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**Issuer:** Silverlake Axis Ltd

**Security:** Silverlake Axis Ltd

**Meeting details:**

Date: 26 October 2018

Time: 2.00 p.m.

Venue: Capricorn & Leo, Level 1, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594

**Company Description**

Silverlake Axis Ltd., an investment holding company, provides digital economy solutions and services to the banking, insurance, payment, retail, and logistic industries. Its solutions include Silverlake Axis integrated banking solutions, Silverlake Axis integrated Islamic banking solutions, Silverlake Axis integrated provident fund systems, Silverlake Axis cards systems, Silverlake Axis retail merchandising systems, Silverlake Axis enterprise payment platforms, Cyber Village converged Internet and mobile platforms, and Silverlake Symmetri retail banking solutions. The company also offers software project customization and implementation services to deliver end-to-end banking, payment, and retail solutions; maintenance and enhancement services; processing services for credit cards and other credit products on an outsourcing basis; and cloud computing software as a service platform for policy origination and claim processing for the insurance industry, as well as sells software and hardware products, including the resale of IBM hardware products and related system software. In addition, it engages in the commercialization of software-as-a-service solutions for the automotive industry. Silverlake Axis Ltd. operates in South East Asia, North East Asia, South Asia, the Middle East, North America, Africa, and Europe. The company was founded in 1989 and is headquartered in Petaling Jaya, Malaysia. Silverlake Axis Ltd. is a subsidiary of Intelligentsia Holding Ltd.

(Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=5CP](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=5CP))

1. On 24 April 2018, the group announced that it has secured a new core banking system contract with a large banking institution in ASEAN. This follows the contract win from Malaysia Building Society Bhd for its new merged banking entity. The group had also secured three core banking system replacement projects from Thailand.

- (i) As core banking systems customers are generally “sticky”, can management help shareholders understand how it managed to secure new customers for the core banking system? What were the key factors that helped the group acquire new customers?**
- (ii) The “stickiness” of the core banking system means that it is challenging for the group to scale up the business quickly as the inertia, risks and barriers to changing the core system are high. How does management intend overcome these hurdles?**
- (iii) The group has an impressive market share – 3 out of the 5 largest ASEAN super regional financial institutions and 8 out of the 20 largest banks in ASEAN run the group’s core banking system. What are the opportunities to acquire the other banks as customers?**
- (iv) With the group’s extensive suite of software and services, how can the group leverage its existing relationships with financial institutions and achieve more cross-sell? For example, could the group’s credit and cards processing services be offered to customers outside of Japan?**
- (v) The group has identified three key pillars to guide its sustainability direction, namely “Our Business”, “Our People” and “Our Stewardship”. In its Materiality matrix, the company did not identify “technology obsolescence” as a material issue. Can management elaborate further as this is a key risk for the group?**

2. Mr. Ong Kian Min, Professor Tan Sri Dato’ Dr. Lin See Yan and Mr. Lim Kok Min were each first appointed to the board on 9 January 2003, 9 January 2003 and 15 June 2006 respectively. Accordingly, Mr. Ong, Professor Tan Sri Dato’ Dr. Lin and Mr. Lim have each served on the board for more than 15 years, 15 years and 12 years respectively.

As recommended by the 2012 Code of Corporate Governance (Code), the independence of any director who has served on the board beyond nine years from the date of his first appointment should be subject to particularly rigorous review.

- (i) Can the nominating committee (NC) explain in greater detail how it had carried out the (particularly) rigorous review of the independence of the long tenured directors?**

Notwithstanding that the NC and the board continue to consider the long tenured independent directors as independent, Guideline 2.4 of the 2012 Code of Corporate Governance calls for the board to “also take into account the need for progressive refreshing of the Board”.

The company has started its board renewal with the appointments of Tan Sri Dr. Munir and Datuk Yvonne Chia as independent director in 1 June 2015 and of Mr. See Chuang Thuan and Mr. Voon Seng Chuan on 1 July 2018.

- (ii) What are the board's other near-term plans to refresh the board membership progressively and in an orderly manner, to avoid losing institutional memory?**
- (iii) Has the NC evaluated how the 2018 Code of Corporate Governance and the changes to the Listing rules will impact the board?**

3. Resolution 4, as set out in the Notice of meeting, is to seek shareholders' approval for the payment of a one-off special directors' fee of \$30,000 to each of the independent directors of the company, totally \$150,000. As detailed in the explanatory notes to the resolution, this is to compensate the independent directors for the "*additional time spent and work carried out in relation to the Deloitte & Touche Financial Advisory Services Pte Ltd special audit*." (emphasis added)

- (i) Would the board help shareholders understand the purpose of the special audit that was carried out during the financial year?**
- (ii) What was the scope of the special audit? What roles did the independent directors play in the special audit?**
- (iii) Was the special audit carried out at the behest of any regulator/authority/agency?**
- (iv) Would the company disclose the key findings of the special audit?**

A copy of the questions for the Annual Report for the financial year ended 30 June 2017 could be found here:

<https://sias.org.sg/qa-on-annual-reports/?company=Silverlake%20Axis%20Ltd>

The company's response could be found here: -----