

SILVERLAKE AXIS LIMITED

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

MEMORANDUM OF UNDERSTANDING FOR THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID UP CAPITAL OF THE TARGET COMPANIES (AS DESCRIBED BELOW)

1. INTRODUCTION

- 1.1 The Board of Directors of Silverlake Axis Limited ("**Company**") wishes to announce that the Company has, on 4 September 2009, entered into a non-legally binding Memorandum of Understanding ("**MOU**") with its Executive Chairman and controlling shareholder, Mr Goh Peng Ooi ("**Mr Goh**"), in relation to the proposed acquisition by the Company of the entire issued and paid-up share capital of Target Company 1 and Target Company 2, both as described below (collectively the "**Target Companies**"), further details of which are set out below ("**Proposed Acquisition**").

2. OVERVIEW OF THE PROPOSED ACQUISITION

2.1 Details of the Target Companies

Target Company 1

Mr Goh owns and/or holds a majority interest in various companies ("**Silverlake Private Entities**"), which, inter alia, provide application maintenance, application management and change request services ("**Structured Services Business**") to their customers in relation to the Company's proprietary Silverlake Integrated Banking Solutions ("**SIBS**") software.

The Company is desirous of acquiring the Structured Services Business from the Silverlake Private Entities. To facilitate this acquisition, it is intended that Mr Goh will procure the transfer of the Structured Services Business from the Silverlake Private Entities to a new group of companies to be set up ("**Target Group 1**"), the parent company of which ("**Target Company 1**"), Mr Goh and/or his nominee shall hold and/or shall control a majority interest. Upon completion of the restructuring, the Company will acquire the entire issued and paid up share capital of Target Company 1 from the shareholder(s) of Target Company 1.

Target Company 2

Mr Goh also owns 77.55% of the issued and paid up share capital of QR Technology Sdn. Bhd. ("**QR Technology**"), which through its wholly owned subsidiary, QR Retail Automation (Asia) Sdn. Bhd. ("**QR Retail**"), and the subsidiary of QR Retail (collectively, "**QR Group**" or "**Target Group 2**"), is in the business of providing retail systems solutions and services, leveraging of its proprietary 'retail management' software ("**Retail Systems Solutions & Services Business**"). The other shareholder of QR Technology is Mr See Chuang Thuan ("**Mr See**").

The Company is also desirous of acquiring the Retail Systems Solutions & Services Business from the QR Group. To facilitate this acquisition, it is intended that the Company will purchase and Mr Goh will procure the sale to the Company of the entire issued and paid up share capital of either QR Technology or QR Retail ("**Target Company 2**").

2.2 Consideration

Subject to the proviso below, it is intended that the consideration for the Proposed Acquisition will be settled by the issuance of such number of new ordinary shares in the Company ("**Consideration Shares**") to the shareholders of Target Company 1 and Target Company 2 to be calculated based on the following formula:

(i) Consideration for acquisition of Target Company 1

$$C_1 = B_1/A \times E$$

Where:

- A = Average profit before tax (“**PBT**”) for the Company for FY2007, FY2008 and FY 2009
 B₁ = Pro-forma PBT for the Structured Services Business for FY2009
 C₁ = Number of new shares to be issued to shareholder(s) of Target Company 1 (in proportion to their respective shareholdings, if applicable)
 E = Total number of issued shares of the Company immediately prior to completion of the acquisition of Target Company 1 (excluding treasury shares)

(ii) Consideration for acquisition of Target Company 2

$$C_2 = B_2/A \times E$$

Where:

- A = Average PBT for the Company for FY2007, FY2008 and FY 2009
 B₂= PBT for Target Group 2 for FY2009
 C₂= Number of new shares to be issued to shareholder(s) of Target Company 2 (in proportion to their respective shareholdings, if applicable)
 E = Total number of issued shares of the Company immediately prior to completion of the acquisition of Target Company 2 (excluding treasury shares)

Provided always that the total number of Consideration Shares to be issued to the shareholders of both Target Company 1 and Target Company 2 pursuant to the Proposed Acquisition (i.e. C₁ + C₂) shall not exceed 1,045,000,000 shares.

The net profits of the Target Companies for the financial year ended 30 June 2009 are currently unavailable as the proforma financial information of the Structured Services Business are currently being prepared.

2.3 Execution of Definitive Agreement(s)

The MOU is subject to the shareholders of the respective Target Companies entering into a Definitive Agreement(s) with the Company in relation to the Proposed Acquisition no later than 3 months from the date of this MOU, subject to such extension of time as may be agreed in writing between the Parties from time to time.

2.4 Shareholders' Approval

The Proposed Acquisition will require approval of the shareholders of the Company at a special general meeting both as an interested person transaction, under Chapter 9 of the Singapore Exchange Securities Trading Limited's (“**SGX-ST**”) Listing Manual, Section B (“**Catalist Rules**”), and as a major transaction, under Chapter 10 of the Catalist Rules.

3. RATIONALE FOR THE PROPOSED ACQUISITION

The Proposed Acquisition will expand the Company's income base, add range and depth to its existing application services offerings and enhance its customer base and network. It will also allow the enlarged group to market its software solutions to the retail industry.

The current customer base for the Structured Services Business consists principally of banks and financial institutions which have previously implemented SIBS. The addition of the Structured Services Business (i.e. via the acquisition of Target Company 1) will expand the Company's income base and enable it to provide a comprehensive range of services relating to its core competency and focus in developing and licensing the SIBS software. Importantly, income from the Structured Services Business is relatively stable, repeatable and has the

potential to grow steadily over time. It is also a business that is currently generating good margins and profits.

The QR Group specializes in developing, licensing, implementing, maintaining and servicing retail management systems to the retail industry. It has a good base of successful customer installations, comprising established retail enterprises with operations across Asia and a very large Japanese retail company with international operations. The addition of the Retail Systems Solutions & Services Business (i.e. via the acquisition of Target Company 2) will expand the Company's product range, industry and geographic reach. The Retail Systems Solutions & Services Business is also currently generating good margins and profits.

4. REQUIREMENTS UNDER THE CATALIST RULES

Mr. Goh is the Executive Chairman and controlling shareholder of the Company and he is also the controlling shareholder of the Target Companies. As such, Mr. Goh is an "interested person" within the meaning of Chapter 9 of the Catalist Rules.

Should the Proposed Acquisition materialise, Mr. Goh will receive Consideration Shares from the Company as consideration for the Proposed Acquisition. Accordingly, the Proposed Acquisition will amount to an interested person transaction under Chapter 9 of the Catalist Rules ("**Interested Person Transaction**") and will require specific shareholders' approval.

The relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 of the Catalist Rules are as follows:

(a)	<u>Basis under Listing Rule 1006(a)</u> : Net asset value of the assets to be disposed of, compared with the Group's net asset value.	Not applicable.
(a)	<u>Basis under Listing Rule 1006(b)</u> : The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits.	Not measurable. ⁽¹⁾
(a)	<u>Basis under Listing Rule 1006(c)</u> : The aggregate value of the consideration given or received compared with the Company's market capitalisation.	Up to approximately 98%.
(b)	<u>Basis under Listing Rule 1006(d)</u> : The number of equity shares issued by the Company as consideration for the Proposed Acquisition, compared with the number of equity shares previously in issue.	Up to approximately 98%.

Note:

(1) The net profits of the Target Companies for the financial year ended 30 June 2009 are currently unavailable as the proforma financial information of the Structured Services Business are currently being prepared.

The Proposed Acquisition constitutes a major transaction pursuant to Rule 1013 read together with Rule 1006 of the Catalist Rules and will require specific shareholders' approval.

5. FINANCIAL ADVISER

The Company has appointed its Sponsor, CIMB Bank Berhad, Singapore Branch, as Financial Adviser in relation to the Proposed Acquisition.

6. INDEPENDENT FINANCIAL ADVISER

The Company will appoint an Independent Financial Adviser pursuant to Chapter 9 of the Catalist Rules in relation to the Proposed Acquisition following the execution of the Definitive Agreement(s).

7. SHAREHOLDERS' CAUTION

Shareholders are cautioned that the MOU is non-legally binding and there is no assurance that the Proposed Acquisition as contemplated under the MOU will actually occur or that the Definitive Agreement(s) will be executed.

8. DOCUMENT FOR INSPECTION

A copy of the MOU is available for the inspection by the Company's shareholders' during normal business hours at the office of the Company's Singapore solicitors, Colin Ng & Partners LLP, at 36 Carpenter Street, Singapore 059915, for a period of 3 months from the date of this announcement.

By Order of the Board

Kwong Yong Sin
Managing Director

4 September 2009

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, CIMB Bank Berhad, Singapore Branch, for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "Exchange"). The Company's Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

*The contact person for the Sponsor is Mr Eric Wong
Telephone number: +65 63375115
Address: 50 Raffles Place, #09-01, Singapore Land Tower, Singapore 048623*