each other could obtain or consolidate effective control of the Company and could become obliged to make a take-over offer under Rule 14.

(b) **Persons Acting in Concert**

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company.

Unless the contrary is established, the following persons, *inter alia*, will be presumed to be acting in concert, namely, (i) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts), and (ii) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies and companies of which such companies are associated companies, all with each other. For this purpose, a company is an associated company of another company if the second company owns or controls at least twenty per cent (20%) but not more than fifty per cent (50%) of the voting rights of the first-mentioned company.

The circumstances under which Shareholders (including Directors) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 after a purchase or acquisition of Shares by the Company are set out in Rule 14 and Appendix 2.

(c) **Effect of Rule 14 and Appendix 2**

In general terms, the effect of Rule 14 and Appendix 2 is that, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring Shares, the voting rights of such Directors and their concert parties would increase to thirty per cent (30%) or more, or, if the voting rights of such Directors and their concert parties fall between thirty per cent (30%) and fifty per cent (50%) of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than one per cent (1%) in any period of six (6) months.

Under Appendix 2, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to thirty per cent (30%) or more, or, if such Shareholder holds between thirty per cent (30%) and fifty per cent (50%) of the Company's voting rights, the voting rights of such Shareholder would increase by more than one per cent (1%) in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Renewal of the Share Purchase Mandate.

**Shareholders who are in any doubt as to whether they would incur any obligations to make a take-over offer as a result of any purchase of Shares by the Company pursuant to the Renewed Share Purchase Mandate are advised to consult their professional advisers before they acquire any Shares in the Company during the period when the Renewed Share Purchase Mandate is in force.**

**The statements herein do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders are advised to consult their professional advisers and/or the Securities Industry Council and/or other relevant authorities at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any purchase or acquisition of Shares by the Company.**

10. **Tax Implications**

**Shareholders who are in doubt as to their respective tax positions or the tax implications of Share purchases by the Company, or who may be subject to tax in or outside Singapore, should consult their own professional advisers.**

11. **Shares Purchased by the Company**

The Company has made market acquisitions of 11,078,400 ordinary shares in the previous 12 months from the Latest Practicable Date which were held as treasury shares. Details of the transactions are set out below:

| Date of Acquisition | No. of Shares Acquired | Purchase Price per Share (S$) | Total Consideration paid[(1)] (S$) |
|---|---|---|---|
| 20 September 2018 | 928,400 | 0.4325 | 402,295.91 |
| 21 September 2018 | 1,000,000 | 0.4293 | 430,115.67 |
| 26 September 2018 | 649,000 | 0.4268 | 277,519.48 |
| 27 September 2018 | 606,600 | 0.4331 | 263,217.62 |
| 28 September 2018 | 744,400 | 0.4378 | 326,517.53 |
| 08 January 2019 | 3,000,000 | 0.4083 | 1,227,227.31 |
| 09 January 2019 | 1,000,000 | 0.4100 | 410,779.00 |
| 10 January 2019 | 1,000,000 | 0.4118 | 412,582.43 |
| 11 January 2019 | 650,000 | 0.4133 | 269,155.43 |
| 14 January 2019 | 1,500,000 | 0.4143 | 622,630.76 |
| **Total** | **11,078,400** | | **4,642,041.14** |

**Note:**

(1) Including related brokerage, commission applicable goods and services tax, stamp duties, clearance fees and other related expenses.

## II. RENEWAL OF INTERESTED PERSONS TRANSACTIONS ("IPT") GENERAL MANDATE

12. **Background**

The Company anticipates that the Group would, in the ordinary course of business, enter into transactions with persons which are considered "Interested Persons" as defined in Chapter 9 of the Listing Manual. It is likely that such transactions will occur with some degree of frequency and could arise at any time and from time to time.

Chapter 9 of the Listing Manual permits a listed company to seek a general mandate from its shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the Interested Persons.

Shareholders had approved a general mandate ("**2008 IPT Mandate**") at the Special General Meeting of the Company held on 24 October 2008 ("**SGM**") to enable the Group and its associated companies or any of them to enter into any of the recurrent transactions falling within the types of IPTs 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 ("**Interested Persons**"), provided that such IPTs are carried out on normal commercial terms and in accordance with the review procedures for Recurrent Transactions (as defined below) set out in the Circular, for the purposes of Chapter 9 of the Listing Manual. The 2008 IPT Mandate was renewed by Shareholders at the annual general meeting of the Company in 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017 and again at the annual general meeting of the Company held on 26 October 2018 ("**2018 IPT Mandate**"). The 2018 IPT Mandate will expire on the forthcoming AGM unless renewed by the Shareholders.

Accordingly, the Directors propose to seek the approval of Shareholders for the renewal of the 2018 IPT Mandate ("**Renewal of IPT General Mandate**", and such renewed mandate, the "**Renewed IPT General Mandate**"), to take effect and continue in force until the conclusion of the next annual general meeting of the Company in 2020, by way of an ordinary resolution. The Renewal of IPT General Mandate is set out in **Resolution 13** in the Notice of AGM. The purpose of this letter is to provide Shareholders with information relating to, *inter alia*, the Renewal of IPT General Mandate.

The scope of the Renewed IPT General Mandate, the particulars of IPTs, the classes of Interested Persons, the methods or procedures for determining transaction prices, and the review procedures in relation to IPTs are set out in **Appendix A** of this Letter.

The scope and key terms and conditions of the MLA and MSA (as defined in paragraph 13 below), the methods and procedures for determining transaction prices and the review and approval procedures in relation to IPTs, as well as the reviews to be made periodically by the Audit and Risk Committee in relation thereto, have not changed from that described in the Circular and as approved by Shareholders under the 2008 IPT Mandate at the SGM and renewed by Shareholders under the 2018 IPT Mandate.

13. **Rationale for the Renewed IPT General Mandate and benefits to Shareholders**

It is envisaged that the Group may from time to time, in the ordinary course of business, continue to engage in recurrent transactions of a revenue or trading nature with the Interested Persons as described in the Circular ("**Recurrent Transactions**"). Such Recurrent Transactions would include, but are not limited to transactions pursuant to the Master Licence Agreement ("**MLA**" as defined in the Circular) and the Master Services Agreement ("**MSA**" as defined in the Circular), the grant of licenses of the Group's software, resale of IBM System i Products (as defined in the Circular), provision of Services (as defined in the Circular) to, and receipt of Services from, the Interested Persons.

The Directors are of the view that it will be beneficial to the Group to transact or continue to transact with the Interested Persons, especially since the transactions are to be entered into on normal commercial terms.

Due to the time-sensitive nature of commercial transactions, the obtaining of the Renewed IPT General Mandate pursuant to Chapter 9 of the Listing Manual will enable the Group to enter into the categories of IPTs with the specified classes of Interested Persons, provided that such transactions are entered into in the Group's ordinary course of business on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

The Renewed IPT General Mandate will enhance the Group's ability to pursue business opportunity and will eliminate the need for the Company to announce, or to announce and convene separate general meetings on each occasion to seek Shareholders' prior approval for entering into such transactions. This will substantially reduce administrative time and expenses associated with the making of such announcements or the convening of general meetings from time to time, and allow manpower resources to be focused towards other corporate and business opportunities.

14. **Disclosures**

In accordance with Chapter 9 of the Listing Manual, the Company will disclose in its annual report, the aggregate value of the IPTs conducted pursuant to the Renewed IPT General Mandate during the financial year. In addition, the Company will announce the aggregate value of the IPTs conducted pursuant to the Renewed IPT General Mandate for the financial periods which it is required to report on within the time required for the announcement of such report. These disclosures will be in the form set out in Rule 907 of the Listing Manual.

The aggregate value of the IPTs conducted during the current financial year ended 30 June 2019 by the Group were as follows:

| Interested Person(s) | Aggregate value of all IPTs during the financial year ended 30 June 2019 (excluding IPTs less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) RM | Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding IPTs less than S$100,000) RM |
|---|---|---|
| Companies associated to Mr. Goh Peng Ooi (**"Silverlake Entities"**) | | |
| - IPT Mandate[1] | | |
| Revenue from Silverlake Entities | - | 126,645,644 |
| Service fees to Silverlake Entities | - | (18,739,768) |
| - Non-Mandate Transactions[2] | | |
| Revenue from Silverlake Entities | 4,378,556 | - |
| Service fees to Silverlake Entities | (773,824) | - |

**Notes:**

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

(2) The Non-Mandate Transactions were mainly derived from provision of software licensing by Silverlake Adaptive Applications & Continuous Improvement Services Ltd. and provision of enhancement services and hardware products by Cyber Village Sdn. Bhd. and Silverlake Holdings Sdn. Bhd. to Silverlake Entities and maintenance services contracted between Silverlake Investment Ltd. and its subsidiaries ("**SIL Group**") and Silverlake Entities before the completion of acquisition of SIL Group in prior year.

## 15. Directors' and Substantial Shareholders' Interest

As at the Latest Practicable Date, the interests of Directors and Substantial Shareholders of the Company in the Shares, based on the Company's Register of Directors' Shareholdings and Register of Substantial Shareholders respectively are as follows:

| Directors/Substantial Shareholders | Direct Interest (Number of Shares) | Indirect/ Deemed Interest (Number of Shares) | Total Interest | |
|---|---|---|---|---|
| | | | Number of Shares | % [1] |
| **Directors:** | | | | |
| Goh Peng Ooi | - | 1,759,877,345[3] | 1,759,877,345 | 66.53 |
| Andrew Tan Teik Wei | - | - | - | - |
| Dr. Kwong Yong Sin | 18,972,000 | 1,600,000[4] | 20,572,000 | 0.78 |
| Goh Shiou Ling[2] | 630,400 | - | 630,400 | 0.02 |
| Ong Kian Min | 1,800,000 | - | 1,800,000 | 0.07 |
| Professor Tan Sri Dato' Dr. Lin See Yan | 800,000 | - | 800,000 | 0.03 |
| Lim Kok Min | 800,000 | - | 800,000 | 0.03 |
| Tan Sri Dato' Dr. Mohd Munir bin Abdul Majid | 200,000 | - | 200,000 | 0.01 |
| Yau Ah Lan (a.k.a. Datuk Yvonne Chia) | 500,000 | 110,000[5] | 610,000 | 0.02 |
| See Chuang Thuan | 39,255,953 | - | 39,255,953 | 1.48 |
| Voon Seng Chuan | 3,400,000 | - | 3,400,000 | 0.13 |
| **Substantial Shareholders:** | | | | |
| Intelligentsia Holding Ltd | 1,759,877,345 | - | 1,759,877,345 | 66.53 |
| Goh Peng Ooi | - | 1,759,877,345[3] | 1,759,877,345 | 66.53 |

**Notes:**

(1) Based on an issued share capital of 2,645,052,732, excluding 51,420,068 treasury shares, as at the Latest Practicable Date.

(2) Ms. Goh Shiou Ling is an associate of Mr. Goh Peng Ooi, being his daughter.

(3) Mr. Goh Peng Ooi's deemed interest arises from the 1,759,877,345 shares in the Company held by his wholly-owned company, Intelligentsia Holding Ltd.

(4) Dr. Kwong Yong Sin's deemed interest arises from the 1,600,000 shares in the Company held by his spouse, Madam Khoo Beng Gaik @ Nellie.

(5) Ms. Yau Ah Lan (a.k.a. Datuk Yvonne Chia)'s deemed interest arises from the 110,000 shares in the Company held by her spouse, Mr Francis Chia Mong Tet.

In connection with the Renewal of Share Purchase Mandate, as at the Latest Practicable Date, none of our Directors or Substantial Shareholders will be obliged to make a mandatory take-over offer in the event that the Company purchased the maximum 10% of the issued Shares under the Renewed Share Purchase Mandate.

In connection with the Renewal of IPT General Mandate, Mr. Goh Peng Ooi is deemed to be interested in the Renewed IPT General Mandate. Mr. Goh Peng Ooi and his associates (including his daughter, Ms. Goh Shiou Ling, an executive director of the Company) shall abstain from voting in respect of **Resolution 13** to adopt the Renewed IPT General Mandate at the AGM, whether in person or by representative or proxy, in respect of their shareholding interests in the Company. In addition, Mr. Goh Peng Ooi has undertaken to ensure that his associates will abstain from such voting in respect of **Resolution 13** at the AGM. In connection with the resolution to adopt the Renewed IPT General Mandate, Mr. Goh Peng Ooi and his associates will also not act as proxies unless voting instructions have been given by a Shareholder.

## 16. Audit and Risk Committee's Statement

The Audit and Risk Committee of the Company ("**Audit and Risk Committee**") confirms that the scope and key terms and conditions of the MLA and MSA, the methods and procedures for determining transaction prices and the review and approval procedures in relation to IPTs, as well as the reviews to be made periodically by the Audit and Risk Committee in relation thereto, have not been changed since the Shareholder's approval of the 2008 IPT Mandate at the SGM and that such methods or procedures are sufficient to ensure that the IPTs will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

If, during the periodic reviews by the Audit and Risk Committee, it is of the view that the established review procedures are no longer appropriate or adequate to ensure that any of the IPTs will be transacted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders, the Company will seek a fresh mandate from Shareholders based on new review procedures.

## 17. Directors' Recommendations

Renewal of Share Purchase Mandate

The Directors are of the opinion that the Renewal of Share Purchase Mandate is in the best interests of the Company and accordingly recommend that Shareholders vote in favour of **Ordinary Resolution 12** relating to the Renewal of Share Purchase Mandate, to be proposed at the AGM.

Renewal of IPT General Mandate

The Directors who are considered independent for the purposes of the Renewal of IPT General Mandate are Mr. Andrew Tan Teik Wei, Dr. Kwong Yong Sin, 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, Ms. Yau Ah Lan (a.k.a. Datuk Yvonne Chia), Mr. See Chuang Thuan and Mr. Voon Seng Chuan. They have considered and reviewed, *inter alia*, the review and approval procedures in relation to the IPTs and the Recurrent Transactions and the rationale and the benefits of the Renewal of IPT General Mandate set out in **Appendix A** and the confirmation of the Audit and Risk Committee above, and are of the opinion that the Renewal of IPT General Mandate is in the best interests of the Company. Accordingly, they recommend that the Shareholders vote in favour of **Ordinary Resolution 13**, relating to the Renewal of IPT General Mandate, to be proposed at the AGM.

18. **Directors' Responsibility Statement**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Letter and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Letter constitutes full and true disclosure of all material facts about the Renewal of Share Purchase Mandate and the Renewal of IPT General Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Letter misleading.

Where information in the Letter has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Letter in its proper form and context.

19. **Disclaimer**

The SGX-ST takes no responsibility for the accuracy of any of the statements or opinions made or reports contained in this Letter.

20. **Documents for Inspection**

The following documents may be inspected at the office of the Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 during normal business hours from the date hereof up to and including the date of the AGM:

(a) the Memorandum of Association and Bye-laws of the Company;

(b) the Annual Report of the Company for the financial year ended 30 June 2019; and

(c) the Circular, MLA and MSA.

Yours faithfully,
For and on behalf of
The Board of Directors

**Mr. Andrew Tan Teik Wei**
**Group Managing Director**

## RENEWAL OF IPT GENERAL MANDATE

### 1. BACKGROUND AND PARTICULARS OF IPTs

1.1 1.1 The Group engages in transactions involving the following products and services, in the normal course of business, with the Interested Persons:

(a) Grant of licences of the Software under the MLA

Within this category are transactions between the Group and the Interested Persons where the Group grants, and the Interested Persons accept rights to:

(i) resell, implement, copy, customise and/or use the Software, and/or

(ii) sub-licence the right to use the Software to End-Users,

in accordance with the terms and conditions of the MLA.

The licence shall comprise either a Non-Enterprise Licence or an Enterprise Licence. The Renewed IPT General Mandate applies to the grant of both Non-Enterprise Licence and Enterprise Licence by the Group to the Interested Persons.

Under the MLA, the Group is required to provide the Interested Persons with such assistance as is reasonably necessary to assist the Interested Persons with the marketing and promotion of the Software. Such assistance forms part of the Group's normal reselling arrangement, which is provided to both Interested Persons and unrelated third parties.

(b) Resale of IBM System i Products under the MSA

This category covers the resale of IBM System i Products in Malaysia by the Group to the Interested Persons. The Renewed IPT General Mandate applies to the resale of IBM System i Products to the Interested Persons.

(c) Provision of Services under the MSA

The Renewed IPT General Mandate applies to the following transactions under this category:

(i) the provision of Customisation, Implementation and Maintenance services by the Group to the Interested Persons in connection with the Group's software products; and

(ii) the receipt of Customisation, Implementation and Maintenance services by the Group from the Interested Persons in connection with the Group's software products.

1.2 The Directors are seeking approval from the Shareholders for the Renewal of IPT General Mandate for the Group to enter into the categories of transactions listed in paragraph 1.1 above with the Interested Persons, provided that such transactions are made on normal commercial terms and are not prejudicial to the interest of the Company and its minority Shareholders.

1.3 The Company expects the frequency of such transactions, which are in the Group's ordinary course of business, to increase and to facilitate the growth of this line of business, are seeking Shareholders' approval for this category of transaction.

## 2. SCOPE OF RENEWED IPT GENERAL MANDATE

2.1 The Renewed IPT General Mandate will cover IPTs as set out in paragraph 1.1 above.

2.2 The Renewed IPT General Mandate will not cover any transactions between the Group and the Interested Persons which have a value below S$100,000 (representing total value of each entire transaction with the Interested Persons and/or the same end-client), as the threshold and aggregation requirements under Chapter 9 of the Listing Manual do not apply to such transactions.

2.3 Transactions with the Interested Persons that do not fall within the ambit of the Renewed IPT General Mandate will be subject to the provisions of Chapter 9 and/or other applicable provisions of the Listing Manual.

## 3. CLASSES OF INTERESTED PERSONS

3.1 The Renewed IPT General Mandate shall apply to the IPTs (as described in paragraph 1.1 above) which are carried out with the following classes of Interested Persons:

(a) Mr. Goh Peng Ooi; and/or

(b) all such entities which may from time to time deemed to be an Associate of Mr. Goh Peng Ooi.

3.2 Mr. Goh Peng Ooi owns 100% of Intelligentsia Holding Ltd ("**IHL**"), which in turn holds 66.53% direct interest in the Company. Mr. Goh Peng Ooi thus holds a deemed interest of 66.53% in the Company through IHL.

3.3 Transactions with Interested Persons which are not listed in paragraphs 1.1 and 3.1 above and which do not fall within the ambit of the Renewed IPT General Mandate shall be subject to the relevant provisions of Chapter 9 of the Listing Manual.

## 4. SALIENT TERMS OF THE IPTs

### METHODS OR PROCEDURES FOR DETERMINING TRANSACTION PRICES

4.1 The Company and Mr. Goh Peng Ooi have undertaken under the MLA and MSA to procure that:

(a) all the categories of IPTs under grant of licences of the Software as described in paragraph 1.1 above which are entered into between the Group and the Interested Persons on or after the effective date of the MLA shall be governed by the terms and conditions as set out in the MLA and shall at all times be effected on terms that are consistent with and which are expressly stated to be subject to the terms and conditions of the MLA; and

(b) all the categories of IPTs under provision of Services and resale of IBM System i Products as described in paragraph 1.1 above which are entered into between the Group and the Interested Persons on or after the effective date of the MSA shall be governed by the terms and conditions as set out in the MSA and shall at all times be effected on terms that are consistent with and which are expressly stated to be subject to the terms and conditions of the MSA.

**Pricing model for licensing of Software under the MLA**

4.2 In consideration of the grant of a licence of the Group's software to an Interested Person under the MLA, the Group shall charge the Interested Persons, a licence fee, determined using a pricing model ("**Pricing Model**").

4.3 The Pricing Model is a point based system where the licence fee is determined by reference to:

(a) A table of points allocated to each software module, feature and component ("**Points Allocation Table**")

The Points Allocation Table comprises the complete list of software modules, features and components, with points allocated to each software module, feature and component of the Software ("**Allocated Points**"). The Allocated Points are determined based on a designated formula.

(b) A table of licence fee bands ("**Licence Fee Bands Table**")

The Licence Fee Bands Table comprises 7 licence fee bands which are linked to 2 pricing dimensions: (i) number of Customers, and (ii) number of Branches of the End-User of the Software ("**Pricing Dimensions**"), and 1 licence fee band for Enterprise Licensing. Each licence fee band in the Licence Fee Bands Table represents 100 Allocated Points.

4.4 The licence fee calculation method is as follows:

$$\text{Licence Fee} = \frac{X}{\text{100 Allocated Points}} \times Y$$

Where:

X = the sum of Allocated Points of each of the modules, features or components licensed to the licensee ("**Aggregate Allocated Points**").

Y = the base licence fee for 100 Allocated Points ("**Base Licence Fee**") (see paragraphs 4.5 and 4.6 below for further details).

4.5 In respect of Non-Enterprise Licensing of the Software, the management of the Company shall determine the Base Licence Fee by making reference to the applicable licence fee band for both the pricing dimensions. The Base Licence Fee shall be the higher of the two (2) licence fees determined using both the pricing dimensions.

4.6 In respect of Enterprise Licensing of the Group's software, the management of the Company shall submit its recommendation to the Audit and Risk Committee as to the Base Licence Fee of the Enterprise Licensing ("**Base Enterprise Licence Fee**") for approval. The Base Enterprise Licence Fee shall be no less than S$38.4 million and shall, in any case, be supported by an independent valuation report and be subject to the prior approval of the Audit and Risk Committee. The minimum Base Enterprise Licence Fee of S$38.4 million is determined based on Management's view of current market conditions.

4.7 The Pricing Model shall be made readily available for reference by the relevant operational staff and/or executives to govern pricing of the Software for both Interested Persons and unrelated third party.

**Pricing for resale of IBM System i Products under the MSA**

4.8 The profit margin charged by the Group to the Interested Person shall not be less than the profit margin charged by the Group to unrelated parties for similar product.

4.9 The profit margin to be charged by the Group to the Interested Person shall be calculated by the Company with reference to the average profit margin derived by the Group from sales of IBM System i Products to unrelated third parties in the last completed financial year from time to time. The profit margin charged by the Group to the Interested Person shall be disclosed as part of the quarterly IPTs report to the Audit and Risk Committee.

4.10 The profit margin earned on resale of IBM System i Products varies for each transaction as hardware sales and pricing are influenced by factors such as market condition and competitive bid situations. As such, Management is of the view that an average of the profit margins earned from sales of the IBM System i Products to unrelated third parties would reflect a fair margin. The profit margin in each case shall take into account the cost paid to IBM plus any expenses incurred by the Group in connection with the sale(s), including but not limited to the shipment, delivery and/or installation of the relevant products.

**Pricing for provision of Services under the MSA**

4.11 The pricing for provision of software Implementation and Customisation services under the MSA shall be based on a list of man-day rates ("**Man-day Rates**"). Such services can be categorised into the following:

(a) With predefined scope and statement of work

Provision of software Implementation and Customisation services with a clear predefined scope and statement of work are charged on a "fixed price" basis, arrived at by applying the Man-day Rates to the estimated man-days required to complete the work.

(b) Without predefined scope

Where the scope is not defined or is insufficiently defined to enable the estimation of man-days required to complete the work so as to arrive at a 'fixed price", the services are charged on a "time and material" basis.

4.12 The Maintenance services fee for the provision of Maintenance services by the Group to the Interested Persons under the MSA, calculated on an annual basis, shall be based on at a fixed percentage ("**Maintenance Service Fee Rate**") of the licence fee charged by the Group to the relevant Interested Person or End-User for the use of the Software to which such services relate.

4.13 For avoidance of doubt, in respect of the provision of Services by the Group to the Interested Person, the rate to be applied shall be at the Man-day Rates and the Maintenance Service Fee Rate, as the case may be. In respect of the provision of Services by the Interested Person to the Group, the rate to be applied by the Interested Person shall be no more than that of the Man-day Rates and the Maintenance Service Fee Rate, as the case may be.

4.14 The Man-day Rates and Maintenance Service Fee Rate shall be made readily available for reference by the relevant operational staff and/or executives to govern pricing of the provision of Services.

**Discounts**

4.15 The guiding principle of the IPTs pricing is that the pricing extended to the Interested Persons shall be no more favourable than those extended to unrelated third parties.

4.16 The pricing for IPTs covered by the Renewed IPT General Mandate shall be based on the pricing guidelines stated in this mandate and the MLA and MSA as the case may be.

4.17 Notwithstanding paragraphs 4.15 and 4.16 above, Management may recommend to the Audit and Risk Committee and the Audit and Risk Committee shall have the discretion to approve a discount when Management and the Audit and Risk Committee are of the view that the discount is in the best interests of the Group and is necessary to enable the Group to maintain a competitive edge or to facilitate entry into a new market or industry. Management shall provide the Audit and Risk Committee with relevant business case, including information to support the recommendation for discount, and the Audit and Risk Committee shall evaluate the business case and supporting information submitted. No discounts shall be allowed without the prior approval of the Audit and Risk Committee.

**Revisions of pricing methodology**

4.18 The Points Allocation Table and Licence Fee Bands Table under the Pricing Model and the Man-day Rates and Maintenance Service Fee Rate under the pricing for provision of Services or any part thereof shall be reviewed from time to time and be revised according to prevailing market condition and/or pricing. All such revisions shall be reviewed and approved by the Audit and Risk Committee before implementation of the revision.

4.19 However, any revisions to the pricing methodologies for licensing of Software under the MLA, resale of IBM System i Products under the MSA, and provision of Services under the MSA shall require the approval of the Shareholders.

**Credit terms**

4.20 The credit terms extended to the Interested Persons shall be no more favourable than those extended by the Group to unrelated third parties for similar transactions. The Group has a credit control and collections process which is applied to both Interested Persons and unrelated third parties. Follow ups on outstanding balances are diligently performed on all debtors to ensure that they are aware of their payment obligations and follow up calls and visits, where necessary, are made to collect overdue debts.

**OTHER CONDITIONS ATTACHED TO THE MLA AND MSA**

**Reporting requirements, audit and review rights under the MLA**

4.21 Each Interested Person holding a Non-Enterprise Licence is required, if and when requested by the Group, to:

(a) forthwith update the Group in writing on the details of the pricing dimensions applicable to the relevant Interested Person or End-User(s), as the case may be, under such licence;

(b) allow the Audit and Risk Committee or its duly authorised representative(s) to audit the books and records of the relevant Interested Person to verify the details of the pricing dimensions applicable to such Interested Person and/ or End-User(s), as the case may be, and

(c) where the relevant Interested Person is not the End-User of the Software, use all reasonable endeavours, to the extent permitted by law, to procure that the Audit and Risk Committee or its duly authorised representative(s) be allowed to audit the books and records of the relevant End-User(s) to verify the details of the pricing dimensions applicable to such End-User(s).

4.22 Where an Interested Person is the End-User under a Non-Enterprise Licence or is carrying out an Outsourcing Arrangement under a Non-Enterprise Licence, the fees for the Non-Enterprise Licence shall be subject to review and upward adjustment by the Group from time to time in the event of any change to the pricing dimensions of the relevant End-User such as would ordinarily result in a higher licence fee being imposed under the Pricing Model.

4.23 Where an Interested Person is not the End-User under a Non-Enterprise Licence and is not carrying out an Outsourcing Arrangement under a Non-Enterprise Licence, the fees for the Non-Enterprise Licence shall be subject to review and upward adjustment by the Group from time to time in the event of any change to the pricing dimensions of the relevant End-User such as would ordinarily result in a higher licence fee being imposed under the Pricing Model provided always that the relevant Interested Person has a similar right to increase the licence fee payable by the relevant End-User and provided always that the relevant Interested Person shall use its best endeavours to procure such a right from the relevant End-User. Any additional licence fee determined to be payable pursuant to this clause shall be settled by the relevant Interested Person in accordance with the MLA.

4.24 The Audit and Risk Committee shall have the right to periodically review the terms (including the licence fee) of any licence granted by the Group to an Interested Person. The review shall be undertaken on a quarterly basis by the Audit and Risk Committee, with allowance for more frequent reviews if deemed necessary by the Audit and Risk Committee. In no circumstances shall the licence fee charged to the Interested Person not be in line with the terms of the MLA and the Pricing Model. If the Audit and Risk Committee reasonably determines, in the course of such review, that the terms of any licence granted to an Interested Person are inconsistent with the terms of the MLA and the Pricing Model in a manner that is prejudicial or adverse to the interests of the Group, the parties agree to take all such steps as may be necessary to amend the terms of such licence so as to ensure consistency with the terms of the MLA and that the relevant Interested Person shall forthwith compensate the Group for any loss or damage suffered (including any shortfall in the applicable licence fee payable) as a result of the earlier inconsistency; provided always that this clause shall not apply in the event of any deviation from the terms of the MLA which the Group has confirmed in writing to the relevant Interested Person has been duly approved by the Audit and Risk Committee in accordance with the terms of the MLA.

**Review rights under the MSA**

4.25 The Audit and Risk Committee shall have the right to periodically review the terms of any agreement for the re-sale of IBM System i Products ("**Re-sale Agreement**") or for the provision of Services ("**Services Agreement**") entered into between the Group and an Interested Person. The review shall be undertaken on a quarterly basis by the Audit and Risk Committee, with allowance for more frequent reviews if deemed necessary by the Audit and Risk Committee. If the Audit and Risk Committee reasonably determines, in the course of such review, that the terms of any Re-sale Agreement or Services Agreement are inconsistent with the terms of the MSA in a manner that is prejudicial or adverse to the interests of the Group, the parties agree to take all such steps as may be necessary to amend the terms of such Re-sale Agreement or Services Agreement so as to ensure consistency with the terms of the MSA and to procure that the relevant Interested Person shall forthwith compensate the Group for any loss or damage suffered (including any shortfall in the applicable re-sale price and/or fee payable for the Services) as a result of the earlier inconsistency; provided always that this clause shall not apply in the event of any deviation from the terms of the MSA which the Group has confirmed in writing to the relevant Interested Person has been duly approved by the Audit and Risk Committee in accordance with the terms of the MSA.

**Intellectual property rights**

4.26 All intellectual property rights in or relating to the Software and the Software documentation are and shall remain the property of the Group.

**Termination**

4.27 The MLA and MSA will terminate if:

(a) all of Mr. Goh Peng Ooi and his associates cease to be an Interested Person; or

(b) in the event that the Renewed IPT General Mandate is withdrawn or otherwise ceases to be in force.

## 5. TRADEMARKS

5.1 The Group has the exclusive use of the following trademarks in connection with the banking software system:

| Trade Mark | Class[1] | Country | Registration No. | Date of Application | Date of Registration | Expiry Date |
|---|---|---|---|---|---|---|
| SILVERLAKE | 42 | Singapore | T0507323Z | 4 May 2005 | 12 Mar 2015 | 4 May 2025 |
| | 42 | Thailand | SM28384 | 9 Mar 2005 | 20 Feb 2005 | 8 Mar 2025 |
| | 42 | Jordan | 83440 | 1 Dec 2005 | 1 Dec 2005 | 1 Dec 2025 |
| | 42 | Japan | 5026670 | 23 Mar 2006 | 16 Feb 2007 | 16 Feb 2027 |
| | 42 | Indonesia | IDM000095591 | 17 Feb 2005 | 12 Dec 2014 | 17 Feb 2025 |
| | 42 | Philippines | 4-2005-005519 | 15 Jun 2005 | 16 Oct 2006 | 16 Oct 2026 |
| | 42 | Vietnam | 4-2005-16233 | 1 Dec 2005 | 1 Dec 2005 | 1 Dec 2025 |
| | 42 | Sri Lanka | 125894 | 17 Jun 2005 | 17 Jun 2015 | 17 Jun 2025 |
| | 42 | Saudi Arabia | 135838 | 11 Oct 2008 | 17 Apr 2011 | 1 Mar 2028 |
| | 42 | United Arab Emirates | 119937 | 5 Oct 2008 | 5 Oct 2008 | 5 Oct 2028 |
| | 42 | Brunei | 37114 | 15 Jun 2005 | 15 Jun 2005 | 15 Jun 2025 |
| SILVERLAKE | 09 | China | 3453118 | 31 Jan 2003 | 14 Jul 2004 | 13 Jul 2024 |
| | 35 | China | 3453117 | 31 Jan 2003 | 28 Aug 2004 | 27 Aug 2024 |
| | 42 | China | 3453119 | 31 Jan 2003 | 21 Dec 2004 | 20 Dec 2024 |
| | 42 | Indonesia | IDM000062329 | 13 Jan 2004 | 20 Jan 2006 | 13 Jan 2024 |
| SILVERLAKE | 09 | Malaysia | 95001949 | 9 Mar 1995 | 9 Mar 1995 | 9 Mar 2022 |
| SILVERLAKE<br>SILVERLAKE | 42 | Malaysia | 09010385 | 24 Jun 2009 | 24 Jun 2009 | 24 Jun 2029 |
| SILVERLAKE *i*PFS<br>SILVERLAKE *i*PFS | 09 | Malaysia | 04004586 | 8 Apr 2004 | 8 Apr 2004 | 8 Apr 2024 |
| silverlake SYMMETRY AT WORK | 42 | Singapore | T1205646I | 19 Apr 2012 | 19 Apr 2012 | 19 Apr 2022 |
| | 42 | Philippines | 4-2012-004852 | 20 Apr 2012 | 8 Nov 2012 | 8 Nov 2022 |
| | 42 | Brunei | 42867 | 30 Apr 2012 | 30 Apr 2012 | 30 Apr 2022 |
| | 42 | Japan | 5628423 | 6 Jun 2013 | 8 Nov 2013 | 8 Nov 2023 |
| | 42 | Indonesia | IDM000588884 | 26 Jan 2015 | 3 Jul 2017 | 26 Jan 2025 |
| silverlake SYMMETRY AT WORK<br>silverlake SYMMETRY AT WORK | 42 | Malaysia | 2011016785 | 21 Sep 2011 | 21 Sep 2011 | 21 Sep 2021 |
| SILVERLAKE<br>Silverlake<br>Silverlake | 42 | Hong Kong | 303162294 | 10 Oct 2014 | 10 Oct 2014 | 9 Oct 2024 |

**Note:**

(1) Please see description of the trademark classes below:

Class 09 - Computer software; compact discs; magnetic cards, disks and tapes.

Class 35 - Compilation of information into computer databases; systemization of information into computer databases; computerized file management; computerised database management.

Class 42 - Consulting services relating to computers, computer software, computer hardware, computer networks, computer systems; computer programming; computer software design, maintenance and update; designing, creating, implementing and maintaining web sites for others; computer systems analysis; computer system design; data conversion of computer programmes and data (not physical conversion); hosting computer sites; installation of computer software; integration of computer systems and networks.

5.2 The following trademark applications are still pending approval from the relevant trademark offices. There is no assurance that the trademark applications will be subsequently approved by the relevant authorities. In the event that any of the trademark applications is not granted, the Directors are of the opinion that it is unlikely to have a significant impact on the business operations and financial performance as the Group does not rely significantly on trademarks for its business.

| Trade Mark | Class[1] | Country | Application No. | Date of New/Renewal Application |
|---|---|---|---|---|
| silverlake SYMMETRY AT WORK | 42<br>42 | Thailand<br>Vietnam | 843838<br>4-2018-28429 | 23 April 2012<br>22 Aug 2018 |
| silverlake SYMMETRY AT WORK<br>silverlake SYMMETRY AT WORK | 42 | Pakistan | 505094 | 20 Aug 2018 |

**Note:**

(1) Class 42 - Consulting services relating to computers, computer software, computer hardware, computer networks, computer systems; computer programming; computer software design, maintenance and update; designing, creating, implementing and maintaining web sites for others; computer systems analysis; computer system design; data conversion of computer programmes and data (not physical conversion); hosting computer sites; installation of computer software; integration of computer systems and networks.

5.3 The Group intends to file further trademarks applications as and when warranted.

## 6. REVIEW PROCEDURES IN RELATION TO IPTs

Pursuant to Chapter 9 of the Listing Manual which governs transactions between a listed company and its interested persons and taking into consideration the MLA and MSA as the case may be, the following review procedures have been established in relation to the Renewed IPT General Mandate:

6.1 The Group shall maintain:

(a) A register to record all Interested Persons, and

(b) A comprehensive record of all categories of Interested Persons and non-interested persons transactions entered into by the Group, with details on the nature of the transaction and the amount of and detailed calculation for the fees and charges, including pricing dimension used to determine the Base Licence Fee, and any discounts given.

6.2 The Audit and Risk Committee shall be provided with the registers and comprehensive records of IPTs described above and such other relevant information and agreements which it may reasonably require, and it shall review the information on a quarterly basis to ensure that all categories of IPTs between the Group and the Interested Persons are carried out at arm's length in accordance with the terms of the MLA and MSA, as the case may be, including the adherence to the Group's Pricing Model (including the Points Allocation Table and Licence Fee Bands Table), pricing methodology for the provision of Services and IBM System i Products and discount policy, in its conduct of IPTs. The Audit and Risk Committee may decide to review such transactions on a more frequent basis if it deems necessary.

6.3 If the Audit and Risk Committee reasonably determines, during its review, that the terms of any licence granted to, sale of IBM System i Products to, or Services provided to/by, Interested Persons are inconsistent with the terms of the MLA and MSA, as the case may be, and the Renewed IPT General Mandate in a manner that is prejudicial or adverse to the interests of the Group, the parties agree to take all such steps as may be necessary to amend the terms of the relevant licence to ensure consistency with the terms of the MLA and MSA, as the case may be, and the Renewed IPT General Mandate and that the relevant Interested Person shall forthwith compensate the Group for any loss or damage suffered (including any shortfall in the applicable licence fee payable, Service fee payable and IBM System i Product re-sale price) as a result of the earlier inconsistency, provided always that this shall not apply to any deviation from the terms of the MLA and MSA, as the case may be, which has been duly approved by the Audit and Risk Committee.

6.4 The Audit and Risk Committee shall also review the credit terms and billing and payment arrangements extended to the Interested Persons from time to time by comparing them against those extended to unrelated third parties for similar transactions or services, to ensure that they are no more favourable than those extended by the Group to unrelated third parties.

6.5 The Group's annual internal audit shall incorporate a review of all Interested Persons and IPTs entered into pursuant to the Renewed IPT General Mandate. The internal auditor shall report directly to the Audit and Risk Committee on all of its findings from the review of the IPTs.

6.6 The Audit and Risk Committee shall, when it deems necessary, have the right to require the appointment of auditors or any independent professionals to review all matters relating to the MLA and MSA.

6.7 If during its periodic review, the Audit and Risk Committee believes that the guidelines and procedures as stated in the Renewed IPT General Mandate have become inappropriate and/or are no longer sufficient to ensure that the interests of the Company and the minority Shareholders are not prejudiced and that the IPTs are on normal commercial terms, a fresh mandate based on new guidelines and procedures shall be sought from Shareholders.

6.8 All the members of the Audit and Risk Committee shall be non-executive Directors who do not hold any executive directorships or equity interests in the Interested Persons.

6.9 If any member of the Audit and Risk Committee has an interest in a transaction, he shall abstain from participating in the review and approval process in relation to that transaction.

.