

GHL SYSTEMS BERHAD (“GHL” OR THE “COMPANY”)

PROPOSED ACQUISITIONS BY GHL SYSTEMS BERHAD OF UP TO 31.16% EQUITY INTEREST IN MPOS GLOBAL LIMITED FOR A TOTAL CONSIDERATION OF USD3,317,226 (“PROPOSED ACQUISITIONS”)

This announcement is dated 7 November 2017 (“**Announcement**”).

For the purpose of this Announcement, all amounts in United States Dollar (“**USD**”) and Vietnamese Dong (“**VND**”) are converted based on the following:

- (a) USD1 : RM4.2355; and
- (b) VND100 : RM0.0186,

representing Bank Negara Malaysia’s USD:RM and VND:RM closing exchange rates as at 3 November 2017, being the latest practicable date (“**LPD**”) prior to the execution of the Agreements (as defined herein), have been used throughout this Announcement.

1. INTRODUCTION

The board of directors of GHL (“**Board**”) wishes to announce that the Company had on 7 November 2017, entered into the following agreements for the proposed acquisition of up to 31.16% equity interest in MPOS Global Limited (“**MPOS**”) for a total consideration of USD3,317,226 (equivalent to approximately RM14.05 million) (“**Consideration**”):-

- (i) a share subscription agreement (“**SSA**”) between GHL with Nguyen Huu Tuat (“**Tuat**”), Nguyen Hoa Binh (“**Binh**”) and MPOS to subscribe for 1,962,025 shares in MPOS (“**MPOS Shares**”) representing approximately 28.18% of the total issued share capital of MPOS for a total cash consideration of USD3,000,000 (equivalent to approximately RM12.71 million) (“**Subscription Price**”) (“**Proposed Share Subscription**”);
- (ii) a share purchase agreement (“**SPA**”) between GHL and Tuat for the acquisition of 207,468 MPOS Shares representing approximately 2.98% of the total issued share capital of MPOS for a total cash consideration of USD317,266 (equivalent to approximately RM1.34 million) (“**Shares Purchase Price**”) (“**Proposed Share Purchase**”); and
- (iii) a shareholders’ agreement (“**Shareholders Agreement**”) between GHL with Tuat, Binh, Nexttech Group Of Techpreneurs Limited (“**NextTech**”), Inspirasia Accelerators Pte. Ltd (“**Life.Sreda**”) and MPOS regulating the management of the Company and their relationship with each other as shareholders of MPOS,

(the SSA, SPA and Shareholders’ Agreement are collectively, referred to herein as the “**Agreements**”).

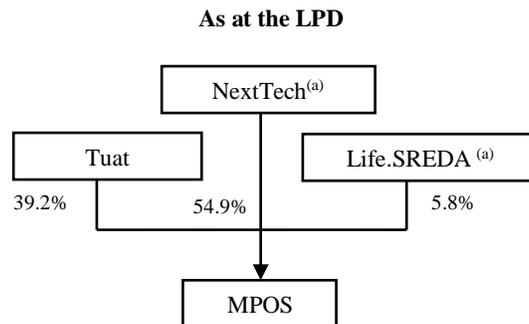
On 7 November 2017, MPOS had entered into a share subscription agreement (“**MPOS Vietnam SSA**”) with Vietnam MPOS Technology Joint Stock Company (“**MPOS Vietnam**”) for the subscription of 5,200,000 ordinary shares in the MPOS Vietnam (“**MPOS Vietnam Shares**”) for an aggregate subscription price of VND52,000,000,000 (equivalent to approximately RM9.67 million) accounting for approximately 95.69% of MPOS Vietnam (“**Proposed MPOS Vietnam Acquisition**”). The salient terms of the MPOS Vietnam SSA are set out in Section 2.4 of this Announcement.

Upon completion of the Proposed Share Subscription, Proposed Share Purchase and Proposed MPOS Vietnam Acquisition, GHL will directly own 31.16% of the equity interest in MPOS and an effective equity interest of 29.8% in MPOS Vietnam.

2. PROPOSED ACQUISITIONS

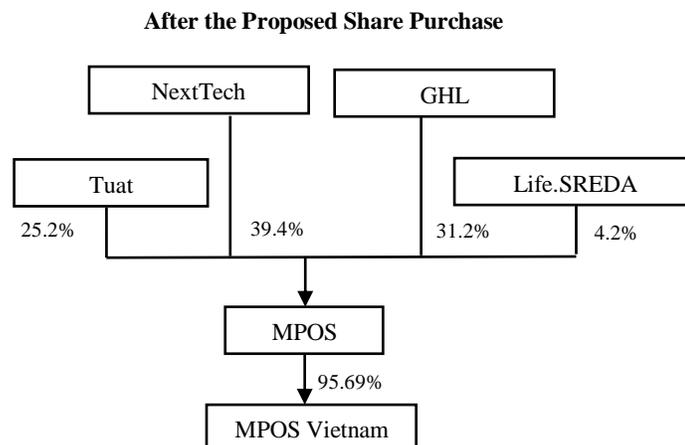
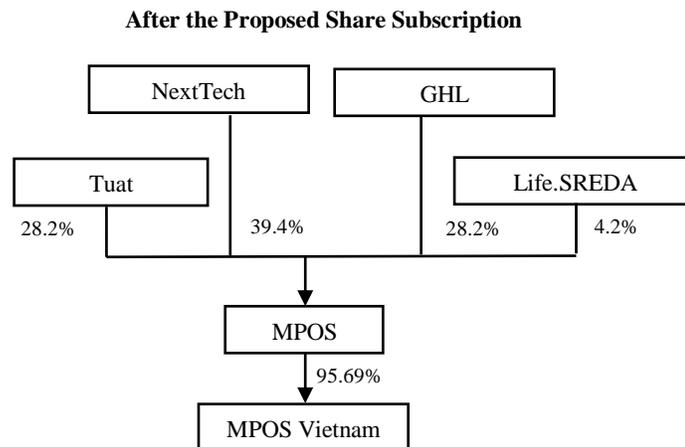
The Proposed Acquisition entails the acquisition of up to 31.16% of the equity interest in MPOS via the SSA and SPA for a total cash consideration of approximately USD3.3 million (equivalent to approximately RM14.05 million).

The shareholders of MPOS' shareholdings in the company before and after the Proposed Acquisitions are as follows:-



Note:-

(a) *NextTech is 100% owned by Binh and his wife. Life.SREDA is an independent venture capital accelerator based in Singapore.*



The Proposed Acquisition is subject to the terms and conditions set out in the Agreements, the salient terms and conditions of which are set out in Section 2.4 of this Announcement.

2.1 MPOS

MPOS was incorporated in Seychelles under the International Business Companies Act 2016 (Act 15 of 2016) on 14 March 2017 as a private limited company under its present name.

As at the LPD, the shareholders of MPOS are as follows:-

Shareholder	Direct		Indirect	
	Number of MPOS Shares	%	Number of MPOS Shares	%
Tuat	1,962,000	39.24%	-	-
Binh	-	-	2,746,000*	54.92%
NextTech	2,746,000	54.92%	-	-
Life.SREDA	292,000#	5.84%	-	-
Total	5,000,000	100.00%		

Notes:-

* NextTech is 100% owned by Binh and his wife.

NextTech is 100% owned by Binh and his wife. Life.SREDA is an independent venture capital accelerator based in Singapore.

As at the LPD, the directors of MPOS are Binh and Tuat.

MPOS is a special purpose vehicle incorporated for the Proposed Acquisition. As at the LPD, MPOS do not have any audited financial statements as MPOS was just incorporated on 14 March 2017.

2.2 TUAT

Tuat, a Vietnamese, aged 37, is a director and shareholder of MPOS.

As at the LPD, Tuat is also a director and 42.9% shareholder of MPOS Vietnam.

Tuat is the co-founder of PeaceSoft Group in 2001 when he was a first year student. PeaceSoft Group is now well-known in Vietnam market as the pioneer and leader in e-Commerce industry with strong portfolios in marketplace, cross-border retail, online payment and delivery gateway.

He graduated from Vietnam National University and received Chief Security Officer Award 2009 and first award for Chief Scientific Officer in Indonesia.

In year 2013, he co-founded MPOS Vietnam.

He has over 10 years experiences in Vietnam's ICT and internet industry.

2.3 MPOS Vietnam

MPOS Vietnam is a private joint-stock company established under the laws of Vietnam under Enterprise Code No. 0106146986. The principal activities of MPOS Vietnam are selling of electronic and telecommunication equipment and devices, software, and providing computer advisory services, computer system management, IT services and other services related to computers and printing.

As at the LPD, the charter capital of MPOS Vietnam is VND2.34 billion comprising 234,000 ordinary shares in MPOS Vietnam ("MPOS Vietnam Shares"). As at the LPD, the shareholders of MPOS Vietnam are as follows:-

Shareholder	Direct		Indirect	
	Number of MPOS Vietnam Shares	%	Number of MPOS Vietnam Shares	%
Tuat	100,326	42.87%	-	-
Hoàng Thanh Bình	7,000	3.00%	-	-
Binh	120,824	51.63%	-	-
Pham Thi Minh Lan	5,850	2.50%	-	-
Total	234,000	100.00%		

As at the LPD, the directors of MPOS Vietnam are Binh and Tuat.

The net loss and net liabilities of MPOS Vietnam based on its latest audited financial statements for the financial year ended (“FY”) 31 December 2016 are VND3,055.6 million (approximately RM0.57 million) and VND2,933.2 million (approximately RM0.55 million) respectively.

Please refer to **Appendix II** below for a summary of MPOS Vietnam’s audited financial statements for the FY2014 to FY2016.

2.4 Salient terms of the Agreements

2.4.1 Salient terms of the SSA

The salient terms of the SSA are as follows:-

(a) Issuance and Subscription of the Shares

On and subject to the terms of the SSA, GHL agrees to subscribe for, and MPOS agrees to allot and issue to GHL the MPOS Shares at the price per share of USD1.53 and an aggregate subscription price of USD3,000,000 (equivalent to approximately RM12.71 million (the “**MPOS Subscription Price**”).

Upon the consummation and completion of the subscription and issuance of MPOS Shares:

- (i) the MPOS Shares shall be fully paid;
- (ii) GHL shall have good, valid and marketable title in and ownership of the MPOS Shares, free from any encumbrance; and
- (iii) The MPOS Shares shall rank pari passu with the issued, paid-up and outstanding ordinary shares of the MPOS as of the Closing Date (as defined in the SSA).

Subject to the terms and conditions of the SSA, on the Closing Date, GHL shall pay the MPOS Subscription Price to MPOS by way of electronic transfer of immediately available funds to the bank account designated by MPOS in writing.

Closing shall take place at the head office of MPOS Vietnam, unless otherwise agreed by the parties, on the later of:-

- (i) 7 December 2017; or
- (ii) the date that is three business days after the date (not being later than the SSA Long-stop Date) on which the last of the conditions is satisfied or waived, if waiver is permitted or such date mutually agreed by the parties (“**SSA Closing Date**”).

(b) Conditions

Closing is conditional on the following conditions being satisfied on terms that are satisfactory to GHL or is waived by the GHL in its sole discretion, to the extent permitted under applicable laws:

- (i) All of the MPOS warranties are true and accurate as at both of the date of SSA and the Closing Date in all material respects;
- (ii) No Material Adverse Event (as defined in the SSA) has occurred as of the Closing Date;
- (iii) No laws have come to effect that render all or part of SSA invalid or illegal as at the Closing Date; and
- (iv) MPOS has obtained the waiver of all rights of pre-emption and other restrictions on the issuance of the MPOS Shares, and shall procure that all such rights conferred on any other person are waived no later than the Closing Date.
- (v) The fulfilment of all conditions set out in clause 3.1 of the MPOS Vietnam SSA as at the Closing Date satisfactory to GHL or is waived by GHL in its sole discretion, to the extent permitted under the applicable laws.

(c) Termination

The SSA may be terminated and the Proposed Acquisition may be abandoned at any time prior to the Closing Date:

- (i) by GHL if MPOS or Tuat or Binh becomes insolvent or bankrupt, is dissolved or liquidated or an application is made for insolvency, bankruptcy, dissolution or liquidation against the MPOS and is not discharged within six (6) months. MPOS or Tuat or Binh is obliged to inform GHL immediately if they become aware of such action;
- (ii) by MPOS if GHL becomes insolvent or bankrupt, is dissolved or liquidated or an application is made for insolvency, bankruptcy, dissolution or liquidation against the GHL and is not discharged within six (6) months. GHL is obliged to inform MPOS immediately if it becomes aware of such action;
- (iii) by either party if the other party fails to perform or comply with one or more of its material obligations, agreements, undertakings, representations and warranties made by the other party and such failure is incapable of remedy or, if capable of remedy, is not remedied within thirty (30) business days after written notice of such failure has been given to the other party;
- (iv) upon the written mutual agreement of the parties; or
- (v) by GHL, if the Closing does not take place by 7 February 2018 (“**SSA Long-stop Date**”), unless otherwise agreed in writing between the parties.

2.4.2 Salient terms of the SPA

The salient terms of the SPA are as follows:-

(a) Sale and purchase of the MPOS Shares

On and subject to the terms of SPA, Tuat hereby sells and shall transfer to GHL and GHL purchases and shall accept the transfer of the MPOS Shares free from all encumbrances, and together with all

rights now or hereafter attaching to them, at the price per share of USD 1.53 and an aggregate subscription price of USD 317,226 (equivalent to approximately RM1.34 million) (the “**MPOS Sale Price**”).

Upon the completion of the sale, purchase and transfer of the MPOS Shares:

- (i) the MPOS Shares shall be fully paid;
- (ii) GHIL shall have good, valid and marketable title in and ownership of the MPOS Shares, free from any Encumbrance; and
- (iii) the MPOS Shares shall rank *pari passu* with the issued, paid-up and outstanding ordinary shares of Tuat as of the Completion Date (as defined in the SPA).

Subject to the terms and conditions of SPA, on the Completion Date, GHIL shall pay the MPOS Sale Price to Tuat by way of electronic transfer of immediately available funds to the bank account designated by the Tuat in writing.

(b) Conditions

Completion is conditional on the following conditions being satisfied on terms that are satisfactory to GHIL, or waived by GHIL, if waiver is permitted, in accordance with SPA:

- (i) All of Tuat’s warranties are true and accurate as at both of the date of SPA and the Completion Date in all material respects;
- (ii) No Material Adverse Event (as defined in the SPA) has occurred as of the Completion Date;
- (iii) No laws have come to effect that render all or part of SPA invalid or illegal as at the Completion Date;
- (iv) Tuat has obtained the waiver of all rights of pre-emption and other restrictions on the transfer of the MPOS Shares, and shall procure that all such rights conferred on any other person are waived no later than the Completion Date;
- (v) The MPOS Vietnam Closing of the issuance and allotment of the MPOS Vietnam Shares has occurred in accordance with the terms and conditions of the MPOS Vietnam SSA and MPOS Vietnam has been duly registered as the legal owner of the MPOS Vietnam Shares;
- (vi) Tuat has duly obtained the amendment to the Offshore Investment Registration Certificate from the Ministry of Planning and Investment of Vietnam permitting the Transaction;
- (vii) Tuat has duly obtained written consent by his spouse for the transfer of MPOS Shares and the execution and performance of the Shareholders Agreement.

2.4.3 Salient terms of the Shareholders’ Agreement

The salient terms of the Shareholders’ Agreement are as follows:-

(a) Effective Date of Shareholders’ Agreement

This Shareholders’ Agreement will take effect on the date that GHIL becomes the legal and beneficial owner of 1,962,025 Shares representing approximately 28.18% of the total issued share capital of the Company (Effective Date).

The purpose of this Shareholders' Agreement is to regulate the management of MPOS and their relationship with each other as (direct or indirect) shareholders in MPOS on the terms and subject to the conditions of Shareholders' Agreement.

(b) Shareholding Proportion

<u>Shareholder</u>	<u>Percentage</u>
GHL	28.2%
Tuat	28.2%
NextTech	39.4%
Life.SREDA	4.2%

(c) Board Composition

For so long as a Shareholder hold such number of MPOS Shares representing at least ten per cent. (10%) of the total issued share capital of MPOS, such shareholder shall be entitled to appoint one director to the board of MPOS and to remove any director(s) appointed by it from time to time. If the number of directors appointed by such shareholder exceeds its entitlement, such shareholder shall remove, or procure the resignation of, the relevant number of its appointee(s) as director(s).

2.4.4 Salient terms of the MPOS Vietnam SSA

The salient terms of the MPOS Vietnam SSA are as follows:-

(a) Issuance and Subscription for the Shares

On and subject to the terms of the MPOS Vietnam SSA, MPOS agrees to subscribe for, and the MPOS Vietnam agrees to allot and issue to MPOS the MPOS Vietnam Shares at the price per share of VND10,000 and an aggregate subscription price of VND52,000,000,000 (equivalent to RM RM9.67 million (the "MPOS Vietnam Subscription Price").

Upon the consummation and completion of the subscription and issuance of the MPOS Vietnam Shares ("MPOS Vietnam Closing"):

- (i) the MPOS Vietnam Shares shall be fully paid;
- (ii) the MPOS shall have good, valid and marketable title in and ownership of the MPOS Vietnam Shares, free from any encumbrance, and
- (iii) the MPOS Vietnam Shares shall rank pari passu with the issued, paid-up and outstanding ordinary shares of MPOS Vietnam as of the Closing Date (i.e. three business days after the close of the agreement following the fulfilment (or waiver) of the Conditions (as defined below).

(b) Conditions

Closing is conditional on the following conditions being satisfied on terms that are satisfactory to MPOS, or is waived by MPOS in its sole discretion, to the extent permitted under applicable laws:

- (i) All of MPOS Vietnam warranties are true and accurate as at both of the date of the MPOS Vietnam SSA and the Closing Date in all material respects;
- (ii) No Material Adverse Event (as defined in the MPOS Vietnam SSA) has occurred as of the Closing Date;

- (iii) No laws have come to effect that render all or part of the MPOS Vietnam SSA invalid or illegal as at the Closing Date;
 - (iv) The charter capital of MPOS Vietnam has been fully paid-up to the amount of VND2,340,000,000 (in words: two billion three hundred forty million Vietnamese Dong) as recorded in the Enterprise Registration Certificate;
 - (v) MPOS Vietnam has obtained all necessary corporate approval for the issuance by the MPOS Vietnam and the subscription by MPOS of the MPOS Vietnam Shares, the increase of the charter capital as the result of the Proposed MPOS Vietnam Acquisition, and the entry of MPOS Vietnam into and the performance of the MPOS Vietnam's obligations under the MPOS Vietnam SSA;
 - (vi) The charter of MPOS Vietnam has been amended to reflect the contents of the MPOS Vietnam SSA to the satisfactory of MPOS;
 - (vii) MPOS Vietnam has obtained the general shareholders' meeting approval for the waiver of all rights of pre-emption and other restrictions on the issuance of the MPOS Vietnam Shares, and shall procure that all such rights conferred on any other person are waived no later than the Closing Date;
 - (viii) MPOS Vietnam has duly submitted the properly-prepared application documents registering the issuance of the MPOS Vietnam Share in the form of private placement to Hanoi DPI and has obtained an approval thereof, or, after 5 Business Days from the date of such submission, has not received any objection from Hanoi DPI, as the case may be;
 - (ix) The Proposed MPOS Vietnam Acquisition approval has been issued by Hanoi DPI;
 - (x) MPOS Vietnam has issued the Shareholders' Register a copy of which has been certified as true copy and delivered to MPOS; and
 - (xi) MPOS Vietnam has issued to MPOS with the Share Certificate to MPOS with the amount of shares and aggregate amount of the subscribed shares as agreed under the MPOS Vietnam SSA.
- (c) Termination

MPOS Vietnam SSA may be terminated and the Proposed MPOS Vietnam Acquisition may be abandoned at any time prior to the Closing Date:

- (i) by MPOS if MPOS Vietnam becomes insolvent or bankrupt, is dissolved or liquidated or an application is made for insolvency, bankruptcy, dissolution or liquidation against MPOS Vietnam and is not discharged within six (6) months. MPOS Vietnam is obliged to inform MPOS immediately if they become aware of such action;
- (ii) by MPOS Vietnam if MPOS becomes insolvent or bankrupt, is dissolved or liquidated or an application is made for insolvency, bankruptcy, dissolution or liquidation against MPOS and is not discharged within six (6) months. MPOS Vietnam is obliged to inform MPOS immediately if they become aware of such action;
- (iii) by either party if the other party fails to perform or comply with one or more of its material obligations, agreements, undertakings, representations and warranties made by the other party and such failure is incapable of remedy or, if capable of remedy, is not remedied within thirty (30) business days after written notice of such failure has been given to the other party;

- (iv) upon the written mutual agreement of the parties; or
- (v) by MPOS, if the Closing does not take place by the date which is [5] business days from the closing date of the SSA (“**MPOS Vietnam Long-stop Date**”), unless otherwise agreed in writing between the parties.

2.5 Basis and justification at arriving at the Subscription Price and the Share Purchase Price

The Subscription Price and the Share Purchase Price were arrived at on a “willing-buyer willing-seller” basis after considering, amongst others, the niche market position of MPOS Vietnam in Vietnam, cost and time of setting up a company similar to MPOS Vietnam and the existing business arrangements between MPOS Vietnam and 2 major banks in Vietnam. Additionally, MPOS Vietnam is the only non-bank that can provide merchants with the ability to accept payments through a mobile point of sale system in Vietnam.

2.6 Source of funding

GHL intends to finance the Subscription Price and Share Purchase Price using internally generated funds.

MPOS will utilise the Subscription Price to finance the Proposed Acquisition of MPOS Vietnam amounting to VND52,000,000,000 (equivalent to approximately RM9.67 million).

2.7 Liabilities to be assumed by GHL

Other than the liabilities in MPOS, there are no other liabilities, including contingent liabilities and guarantees to be assumed by GHL pursuant to the Proposed Acquisitions.

2.8 Estimated additional financial commitment

MPOS does not require additional financial commitment as MPOS is a special purpose vehicle incorporated to acquire MPOS Vietnam. Upon completion of the Proposed MPOS Vietnam Acquisition, MPOS will own 95.69% equity interest in MPOS Vietnam. MPOS Vietnam had recorded losses for the last 3 financial years. Notwithstanding that MPOS Vietnam is currently loss making, the losses are not material to the GHL Group as a whole. GHL does not expect to incur material financial commitments to put MPOS and MPOS Vietnam on stream. The USD3.0 million injected into MPOS will be used to fund the MPOS Vietnam Subscription Price for the purpose of regularising the business operations of MPOS Vietnam.

3. RATIONALE FOR THE PROPOSED ACQUISITIONS

GHL’s strategy is to expand its footprint in other ASEAN markets. MPOS Vietnam is the only non-bank that can provide merchants with the ability to accept payments through a mobile point of sale system in Vietnam. The Proposed Acquisition will provide GHL an immediate access to Vietnam’s market in line with GHL’s strategy.

The Proposed Acquisition will provide GHL a strong presence in the Vietnam’s mobile and internet payments, including next generation payment solutions such as e-wallets and near field communication.

Currently, MPOS Vietnam has approximately 3,000 merchants with 7,000 mobile point of sale system in Vietnam.

4. INDUSTRY OVERVIEW AND PROSPECTS

4.1 Overview and outlook of the Vietnamese economy

Vietnam's gross domestic product rose 7.46% in the third quarter 2017. The economy had a disappointing start to the year: growth declined to 5.2% year-on-year in quarter one, severely denting prospects of achieving the government's full-year GDP growth target of 6.7% this year. Strong growth in quarter two and quarter three has, however, put the economy into reach of the ambitious target and has eased pressure on the Central Bank to pump more monetary stimulus. The economy is among the fastest growing worldwide.

The services sector expanded at the fastest pace, growing 7.3% annually in the first nine months of the year compared to 6.5% in the first six months due to improvement across all sub-components especially accommodation and catering, wholesale and retail trade sub-sectors. The industrial sector also gained traction, growing 9.7% in quarter three (quarter two: 5.8%). The surge reflects a double-digit expansion in the manufacturing sector, which translated into another quarter of export growth over 20%.

However, mining and quarrying activity contracted for the sixth consecutive quarter. The only sector to post a contraction, mining and quarrying was adversely impacted by the tax on natural resources and a fall in oil output from mature oil fields. Meanwhile, the agricultural, forestry and fishing sector grew at a modest pace and is on track to recover from the drought which started in 2016 and persisted into the beginning of this year, which should bode well for food production in the coming months.

The economy is projected to continue along this robust growth trajectory for the remainder of the year and into 2018, buoyed by strong growth in exports as new factories funded by foreign investment open, and a flourishing influx of foreign direct investment. Rising private consumption will also support higher growth, and sustained growth in private sector credit will be an important catalyst to sustain the growth momentum. The large-scale credit boom poses increasing risks to the long-term outlook, however, as the economy ratchets up an escalating debt burden amid a high level of non-performing loans already plaguing the financial sector. The government is taking measures to address the concerns, and recently introduced Resolution 42, which comprises a series of reforms aimed at reducing the level of non-performing loans in the banking sector below 3% by 2020. It remains to be seen how successful it will be in mitigating the risks.

4.2 Overview and outlook of the Vietnamese E-Commerce industry

According to the Vietnam E-commerce Report 2015 conducted by the Ministry of Industry and Trade Vietnam, cash and bank transfers are the most popular forms of payment for buyers. Use of e-wallets actually declined from 37% to 11% over the same period, while payment cards increased by 20%.

Bankcard market in Vietnam has been growing steadily over the years driven by the middle-class, low banking penetration, increase in e-commerce transactions, and new card technologies. Bankcards currently in circulation in Vietnam have increased by 11.36% by comparing 2016 to 2015. However, only 15% of users have used the bankcards in 2016 due to lack of sufficient ATMs in rural areas, which account for 70% of the population.

From security perspective, the Vietnamese Government is undertaking numerous measures to increase card security to improve consumer trust. Banks have been instructed to convert magnetic cards into chip cards to increase security and prevent fraud. Authorities also aim to make all ATM cards EMV-standard chip cards by 2020, to reduce risks in e-commerce for both buyers and sellers.

The government has planned to reduce cash transactions in the country to less than 10% of total market transactions by 2020. As per the plan, at least 70% of water, electronics, and telecommunication service providers will accept cash-free payments from individuals and households and ensure that at least 50% of total urban households use electronic payments for daily transactions by 2020. Besides electronic

payments, the government is also focusing on increasing the use of credit cards by ensuring that all supermarkets, shopping malls, and distributors accept credit cards.

There is also development of new payment methods for rural areas to increase access to services. The government is targeting at least 70% of citizens over the age of 15 to have bank accounts to encourage financial inclusion by 2020. Government pensions and social welfare systems are also being developed to ensure payment by electronic methods. By 2020, the aim is to reach 200 million transactions a year and having at least 300,000 POS's installed.

4.3 Prospects of MPOS Vietnam

Vietnam, with a 90 million population, is fast growing its e-payments space with an estimated 86 million cards issued by 40 commercial banks but served only by an estimated 250,000 EDC terminals.

MPOS Vietnam being the only non-bank in Vietnam that can provide merchants with the ability to accept payments through a mobile point of sale system coupled with the financial strength and technical capabilities of GHL, MPOS Vietnam is poised to expand its customer's base in Vietnam. Currently, MPOS Vietnam has approximately 3,000 merchants with 7,000 mobile point of sale system.

5. RISKS RELATING TO THE PROPOSED ACQUISITIONS

GHL and its subsidiaries ("GHL Group") is principally involved in investment holding, developing and selling in-house software programmes, sale and rental of EDC equipment and its related software and services, inclusive of installation, training and maintenance.

As MPOS and MPOS Vietnam are principally involved in the same industry as GHL, the Proposed Acquisition is not expected to subject the GHL Group to additional industry risks. However, in the event the Proposed MPOS Vietnam Acquisition is completed, the Proposed Acquisitions will subject the GHL Group to new business risks and operating risks. GHL will be subject to, amongst others the following risks:-

(a) Acquisition risk

Although the management of GHL believes that the Proposed Acquisitions will contribute positively towards the GHL Group's profitability, there can be no assurance that the anticipated synergies and other benefits of the Proposed Acquisitions will materialise. There can be also no assurance that the GHL Group will be able to generate sufficient revenues from the Proposed Acquisitions to offset its acquisition cost.

Nevertheless, upon the completion of the Proposed Acquisitions, the management of GHL will take effort to work closely with MPOS and MPOS Vietnam to assist in streamlining its operations and investment goals with that of MPOS and MPOS Vietnam.

(b) Dependence on key management

After the Proposed Acquisitions, GHL will depend to a certain extent, on the skills, abilities, experience of the respective key management of MPOS Vietnam. There can be no assurance that any loss of such key management of MPOS and MPOS Vietnam without suitable and timely replacement would not affect the business operations and financial performance of MPOS, which in turn, adversely affect the performance of the GHL Group.

Nevertheless, management of GHL will seek to mitigate this risk by continuously undertaking appropriate measures to attract talent and retain such key personnel including providing attractive remuneration packages as well as providing training and career advancement opportunities for them.

(c) Political, economic, market and regulatory considerations

Pursuant to the Proposed MPOS Vietnam Acquisition, the GHL Group will be subject to the political, economic, market and regulatory landscape in Vietnam. These uncertainties include, among others, risks of war, terrorism, riot, expropriation, changes in political leadership, nationalisation, termination or nullification of existing contracts, changes in interest rates and methods of taxation, and exchange control policy or rules.

There can be no assurance that any adverse changes in Vietnam's political, economic, market and regulatory conditions may adversely affect the operations and performance of MPOS Vietnam, which will in turn, affect the earnings and profitability of the GHL Group.

(d) Competition risk

Pursuant to the Proposed MPOS Vietnam Acquisition, upon completion of the Proposed Acquisitions, the GHL Group will be subject to competition from existing players and new entrants in Vietnam. There can be no assurance that such competition will not adversely affect the performance of MPOS and/or MPOS Vietnam, which will in turn, adversely affect the earnings and profitability of the GHL Group.

(e) Non-completion risk

The completion of the Proposed Acquisitions is conditional upon the fulfilment of the conditions stated in the Agreements. Accordingly, there can be no assurance that the Proposed Acquisitions can be completed.

In the event such conditions are not obtained/fulfilled and/or waived (as the case may be) in accordance with the terms of the SSA and SPA, the SSA and/or the SPA will have to be terminated. Nevertheless, the Company endures to take the necessary steps to ensure the expedient completion of the Agreements.

6. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITIONS

6.1 Share Capital and Substantial Shareholders' Shareholdings

The Proposed Acquisitions will not have any effect on the share capital and substantial shareholders' shareholdings of the Company as the Proposed Acquisitions do not involve the issuance of new shares in GHL.

6.2 Earnings and Earnings Per Share ("EPS")

The Proposed Acquisitions are expected to be completed in the fourth (4th) quarter of 2017.

For the FY 31 December 2016, MPOS Vietnam recorded an audited loss after tax of VND3,055.6 million (approximately RM0.57 million). The historical losses of MPOS Vietnam is not material as compared to the audited profit after tax of the GHL Group for the FY 31 December 2016 of RM18.2 million.

Nonetheless, the management of GHL believes that there are positive synergies to be established through the Proposed Acquisitions which are expected to contribute positively to the earnings and EPS of the GHL Group moving forward.

6.3 Net assets (“NA”) and gearing

The Proposed Acquisitions will have no effect on the gearing of the GHL Group as it is expected to be funded via internally generated funds.

The Proposed Acquisitions are not expected to have a material impact to the NA of the GHL Group.

7. APPROVALS REQUIRED

The Proposed Acquisition is not subject to the approval of shareholders of GHL and/or any other authorities.

8. DIRECTORS’ AND MAJOR SHAREHOLDERS’ INTEREST

None of the Directors and major shareholders of GHL Group and/or persons connected to them have any interest, direct or indirect, in the Proposed Acquisitions.

9. ESTIMATED TIME FRAME FOR COMPLETION OF THE PROPOSED ACQUISITIONS

Barring unforeseen circumstances, the Proposed Acquisitions are expected to be completed within the fourth (4th) quarter of 2017.

10. DIRECTORS’ STATEMENT

The Board of GHL, having considered all aspects of the Proposed Acquisitions, is of the opinion that the Proposed Acquisitions are fair and reasonable and in the best interest of the GHL Group.

11. PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Acquisitions pursuant to Paragraph 10.02(g)(i) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 5.4% based on the GHL Group’s latest audited financial statements for the FY 31 December 2016.

The Proposed Acquisitions are not conditional upon other corporate proposals undertaken or to be undertaken by GHL.

12. DOCUMENTS FOR INSPECTION

The Agreements and the MPOS Vietnam SSA are available for inspection at the registered office of the Company at Unit 30-01, Level 30, Tower A Vertical Business Suite, Avenue 3 Bangsar South, No. 8, Jalan Kerinchi 59200 Kuala Lumpur during normal business hours from Mondays to Fridays (except for public holidays) for a period of three (3) months from the date of this Announcement.

APPENDIX I – INFORMATION ON MPOS VIETNAM

1. PRINCIPAL ACTIVITIES

The principal activities of MPOS Vietnam are selling of electronic and telecommunication equipment and devices, software, and providing computer advisory services, computer system management, IT services and other services related to computers and printing.

2. SHAREHOLDERS AND DIRECTORS OF MPOS VIETNAM

As at the LPD the substantial shareholders of MPOS Vietnam and their shareholdings are as follows:-

Shareholder	Direct		Indirect	
	Number of MPOS Vietnam Shares	%	Number of MPOS Vietnam Shares	%
Tuat	100,326	42.87%	-	-
Hoàng Thanh Bình	7,000	3.00%	-	-
Binh	120,824	51.63%	-	-
Pham Thi Minh Lan	5,850	2.50%	-	-
Total	234,000	100.00%		

As at the LPD, the details of the directors of MPOS Vietnam and their respective shareholdings in MPOS Vietnam are as follows:-

Directors	Direct		Indirect	
	No. of Shares ('000)	%	No. of Shares ('000)	%
Tuat	100,326	42.87	-	-
Hoàng Thanh Bình	7,000	3.00	-	-
Binh	120,824	51.63	-	-
Pham Thi Minh Lan	5,850	2.50	-	-
	234,000	100.00		

3. SUMMARY OF FINANCIAL INFORMATION

The table below sets out a summary of MPOS Vietnam’s consolidated audited financial statements from the FYE 31 December 2014 to 2016:-

	← Audited FYE 31 December →		
	2014 VND’million	2015 VND’million	2016 VND’million
Revenue	60.2	5,912.1	6,429.8
Loss Before Tax (“LBT”)	(80.1)	(2,091.8)	(3,055.6)
Taxation	-	-	-
Loss After Tax (“LAT”)	(80.1)	(2,091.8)	(3,055.6)
Issued and Paid-up share capital	1,111.2	1,511.1	2,301.1
Net Assets (“NA”)	1,024.2	(667.7)	(2,933.2)
Total borrowings	35.0	1,455.8	3,820.8
No. of ordinary shares (‘000)	111.1	151.1	230.1
Current Assets	1,071.8	2,085.6	3,354.7
Current Liabilities	47.6	3,242.2	5,888.9
Basic EPS	(721.0)	(13,843.9)	(13,279.4)
NA per Share	9,218.7	(4,418.9)	(12,747.5)
Current Ratio (times)	22.52	0.64	0.57
Gearing (times)	0.03	(2.18)	(1.30)

Commentaries on financial performance

(i) Revenue

Sales of MPOS devices and MPOS service fee contributed more than 92% of total revenue in FY2015 and more than 54% of total revenues in FY2016.

There was one-off sale of MPOS devices agreement in FY 2015 amounted VND4.8 million caused the drop in sales of MPOS devices from VND5.2 million to VND 1.1 million.

APPENDIX I – INFORMATION ON MPOS VIETNAM

There was an increase in the demand in payments via cards (credit/debit cards) resulted in the continuous significant increase in MPOS service fee charge to customer from VND234 million in FY2015 to VND 2.4 billion in FY2016.

(ii) Cost of Sales

The fluctuation of the cost of sales is in line with the revenue.

The cost of sales is mainly made up of the charges by the Banks for MPOS Services rendered over the period.

(iii) Other Income

In FY2016, there was a significant increase in other income due to income derived from seminar held in FY2016 and sponsored by VP Bank.

(iv) Administrative Expenses

Administrative expenses increased significantly by VND1.42 billion from FY2015 to FY2016 due to increase in the following expenses:-

- Staff cost increased by VND335 million due to increase in the number of staff, annual raising salary and bonus expense and insurance.
- Management fee charged by NextTech increased by VND294 million.
- Professional fees increased by VND337 million due to use of several legal and audit services.
- Rental fee increased by VND140 million due to increase in the number of staff.

(v) Selling and Distribution Expenses

Generally, the selling and distribution expenses increase in line with revenue and number of staff. In FY2016, the marketing expenses increased by VND180 million due to MPOS Vietnam having higher budget for advertising in order to increase revenue.

(vi) Finance Expenses

Finance expense is interest charged for the loans from its shareholders at an average of 6.5% per annum.