



**SILVERLAKE AXIS LTD**  
(Incorporated in Bermuda)  
(Company Registration No. 32447)

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**PROPOSED ACQUISITION OF 80% OF THE ISSUED SHARE CAPITAL OF MERIMEN VENTURES SDN BHD (“MERIMEN”) WITH CALL AND PUT OPTIONS RELATING TO THE ACQUISITION OF THE REMAINING 20% OF THE ISSUED SHARE CAPITAL OF MERIMEN (“PROPOSED ACQUISITION”)**

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**1. INTRODUCTION**

The Board of Directors of Silverlake Axis Ltd (“**Company**” or “**SAL**”) wishes to announce that the Company has entered into a Sale and Purchase Agreement (“**Agreement**”) with Chong Soong Hoi, Chong Ah Wah @ Chong Kon Kooi, Hoo Lai Ping, Ooi Su Jin and Lok Theng Hey (collectively, the “**Vendors**”) to acquire 80% of the issued share capital of Merimen for a consideration of up to RM52,400,000 (“**Initial Acquisition**”), with concurrent call and put options relating to the remaining 20% of the issued share capital of Merimen, as further described in section 4.4 below (“**Options**”), for an aggregate exercise price of up to RM19,200,000 (“**Option Consideration**”).

The Proposed Acquisition is conditional upon the fulfillment of various conditions precedent, including, *inter alia*, satisfactory due diligence. Upon the completion of the Initial Acquisition, Merimen shall become a subsidiary of SAL.

Further details of the Proposed Acquisition are set out below.

**2. INFORMATION ON MERIMEN**

Merimen was incorporated in Malaysia on 25 November 2005. As at the date of this announcement, Merimen has an issued and paid-up share capital of RM100,000, comprising 100,000 ordinary shares.

Merimen and its subsidiaries, Merimen Online Sdn Bhd, Motobiznes Online Sdn Bhd, P.T. Merimen Technologies Indonesia, Merimen Technologies Philippines Inc. and Merimen Technologies (Singapore) Pte Ltd (collectively, the “**Merimen Group**”), provide a cloud computing Software as a Service (SaaS) platform for insurance companies to interact and transact with their customers and partner communities to effectively and efficiently process and administer policy origination and claims processing.

The consolidated audited profit after tax of Merimen for the financial period 1 April 2011 to 30 June 2012 and the net tangible assets value of the Merimen Group as at 30 June 2012 were approximately RM8.57 million and RM10.76 million, respectively.

**3. RATIONALE FOR THE PROPOSED ACQUISITION**

The Merimen Group’s value added services are delivered through secure and convenient connections accessible through the internet and mobile networks. The Merimen Group’s value added revenue is generated on a per transaction basis for each claim processed and policy originated within the insurance community value chain. It has a leading market position (in motor claims processing) in Malaysia and Singapore and growing presence in Indonesia and the Philippines.

In view of the above, the Proposed Acquisition will extend the software and service capabilities, increase the recurring income base and expand the application software intellectual property portfolio of the Company to the insurance industry in the region.

#### 4. SALIENT TERMS OF THE PROPOSED ACQUISITION

##### Initial Acquisition

4.1 The consideration for the Initial Acquisition (“**Initial Consideration**”) shall be based on a multiple of the average audited net consolidated profit after tax (“**AVNPAT**”) of Merimen for the financial years ended 30 June 2012 (“**FY2012**”), 30 June 2013 (“**FY2013**”) and 30 June 2014 (“**FY2014**”) (collectively, the “**Assessment Period**”), and shall be computed as follows:

(a) Where the AVNPAT for the Assessment Period is a positive figure (subject to a maximum AVNPAT of RM12,000,000), the Initial Consideration shall be computed in accordance with Table A below:

Table A

	<b>Amount of AVNPAT (RM)</b>	<b>Initial Consideration (RM)</b>
(i)	Where the AVNPAT for the Assessment Period does not exceed RM7,000,000	80% x (8 x AVNPAT for the Assessment Period)
(ii)	Where the AVNPAT for the Assessment Period exceeds RM7,000,000 but does not exceed RM8,500,000	RM44,800,000 + [80% x 4 x (AVNPAT for the Assessment Period – RM7,000,000)]
(iii)	Where the AVNPAT for the Assessment Period exceeds RM8,500,000 but does not exceed RM12,000,000	RM49,600,000 + [80% x (AVNPAT for the Assessment Period – RM8,500,000)]
(iv)	Where the AVNPAT for the Assessment Period exceeds RM12,000,000	Fixed sum of RM52,400,000

(b) Where the AVNPAT for the Assessment Period is a negative figure, the Initial Consideration shall be a fixed sum of RM15,000,000 only.

4.2 The Initial Consideration shall be payable in 3 tranches, with a first payment of RM25,793,980 to be on the Completion Date, a second payment not exceeding RM11,200,000 to be made within 2 months of the date of the completion of the audited accounts of Merimen for FY2013 and a final payment (being the total amount payable less any earlier payments) to be made within 2 months of the date of completion of the audited accounts of Merimen for FY2014. In the event that the aggregate of the earlier two payments exceeds the Vendors’ final entitlement, the Vendors shall refund the excess to the Company in cash.

4.3 Subject to section 4.6 below, at least 60% of the Initial Consideration shall be payable in cash, whilst the remaining 40% may, at the discretion of the Company, be paid to the Vendors either in cash or by the issue or transfer of ordinary shares in the share capital of the Company (“**Consideration Shares**”), or a combination thereof.

##### Options

4.4 In addition to the Initial Acquisition:

(a) the Company has the option to require any of the Vendors to sell all but not part of his remaining shareholdings in Merimen (“**Call Option**”); and

- (b) each of the Vendors has the option to require the Company to purchase all but not part of his remaining shareholdings in Merimen ("**Put Option**"),

in each case, at an aggregate exercise price to be determined based on a multiple of eight (8) times of the AVNPAT of Merimen for FY 2013, FY2014 and the financial year ending 30 June 2015 ("**FY2015**") (subject to a maximum AVNPAT of RM12,000,000) ("**Option Assessment Period**") and the maximum aggregate exercise price shall be RM19,200,000 (where the AVNPAT for the Option Assessment Period is RM12,000,000 or more ("**Option Consideration**")).

Where the AVNPAT for the Option Assessment Period is a negative figure, the Option Consideration shall be computed based on the net tangible assets of Merimen as at 30 June 2015 ("**FY2015 NTA**").

Where both the AVNPAT for the Option Assessment Period and the FY2015 NTA are negative, the minimum aggregate exercise price shall be RM1.

Each of the Call Option and the Put Option shall be exercisable within a period of three months commencing from the date of completion of the audited accounts of Merimen for FY2015.

- 4.5 Subject to section 4.6 below, at least 60% of the Option Consideration shall be payable in cash, whilst the remaining 40% may, at the discretion of the Company, be paid to the Vendors either in cash or by the issue or transfer of ordinary shares in the share capital of the Company ("**Option Consideration Shares**"), or a combination thereof.
- 4.6 The Agreement further provides that the maximum number of Consideration Shares and Option Consideration Shares that may be issued in connection with the Proposed Acquisition shall not exceed 20,000,000 and that the value of the Consideration Shares and/or the Option Consideration Shares shall be conclusively based on the volume-weighted average price of the ordinary shares of the Company traded on the SGX-ST over the 3 calendar month period immediately preceding the relevant date of settlement.
- 4.7 The Initial Consideration and the Option Consideration will be financed using the internal resources and/or external borrowings of the Company.

#### Parting Dividend

- 4.8 Subject to compliance with the provisions of the Companies Act 1965 of Malaysia and SAL's due diligence, Merimen shall be entitled, prior to completion of the Agreement, to declare a special net dividend ("**Parting Dividend**"), comprising the aggregate of its cash and cash equivalents and trade receivables (excluding 50% of the trade receivables with an aging period of more than 5 months), *less* trade liabilities, *less* current non-trade liabilities (including accruals) and *less* RM2,000,000 (being the agreed amount of cash required for operating expenses), as computed based on the unaudited financial statements of Merimen for the period from 1 July 2012 up to 31 January 2013.

## **5. FINANCIAL EFFECT OF THE PROPOSED ACQUISITION**

### Net Tangible Assets ("**NTA**")

For illustrative purposes, assuming the completion of the Proposed Acquisition (including the full exercise of either the Call Option or the Put Option) had taken place on 30 June 2012, the Proposed Acquisition would have had the following effects on the consolidated NTA of SAL and its group of companies ("**SAL Group**"):

	Before the Proposed Acquisition	After the Proposed Acquisition <sup>(1)</sup>	
		Full Cash Settlement	Part Cash / Part Share Settlement <sup>(2)</sup>
NTA (RM million)	226.76	158.27	186.28
Number of issued shares (excluding Treasury Shares) as at 30 June 2012	2,098,349,108	2,098,349,108	2,118,349,108
NTA per share (sen)	10.81	7.54	8.79

### Earnings per Share (“EPS”)

For illustrative purposes, assuming the completion of the Proposed Acquisition (including the full exercise of either the Call Option or the Put Option) had taken place on 1 July 2011, the Proposed Acquisition would have had the following effects on the EPS of the SAL Group:

	Before the Proposed Acquisition	After the Proposed Acquisition <sup>(1)</sup>	
		Full Cash Settlement	Part Cash / Part Share Settlement <sup>(2)</sup>
Profits attributable to equity holders of SAL (RM million)	162.26	168.98	168.98
Weighted average number of ordinary shares of SAL for FY 2012	2,100,532,930	2,100,532,930	2,120,532,930
EPS (sen)	7.72	8.04	7.97

### Notes:

- (1) Assuming the maximum amount of RM71,600,000 had been paid by the Company to satisfy the aggregate consideration for the Proposed Acquisition (including the full exercise of either the Call Option or the Put Option).
- (2) Assuming the maximum number of 20,000,000 shares had been issued to satisfy the consideration for the Proposed Acquisition (including the full exercise of either the Call Option or the Put Option).

The financial effects described above are for illustrative purposes only and have been computed after making such adjustments as considered appropriate by SAL. No representation is made as to the actual financial position and/or results of SAL immediately after the Proposed Acquisition.

## 6. LISTING MANUAL COMPUTATION

The relative figures of the Proposed Acquisition, computed according to Rule 1006 (a) to (d) of Chapter 10 of the Listing Rules based on the Company's latest audited consolidated financial statements for FY2012, are as follows:

	Relative Figures for the Proposed Acquisition
Net Asset Value (" <b>NAV</b> ") of the business and assets to be disposed of, compared with SAL Group's NAV	Not applicable
Profit before income tax, minority interest and extraordinary items (" <b>Net Profits</b> ") attributable to Merimen for FY2012 compared with SAL Group's Net Profits for FY2012	3.91% <sup>(i)</sup>
Aggregate value of consideration to be given, compared with the Company's market capitalisation based on the number of issued shares excluding treasury shares	2.44% <sup>(ii)</sup>
Number of equity securities issued by the Company as consideration for the Proposed Acquisition, compared with the number of equity securities previously in issue	0.95% <sup>(iii)</sup>

### Notes:

- (i) Based on Merimen's Net Profits of RM7.03 million for FY2012 and the SAL Group's Net Profits of RM179.84 million for FY2012.
- (ii) Based on the maximum amount of consideration payable for the Proposed Acquisition, being RM71,600,000 (approximately S\$28.66 million, based on the exchange rate of S\$1: RM2.498). The market capitalisation of SAL was determined by multiplying 2,099,149,108, being the number of issued shares (excluding Treasury Shares) of SAL, by S\$0.5607, being the weighted average price per share transacted on 1 March 2013, the market day immediately preceding the date of the Agreement.
- (iii) Based on the issuance of 20,000,000 ordinary shares in SAL, being maximum number of shares which may be issued to the Vendors in partial satisfaction of the consideration for the Proposed Acquisition.

## 7. DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS

None of SAL's Directors or Controlling Shareholders has any interest, direct or indirect, in the Proposed Acquisition.

## 8. DOCUMENTS FOR INSPECTION

A copy of the Agreement will be available for inspection at the office of SAL's Share Transfer Agent, Boardroom Corporate & Advisory Services Pte Ltd, at 50 Raffles Place #32-01 Singapore Land Tower, Singapore 048623, during normal business hours for a period of three (3) months from the date hereof.

By Order of the Board

Kwong Yong Sin  
Managing Director

4 March 2013