

ANNUAL REPORT

— the **ASEAN** payment people



GHL SYSTEMS BERHAD 199401007361 (293040-D)

INCORPORATED IN MALAYSIA

2021

TABLE OF CONTENTS

02	VISION AND MISSION
03	CORPORATE PROFILE
04	CORPORATE STRUCTURE
06	CORPORATE INFORMATION
07	FINANCIAL HIGHLIGHTS
08	KEY PERFORMANCE INDICATORS
09	MANAGEMENT DISCUSSION AND ANALYSIS
18	SUSTAINABILITY STATEMENT
26	DIRECTORS' PROFILE
35	KEY SENIOR MANagements' PROFILE
38	CORPORATE DIRECTORY
39	CORPORATE GOVERNANCE OVERVIEW STATEMENT
48	AUDIT AND RISK COMMITTEE REPORT
53	STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
60	OTHER STATEMENTS AND DISCLOSURES

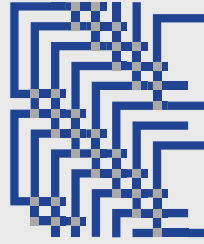


FINANCIAL STATEMENTS

62	DIRECTORS' REPORT
68	STATEMENT BY DIRECTORS
68	STATUTORY DECLARATION
69	INDEPENDENT AUDITORS' REPORT
74	STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
76	STATEMENTS OF FINANCIAL POSITION
78	STATEMENTS OF CHANGES IN EQUITY
81	STATEMENTS OF CASH FLOWS
84	NOTES TO THE FINANCIAL STATEMENTS
166	LIST OF PROPERTIES
167	ANALYSIS OF SHAREHOLDINGS
170	NOTICE OF 28TH ANNUAL GENERAL MEETING
176	STATEMENT TO SHAREHOLDERS
	PROXY FORM

OUR VISION

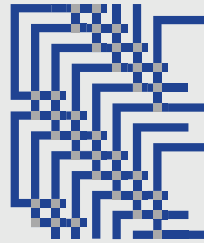
The ASEAN Payment People



To be clearly recognised as the leading ASEAN payment services provider. Delivering powerful solutions to deeply rooted local relationships.

OUR MISSION

Payments Simplified



We help merchants, financial institutions and telcos make money by simplifying their distribution, payment and collections needs. We provide ASEAN merchants, both big and small, with complete solutions that fulfil their customers' needs.

AWARDS & RECOGNITION

2021

Malaysian e-Payment Excellence Awards (MEEA) - Best e-Payments Acceptance Growth Award for MyDEBIT as a non-bank Acquirer

11th Malaysian Investor Relations Association (MIRA) Investor Relations (IR) Awards - Best IR Website (Mid Cap category)

OUR CORE VALUES

CUSTOMER IS THE BOSS

We listen, anticipate and deliver what our customer needs

TEAMWORK

Together we can achieve more

NO DISHONESTY

Zero-tolerance for dishonesty in any form

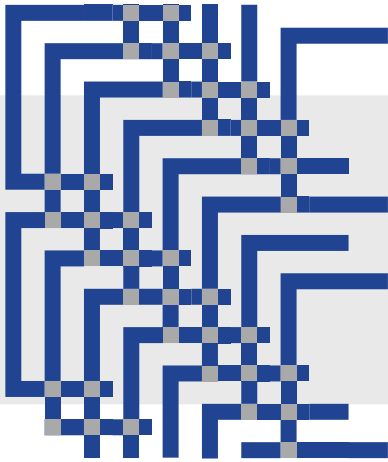
ADDICTED TO INNOVATION

Our relentless pursuit of innovation is what drives us forward

"BOLEH" ATTITUDE

We are passionate and driven to make a difference.

CORPORATE PROFILE



GHL SYSTEMS BERHAD

the ASEAN payment people

As ASEAN's leading payment solutions provider, GHL's reach spans across six countries; Malaysia, Philippines, Thailand, Indonesia, Singapore and Australia – stretching over a vast footprint of 398,000 payment touchpoints. At the forefront of the region's cutting edge fintech, GHL empowers the payment revolution that is shaping today's spending trend, offering extensive payment options, both offline and online to fulfil merchants and consumers' needs.

Our core activities are focused on these business pillars:



Transaction
Payment
Acquisition



Solution
Services



Shared
Services

- **Transaction Payment Acquisition**

As one of the largest ASEAN Transaction Payment Acquirers, we acquire merchants on behalf of major financial institutions and payment schemes, locally as well as globally. Through this, **Card Payments** such as debit and credit are enabled, allowing consumers to pay using these alternatives instead of cash.

Riding the ASEAN cashless tide, alongside significant Asian digital payment players, GHL's **Mobile Payments** enable major local and cross border e-wallets' acceptance across our footprint of more than 398,000 payment touchpoints.

Our internet payment gateway, eGHL, offers a secure **Online Payment** gateway that covers more than 100 card and non-card payment channels, with a single integration, throughout the ASEAN region.

Our subsidiary e-pay, powering the **Prepaid Top-ups & Bill Collection** services, leads Malaysia's mobile reload & bill payment collection network, processing over 15 million transactions, amounting to over RM380 million in value, nationwide per month.

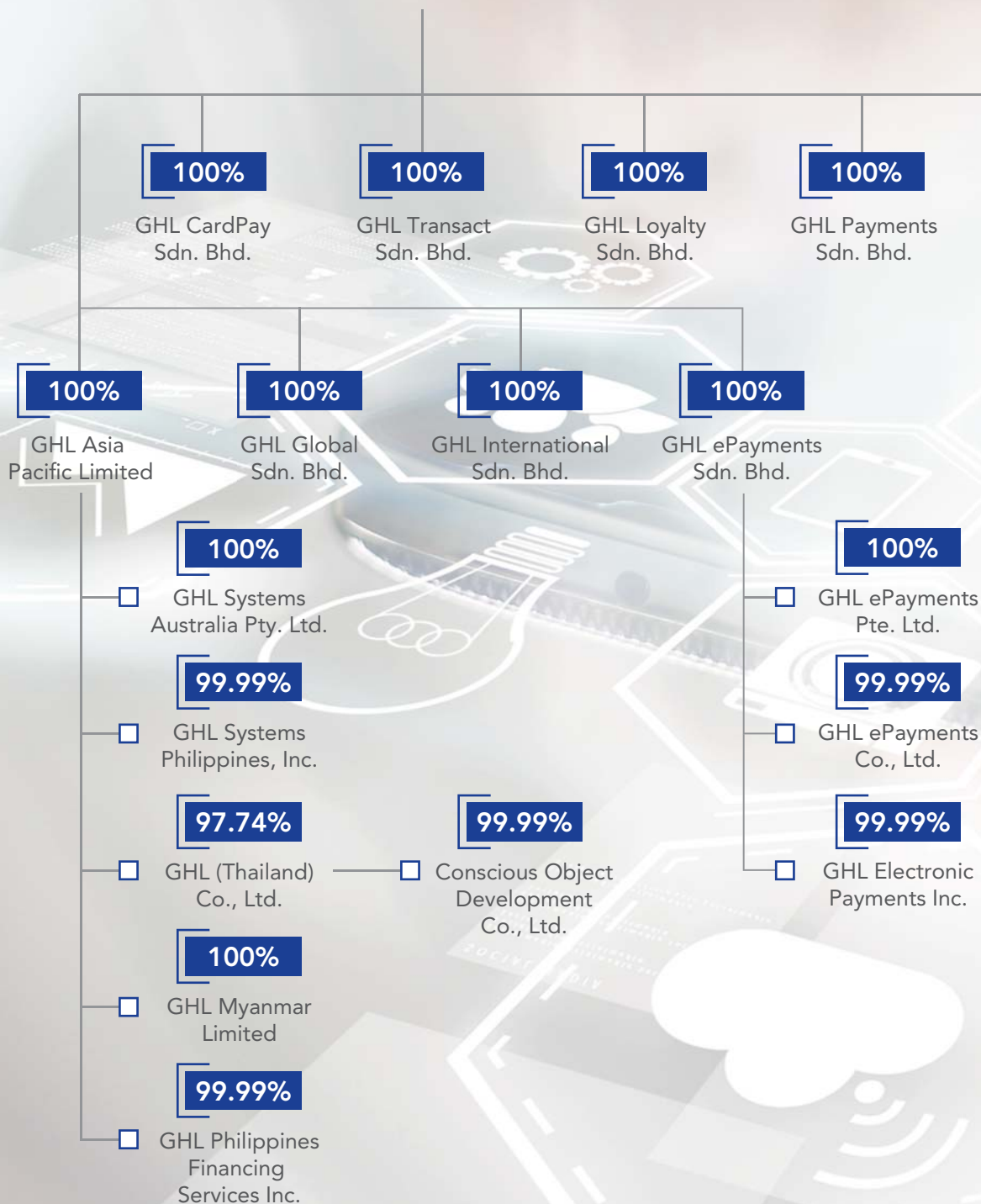
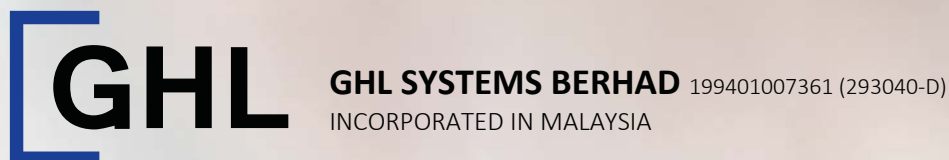
- **Shared Services**

GHL provides **Payment Acceptance Devices** such as Android All-in-One Point of Sales (POS) terminals and other devices that are able to perform numerous electronic payments, alongside complex payment application developments.

- **Solution Services**

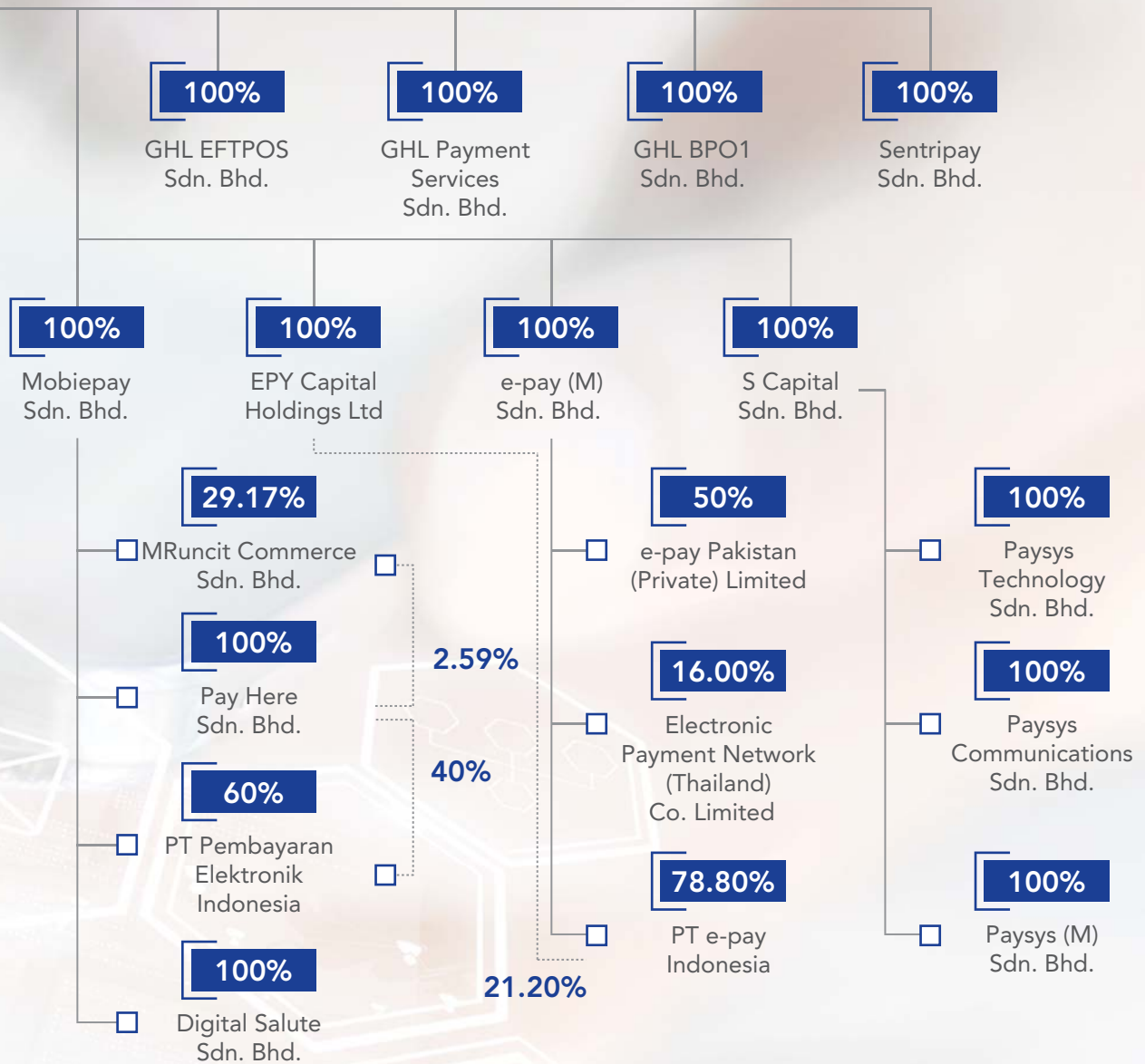
GHL offers **Payment Solutions** that includes customised online payment platforms, payment collection solutions, integrated payment solutions, loyalty points capture/redemption solutions, loan repayment solutions, and other bank or merchant specific requirements designed to cater to our client's specific business needs. We also offer secure payment network, supplying both software and hardware solutions.

CORPORATE STRUCTURE



CORPORATE STRUCTURE

CONT'D



CORPORATE INFORMATION

BOARD OF DIRECTORS

DATUK KAMARUDDIN BIN TAIB
(Independent Non-Executive Chairman)

LOH WEE HIAN
(Executive Vice Chairman)

DATO' CHAN CHOY LIN
(Independent Non-Executive Director)

MATTEO STEFANEL
(Non-Independent Non-Executive Director)

RICHARD HENRY PHILLIPS
(Non-Independent Non-Executive Director)
(Appointed on 16 April 2021)

SEAN S. HESH
(Executive Director)
(Appointed on 1 Oct 2021)

TAN LYE SIM
(Independent Non-Executive Director)
(Appointed on 1 Oct 2021)

KUNG LEE SEE
(Independent Non-Executive Director)
(Appointed on 1 Oct 2021)

LOH HIN YAW
(Alternate Director to Loh Wee Hian)
(Appointed on 1 Oct 2021)

AUDIT AND RISK COMMITTEE

Dato' Chan Choy Lin
(Chairperson)
Matteo Stefanel
(Appointed on 18 May 2021)
Tan Lye Sim
(Appointed on 25 November 2021)
Kung Lee See
(Appointed on 25 November 2021)
Datuk Kamaruddin Bin Taib
(Resigned on 25 November 2021)
Hossameldin Abdelhamid
Mohamed Aboumoussa
(Resigned on 11 March 2021)

NOMINATION AND REMUNERATION COMMITTEE

Dato' Chan Choy Lin
(Chairperson, appointed on 18 February 2022)
Matteo Stefanel
(Appointed on 18 May 2021)
Tan Lye Sim
(Appointed on 25 November 2021)
Kung Lee See
(Appointed on 25 November 2021)
Datuk Kamaruddin Bin Taib
(Resigned on 18 February 2022)
Hossameldin Abdelhamid
Mohamed Aboumoussa
(Resigned on 11 March 2021)

COMPANY SECRETARIES

Te Hock Wee
(MAICSA 7054787)
(SSM PC No. 202008002124)
Wong Wai Foong
(MAICSA 7001358)
(SSM PC No. 202008001472)

REGISTERED OFFICE

Unit 30-01, Level 30, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Tel : +6(03) 2783 9191
Fax : +6(03) 2783 9111

REGISTRAR

Tricor Investor & Issuing House Services
Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Tel : +6(03) 2783 9299
Fax : +6(03) 2783 9222

AUDITORS

BDO PLT (LLP0018825-LCA & AF0206)
Level 8
BDO @ Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur.

PRINCIPAL BANKERS

Ambank (M) Berhad
Alliance Bank Berhad
CIMB Bank Berhad
Malayan Banking Berhad
Standard Chartered Bank Malaysia
Berhad
Public Bank Berhad
HSBC Bank Malaysia Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities
Bhd (BMSB)
BMSB Code : 0021
Reuters Code : GHLS.KL
Bloomberg Code : GHLS MK

WEBSITE

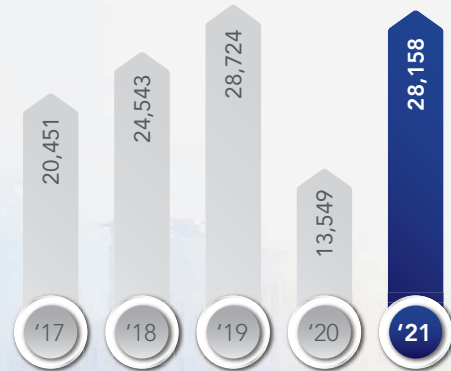
www.ghl.com

FINANCIAL HIGHLIGHTS

REVENUE RM'000



PROFIT ATTRIBUTABLE TO EQUITY HOLDERS RM'000



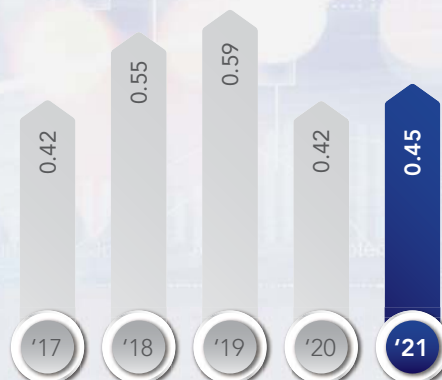
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION & AMORTISATION (EBITDA) RM'000



SHAREHOLDERS' EQUITY RM'000



NET ASSETS PER SHARE RM



KEY PERFORMANCE INDICATORS

FINANCIAL HIGHLIGHTS		Year				
		2017	2018	2019	2020	2021
Financial Year Ended 31 December						
Revenue	RM'000	253,681	299,067	347,707*	334,514	360,166
Gross Profit	RM'000	105,726	126,876	150,475	144,326	140,109
Gross Profit Margin	%	41.68	42.42	43.28	43.14	38.90
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)	RM'000	46,910	55,680	71,920	50,827	69,239
Profit / (Loss) For The Year Attributable To Equity Holders	RM'000	20,451	24,543	28,724	13,549	28,158
Shareholders' Equity	RM'000	274,195	406,225	442,450	481,758	508,872
Net Operating Cash Flow	RM'000	56,372	2,532	91,506	44,350	88,615
Net Assets Per Share	RM	0.42	0.55	0.59	0.42	0.45
Basic Earnings Per Share	sen	3.12	3.49	2.56**	1.69	2.47
Total Borrowings	RM'000	34,186	34,668	26,204	22,175	52,390
Net Gearing Ratio		Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Notes:

* Revenue for FY 2019 is inclusive of revenue from discontinued operations.

** Basic earnings per share restated in accordance with MFRS 113 Earnings per share arising from bonus issue.



MANAGEMENT DISCUSSION AND ANALYSIS

1. OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

GHL Systems Berhad ("the Group") is a leading ASEAN payment services provider with operations in Malaysia, Philippines, Thailand, Indonesia, and Australia. The Group provides end to end payment services encompassing physical, e-commerce, and QR payments acceptance, and is one of the region's top merchant acquirers. GHL manages and oversees more than 398,000, footprint of payment touchpoints across its ASEAN markets that enable credit/debit card, e-wallets, contactless payment, loyalty, prepaid credit top up, and bill collection payment services. The Group has three (3) core business pillars:

1. *Transaction Payment Acquisition ("TPA")* comprises revenue derived from two (2) distinct sub segments:
 - i) *e-pay services which include Telco prepaid and other credit top-up facilities and bill collection services for consumers ("reload and collection services") and;*
 - ii) *GHL's merchant acquiring and electronic payment services ("electronic payment services").*
2. *Shared Services* comprises revenue derived from the sale, rental, and maintenance of EDC terminals and other payment acceptance devices.
3. *Solution Services* comprises revenue derived from proprietary payment solutions which include customised online platforms, loan collections, loyalty systems and other bank or merchant specific applications.

The Group's focus is to become ASEAN's largest merchant acquirer by directly contracting with merchants ("merchant acquisition") under its TPA initiative. These business segments have since grown rapidly, resulting in a higher proportion of annuity income and a significant change in the business segment mix for the Group (See Sections 2.5 and 3.1 for details).

GHL has been listed on Bursa Malaysia since 2003.

2. DISCUSSION AND ANALYSIS OF THE FINANCIAL RESULTS AND CONDITIONS

Analysis of Financial Results

2.1 Revenue

Group revenue improved 7.7% YoY to RM360.2 million (2020 – RM334.5 million) despite the impacts of the global COVID-19 pandemic across its group operations. Declines registered in the Shared Services and Solutions Services business pillars were boosted by a 15.4% growth in its TPA business segment which accounted for 63.6% of group revenue. Geographical wise, Malaysia and Philippines' 2021 revenue grew year-on-year whereas Thailand was down as it continues to be impacted by its tourism sector.

2.2 Net Profit

Pre-tax profits jumped 90.8% to RM40.7 million as compared to RM21.3 million a year ago. Pre-tax margins grew to 11.3% (2020 – 6.4%). Net profit after tax and minority interest improved in tandem by 107.8% YoY to RM28.2 million (2020 – RM13.6 million), with the improvement coming from TPA division.

2.3 Taxation

The effective tax rate for 2021 was 30.8% (2020 – 57.2%) which was higher than the statutory tax rate mainly due to non-tax allowable expenses. Post-tax and minority interest profit margins were higher at 7.8% in 2021 as compared to 4.1% in 2020 but slightly below the pre-COVID figure of 8.3% in 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

CONT'D

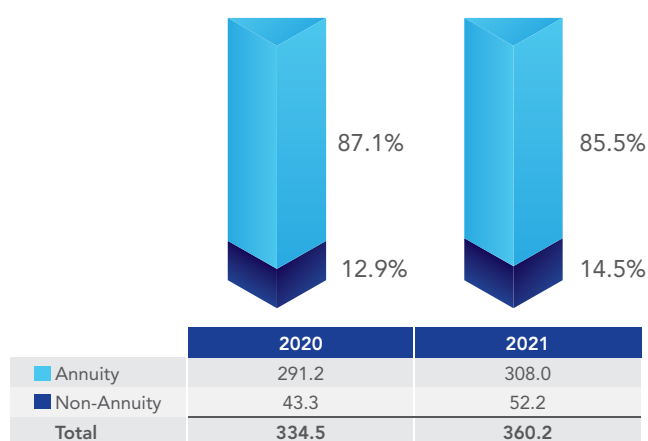
2. DISCUSSION AND ANALYSIS OF THE FINANCIAL RESULTS AND CONDITIONS (Cont'd)

2.4 Profit attributable to Equity Holders of the group

The profit attributable to equity holders of the Group recovered to RM28.2 million, a 107.8% growth YoY. Fully diluted earnings per ordinary share for the year amounted to 2.47sen, an improvement of 46.2% YoY. The performance in 2021 still reflected the COVID-19 challenges which resulted in governments introducing lockdowns and movement controls to contain the spread of the pandemic.

2.5 Annuity versus Non-Annuity Revenue

Annuity vs Non-Annuity Revenue (RM' million)



The annuity-based revenue component within the group's total revenue remains high at 85.5% and this compared to 87.1% achieved in FY2020 due to higher hardware and software sales recognised in 2021 compared to FY2020. Although annuity-based revenue was lower in percentage terms, in absolute terms, it was higher due to higher recurring TPA transactions captured. The group's strategy is to grow the TPA and other businesses that have a strong recurring annuity-based revenue and at the same time to continue to support our main bank customers with their future hardware and software needs. As TPA recovery gathers momentum in all geographical markets, we expect the annuity revenues to remain strong and recover in FY 2022.

2.6 Liquidity and Capital Resources

As at 31 December 2021, the Group's Net Cash Position (Note 1) amounted to RM121.8 million (31 December 2020 – RM117.7 million).

There are further funds placed in fixed income fund with financial institution included in Other Investments amounting to RM101.6 million (31 December 2020 – RM64.8 million).

(Note 1 – Defined as Total Cash and Bank Balances less all Bank Borrowings and Lease Liabilities)

The key items that impacted the Group's cashflow in 2021 were as follow: -

- (i) Net cash generated from operating activities increased to RM88.6 million (2020 – RM44.3 million), mainly due to an increase in working capital requirements of RM59.3 million from an increase in trade and others payables (RM23.1 million), increase in advance receipts for contract liabilities (RM6.7 million), a decrease in inventories (RM19.4 million) and decrease in trade and other receivables (RM10.5 million), and decrease in operating profit before working capital changes of RM13.3 million, and also a slight increase in movement of tax and interest of RM1.8 million.

MANAGEMENT DISCUSSION AND ANALYSIS

CONT'D

2. DISCUSSION AND ANALYSIS OF THE FINANCIAL RESULTS AND CONDITIONS (Cont'd)

2.6 Liquidity and Capital Resources (Cont'd)

- (ii) An amount of RM43.3 million (2020 – RM17.2 million) was expended on capital expenditure which was mostly in respect of the Group's purchases of EDC terminals.
- (iii) The Group repaid RM36.7 million of its bank borrowings and hire purchase payables in 2021 (2020 – RM79.1 million). The Group also drew-down fresh bank loans in 2021 of RM60.7 million (2020 – RM66.4 million) for working capital purposes.

2.7 Trends and Events

The 2021 COVID-19 pandemic global impact continued to be felt by the economies of the ASEAN region whereby the respective governments imposed varying degrees of movement control and lockdown on its population to contain the spread of the pandemic. These movement controls adversely impacted the economies of the countries we operate in and GHL's operations. The level of movement control in Malaysia, Philippines, Thailand and Indonesia varied in its severity and implementations and the resulting the rate of recovery.

Two trends could be observed arising from the movement control and social distancing measures imposed, which resulted in a quicker shift towards online ecommerce and cashless transactions at physical stores. Online activities for ecommerce as well as leisure activities grew as consumers were house bound due to the lockdown imposed. The second trend was noticed when restrictions were eased, consumers would opt to pay using cashless means to avoid handling physical cash as part of the measures to minimise COVID-19 risks. Both trends are favourable to our operations as consumer behaviour in faster adoption of cashless payments bodes well for our group's TPA strategy.

2021 saw the peak of COVID-19 positive cases in ASEAN which resulted in more lockdown days compared to 2020 but fortunately, the vaccination effort by various governments also grew in 2021. As vaccination efforts globally increases, including the deployment of booster vaccine shots, many observers opined that the pandemic will soon reach its endemic stage. This will result in more relaxed restrictions and expectations of the reopening of borders for trade, travel and tourism bodes well for the outlook for GHL as consumer spending and consumption are expected to improve in the coming months.

During 2021, many ASEAN government and their respective central bank initiatives saw the announcements of cross border recognition of their respective national QR codes which is expected to accelerate and encourage faster adoption of cashless usage and change in consumer behaviour, especially when borders reopen and travel resumes.

MANAGEMENT DISCUSSION AND ANALYSIS

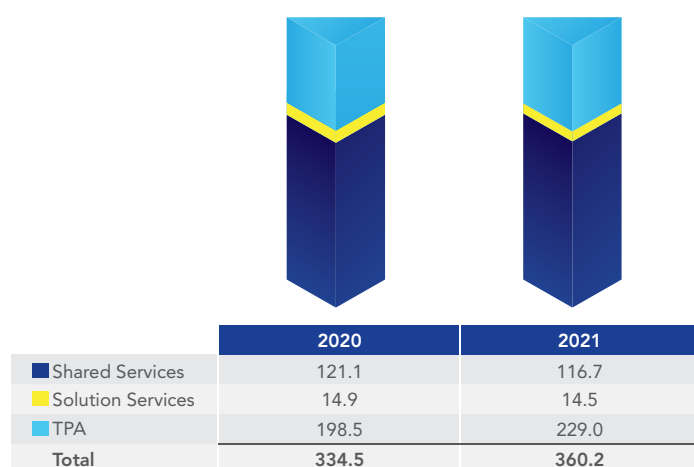
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3. PERFORMANCE BY BUSINESS SEGMENT AND GEOGRAPHY

3.1 Performance By Business segment

As indicated earlier, the core business segments of the Group comprise the following:- 1) Transaction Payment Acquisition (“TPA”); 2) Shared Services; and 3) Solution Services. An analysis of the performance of all three business segments are as per below: -

Revenue By Business Segment (RM' million)



a) Transaction Payment Acquisition (“TPA”) Segment

The TPA business has two (2) distinct sub-segments, each in a different stage of development. They are:

- i) e-pay’s direct contractual relationships with merchants to provide Telco prepaid reloads and other top-up facilities as well as bill collection services for consumers (“reload and collection services”) and
- ii) GHL’s direct contractual relationships with merchants to provide international and domestic card payment and e-wallet services (“electronic payment services”).

With both sub-segments combined, the TPA business grew 15.4% to RM229.0 million in 2021 (2020 – RM198.5 million), contributing 63.6% of total revenue in 2021 (2020 – 59.3%). The electronic payments business is growing at a much faster rate compared to the e-pay business and is complementary to each other. The electronic payments TPA gross revenue grew by 27.3% YoY to RM95.1 million (2020 – RM74.7 million) whereas the e-pay business grew at a lower rate of 8.2% to RM133.9 million in 2021 from RM123.8 million in 2020. Despite a challenging 2021, there remains considerable untapped opportunity within ASEAN, hence the TPA business remains the main driver of growth for the Group in the near term.

Each of the two (2) components within the TPA business is described in more detail, as follow: -

(i) e-pay (reload and collection services)

e-pay is the largest provider of reload and collection services in Malaysia. It has approximately 49,000 acceptance points nationwide, encompassing petrol chains, large convenience store chains and general retail stores. The e-pay brand is well known to consumers who use the service. With over 20 years of experience, e-pay is clearly the market leader in Malaysia within this industry segment.

MANAGEMENT DISCUSSION AND ANALYSIS

CONT'D

3. PERFORMANCE BY BUSINESS SEGMENT AND GEOGRAPHY (Cont'd)

3.1 Performance By Business segment (Cont'd)

a) Transaction Payment Acquisition ("TPA") Segment (Cont'd)

(i) e-pay (reload and collection services) (Cont'd)

A full year's comparison of key data between 2021 and 2020 relating to the e-pay business is found in Table 1 below. The transaction payment value by e-pay grew by 12.8% in 2021. The Gross Revenue/Transaction Value declined by 4.1% to 2.75% in the year due to changes in the product mix as well as the merchant mix in which these transactions occurred.

Table 1

e-pay (All stated in RM'millions unless stated otherwise)	YTD 2020	YTD 2021	% change
Transaction Payment Value	4,324.6	4,876.2	12.8%
Gross Revenue	123.8	133.9	8.2%
Gross Revenue/Transaction Payment Value ^(Note 1)	2.86%	2.75%	-4.1%
Gross Profit	43.4	45.0	3.7%
Gross Profit/Transaction Payment Value ^(Note 1)	1.00%	0.92%	-8.0%
Merchant Footprint - e-pay Only (Thousands)	42.3	49.0	15.7%

Note 1 – Gross Revenue or Gross Profit respectively divided by the Transaction Payment Value expressed as a %.

(ii) GHL (electronic payment services)

This electronic payment services business is driven by TPA arrangements with leading domestic banks in the respective markets as well as a leading China e-wallet provider which is expanding into ASEAN. The existing GHL TPA data, as shown in Table 2, comprises the following activities:

- Various merchant discount rate ("MDR") revenue sharing arrangements under direct contracts with merchants and banks in Malaysia, Thailand, and Philippines.
- Domestic debit card merchant acquisition.
- E-commerce TPA ("eGHL").
- e-wallet providers in Malaysia, Thailand and Philippines.

A summary of key data relating to the electronic payment business is found in Table 2 below.

While transaction payment value grew by 20.4%, overall revenue improved by 27.3% due to merchant mix as well as payment type mix which impacts the overall MDR (gross revenue/transaction value) which improved to 0.52% from 0.49% in 2020. Over the longer term, however, margins should stabilise as more merchants are on board and a larger portfolio is built as overseas TPA in Philippines and Thailand gather momentum. The introduction of domestic e-wallets in all three markets continue to grow and gain further acceptance by consumers in 2021 and this trend is expected to continue going forward.

MANAGEMENT DISCUSSION AND ANALYSIS

CONT'D

3. PERFORMANCE BY BUSINESS SEGMENT AND GEOGRAPHY (Cont'd)

3.1 Performance By Business segment (Cont'd)

a) Transaction Payment Acquisition ("TPA") Segment (Cont'd)

(ii) GHL (electronic payment services) (Cont'd)

Table 2

GHL Electronic payments TPA <i>(All stated in RM'millions unless stated otherwise)</i>	YTD 2020	YTD 2021	% change
Transaction Payment Value	15,226.9	18,337.3	20.4%
Gross Revenue	74.7	95.1	27.3%
Gross Revenue/Transaction Payment Value ^(Note 1)	0.49%	0.52%	5.7%
Gross Profit	27.9	34.0	21.7%
Gross Profit/Transaction Payment Value ^(Note 1)	0.18%	0.19%	1.0%
Merchant Footprint - TPA Only (Thousands)	103.9	121.9	17.3%

Note 1 – Gross Revenue or Gross Profit respectively divided by the Transaction Payment Value expressed as a %

b) Shared Services Segment

Shared Services segment revenue declined by 3.6% YoY to RM116.7 million (2020: RM121.1 million), due to lower EDC terminals sales and deployment as the result of movement control restrictions and cautious capital expenditure spending by the banking sector in light of the uncertainty of COVID-19 in 2021. The Shared Services segment was also impacted by lower rental and maintenance revenue due to terminal retrievals by banks from its merchants that were affected by the lockdowns.

c) Solutions Services Segment

Solutions Services revenue marginally declined by 2.7% to RM14.5 million (2020: RM14.9 million), due to slower investment spending by customers.

3.2 Performance by Geographical Location

Group revenue for FY2021 was up 7.7% YoY to RM360.2 million (2020– RM334.5 million) with overall growth driven by TPA but tempered by minor YoY declines in Shared Services and Solution Services business pillars. Malaysia and Philippine markets registered growth during this period but Thailand continue to be impacted by lower TPA transactions and lower Solutions Services revenue in the comparative FY2020. Despite the improvement in top line group revenue, the group posted lower gross profit margins of 38.9% (2020 – 43.1%) due to changes in product and business division revenue mix. 2021 registered a pre-tax profit of RM40.7 million compared to RM21.3 million a year ago. In FY2020 however, there were two key non-cash items included in the financials, namely, fair value loss on the 2018 Paysys acquisition consideration shares (RM6.1million) and write-down of the group's Cambodia investment (RM11.9 million).

Malaysia's operations, which is the largest in the group, contributed 81.2% (2020 – 79.6%) of group revenue and registered a 9.8% YoY growth due to improvements in TPA and Solutions Services with a slight decline of performance in Shared Services. Malaysia was driven by its TPA division as consumers continued to switch to cashless payments.

MANAGEMENT DISCUSSION AND ANALYSIS

CONT'D

3. PERFORMANCE BY BUSINESS SEGMENT AND GEOGRAPHY (Cont'd)

3.2 Performance by Geographical Location (Cont'd)

Philippines' revenue was 7.4% YoY higher at RM48.1 million (2020 – RM44.8 million) driven by better TPA performance but dragged by lower Shared Services due to lower rental/maintenance revenue collected with Solutions Services registered a flat performance. The lockdown situation in the Philippines remained tight but with daily cases trending down and vaccination rate improving.

Thailand recorded a decline in revenue of 16.9% to RM18.2 million from RM21.9 million in FY2020 dragged by lower TPA transactions due to COVID-19 lockdown and lower Solutions Services revenue resulted from higher hardware sales captured in the second half of 2020 which were not repeated in 2021. However, in 2021, Shared Services recorded better EDC hardware sales which were deferred from previous year. The TPA segment continued to be affected by the contraction due to the border closures which impacted tourist arrivals and hence the group's cross border e-wallet segment.

Other countries remain the smallest contributor to group operations at RM1.5 million of group turnover compared to F2020's turnover of RM1.6 million.

As at end of December 2021, the group's payment touchpoints stood at 398,024 points, a 3.8% YoY growth overall whereas TPA touchpoints grew 16.9% but this was negated by the rental terminal retrievals by certain banks. This large merchant touchpoint base has enabled the group to process a TPV of RM23.2 billion in payment transactions (18.7% YoY growth).

Revenue By Country (RM mil)



MANAGEMENT DISCUSSION AND ANALYSIS

CONT'D

4. KNOWN RISKS

In the ordinary course of its operations, the Group is exposed to the following risks:

- a) *Merchant Performance Risk* – The Group currently contracts directly with merchants on two business models namely as a Payment Facilitator (PF) with Financial and Non-Financial Institutions as well as a Direct Acquirer with the schemes for the provision of electronic payment services. In the event a risk arises in that the merchant default in his obligations to the cardholder or e-wallet holders for any particular sale, then, that sale would be reversed (“or charged-back”) and the sale amount refunded to the cardholder or e-wallet holder. The acquiring institution would execute its rights to then recover the charged-back transaction from the Group which would then seek to recover it from the merchant. The Group could potentially incur a loss if the merchant was no longer in business or otherwise unable to reimburse the Group for the charge-back.

The Group has, over the past years, invested significantly to develop and put in place risk management policies, procedures, systems, and risk managers with the requisite experience to monitor merchant performance risk. The Group also implemented specific rules and other forms of controls to the merchants to manage performance risks. These strict controls and Standard Operating Procedures (SOP) have effectively mitigated merchant performance risk, and as of the date of this report, there was negligible exposure arising from this risk. The Group had recorded RM8,769.95 nett chargeback losses attributable to merchant performance risk in 2021 recorded for Malaysia, Thailand, Philippines and Indonesia.

- b) *Operational Risk* – In 2021, the Group reported a total of 239 risks of which 139 risks (90%) were classified as minor and moderate risk. The remaining 10% was addressed with adequate and appropriate mitigation strategies to ensure that the residual risk is minimised. Operational risk management, which forms part of the Group’ Enterprise Risk Management Framework, is a continual process applied by the Group in a half yearly cycle that includes risk assessment, risk decision making, and implantation of risk controls, which result in acceptance, mitigation, or avoidance of risks.
- c) *Liquidity Risk* – As indicated in Section 2.6, the Group is in a net cash surplus position and therefore has no net gearing. Short term purchases for Telco prepaid top-ups are typically funded with internal generated cash or Bankers Acceptances and are liquidated when these are on-sold to merchants. Longer term EDC terminal purchases are funded with long term bank term loans. The Group plans to fund the planned expansion in the Payment Facilitator (PF) and Direct Acquiring business by commensurately increasing its bank term loans and internal generated cash. Given the Group’s strong cash flow and lack of net gearing, it is well positioned to do so.
- d) *Foreign Currency Risk* – EDC terminals are purchased in USD and therefore can expose the Group to foreign currency risk as the Group’s functional currency is in Ringgit Malaysia. The Group minimises its exposure to foreign currency risk by purchasing USD spot at the time of recording the vendor liability. The Group does not hedge against any foreign currency fluctuations in the net asset value of its overseas subsidiaries as these investments are of a long term nature. This would, however, be re-visited should a significant event occur that would cause a permanent diminution in the foreign currency denomination of its overseas subsidiaries.

5. FUTURE PROSPECTS

2022 started relatively unchanged compared to the last quarter of 2021 as the COVID-19 pandemic remain the main concern. Different countries are implementing commensurate measures to contain the spread whilst juggling and keeping their economies as open as possible. Cross border travel remains nascent but vaccination efforts are being intensified by most countries and hopefully the various economies will experience a more meaningful recovery and reopening in subsequent quarters of 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

CONT'D

5. FUTURE PROSPECTS (Cont'd)

Given our Group's diverse range of merchant base, some of our payment touchpoints such as convenience stores, pharmacies, medical facilities, supermarkets and petrol stations are still functioning throughout the movement control period which continued to contribute to our group TPV growth in 2021. By the second quarter of 2022, most countries are already opening their borders, which bodes well for spending in sectors like retail, tourism and leisure activities. Although the COVID-19 pandemic is moving to the endemic stage, consumer sentiment is recovering but cautious.

We are cautiously optimistic of improvements in 2022 compared to 2021 where the group recorded a revenue improvement but margins were impacted due to merchant and revenue type mix.

As COVID-19 vaccines were deployed in stages and intensified in the second half of 2021, there is now a cautious optimism on the gradual recovery in the global economies, and with it, the opening of borders and hence travel and trade. The improving rate of vaccinations has led to most countries slowly relaxing their SOPs and border closures beginning October 2021. The reopening of businesses and borders bodes well for consumption and hence cashless payments to further improve in the coming quarters barring any unforeseen resurgence of COVID-19 cases.

The emergence of the Omicron variant of the COVID-19 pandemic towards the end of 2021 had caused concerns but most countries did not revert to previous strict lockdown measures as vaccination rates are now significantly higher and booster shots are being administered. 2022 still looks poised for a gradual recovery in the global economy and this, again, bodes well for consumer spending to recover further.

However, the recent conflict in north eastern Europe has resulted in uncertainties for the global economies which has seen the significant increase in commodity prices, especially energy costs which may threaten the fragile recovery of a post COVID-19 global economy. This conflict may have wide ranging impacts on the global recovery.

The group remains positive in the long-term potential of the ASEAN e-payments industry and believes the trends of switching to e-payments and cashless channels will continue going forward.

6. DIVIDENDS

The Board of Directors has decided that our cash reserves can be better used to further develop the Group's business in the various ASEAN markets it operates in and therefore do not recommend the payment of a dividend for the financial year ended 31 December 2021.

SUSTAINABILITY STATEMENT

ABOUT THE STATEMENT

We proudly present GHL System Berhad's ("GHL" or 'the Group") fifth Sustainability Statement ("Statement") as our commitment to transparent disclosure of the Group's sustainability performance. This statement summarises key highlights of our Environmental, Social & Governance ("ESG") initiatives and is to be **read jointly with our first standalone Sustainability Report**. The Report provides a comprehensive disclosure from 1 January 2021 to 31 December 2021 ("FY2021") and is available on our corporate website <https://www.ghl.com/>.

We maintained disclosure on the sustainability initiatives and performance from our ASEAN operations, namely the Group Headquarters in Kuala Lumpur and the following subsidiaries:

- GHL Malaysia
- GHL Philippines
- GHL Thailand
- GHL Indonesia
- GHL Australia

As in previous reporting periods, our Sustainability Report has been prepared in accordance with Bursa Malaysia Sustainability Reporting Guide (2nd Edition) and is aligned with the Global Reporting Initiative ("GRI") Standards.

SUSTAINABILITY APPROACH

To better incorporate sustainability in our daily operations, we have updated our sustainability framework in FY2021. Our ESG disclosures are reported according to the four core pillars: Corporate & Business Integrity, Customer Growth, Environmental Excellence and Sustainable Workforce & Community.



SUSTAINABILITY STATEMENT

CONT'D

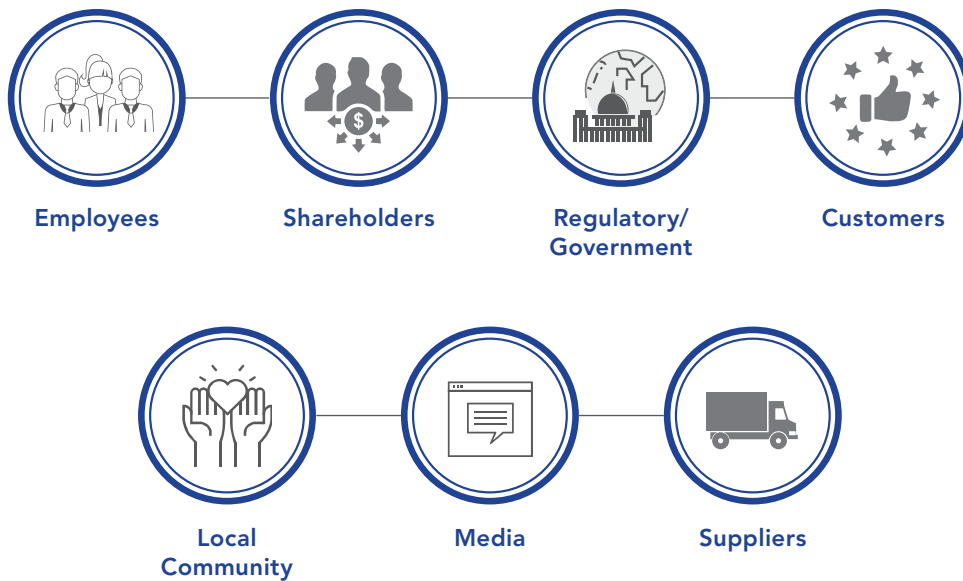
SUSTAINABILITY APPROACH (Cont'd)

In FY2021, we formally adopted four Sustainable Development Goals (“SDGs”) that reflect the Group’s contribution and commitment to the Sustainable Development Agenda. The four goals are aligned with our core sustainability pillars and consist of the following:



STAKEHOLDER ENGAGEMENT

We believe that clear and continuous communication with our stakeholders is crucial to build a robust and trusting partnership. We interact with our key stakeholders through various platforms to keep them abreast of their areas of concerns and interests.



SUSTAINABILITY STATEMENT

CONT'D

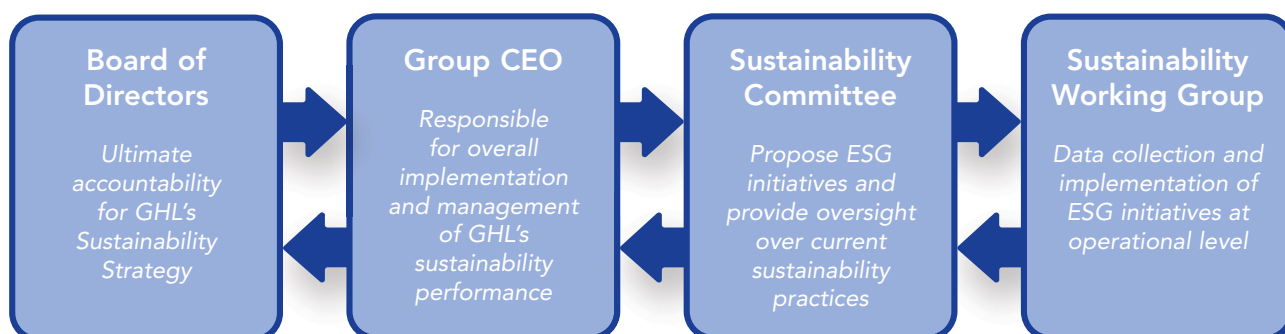
KEY PERFORMANCE INDICATORS

For this reporting period, we established four KPIs to measure the Group's ESG performance and achievements. The KPIs are selected with our core sustainability pillars and will be tracked on an annual basis.

<p>Corporate and Business Integrity</p>	<p>100% of staff to complete annual training on the Anti-Bribery and Corruption Policy</p>		<p>Achieved</p>
<p>Customer Growth</p>	<p>To maintain a Net Promoter Score, with a target of above 50% by FY2025</p>		<p>Achieved</p>
<p>Environmental Excellence</p>	<p>To achieve 50% reduction in carbon emissions by 2030</p>		<p>In-Progress</p>
<p>Sustainable Workforce and Community</p>	<p>To conduct 4 Corporate Social Responsibility ("CSR") programmes throughout reporting period.</p>		<p>Achieved</p>

SUSTAINABILITY GOVERNANCE STRUCTURE

In this reporting period, we have restructured our sustainability governance for better implementation and accountability within the company. Our sustainability leadership consists of four tiers, each with its own role and responsibility as illustrated in the diagram below.



SUSTAINABILITY STATEMENT

CONT'D

GHL MATERIALITY ASSESSMENT

For this reporting period, GHL identified a total of 19 material sustainability matters, up from 14 in FY2020 as we expand the scope of our sustainability commitments. We also conducted a materiality assessment to identify the prioritisation of these matters, with the matrix illustrated below. In FY2021, material sustainability matters under the Corporate and Business Integrity pillar were ranked 'Very High' in the matrix, signifying its importance to GHL.



Corporate and Business Integrity

- 1. Customer Data Privacy
- 2. Cyber Security
- 3. Anti-Money Laundering Policy
- 4. Anti-Bribery and Corruption Policy
- 6. Whistleblowing Policy
- 9. Customer Due Diligence

Customer Growth

- 5. Customer Experience
- 7. Technology and Innovation
- 8. Product and Service Quality
- 12. Customer Empowerment Event

Environmental Excellence

- 10. Climate Change
- 15. Waste Management
- 19. Water Stewardship

Sustainable Workforce and Community

- 11. Conducive Workplace
- 13. Talent Attraction and Retention
- 14. Employee Diversify and Inclusivity
- 16. Human Capital Development
- 17. Corporate Social Responsibility
- 18. Supply Chain Management

SUSTAINABILITY STATEMENT

CONT'D

KEY SUSTAINABILITY DISCLOSURES


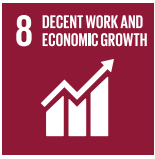
We have categorised all material sustainability matters under the four sustainability pillars, and have mapped each to the relevant stakeholder groups adopted SDGs as well as the management approach.

UN SDGs	Material Sustainability Matters	Key Stakeholder Groups	Key Highlights and Management Approach
Corporate Business and Integrity			
	Customer Data Privacy	<ul style="list-style-type: none"> Customers 	<ol style="list-style-type: none"> Periodic review of Privacy Statement with Board oversight and is publicly available to stakeholders. Suffered a data leak in GHL e-pay system which was rectified by our Information Technology ("IT") Team. Publicly disclosure of data breach incident in the EDGE newspaper to remain transparent with stakeholders.
	Cyber Security	<ul style="list-style-type: none"> Regulators/ Government 	<ol style="list-style-type: none"> Compliance with the Payment Card Industry Security Standards Council ("PCISSC"). Dedicated IT professionals with robust company policies/procedures. Established a comprehensive playbook to identify and handle suspected cyber security threats.
	Anti-Money Laundering Policy	<ul style="list-style-type: none"> Regulators/ Government Shareholders/ Investors 	<ol style="list-style-type: none"> Maintained the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Policy. Periodic review of Policy with audits conducted, which did not identify any risk areas or non-compliance. Comprehensive employee training on customer due diligence and detection of suspicious transactions.
	Anti-Bribery and Corruption Policy	<ul style="list-style-type: none"> Regulators/ Government Employees 	<ol style="list-style-type: none"> On-going review of Anti-Bribery and Corruption ("ABC") Policy to ensure alignment with Malaysian Anti-Corruption Commission ("MACC"). Annual training on ABC Policy, with additional MACC training for GHL Malaysia employees. Group-wide on-boarding assessment, with zero operational areas identified as high risk and zero incidents of corruption recorded.
	Whistleblowing Policy	<ul style="list-style-type: none"> Employees 	<ol style="list-style-type: none"> Maintained the Whistleblowing Policy, with translations available in the respective language of GHL's respective country of operations. Received no reports through the whistleblowing channel in FY2021
	Customer Due Diligence	<ul style="list-style-type: none"> Customers 	<ol style="list-style-type: none"> Established a Know-Your-Customer customer due diligence ("CDD") procedure for customer identification and background check. Conducted a review of the CDD process which uncovered a potential risk area that was amended promptly.

SUSTAINABILITY STATEMENT

CONT'D

KEY SUSTAINABILITY DISCLOSURES (Cont'd)

UN SDGs	Material Sustainability Matters	Key Stakeholder Groups	Key Highlights and Management Approach
Customer Growth			
	Customer Experience	<ul style="list-style-type: none"> Customers 	<ol style="list-style-type: none"> Upgraded the Merchant Portal services with dashboard enhancements to improve user experience. Maintained the Net Promoter Score to gauge customer satisfaction. Engagement of new customers through monthly Welcome Calls and provision of a Terminal User Guide.
	Technology and Innovation	<ul style="list-style-type: none"> Customers 	<ol style="list-style-type: none"> Launch of CARDit programme to enable small and medium enterprise transition from traditional cash transactions.
	Product and Service Quality	<ul style="list-style-type: none"> Customers 	<ol style="list-style-type: none"> Regular review of merchant experience to inform GHL service quality monitoring. Monthly Service-Level Agreements ("SLA") Reports for banks to communicate GHL's progress against terminal fault calls.
	Customer Empowerment Event	<ul style="list-style-type: none"> Customers Media 	<ol style="list-style-type: none"> Key study case for the Chartered Financial Analyst ("CFA") Research Institute to present an overview of Group's operations, contribution and achievements in the cashless ecosystem. Group CEO speech during webinar series for Standards Chartered Corporate, Commercial & Institutional Banking Financial Analyst event. Collaboration with Malaysian Digital Economic Corporate to present insights on digital disruption during Malaysia Tech Month 2021.
Sustainable Workforce and Community			
	Employee Diversity and Inclusivity	<ul style="list-style-type: none"> Employees 	<ol style="list-style-type: none"> Diversity and inclusion training programme embedded into onboarding programme for new hires. GHL Malaysia organised a Kolam Competition to celebrate Deepavali. Zero incidents of discrimination recorded at GHL.
	Conducive Workplace	<ul style="list-style-type: none"> Employees 	<ol style="list-style-type: none"> Board approval for the Labour & Human Rights Policy. Regular Coffee Table and Townhall sessions for employees to voice any grievances in the workplace. Comprehensive workplace policy and guideline to curb COVID-19 infections. Distribution of a total of 663 giftbox to employees in conjunction with International Workers Day. Curated workshops for GHL Wellness Month to promote physical and mental care amongst employees.

SUSTAINABILITY STATEMENT

CONT'D


KEY SUSTAINABILITY DISCLOSURES (Cont'd)

UN SDGs	Material Sustainability Matters	Key Stakeholder Groups	Key Highlights and Management Approach
Sustainable Workforce and Community			
	Talent Attraction and Retention	<ul style="list-style-type: none"> Employees 	<ol style="list-style-type: none"> Emphasis on meritocracy during the recruitment and promotion process as outlined in the Gender Diversity Policy. Fair remuneration to all employees in compliance with relevant local regulations. Competitive employee benefits maintained from FY2020.
	Human Capital Development	<ul style="list-style-type: none"> Employees 	<ol style="list-style-type: none"> Maintained the High Potential (“HIPO”) Programme to support the growth of talent staff for leadership positions. Internship opportunities for fresh university graduates. A total of 4302 training hours across the Group, amounting to an average of 4.74 hours per employee.
	Supply Chain Management	<ul style="list-style-type: none"> Suppliers 	<ol style="list-style-type: none"> Continuous monitoring and planning by the Group Procurement team to minimise disruption with supply chain partners. Annual assessment of Group’s suppliers, with criteria and expectations appended in contracts. 95% of all contracts awarded to local suppliers, with the remaining 5% for overseas payment terminal manufacturers.
	Corporate Social Responsibility	<ul style="list-style-type: none"> Local Community Employees Media 	<ol style="list-style-type: none"> Flagship Programme “Support Our Merchants & Care for Community” focused on raising donation drive to support GHL Merchants and local non-governmental organisations (“NGO”). Contribution of funds to the Forest Research Institute Malaysia (“FRIM”), along with participation in tree-planting activities by GHL staff.

SUSTAINABILITY STATEMENT

CONT'D

KEY SUSTAINABILITY DISCLOSURES (Cont'd)

UN SDGs	Material Sustainability Matters	Key Stakeholder Groups	Key Highlights and Management Approach
Environmental Excellence			
	Climate Change	<ul style="list-style-type: none"> Regulators/ Government Shareholders/ Investors 	<ol style="list-style-type: none"> Establishment of a Climate Change & Risk Policy. Identified climate risk in GHL Crisis Management Strategy Policy. Collaboration with the CEO Action Network ("CAN") to advocate for affirmative climate action amongst business leaders. Partnered with Econinja on carbon sequestration programmes through tree and coral reef planting. Transition from on-premise data centres to cloud computing via Amazon Web Services as it is more energy efficient and sources renewable energy. Commenced installation of photovoltaic solar panels on headquarter office building as a pilot project.
	Waste Management	<ul style="list-style-type: none"> Regulators/ Government Local Community 	<ol style="list-style-type: none"> Amount of waste generated was negligible due to work-from-home arrangements. Electronic waste from obsolete terminals is disposed by specialised waste authority according to national regulation and industry best practices.
	Water Stewardship	<ul style="list-style-type: none"> Local Community 	<ol style="list-style-type: none"> Group's water related risks in water-scarce region such as Australia is deemed negligible due to minimal size of its operations. Total water consumption amounted to 2128 m³, a 51.4% reduction since FY2020 due to minimal staffing in office buildings.

Note: More detailed disclosure of GHL's management approach is available in our Sustainability Report 2021.

CONCLUSION

We have made significant strides integrating ESG in the Group's business strategy through the establishment of our Sustainability Framework. Moving forward, we will continue strengthening our sustainability commitments to become an ESG-centric company that brings long-term value to all.

DIRECTORS' PROFILE



DATUK KAMARUDDIN BIN TAIB
Independent Non-Executive Chairman
Malaysian, Age 65, Male

Datuk Kamaruddin Bin Taib, was appointed as Independent Non-Executive Director of the Company on 26 April 2012 and was redesignated as Independent Non-Executive Chairman of the Company on 1 September 2012. He was a member of the Audit and Risk Committee and Chairman of Nomination and Remuneration Committee, subsequently resigned on 25 November 2021 and 18 February 2022 respectively. He holds a Bachelor of Science degree in Mathematics from the University of Salford, United Kingdom.

Datuk Kamaruddin has significant experience in investment banking, corporate finance, mergers and acquisitions. His career started in 1980 with a leading Investment Bank in Malaysia. Subsequently, he served as a Director of several private companies and companies listed on Bursa Malaysia. He has personal experience in listing several companies on Bursa Malaysia. Apart from his vast experience of serving on the board of companies listed on Bursa Malaysia, his experience includes serving on the board of companies listed on the Stock Exchange of India as well as listed on Nasdaq (U.S.A.).

Datuk Kamaruddin is currently an Independent Non-Executive Director of Fraser & Neave Holding Berhad, Great Eastern General Insurance (Malaysia) Berhad, RAM Holdings Berhad, Malaysia Smelting Corporation Berhad and FIDE Forum.

Datuk Kamaruddin has stepped down as the Independent Non-Executive Chairman and Director of HSBC Amanah Malaysia Berhad on 31st December 2021 and subsequently on 1st January 2022 was appointed as an Independent Non-Executive Director of HSBC Bank Malaysia Berhad.

He attended all eight (8) Board Meetings held during the financial year ended 31 December 2021.

DIRECTORS' PROFILE

CONT'D



LOH WEE HIAN, SIMON
Executive Vice Chairman
Malaysian, Age 60, Male

Mr. Loh Wee Hian, Simon, was appointed as Non-Independent Non-Executive Director on 28 December 2010. On 18 January 2011, he was designated as Non-Independent Non-Executive Chairman, and subsequently to Executive Chairman on 3 March 2011. On 1 September 2012, Simon was designated as Executive Vice Chairman, a position that he holds at present.

Simon started his entrepreneurship in the telecommunications industry. He successfully secured the master distributor license for Ericsson mobile phones for Malaysia in 1989 through Telemas Corporation, a company that he founded and controlled. As the market for mobile phone distribution matured, Simon ventured out in 1999 and co-founded e-pay (M) Sdn. Bhd. ("e-pay"), a company that provides electronic top-ups for prepaid mobile phones and bill payments. In the ensuing years, e-pay became a leading electronic top-up processor in South East Asia and subsequently became the largest prepaid top-up network in Malaysia. In 2006, e-pay was listed on the Australian Stock Exchange (ASX) and Simon became its Executive Chairman. Simon was instrumental in merging GHL and e-pay in 2013, and has since created significant shareholder value.

In recognition of his contributions in the technology sector, he won the prestigious Ernst & Young Entrepreneur of The Year Malaysia Award under the Technology Category in 2006.

Aside from pursuing his entrepreneurship career, he is one of the founding members of the Young Entrepreneurs Organization Malaysia Chapter, a global, non-profit educational organization for business owners to develop themselves and grow globally.

He does not hold any other directorship in public companies and listed issuers in Malaysia other than the Company.

He attended all eight (8) Board Meetings held during the financial year ended 31 December 2021.

DIRECTORS' PROFILE

CONT'D



DATO' CHAN CHOY LIN, CAROL
Independent Non-Executive Director
Malaysian, Age 65, Female

Dato' Chan Choy Lin, Carol (known as Dato' Carol Chan) was appointed to the Board as an Independent Non-Executive Director of the Company on 25 June 2018. She is the Chairman of the Audit and Risk Committee and was designated as Chairman of the Nomination and Remuneration Committee on 18 February 2022.

Dato' Carol Chan is a Chartered Accountant of the Malaysian Institute of Accountants and a Certified Public Accountant of the Malaysian Institute of Certified Public Accountants.

Dato' Carol Chan began her accountancy training in 1979 with a reputable accounting firm and left KPMG in 1984 for the corporate sector, where she gained most of her experience with large public listed companies. She has more than 30 years' experience with public listed companies engaged in the businesses of banking and insurance, automotive manufacturing and distribution, trading and services, property development and construction, plantation, hospitality and education.

Dato' Carol Chan's senior management experience covers the areas of mergers, acquisitions and divestments, finance and treasury, corporate secretarial and legal, including corporate governance, risk management, internal controls and corporate social responsibilities. Over the years, Dato' Carol Chan has held several key management positions, was a key member of various group committees and also served as a nominee director on the boards of various group companies of a public listed conglomerate.

Dato' Carol Chan is also an Independent Non-Executive Director of Ann Joo Resources Berhad, APM Automotive Holdings Berhad and The Pacific Insurance Berhad.

She attended all eight (8) Board Meetings held during the financial year ended 31 December 2021.

DIRECTORS' PROFILE

CONT'D



MATTEO STEFANEL

*Non-Independent Non-Executive Director
Italian, Age 47, Male*

Mr. Matteo Stefanel was appointed as Non-Independent Non-Executive Director of the Company on 22 November 2018. He is a member of the Audit and Risk Committee and the Nomination and Remuneration Committee.

Matteo's deep expertise in financial institutions and financial infrastructure spans 25 years and three continents (Europe, Asia and Africa), both as an investor and as an advisor, across private equity, venture capital and investment banking.

Formerly a Partner at The Abraaj Group, he led several FS investments, including Network International (payments), Saham Finance (insurance), and Jordan Ahli Bank (banking).

Matteo has been a board director of over 25 companies and completed over 120 transactions in Europe (including CEE), South Asia, the Middle East and Africa, throughout his career at Abraaj, MIG (\$7.4bn AUM), and Deutsche Bank where he was the Managing Director and co-Head of the Financial Institutions Group – Emerging Markets.

Matteo is an active Fintech investor personally as well, backing companies both at early-stage VC and growth stage, including (Bank) Simple, Anthemis, Goji, Ininal, Azimo and several others.

Matteo was a member of the World Economic Forum's Global Agenda Council on Financing and Capital twice from 2012 to 2016. Matteo has an MA (Hons) in Philosophy, Politics and Economics from Queens College, the University of Oxford.

He does not hold any other directorship in public companies and listed issuers in Malaysia other than the Company.

He attended all eight (8) Board Meetings held during the financial year ended 31 December 2021.

DIRECTORS' PROFILE

CONT'D



RICHARD HENRY PHILLIPS

*Non-Independent Non-Executive Director
British, Age 58, Male*

Mr. Phillips was appointed as Non-Independent and Non-Executive Director of the Company on 16 April 2021.

Mr. Phillips has been a Partner at Actis, the leading growth markets investor since its foundation in 2004. He serves as global Head of Private Equity and is responsible for seven funds invested across 21 countries in emerging markets.

Mr. Phillips began his career in private equity at 3i in the UK and then joined CDC. He was based in Uganda, Zimbabwe, Malaysia and Egypt before returning to the UK after 20 years abroad. Over 36 years in private equity, Mr. Phillips has held a number of Non-Executive Director roles including that of Emerging Markets Payments Holdings (EMPH) Mauritius, a leading payments company in Africa and the Middle East. Mr. Phillips currently serves as a Non-Executive Director on the Boards of Directors of Integrated Diagnostics Holdings (IDH), which is listed on the London Stock Exchange and the Egypt Stock Exchange, Honoris United Universities, a network of 14 universities across Africa and Les Laboratoires Medis SA, the largest pharmaceutical company in Tunisia.

Mr. Phillips holds a BA in economics from the University of Exeter UK.

He does not hold any other directorships in public companies and listed issuers in Malaysia other than the Company.

He attended four (4) out of five (5) Board Meetings held during the financial year ended 31 December 2021 since his appointment on 16 April 2021.

DIRECTORS' PROFILE

CONT'D

**KUNG LEE SEE**

*Independent Non-Executive Director
Malaysian, Age 59, Female*

Ms Kung Lee See was appointed as as the Independent Non-Executive Director of the Company on 1 October 2021. She was appointed as a member of the Audit and Risk Committee and the Nomination and Remuneration Committee on 25 November 2021.

Over the last 35 years, Ms Kung Lee See has worked with several organizations and has been exposed to various industries, including public accounting, banking, finance, healthcare, telecommunications, human resource consultancy and technology innovation.

Ms Kung Lee See holds a Bachelor Degree in Computer Science (with great distinction) from University of Brandon, Manitoba, Canada. After graduation in 1985, she joined Kassim Chan & Co (currently known as Deloitte Malaysia) as an External Auditor and Information Technology Auditor. In 1988, she left and joined Hong Leong Finance Berhad as a Systems Executive where she designed, developed and implemented banking applications.

In 1991, she facilitated the setting-up of Innovative Software Solutions (M) Sdn Bhd which builds software for the healthcare industry. She started as a Systems Analyst and eventually became the Deputy Managing Director. In 1995, she facilitated the setting-up of another company in healthcare system industry, before she founded WizSoft Technology Sdn Bhd ("WizSoft") in 1996. WizSoft focuses on software development, consultancy and project management for the finance, healthcare and human resource industries. In 2000, she sold part of WizSoft and was retained as the Chief Executive Officer of WizSoft until 2007.

From 2008 to 2020, she moved on to providing project management consultancy services globally, in the areas of solution architecture, development, integration, data migration, testing and deployment.

She does not hold any other directorship in public companies and listed issuers in Malaysia other than the Company.

She attended one (1) out of one (1) Board Meetings held during the financial year ended 31 December 2021 since her appointment on 1 Oct 2021.

DIRECTORS' PROFILE

CONT'D



TAN LYE SIM

*Independent Non-Executive Director
Malaysian, Age 65, Female*

Ms Tan Lye Sim was appointed as the Independent Non-Executive Director of the Company on 1 October 2021. She was appointed as a member of the Audit and Risk Committee and the Nomination and Remuneration Committee on 25 November 2021.

Ms Tan Lye Sim is a fellow member of The Association of Chartered Certified Accountants. She is an accomplished risk practitioner with more than 30 years of experience in financial institutions.

After 13 years working with various financial institutions in London, she joined MBf Finance Berhad as Senior Manager, Head of Treasury Settlement in 1997. She was promoted to Head of Risk Management Department in 1998. She then moved into risk management consultancy services in 2002, before returning to the financial sector in 2005, holding senior positions such as the Head of Treasury Compliance of RHB Bank Berhad, Group Chief Risk Officer of Alliance Financial Group, Group Chief Risk Officer of Hong Leong Bank Berhad, Director and Head of Operational Risk Management of CIMB Investment Bank Berhad. Her last position was as Group Chief Risk Officer at Kenanga Investment Bank Berhad from 2013 to 2017.

In addition to the above, Ms Tan was an Independent Non-Executive Director of Bank Pembangunan Malaysia Berhad from September 2018 to September 2020. She was the Chairman of the Group Risk Management Committee. Ms Tan is currently an Independent Non-Executive Director of Malaysian Life Reinsurance Group Berhad.

She attended one (1) out of one (1) Board Meetings held during the financial year ended 31 December 2021 since her appointment on 1 Oct 2021.

DIRECTORS' PROFILE

CONT'D

**SEAN S. HESH**

*Executive Director and
Group Chief Executive Officer
American, Age 59, Male*

Sean S. Hesh was appointed as the Group Chief Executive Officer of GHL Systems Berhad on 27 November 2020 and subsequently appointed as Executive Director of the Company on 1 October 2021.

Sean is a high calibre senior executive with an in-depth experience in Payments, Merchant Acquiring, E-commerce, Operations and Technology in the Asia Pacific ("APAC") Region and the United States. He has demonstrated a solid ability to build and grow businesses and to improve efficiency, productivity, profitability and delivery of strategic initiatives.

Sean commenced his long and distinguished career in the Payments industry with Wells Fargo Bank in 1989. He worked at First Data Corporation (now Fiserv) from 1993 to 2010 and held a variety of senior management positions with First Data, including: Vice President & General Manager of Financial Institution Alliances; Senior Vice President of Business Development at TASQ Technology; Chief Operating Officer of Card Service International and Chief Executive Officer ("CEO") of Wells Fargo Merchant Services LLC. From 2006 to 2010, Sean served as the CEO of Merchant Solution Pte. Ltd., a joint venture between First Data and Standard Chartered Bank in APAC.

Sean joined Citibank in 2010 as the Regional Head of Merchant Acquiring, Network Management and Commercial Cards. In this capacity, he was responsible for the strategy, business & product management, contract negotiations and best practices across Citi's Merchant Acquiring and Commercial Cards businesses as well as for the relationships with the Payment Networks across Citi's footprint in 16 APAC, Europe, and the Middle East and Africa (EMEA) markets.

Sean is a graduate of University of California, Berkeley with a Bachelors in Political Science (1983) and a Masters of Arts degree in International Relations from San Francisco State University (1985).

He does not hold any other directorship in public companies and listed issuers in Malaysia other than the Company.

He attended one (1) out of one (1) Board Meetings held during the financial year ended 31 December 2021 since his appointment on 1 Oct 2021.

DIRECTORS' PROFILE

CONT'D



Loh Hin Yaw

*Alternate Director to Loh Wee Hian and
Managing Director of e-pay (M) Sdn Bhd
Malaysian, Age 28, Male*

Mr Loh Hin Yaw was appointed as the Alternate Director to Mr Loh Wee Hian on 1 Oct 2021.

Mr Loh Hin Yaw joined GHL Systems Berhad ("GHL") in March 2018 as an Associate in Special Projects department, where he was responsible for new product development. In January 2020, he was promoted to Special Projects Manager, tasked to manage and grow GHL's e-pay business and subsequently promoted to Managing Director of e-pay (M) Sdn Bhd in January 2021.

He holds a Bachelors of Commerce from University of Melbourne and Master of Business Administration from RMIT University.

He does not hold any other directorships in public companies and listed issuers in Malaysia other than the Company.

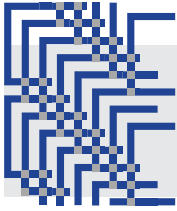
His father, Loh Wee Hian is the Executive Vice Chairman and major shareholder of the Company.

NOTES:

Saved as disclosed above, none of the Directors has: -

1. any family relationship with any Directors and/or major shareholders of the Company;
2. any conflict of interest with the Company;
3. any conviction for offences within the past 5 years other than traffic offences; and
4. any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

KEY SENIOR MANagements' PROFILE



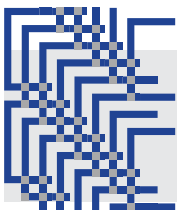
YAP CHIH MING

*Group Chief Financial Officer
Malaysian, Age 50, Male*

Yap Chih Ming joined GHL Systems Berhad (GHL) on 2 July 2012 as the Group Chief Financial Officer. In 2016, Chih Ming assumed the Chief Operating Officer (COO) position and played a critical role in the terminal deployment for the Pin & Pay project. In January 2017, Chih Ming expanded his scope as Group COO. On 30 April 2018, Chih Ming was redesignated as Group Chief Financial Officer.

Chih Ming is a member of Malaysian Institute of Accountants and an Associate member of the Chartered Institute of Management Accountants, United Kingdom. He has considerable experience in Mergers and Acquisitions, and Joint Venture transactions both in Malaysia and offshore.

Prior to joining GHL, he had garnered over ten years of experience in the e-payment industry. In 1999, he joined e-pay (M) Sdn. Bhd., one of the most comprehensive electronic payment service networks across Malaysia, as the Head of the Finance Department. Later in 2006, Chih Ming was promoted to Director of Finance. In July 2007, he took on an expanded regional role with his appointment to the Board of e-pay Asia Limited as Chief Financial Officer.



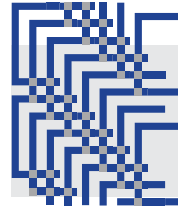
TAN HONG SERN

*Group Chief Technology Officer
Malaysian, Age 50, Male*

Hong Sern joined GHL Systems Berhad on 1 November 2021 as the Group Chief Technology Officer.

Hong Sern has more than 25 years of experience in IT with a proven track record in financial institutions & capital markets, which utilizes complex and mission critical IT. He was instrumental in technology and process transformation for leading financial institutions, stabilizing IT operations, building a talented team and timely technology execution in sustaining the aggressive business plan and growth.

Hong Sern holds a MBA (IT Management) and BSc (Computer Science).



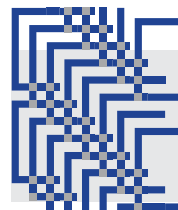
DUNSTAN GERALD MAURICE

*Group Chief Risk Officer
Malaysian, Age 45, Male*

Dunstan joined GHL Systems Berhad in September 2014 as the Group Head of Risk Management and was subsequently promoted to the Group Chief Risk Officer on 1 March 2017.

He obtained his Bachelor's Degree in Business Administration from the Royal Melbourne Institute of Technology - RMIT Australia and a Certified Enterprise Risk Manager (ERM) – IERP UK, Faculty Member of the Institute Of Enterprise Risk Practitioners (IERP), Fellow Member of the Institute of Administrative Management (UK) and Member of the Institute of Corporate Directors Malaysia (ICDM).

In his 24 years of Risk Management experience, Dunstan has diverse exposure in the banking and financial services industry as well as compliance advisory. Prior to GHL he held various positions with various leading financial institutions such as American Express, Maybank, OCBC and CIMB. Dunstan has in-depth domain experience in consumer (retail) and merchant portfolio specialising in the areas of Credit Card Fraud, Banking Fraud, Cards Authorisation, Enterprise Risk Management (ERM) using ISO 31000 Standards and the Credit Community (Money Lending) requirements.



KEVIN LEE

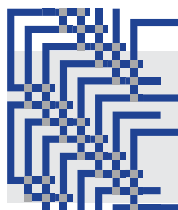
*Chief Executive Officer,
GHL Malaysia
Malaysian, Age 39, Male*

Kevin Lee's career at GHL Systems Berhad began in 2009, where he joined as an International Sales Manager for the Middle East and African market. Subsequently, he was promoted to Chief Executive Officer for GHL Malaysia on 1 April 2019.

With more than 17 years of experience, while travelling extensively in the last 11 years around ASEAN, Middle East, and African region, Kevin successfully delivered and implemented large scale e-payment initiatives. He was also heavily involved in multiple functions across these business areas - sales and marketing, international business development, product development, global schemes, and merchant partnerships. Graduated from Coventry University in United Kingdom, Kevin is a Bachelor of Science (Hons) holder, majoring in Software and Computer Engineering.

KEY SENIOR MANagements' PROFILE

CONT'D

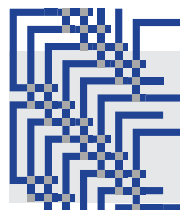


REY MARIA R. CHUMACERA

*Chief Executive Officer
GHL Systems Philippines, Inc.
Filipino, Age 55, Male*

Rey joined GHL Systems Philippines, Inc., in April 2008 as Assistant General Manager and was subsequently promoted to Chief Executive Officer in 2012. He was a Faculty Member of the University of the East, Philippines.

Prior to joining GHL Philippines, Rey was a Senior Manager of Bank of the Philippine Islands. He has almost 20 years of banking experience and held various positions in Citytrust Banking Corporation and Philippine National Bank, before joining Bank of the Philippine Islands.

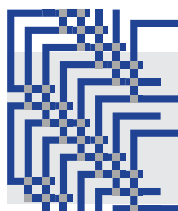


FRANK LEONG

*Chief Operating Officer – Paysys
Malaysian, Age 51, Male*

Frank Leong is one of the co-founders of Paysys established in Nov 1999. He started in Paysys as a Software Director overseeing all Technology and Development. He took over the role of COO on 1 June 2019 to oversee the entire operations of Paysys.

He holds a Bachelor of Science in Information Systems (Thames Valley University). Prior to Paysys he was the Systems Development Manager in Perkom which he was in charge of development of credit and debit terminal payment applications. He has 28 years of experience in the terminal payment industry.



PRINYA JINANTUYA

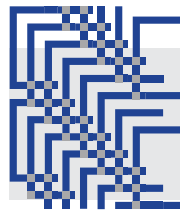
*Chief Executive Officer,
GHL (Thailand) Co., Ltd
Thai, Age 52, Male*

Mr. Prinya Jinantuya was appointed as the Chief Executive Officer of GHL (Thailand) Co., Ltd on 1 November 2021.

Equipped with deep expertise in financial institutions and business development experience spanning over 20 years, Prinya brings to the team an extensive knowledge of the payments and financial services industry (banking, credit cards and payment solution) in Thailand. His key areas of expertise include finance, business development, strategic planning, strategic partnership negotiation and management, marketing and project management.

Prior to GHL, Prinya served in various capacities at AMEX, VISA, MasterCard, Go Swift, Thanachart Bank, Krung Thai Bank, Siam Commercial Bank and Pine Labs, where he successfully managed the implementation of a number of large scale projects including the roll-out of mPOS, Prepaid Card BIN Sponsorship with 5 e-Wallets provider and the Government National e-Payment project in Thailand.

Prinya holds a Bachelor of Business Administration in Marketing from The University of the Thai Chamber of Commerce, Bangkok, Thailand and a Master of Business Administration in International Business Program from Pacific State University, USA.



CHONG KOK WAI

*Group Head - Legal,
Compliance & Sustainability
Malaysian, Age 48, Male*

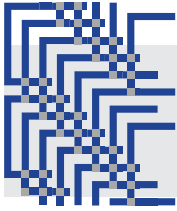
Chong Kok Wai joined GHL Systems Berhad as Group Head, Legal, Compliance & Sustainability on 2 March 2021. He holds a Bachelor of Laws (LL.B) (Hons) from University of London and was admitted to the Malaysian Bar in 2001. He is also an Associate Member of the Institute of Internal Auditors Malaysia (AIIA). He is also currently the Co-Lead in the CEO Action Network which is a closed-door peer-to-peer informal network of CEOs and Board Members focusing on sustainability advocacy capacity building action and performance.

Prior to joining GHL Systems Berhad, he was overseeing the area of Legal and Compliance in a reputable REIT as well as a registered Compliance Officer with the Securities Commission from 2016 to 2021. He was also a practising Advocate & Solicitor for 16 years specializing mainly in the areas of corporate banking litigation and conveyancing.

He started his career in Standard Chartered Bank Malaysia Berhad in the Legal Credit Risk and Loss Prevention and was in charge of monitoring legal action against delinquent and charged off accounts including but not limited to implementation of credit policy and budget planning and was awarded the Best Customer Assistance Officer for the year 1998 during the Consumer Banking Conference.

KEY SENIOR MANAGERMENTS' PROFILE

CONT'D



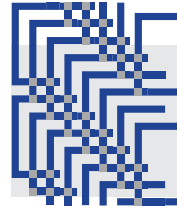
JEREMY LOW PENG HUI

*Group Head – Operations
Malaysian, Age 46, Male*

Jeremy Low Peng Hui, Group Head of the Operations division, joined e-pay (M) Sdn. Bhd. in August 2005 as an Assistant Accountant. By January 2011, he was granted a promotion and became Senior Manager for the Internal Control department. Throughout his tenure, Jeremy has gained valuable experience within the company, namely Credit Control, Finance Operations (Procurement, Payment Processing, and Merchant Registration), Internal Control, Technical Support as well as Customer Service.

When GHL Systems Berhad's acquisition of e-pay took place in 2014, Jeremy commenced the role of Vice President of Operations, where his efforts for leading his team towards offering a seamless operational process that is best suited for all entities were recognised. On 1 January 2019, he was subsequently promoted to Group Head of Operations for GHL Systems Berhad.

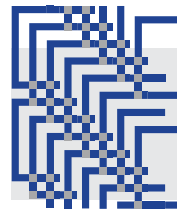
Jeremy graduated with a Bachelor of Business (Accounting) degree from the Royal Melbourne Institute of Technology (RMIT). Prior to joining e-pay (M) Sdn. Bhd., he served as a Senior Officer for the Credit Department in Star Cruises.



SALLY CHONG

*Group Head, Human Resource
and Administration
Malaysian, Age 48, Female*

Sally joined GHL Malaysia on 15 May 2017 as Senior Manager managing the Human Resources and Administration function of GHL Malaysia and e-pay. She was subsequently promoted to her current position on 1 July 2021 to oversee the Group's Human Resources and Administration in May 2021. Sally has 15 years of working experience prior to joining GHL. She has worked in various roles in the Human Resource functions for several leading organizations in the Business Process Outsourcing (BPO), Telecommunications, HR Consultancy, Technology industries and graduated with a Diploma in Information Technology.



SHOBANA DEVI JAYANDRAN

*Head, Corporate
Communications & Marketing
Malaysian, Aged 46, Female*

Shobana joined GHL Systems Berhad in May 2021 as the Head of Corporate Communication & Marketing, providing in-house corporate communication and marketing support to the Group's activities across all of markets and business units.

She has over 20 years of experience covering various industries spanning GLC, MNC and startups, in key corporate roles managing communications, branding, marketing, digital marketing and content management. She received her Bachelor of Arts degree in English Literature from University of Malaya and also has a Professional Diploma in Digital Marketing from Digital Marketing Institute.

NOTES:

Saved as disclosed above, none of the key senior management personnel has:

1. any directorship in public companies and listed issuers;
2. any family relationship with any director and/or major shareholder
3. any conflict of interests that the person has with the listed issuer; and
4. any conviction of offences (other than traffic offences) within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

CORPORATE DIRECTORY



HEADQUARTERS/CORPORATE OFFICE GHL SYSTEMS BERHAD

C-G-15, Block C,
Jalan Dataran SD1, Dataran SD, PJU 9,
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Tel : +603-6286 3388
Fax : +603-6280 2999
Email : enquiry@ghl.com

Helpdesk (Customer Care)

Tel : +603-6286 5222
Email : hdesk@ghl.com



E-PAY (M) SDN BHD.

16-18, Jalan PJS 11/28A,
Bandar Sunway,
47500 Subang Jaya,
Selangor Darul Ehsan,
Malaysia.
Tel : +603-5632 2488
Fax : +603-5636 6966
Email : info@e-pay.com.my

Helpdesk (Customer Care)

Tel : +603-5623 6000
Email : customerservices@ghl.com



PAYSYS (M) SDN BHD

Block D-3A-02, Level 6
Menara Uncang Emas (UE3), VIVA Mall
85, Jalan Loke Yew, Cheras
55200 Kuala Lumpur, Malaysia.
Tel : +603-9200 8001
Fax : +603-9200 7420
Email : enquiry@paysys.com.my



DIGITAL SALUTE SDN BHD

16-18, Jalan PJS 11/28A,
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47500 Subang Jaya,
Selangor Darul Ehsan,
Malaysia.

Helpdesk (Customer Care)

Tel : +603-5623 6000
Email : customerservices@ghl.com



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Email : enquiryph@ghl.com

Helpdesk (Customer Care)

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Mobile : +63-917 7431103 & +63-906 0580229
Email : ph_helpdesk@ghl.com



GHL (THAILAND) CO. LTD.

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Klongsan, Bangkok 10600, Thailand.
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Fax : +66(0)2 440 0577
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PT PEMBAYARAN ELEKTRONIK INDONESIA

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Menteng Dalam, Tebet,
Jakarta Selatan - 12870,
Indonesia.
Tel : +62 21395 05441

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of GHL Systems Berhad ("GHL" or "the Company") recognizes that maintaining good corporate governance is critical to GHL and its subsidiaries' ("the Group") long-term sustainable business growth and for safeguarding and enhancement of shareholders' interest. The Board is committed to continuously strive for the highest standards of corporate governance in cultivating a responsible organization that adopts practices in accordance to the Principles and Recommendations of the Malaysian Code on Corporate Governance ("MCCG") and the relevant provisions in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR").

The Board reviews and enhances the Group's corporate governance on a continuous basis to ensure that its business and affairs are in strict adherence to the doctrine and principles of good corporate governance such as integrity, transparency, accountability, and responsible business conduct. The Board evaluates and where appropriate, implements relevant best practices to ensure that the Group continues to maintain good corporate governance.

This Statement provides an overview of the Company's application of the Principles and Practices set out in the MCCG and MMLR during the financial year ended 31 December 2021 ("FY 2021"). The details on how the Company has applied each Practice as set out in the MCCG during FY 2021 are disclosed in the Corporate Governance Report, which is publicly available on the Company's website at www.ghl.com.

SUMMARY OF CORPORATE GOVERNANCE PRACTICES

The Board considers that the Company has applied the practices and main principles of the MCCG, with the exception of the following:

i. Practice 5.4

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

ii. Practice 8.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM200,000.

iii. Practice 12.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

The Board also considers that the Company has adopted the recommended step up practices of the MCCG, with the exception of the following:

i. Practice 8.3 – Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

ii. Practice 9.4 – Step Up

The Audit Committee should comprise solely of Independent Directors.

iii. Practice 10.3 – Step Up

The Board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

The explanation for both practices and step up practices from the above departures, alternative disclosures, and timeframe for measures to be taken, where applicable, are set out in the Corporate Governance Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

The Board's principal focus is the overall strategic direction, development, and control of the Group in an effective and responsible manner. The Board oversees, directs, and supervises the Management by ensuring that Company's goals are clearly established and that strategies are formulated, which is in line with the Company's vision and mission.

The Board is constantly mindful of safeguarding the interests of Shareholders in discharging its stewardship and duties by regularly evaluating economic, political, social, and legal issues that may influence or affect the development of the Company or the interests of Shareholders.

The Board's core responsibilities are as follow:

- i. Review and approve the Group's strategic plan to build a sustainable business;
- ii. Oversee and evaluate the Group's business conduct, including the smooth functioning of core processes;
- iii. Identify principal risks and ensure implementation of appropriate systems and processes to manage these risks;
- iv. Monitor succession planning, including appointing, training, fixing the compensation of and, where appropriate, replacing key management;
- v. Maintain an effective investor relations programme; and
- vi. Review the adequacy and integrity of the Group's internal control systems.

The Board delegates certain responsibilities to the dedicated Committees of the Board. Both the Audit and Risk Committee ("ARC") and the Nomination and Remuneration Committee ("NRC"), comprise exclusively of Non-Executive Directors. The functions and Terms of Reference of these committees as well as the authority delegated by the Board to these committees have been approved by the Board and are reviewed from time to time to ensure they are relevant and up-to date. The ultimate responsibility for decision making, however, lies with the Board. Terms of Reference of all Board Committees are available on the Company's official website at www.ghl.com.

A clear division of responsibility between the Chairman and the Group CEO exists to ensure a balance of power and authority. The Chairman, being an Independent Non-Executive Director, is not involved in the day-to-day management of the Group's business and has no relationship that could materially interfere with his judgement. While the Chairman is responsible to oversee the Board and provides necessary check and balance to safeguard the interests of all shareholders and stakeholders, the Group CEO is responsible for leading the Senior Management team running the day-to-day operations of the Group by making strategic business decisions and implementing the Board's policies and decisions.

The presence of the Independent Non-Executive Directors fulfils a pivotal role of corporate accountability. They provide unbiased and independent advice, alternative viewpoints, challenge perceptions and judgment as appropriate to take account of the interest of the Group, shareholders, employees and any party with whom the Group conducts business.

The Board acknowledges and emphasizes the importance for all Directors and Employees to embrace good corporate governance practices and ethical standards. In view of this, the Board has formalized ethical standards and systems of compliance through the Company's Code of Ethics and Conduct. These codes are aimed to emphasize the Company's commitment to ethics and compliance with the applicable laws and regulations, use of confidential information and retention of records. The Board shall review and reassess the adequacy of the Code periodically and make such amendments as they may deem appropriate. The Company's Code of Ethics and Conduct is available on the Company's official website at www.ghl.com.

Additionally, the Board established a Whistle Blowing Policy which is accessible to the public on the Company's official website at www.ghl.com. The Whistle Blowing Policy serves as an avenue for employees and all stakeholders as well as the general public to report to the Company any genuine concerns about the unethical behaviour, malpractices, and illegal acts on failure to comply with regulatory requirements without fear of reprisal. All cases shall be independently investigated and appropriate actions will be taken where required.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I. BOARD RESPONSIBILITIES (Cont'd)

In addition to the above, the Board has also established a Sustainability Committee spearheaded by the Group Head of Legal Compliance and Sustainability in line with the current importance of ESG Sustainability adoption in accordance with the MCCG 2021 which focus mainly on driving the Group Sustainability to keep abreast and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

The Board is supported by the Company Secretaries who facilitate the overall compliance with the MMLR and the Companies Act, 2016, and other relevant laws and regulations. The Company Secretaries organise and update Board members and Committees the changes, if any, in regards to Board and Board Committee meetings as well as shareholders meetings. The Company Secretaries attend all Board, shareholders and Board Committee meetings to ensure that these meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly. This responsibility will involve the issuance of proper notices of meetings, circulation of previous meetings' minutes, and that accurate and adequate records of the proceedings of the Board and shareholder's meetings, and resolutions passed are properly maintained in the statutory records of the Company. The removal of Company Secretary, if any, is a matter for the Board to decide collectively.

BOARD MEETINGS

The Board and Committees are provided with an agenda on matters to be discussed together with the meeting papers which contain the following for the Directors' perusal to enable the Directors to deliberate on issues to be considered at the respective meeting or obtain further explanations, where necessary, before the Board or Committees' meetings:

- i. Previous minutes of meetings
- ii. Operational and financial performance reports
- iii. Details of corporate proposals
- iv. Unaudited quarterly interim financial reports and annual draft audited financial statements
- v. Internal Audit Reports
- vi. Other matters

The respective departments within the Group will strive to provide these materials to the Directors seven (7) days prior to the Board and Committee meetings, working within the challenges and constraints of the information gathering process; otherwise, the materials will be provided at least two (2) days before the meetings while those of a confidential nature will be provided during the Board and Committee meetings. Minutes were kept to record the proceedings at the Board and Committee meetings, the deliberations on the matters at hand, and the decisions made thereto, and circulated in a timely manner upon completion of meeting.

Senior Management is invited to attend the Board and Board Committee meetings to provide insight and furnish clarification on issues that may be raised by the Directors. Professional advisers appointed by the Company, if required, are invited to attend the Board or Committee meetings to provide relevant observations, clarifications or findings to the Board or Committees.

The Board has unrestricted access to the Group Chief Executive Officer ("Group CEO"), Group Chief Financial Officer ("CFO"), Senior Management, and all information on the affairs of the Group. The Management is obliged to supply all relevant information relating to the business and operations of the Group and governance matters at the request of the Board.

The Board also has full and unrestricted access to the advice and services of Internal Audit Function, External Auditors, and Company Secretaries. Members of the Board may collectively or individually consult the advisers and, where necessary, seek external and independent professional advice and assistance from experts to carry out their duties.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I. BOARD RESPONSIBILITIES (Cont'd)

BOARD MEETINGS (Cont'd)

During the financial year ended 31 December 2021, eight (8) Board meetings were convened and the attendances of the individual Directors at the Board meetings are as follow:-

Directors	Designation	Attendance
Datuk Kamaruddin Bin Taib	Independent Non-Executive Chairman	8/8
Loh Wee Hian	Executive Vice Chairman	8/8
Dato' Chan Choy Lin, Carol	Independent Non-Executive Director	8/8
Matteo Stefanel	Non-Independent Non-Executive Director	8/8
Richard Henry Phillips	Non-Independent Non-Executive Director	4/5
Sean S Hesh	Executive Director	1/1
Kung Lee See	Independent Non-Executive Director	1/1
Tan Lye Sim	Independent Non-Executive Director	1/1
Loh Hin Yaw	Alternate Director to Loh Wee Hian	-/-

The Board, via the NRC on a continuous basis, evaluates and determines the training needs of its members, and ensures that their training needs are met to assist the Directors in discharging their duties as a Director of the Company.

In their effort to keep abreast with the changes in the industry, legislation, and regulations affecting the Company, the Directors have attended the following briefings, conferences, and seminars during the financial year under review:

Directors	Training Programme/Conference Seminar
Datuk Kamaruddin Bin Taib	HSBC Non-Executive Global Mandatory Training- Trimester 1 Health Safety & Well Being, Risk Management HSBC Non-Executive Global Mandatory Training- Trimester 2 Health Safety & Well Being, Risk Management HSBC Non-Executive Global Mandatory Training- Trimester 3 Conduct Including "Speak Up" Workplace Harrassment Distinguished Board Leadership Series Rethinking Our Approach to Cyber Defence in Financial Institutions Walkthrough of the new product developmentBoard Effectiveness Evaluation Industry Briefing ASEAN Healthcare Webinar: Covid 19 Vaccine Roll Out and the Recovery of ASEAN Economy BNM FIDE Forum: MASB Dialogue MFRS 17 Insurance Contracts: What Every Director Must Know Scaling up sustainable finance in ASEAN-The Malaysian Journey Implementing the Amendments in the Malaysian Code on Corporate Governance Masterclass on Inclusion& Diversity for CEOs & Board Members Flagship Event on climate change, Finance for Change Virtual Conference 1. Sustainability as a Business 2. JC3 Outcomes and Implications for Financial Institutions 3. Sustainable Finance for the Private Sector Climate Change Impact on Banks & Role of the Board Shaping the Future of FI Board Leadership The Board's Role and responsibilities in Crisis Communication Cyber Security in Covid Times

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I. BOARD RESPONSIBILITIES (Cont'd)

BOARD MEETINGS (Cont'd)

Directors	Training Programme/Conference Seminar
Loh Wee Hian	MACC Training Environmental Social and Governance (ESG) Gap Analysis 2022 Malaysia Budget
Dato' Chan Choy Lin, Carol	Financial Institutions' Directors Education (FIDE) Forum: Rethinking our approach to Cyber Defense in Financial Institutions FIDE Forum: Board Effectiveness Evaluation Bank Negara Malaysia ("BNM") – FIDE Forum: MFRS 17 for Insurance Industry what every director need to know KPMG Asia Pacific Board Leadership Centre: Board and Audit Committee priorities in 2021 FIDE Forum: The role of Independent Director by Deputy Governor of BNM Actis/Fidelio Partners: Master Class for Board members on Inclusion and Diversity BNM-FIDE Forum: JC3 Flagship Conference 2021 Section 17A MACC AMENDMENT ACT 2018 (Corporate Liability) Climate Governance Malaysia: Directors' Duties on Climate Change In house training: The Updated Malaysia Code on Corporate Governance 2021 KPMG- 2021 MFRS Updates Securities Commission Malaysia : Audit Oversight Board Conversation with Audit Committee Price Waterhouse Coopers/ Bursa Malaysia Berhad : Fraud Risk Management Workshop Crowe : Budget 2022 - Key tax Changes affecting business and companies
Matteo Stefanel	MACC Training Environmental, Social and Governance (ESG) Gap Analysis by AGV Sustainability & ESG Services Sdn. Bhd Anti money laundering Conduct Rules for the U.K. Senior Manager and Certification Regime Anti Bribery and Corruption
Richard Henry Phillips	MACC Training Environmental, Social and Governance (ESG) Gap Analysis by AGV Sustainability & ESG Services Sdn. Bhd Mandatory Accreditation Programme Anti money laundering Conduct Rules for the U.K. Senior Manager and Certification Regime Anti Bribery and Corruption
Tan Lye Sim	Mandatory Accreditation Programme 2022 Malaysia Budget BNM FIDE Forum Annual Dialogue with Governor
Kung Lee See	Mandatory Accreditation Programme 2022 Malaysia Budget Certificate in Business Networking Mastery
Sean S Hesh	Mandatory Accreditation Programme 2022 Malaysia Budget MACC Training
Loh Hin Yaw	Mandatory Accreditation Programme 2022 Malaysia Budget MACC Training

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II. BOARD COMPOSITION

The Board comprises a mixture of Executive and Non-Executive Directors from diverse professional backgrounds with a wealth of experience, skills, and expertise to meet the Group's needs. The Board currently consist of nine (9) members, comprising two (2) Executive Directors and six (6) Non-Executive Directors, of which four (4) are Independent Non-Executive Directors including the Chairman and one (1) Alternate Director.

It is worth to note that in line with good corporate governance and in accordance with Practice 5.2 of the MCCG 2021, half of the Board are made up of Independent Non-Executive Directors and in accordance with Practice 5.9 of the MCCG 2021, the Board comprises at least 30% of women Directors.

The Board is cognizant of the recommendation on Boardroom diversity as stated in the MCCG 2021 and acknowledges the importance of diversity in terms of skills, experience, age, gender, cultural background, and ethnicity, and recognizes the benefits of diversity at leadership and employee level. In line with the MCCG 2021, the Board has adopted a Gender Diversity Policy in 2021 and by having a range of diverse dimensions, it brings different perspectives to the boardroom and to various levels of Management within the Group.

The Board constantly advocates fair and equal participation and opportunity for all individuals of the right calibers. The Board is satisfied that the current Board composition provides the appropriate diversity, balance, and size necessary to promote all shareholders and govern the Group effectively. This balance facilitates the Board to provide clear and effective leadership to the Group and bring informed and independent judgement to many aspects of the Group's strategy and performance. It also fairly represents the ownership structure of GHL, with appropriate representations of minority interests through the Independent Non-Executive Directors. The Board will continue to monitor and review the Board size and composition as may be needed to maximize the shareholders' value.

Recognizing the benefits of diversity in its broad spectrum and in line with the MCCG 2021 echoing the importance of Sustainability, the Company has formalized a Gender Diversity Policy which is published on the Company's website at www.ghl.com. In accordance with the Gender Diversity Policy evaluation of suitability of candidates is based on the candidates' competency, character and time availability.

Nominating and Remuneration Committee ("NRC")

The NRC reports regularly to the Board on its activities, deliberations, and recommendations in the discharge of its duties and responsibilities as set out in its Terms of Reference, which was last revised and approved by the Board in 25 February 2020, and is accessible to the public on the Company's official website at www.ghl.com.

The present members of the NRC are as follow:

Designation	Directors	Designation	Attendance
Chairman	Dato' Chan Choy Lin, Carol	Independent Non-Executive	4/4
Member	Matteo Stefanal <i>(appointed on 18 May 2021)</i>	Non-Independent Non-Executive	2/2
Member	Hossameldin Abdelhamid Mohamed Aboumoussa <i>(Resigned wef. 11 March 2021)</i>	Non-Independent Non-Executive	1/1
Member	Tan Lye Sim <i>(appointed on 25 November 2021)</i>	Independent Non-Executive	-
Member	Kung Lee See <i>(appointed on 25 November 2021)</i>	Independent Non-Executive	-

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II. BOARD COMPOSITION (Cont'd)

Nominating and Remuneration Committee ("NRC")

A summary of key activities undertaken by the Committee during the financial year under review are as follow:

- i. Reviewed the size, structure, and composition of Board and Board Committees based on the required skill, knowledge, and diversity
- ii. Facilitated Board, Board Committees, and Directors assessment and reviewed the results
- iii. Facilitated Board discussion on key management's annual appraisal results
- iv. Reviewed succession planning for Key Senior Management, taking into account challenges and opportunities faced by the Company, and the skills and expertise needed in the future
- v. Reviewed Executive Directors' service contract
- vi. Reviewed the training needs of Directors and independence of Independent Directors
- vii. Reviewed and recommended the appointment and re-election of Directors
- viii. Reviewed the Executive's Share Scheme
- ix. Reviewed and recommended appointment of Group Chief Executive Officer

In February 2021, the Board through the NRC met to review and discuss the Directors performance and effectiveness of the Board, Board Committees and individual Directors taking into account the required mixed skills, experience and core competencies of the Board as well as the term of office and performance of each of its members.

Based on the annual assessment conducted, the NRC was satisfied with the existing Board composition and concluded that each Director has the requisite competence and capability to serve on the Board and had demonstrated their commitment to the Company in terms of time and participation during the year under review.

In tandem with the MCCG2021, the Board through its Board Charter requires independence of any Director who has served more than nine (9) years to be subject to a particularly rigorous review by the Board prior to justifying/recommending to the shareholders for their approval to retain the particular Board member as an Independent Director, if necessary. Datuk Kamaruddin Bin Taib has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years at the forthcoming Annual General Meeting.

III. REMUNERATION

The NRC is entrusted by the Board on matters relating to the remuneration of the Board and Senior Management and making recommendations on the same to the Board for approval.

The Company has in place a set of policies and procedures namely the Senior Management Remuneration Policy and Procedure which determines a clear and transparent remuneration package for each of its Directors and Senior Management in order to support and drive business strategy and long-term objectives of the Group. The NRC is responsible to review said Policy from time to time to ensure remuneration remains competitive, appropriate, and in alignment with the prevalent market practices. The NRC's recommended remuneration for Executive Director and Senior Management are linked to their performance, qualifications, experience, and scope of responsibility. The remuneration of Independent Non-Executive Directors reflects the scope of responsibilities and commitments undertaken by them.

The Board ensures that the remuneration for Independent Non-Executive Directors does not conflict with their obligation to bring objectivity and independent judgement on matters discussed at the Board meetings.

The details of the Directors' remuneration for the FY2021 are disclosed under Practice 8.1 of the Corporate Governance Report that is available on the Company's official website at www.ghl.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

III. REMUNERATION (Cont'd)

The Board is aware of the importance of transparency in disclosing the remuneration of its Senior Management. Due to the competitiveness of the industry for key talents, and to retain and recruit key talents, the Board is of the opinion that it is in the best interest of the Company to disclose the Company's top five (5) Senior Management personnel's remuneration for FY2021 in bands of RM, which is available in Practice 8.2 of the Corporate Governance Report that is available on the Company's official website at www.ghl.com.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT AND RISK COMMITTEE ("ARC")

The ARC takes on the role of assisting the Board in the discharge of its responsibility of overseeing the financial reporting process and ensuring that the results of the Company's operations are fairly presented in its financial statements.

The ARC comprises four (4) members in which the ARC is currently chaired by Dato' Chan Choy Lin, Carol, an Independent and Non-Executive Director. The Terms of Reference set out its duties and responsibilities, are disclosed on the Company's official website at www.ghl.com.

Through the Policy Statement on Auditor Independence, which was approved by the Board, the policy establishes the responsibility to assess the suitability, objectivity, and independence of the External Auditor to the ARC.

A full Audit and Risk Committee Report enumerating its composition, summary of activities and the Group Internal Audit function during the financial year is included in this Annual Report.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board acknowledges its responsibility for maintaining a sound system of risk management and internal control of the Group that provides reasonable assurance of effective and efficient business operations, compliance with laws and regulations as well as internal procedures and guidelines.

The Board has delegated to the ARC the responsibility of reviewing the effectiveness of control procedures and risk management framework and to report to the Board on all its findings and recommendations for deliberations. This system, by its nature, can however only provide reasonable but not absolute assurance against misstatement, fraud, or loss.

This system is reviewed at least bi-annually by the Board in terms of its continuing adequacy and operating effectiveness in all material aspects.

The Statement on Risk Management and Internal Control furnished in this Annual Report provides an overview of the state of risk management and internal controls within the Group.

Sustainability Strategies

The Board has taken a leap forward in the year 2021 in respect of Sustainability and in line with the MCCG 2021, the Board has set up a Sustainability Committee headed by the Group Head of Legal Compliance and Sustainability wherein a Sustainability Framework was created and apart from adopting four (4) new policies namely (1) Climate Change & Risk Policy, (2) Labour & Human Rights Policy, (3) Gender Diversity Policy and (4) the Senior Management Remuneration Policy and Procedure, the Board through the Sustainability Committee has taken great steps to adopt the ESG Sustainability Framework in line with the United Nation Sustainable Development Goals and the details of which are stated clearly in our Sustainability Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH SHAREHOLDERS

I. COMMUNICATION WITH STAKEHOLDERS

Dialogue between the Company and Investors

The Company values dialogue with investors and recognizes the importance of being transparent and accountable to its shareholders. Effective communication with shareholders provides a better appreciation of the Company's objectives, while also makes the Management more aware of the expectations and concern of the shareholders.

As such, the Company adheres strictly to the disclosure requirements under Bursa's MMLR to announce results of the Group quarterly via Bursa Link and material transactions and events accordingly. Investor information of the Company, the Annual Report, financial results, Board Charter and terms of reference of Board Committees can be accessed on the Company's website at www.ghl.com.

Dato' Chan Choy Lin, Carol the Chairman of ARC, is available to investors who have concerns that cannot be addressed through the Chairman and Group CEO.

II. CONDUCT OF GENERAL MEETINGS

Annual General Meeting ("AGM")

The AGM is the principal forum for dialogue with our shareholders. At each AGM, the Board presents to the shareholders, the performance of the business for the financial year.

In view of the COVID-19 pandemic and as part of the Company's precautionary measures, the 26th AGM was held on 25 May 2021 entirely through live streaming from the broadcast venue at Kuala Lumpur Headquarters using Remote Participation and Voting Facilities. All directors were present both physically and virtually at the AGM to respond to questions raised by the shareholders or proxies.

Each special business is included in the notice of AGM will be accompanied by a full explanation of the effects of a proposed resolution to facilitate understanding and evaluation of the issues involved. Separate resolution is proposed for separate issues at the meeting and the Chairman declares the number of proxy votes received both for, and against each separate resolution.

In line with the poll voting requirement under Paragraph 8.29A of the MMLR of Bursa Securities; all resolutions passed by the shareholders at the previous AGM were voted by way of a poll. An independent external party was appointed as scrutineers for the electronic poll voting process. The Chairman announced the voting results of all the resolutions tabled before the closure of the AGM and the outcome of the AGM is released to Bursa Malaysia Securities Berhad on the same meeting day. The summary of the AGM proceedings is available on the Company's website at www.ghl.com.

The Board approved this Statement in accordance with Board's Resolution dated 28 March 2022.

AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee ("ARC") Report provides insights into the manner in which the Audit and Risk Committee has discharged its function for the Group in the financial year ended 31 December 2021 ("FY2021") and also a summary of its various activities.

FORMATION OF COMMITTEE

The Audit Committee was established as a committee of the Board of Directors of GHL Systems Berhad on 11 February 2003.

On 8 April 2013, the Board of Directors resolved that the Audit Committee be renamed as the Audit and Risk Committee ("ARC" or the "Committee").

COMMITTEE COMPOSITION

The ARC comprises the following four (4) members, all of whom are Non-Executive Directors with the majority being independent.

Designation	Name	Directorship
Chairman	Dato' Chan Choy Lin, Carol	Independent Non-Executive
Member	Matteo Stefanel <i>(appointed wef 18 May 2021)</i>	Non-Independent Non-Executive
Member	Datuk Kamaruddin Bin Taib <i>(Resigned wef 25 Nov 2021)</i>	Independent Non-Executive
Member	Tan Lye Sim <i>(appointed wef 25 Nov 2021)</i>	Independent Non-Executive
Member	Kung Lee See <i>(appointed wef 25 Nov 2021)</i>	Independent Non-Executive

All members of ARC are financially literate, possess wide range of skills and expertise, and have sufficient understanding of the Company's business and matters under the purview of the ARC, including the financial reporting process. The Chairman of ARC, Dato' Chan Choy Lin, Carol ("Dato' Carol") is a member of the Malaysian Institute of Accountants ("MIA").

The current ARC composition complies with Paragraphs 15.09 and 15.10 of the Main Market Listing Requirements ("MMLR") of Bursa Securities, which prescribes that the committee must be composed of not fewer than three (3) members, all of whom must be Non-Executive Directors, majority of members being Independent Directors, and one member must be a member of the MIA.

ATTENDANCE OF MEETINGS

The ARC held five (5) meetings during FY2021. The Company Secretary is responsible for distributing the notice of the meetings to the Committee members prior to each meeting and for recording the proceedings of the meetings thereat.

AUDIT AND RISK COMMITTEE REPORT

CONT'D

ATTENDANCE OF MEETINGS (Cont'd)

The attendances of the members of ARC at the five (5) meetings held during FY2021 are as follows: -

Directors	Designation	Attendance
Dato' Chan Choy Lin, Carol	Chairman	5/5
Matteo Stefanel	Member	2/3
Datuk Kamaruddin Bin Taib	Member	5/5
Tan Lye Sim	Member	-/-
Kung Lee See	Member	-/-

The Group Chief Executive Officer ("CEO") and the Group Chief Financial Officer ("CFO") were invited to all ARC meetings to facilitate direct communication related to the Group's financial results while the Group Chief Risk Officer ("CRO") was invited to provide information regarding the Group's Risk Management activities. The Head of Group Internal Audit ("GIA"), relevant members of the Management, and the External Auditors were also invited to attend the ARC meetings, where appropriate, to present their reports on financial results, audit and other matters for the review of the ARC.

The Chairman of the ARC has the right to request those who are in attendance to step out from the meeting when matters to be discussed are likely to be hampered by their presence or when confidentiality of matters being discussed needs to be preserved. The ARC members held one (1) private meeting with the External Auditors in FY2021 without the presence of the Management.

Minutes of all ARC meeting were recorded and tabled for confirmation at the following ARC meeting and were subsequently presented to the Board for notation.

TERMS OF REFERENCE

The ARC is responsible among others to review and monitor the integrity of the Group's reporting processes, system of internal control audit process as well as to ensure compliance with legal, regulatory and taxation matters for the Group. The Terms of Reference for the ARC which is in line with the provisions of the MMLR and other best practices are accessible to the public on the Company's official website at www.ghl.com.

SUMMARY OF ACTIVITIES DURING FINANCIAL YEAR ENDED 31 DECEMBER 2021

The ARC reports regularly to the Board on its activities, deliberations, and recommendations in discharging its duties and responsibilities as set out in its Terms of Reference, which the Committee has reviewed and determined to be in line with MMLR and MCCG.

The main activities undertaken by the Committee during 2021 are summarised as follow:

Financial Reporting:

- Reviewed the audited financial statements of the Group and of the Company in conjunction with the External Auditors and Group CFO to ensure compliance of the financial statements with the provisions of the Companies Act 2016 and the applicable approved accounting standards, as per the Malaysian Accounting Standards Board ("MASB"), prior to recommending the same to the Board for approval
- Reviewed the quarterly unaudited financial results of the Group together with the Group CFO, focusing particularly on significant changes to accounting policies and practices, and unusual events, compliance with accounting standards and other legal requirements prior to recommending the same to the Board for approval and release to Bursa Malaysia

AUDIT AND RISK COMMITTEE REPORT

CONT'D

SUMMARY OF ACTIVITIES DURING FINANCIAL YEAR ENDED 31 DECEMBER 2021 (Cont'd)

External Audit:

- a. Reviewed the suitability, performance, and the independence of the External Auditors' in fulfilling their responsibilities as set out in the By-Laws (On Professional Ethics, Conduct and Practice) for Professional Accountants as adopted by Malaysian Institute of Accountant and the Group Policy Statement on Auditor Independence by covering the caliber of the external audit firm; Additionally evaluated the quality of processes and performance, audit skills, industrial knowledge as well as objectivity and their communications with ARC
- b. Reviewed and discussed the External Auditors' audit planning memorandum covering the scope, plan, key areas and proposed fees for the statutory audit and other non-audit services based on the External Auditors' presentation of audit strategy and plan to ensure that their scope of work adequately cover the activities of the Group
- c. Reviewed and discussed with the External Auditors the results, reports, and financial statements of the Group
- d. Reviewed and discussed with the External Auditors the issues highlighted in the management letter as well as the response from the Management and ensured, necessary corrective actions had been taken by the Management. The ARC also considered the External Auditors' suggestions on improving the accounting procedures and internal control measures
- e. Reviewed and discussed the non-audit fees for services rendered by External Auditors to ensure they are in line with the Group Policy Statement on Auditor Independence. During FY2021, non-audit services rendered by the External Auditors for the Group amounted to RM 30,118 (2020: RM11,306) for the review of Statement of Risk Management and Internal Control and tax services rendered.
- f. Reviewed the performance of the External Auditor by conducting an evaluation encompassing technical competencies; partners/directors accessibility and time commitment; independence and objectivity; audit scope and planning; audit communications; and recommended to the Board on the re-appointment of BDO PLT as External Auditors.

Risk Management and Internal Control:

- a. Reviewed the minutes of meeting and the progress of Risk Management Committee ("RMC") in its on-going identification and monitoring of key risks and the controls and processes implemented in managing these risks
- b. Reviewed the key risks as reported by the RMC related to the business and operations
- c. Reviewed the action plans by RMC to ensure significant internal controls are promptly and timely implemented to mitigate the key risks identified
- d. Together with the Group CEO, Group CFO, and Group CRO reviewed of the results of work performed by Internal Auditors, External Auditors, and the RMC and evaluated the overall adequacy and effectiveness of the system of internal controls during the financial year.
- e. Monitored the Whistle Blowing programme as part of the risk management structure and good corporate governance practice
- f. Received updates from the Management on matters relating to the impact of COVID-19 pandemic on the Group's business and noted that the Group has relevant internal controls and various mechanisms in place to manage the impact of the pandemic in order to ensure continuity of business operations.

Internal Audit:

- a. Reviewed and assessed the adequacy of resources and reporting structure of Group Internal Audit ("GIA") to ensure the audit plan is executed effectively and independently
- b. Reviewed the competency of GIA to ensure GIA are provided with adequate trainings and guidance to possess the required skill sets and knowledge

AUDIT AND RISK COMMITTEE REPORT

CONT'D

SUMMARY OF ACTIVITIES DURING FINANCIAL YEAR ENDED 31 DECEMBER 2021 (Cont'd)

Internal Audit: (Cont'd)

- c. Reviewed the annual internal audit plan to ensure adequacy of scope and coverage to ensure that high risk areas were audited on a regular basis
- d. Reviewed the status of internal audit plan during each meeting
- e. Discussed the major internal audit findings, weaknesses, and significant internal audit matters raised by the GIA. The ARC also sought the Management's commitment for corrective actions as recommended in internal audit reports
- f. Reviewed the status of audit findings in ensuring appropriate actions are implemented in a timely manner by the Management, with no audit issues left unaddressed

Recurrent Related Party Transaction:

Recurrent related party transactions undertaken by the Group are reviewed annually for compliance with the MMLR and the appropriateness of such transactions to avoid any potential or actual conflict of interest and to ensure decisions are based on the Group's normal commercial terms, and that adequate internal procedures had been followed to protect the interest of the Company and its shareholders.

Other Activities:

- a. Reviewed the Statement on Risk Management and Internal Control, Corporate Governance Overview Statement, and Audit and Risk Committee Report prior to the Board's approval for inclusion in the Annual Report
- b. Reviewed the Corporate Governance Report prior to the Board's approval for submission to Bursa Malaysia
- c. Conducted a self-assessment to evaluate the Committee's overall effectiveness in discharging its responsibilities
- d. Verified the allocation of Employer Share Scheme ("ESS") to executives, pursuant to the ESS By-Law 5.2

INTERNAL AUDIT FUNCTION

The Group has established an internal audit function as a key component of its internal control appraisal process. The Head of GIA reports independently to the ARC and is guided by a formalised Internal Audit Charter and The Institute of Internal Auditor's International Professional Practice Framework.

The main responsibility of the GIA function is to undertake independent assessments on the adequacy and effectiveness of internal controls pertaining to key areas as follows:

- a. Reliability and integrity of financial and operational information
- b. Effectiveness and efficiency of operations
- c. Safeguarding of assets
- d. Compliance with applicable laws and regulations

The GIA does not have any direct operational responsibility or authority over any of the activities it audited and neither had they engaged in any activity that might impair the internal auditor's judgement. All internal audit staff declare annually that they are free from any relationships or conflict of interest.

AUDIT AND RISK COMMITTEE REPORT

CONT'D

INTERNAL AUDIT FUNCTION (Cont'd)

The annual audit plan was approved by the ARC to ascertain its scope and coverage of the Group's activities, including the adequacy of manpower. The GIA adopts a risk-based approach towards undertaking internal audit reviews for the Group based on the annual internal audit plan approved by the ARC. The GIA incorporated a structured internal audit rating methodology that appraises an overall rating of an audit report by a scoring system. The said system provides the Management and the ARC a consistent and concise assessment of the risks posed by the area or function being reviewed.

The major activities undertaken by the GIA function are summarised as follows:

- a. Preparing, presenting, and obtaining approval from ARC for the Group's annual internal audit plan
- b. Collaborating with Group Compliance Department to continuously monitor the Group's compliance with the MCCG Guide, MMLR, the relevant rules and regulations
- c. Reviewing the adequacy and effectiveness of internal controls pertaining to key business processes of the Group
- d. Undertaking follow-up audits on the implementation of action plans committed by Management to ensure all audit findings highlighted are being effectively and adequately addressed
- e. Identifying of areas of opportunities for improvement in respect to operations and processes
- f. Attending RMC as an observer to provide the ARC with an independent assessment of the adequacy and reliability of the risk management processes and compliance with risk policies
- g. Reviewing Recurrent Related Party transactions annually
- h. Reviewing allocation of ESS shares to Executives
- i. Performing ad hoc audit to address specific management's concerns

During the FY2021, the GIA had conducted independent reviews on internal control and compliance for the following areas, as per the Internal Audit Plan approved by ARC:

- a. Risk Management
- b. Merchant Sales Process
- c. Financial Controls and Settlement Process
- d. Compliance Assessment
- e. Outsourced Service Provider Review

The results of all internal audit reviews together with the related recommendations, were presented to the Management for discussion and agreement on necessary corrective action plans. At each ARC meeting, the Head of Internal Audit updates the ARC of the status of ongoing audits and, presents internal audit reports, and observations. Relevant Management personnel are invited to be present during such presentations. Periodic follow-up audits are also performed by the GIA in ensuring corrective actions arising from the previous internal audit findings had been implemented accordingly. ARC considers the results of audits undertaken and evaluates the adequacy of Management's responses to matters raised.

The Company has allocated a reasonable budget to enable the GIA team to attend briefings, conferences, and seminars organised by the relevant professional bodies in order for the GIA team to stay abreast with the latest developments in auditing standards globally.

The total cost incurred by GIA in discharging its functions and responsibilities, in respect of the financial year under review was approximately RM310,000. (2020: RM290,000).

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board recognises the importance of a sound framework of risk management and internal control for good corporate governance and for safeguarding the Group's assets and shareholders' interests. Towards this end, the Board is committed to maintain a sound risk management framework and internal control system for the Group and ensuring their continued effectiveness, adequacy, and integrity through a process of periodic review. Guided by the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers and Main Market Listing Requirements, the Board is pleased to present the Statement on Risk Management and Internal Control ("SORMIC").

RESPONSIBILITIES OF THE BOARD

The Board assumes the responsibility for the effectiveness and adequacy of the Group's risk management and internal control system and has an established Term of Reference to assist in discharging of this responsibility.

The Board has delegated the responsibility of undertaking this process of periodic review to the Audit and Risk Committee ("ARC"), whose responsibilities and duties are detailed in the Audit and Risk Committee Report of this Annual Report. However, the Board as a whole remains ultimately responsible for the effectiveness, adequacy, and integrity of the system of risk management and internal controls.

The Board is aware that the expansion into new areas of business and operating in different countries would involve new and different risk considerations. Whenever these events occur, the Board will, in addition to its normal risk management process, pay particular attention to the impact of Group's overall risk profile and sufficiency of existing internal controls in addressing the additional risks, if any. The Board has, during FY2021, continued to strengthen the Groups' governance and risk management framework to identify, assess, mitigate, report, and monitor the significant risks in an effective manner.

The Board recognises the integral role of key management in the risk management and internal controls process. The Board had established the Risk Management Committee ("RMC") comprised of Senior Management of the Company to identify and assess the Group's risks and thereafter to design, implement, and monitor the appropriate risk management processes and internal controls to address and mitigate such risks. RMC reports to the Board through ARC on significant matters arising.

GROUP RISK MANAGEMENT SYSTEM

Risk Management activities are guided by the Group's Enterprise Risk Management Framework. This framework covers a span of activities to determine the risk profile inherent from the nature of business which would compromise the business objectives, if addressed improperly. The main features of the Group's risk management system are described in the following sections:

1. Risk Management Committee ("RMC")

The RMC was established by the Board in 2012 as a key component of the Risk Management Framework. The RMC, which is headed by the Group Chief Executive Officer, comprises the Group' Chief Financial Officer, and Group Chief Risk Officer.

The responsibilities of RMC are as follows:

- To provide oversight of the Group's significant risks
- To identify and assess, on an ongoing basis, the risks faced by the Group, and thereafter to design and implement appropriate risk management processes and internal controls to address or mitigate such risks in an effective manner, taking into account the risk appetite and risk tolerance level which the Group is willing to take in achieving its strategic objectives
- To periodically assess and review the continued effectiveness and appropriateness of risk management processes
- To continuously promote an effective risk awareness culture throughout the Group with written policies and regular communication to and training for the employees and stakeholders
- To be accountable and periodically report to the Board, through the ARC, for the design, implementing, and monitoring of the risk management system

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONT'D

GROUP RISK MANAGEMENT SYSTEM (Cont'd)

1. Risk Management Committee ("RMC") (Cont'd)

The salient features of the RMC process are as follow:

- Country Heads, CEOs of Subsidiaries, and Heads of Department are tasked to update their respective risk profiles on a half yearly basis and confirm to the Risk Department that reviews had been conducted and risk related to their areas had been assessed; and also include action plans which are to be implemented in order to manage the risks that had been identified
- The risks that had been identified are consolidated and tabled to the RMC for its deliberation and monitoring
- Head of Internal Audit attends the RMC meetings as secretary of the committee and provides an independent assessment of the adequacy and reliability of the risk management processes and compliance with risk policies
- The RMC shall meet at least twice a year to review significant risks and the progress on the implementation of the mitigating actions
- A copy of the RMC meeting minutes is submitted to the ARC for review and deliberation
- Half yearly, the RMC members, i.e. Group CEO, Group CFO and Group CRO are invited to the ARC meeting to brief the ARC on any existing risks and/or new risks faced by the Group with the corresponding mitigation plans.

2. Risk Identification, Evaluation and Ranking

The Country Heads, Heads of Department and the Management of each Business Unit, in establishing its business objectives, is required to identify and document all possible risks that can affect their business and the group, taking into consideration the effectiveness of controls that are capable of mitigating such risks. Risk identification process shall also take into consideration of the following:

- Risk specific to the achievement of business objectives
- Risks that have the potential impact on the success and continuity of the business. Thereafter, identified risks are evaluated as follow:
 - o Probability or likelihood of occurrence
 - o Significance of the risk
 - o Review and assess adequacy of risk management policies and framework in identifying, measuring, monitoring, and controlling risks

3. Risk Reporting and Monitoring

Each Business Unit's risks together with the controls and processes used to manage such risks are identified and tabulated in a risk assessment report. Significant risks of Business Units and Projects are presented to the RMC for their deliberation.

Risk monitoring is an ongoing process in which the RMC monitors the Group's business risks as part of their annual assessment for proper disclosure in the Annual Report.

4. Merchant Risk

The Group Risk Department monitors the merchants' performance risks in its Transaction Payment Acquisition ("TPA") businesses in Malaysia, Thailand, and Philippines. The Group Risk Department performs this function by firstly determining the risk acceptance criteria; followed by measuring, classifying, and monitoring merchant activities at a transactional level using predetermined risk rules; and finally instituting remedial and exit procedures for errant merchants. This approach is documented in the Group's Credit Policy manual and also is heavily automated in the Group's M-Cube Risk Management system.

During the year, the Group Risk Department exited certain high risk merchants as a result of its review of transaction exceptions, evidencing the veracity of the M-Cube Risk Management system in detecting high risk merchant behaviour. Management has continuously kept abreast of these reviews and findings via the monthly Business Reviews. The Group Risk Department also continues to fine tune its policies and procedures to stay in line with changes in the marketplace and business objectives and plans.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONT'D

GROUP RISK MANAGEMENT SYSTEM (Cont'd)

5. COVID-19 Pandemic Risk

The Group operated under its Business Continuity mode and had activated the GHL Disease Outbreak Framework to mitigate and minimize the impact of risks associated with the pandemic on its business and operations. In order to mitigate this risk, the Group has undertaken the following measures: -

- Assessed the impact of Covid-19 pandemic on the Group's business operations and put in place the relevant Standard Operating Procedures across all business activities;
- The Group had implemented various safety and health measures such as work-from-home, temperature screening, restricted visitors' access to the office premises, providing sanitisers at strategic locations and staff communication on health awareness.

Given the fluidity of the situation, the Group will continuously monitor the impact of Covid-19 and take appropriate and timely measures to minimise the impact of the outbreak on the Group's operations.

6. ESG (Environmental, Social & Governance) Sustainability Risks

The Board has approved four policies last year specifically related to Environmental and Social aspects of the ESG Risk Management which are the (1) Climate Change & Risk Policy, (2) Labour & Human Rights Policy, (3) Gender Diversity Policy and the (4) Senior Management Remuneration Policy and Procedure. Further to the said four policies, the Risk Management principles of the Group is also to be guided by the Governance perspective of ESG risk with the five (5) other main policies, i.e.: Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Policy, Anti-Bribery and Corruption Policy, Whistleblowing Policy and the Code of Ethics and Conduct. With all these nine (9) policies in place, the Group Risk together with the Group Legal, Compliance and Sustainability continues to ensure the ESG risks as enshrines in the said Policy are assess and comply by the Group accordingly to ensure that the Group are not expose to the said ESG risks.

KEY INTERNAL CONTROL PROCESSES

The following areas of governance contains clearly defined corporate values, code of business ethics and conduct as well as comprehensive policies and procedures to assist Management in ensuring that a sound system of internal control is maintained in the Group.

1. Authority and Responsibility

a) Board Committees

Board Committees are established and operate under clearly defined Terms of Reference ("TOR") to provide oversight function and ascertain the adequacy of the internal control framework in the Group. TOR is reviewed periodically to objectively and independently focus on certain responsibilities delegated by the Board.

b) Delegation of Authority

The Delegation of Authority clearly defines the authority and authorisation limits of the Management in all aspects of the Company's key business decisions, provides guidance on the division of responsibilities, and is periodically reviewed to reflect and be in line with the growth of the business, operational and organizational environment.

2. Monitoring and Reporting

Monthly management meetings are led by the respective country heads for various lines of operations and business units, on key business performance, operating statistics, and regular matters. This enables effective monitoring of significant variances and deviation from standard operating procedures and budget. The Board is also kept apprised of the Company's performance during the scheduled board meetings with the Company's business performance and plans being reviewed and deliberated.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONT'D

KEY INTERNAL CONTROL PROCESSES (Cont'd)

3. Policies and Procedures

The Group has defined and documented internal policies and standard operating procedures to ensure inter alia sound that internal controls are implemented and compliance with applicable laws and regulations are exercised. The policies and procedures are also being reviewed on a regular basis to ensure its relevance and effectiveness; in which Internal Audit function carried out reviews on the Group's policies and procedures according to the approved annual audit plans. Compliance with these procedures is an essential element of the internal control framework.

4. Internal Audit Function

As part of the Group's efforts to establish a sound framework for risk management and internal controls, an in-house audit function is established as a key component of its internal controls processes. The Group Internal Audit ("GIA") reports independently to the ARC and is guided by a formalised Internal Audit Charter and the Institute of Internal Auditor's International Professional Practice Framework.

Acting as the third layer of defense in internal controls, the GIA performs audits within the Group in accordance with an annual internal audit plan which is formulated through a comprehensive risk-based methodology and approved by the ARC. The audits are designed to test the appropriateness of control design and implementation as well as compliance with the existing policies and procedures. The results of all internal audit reviews, together with the findings and recommendations, are presented to Management for discussion and formulation of the necessary corrective action plans prior to finalisation of the internal audit reports. Status of implementation of the agreed upon audit recommendations is tracked until completion and updates are highlighted by the Head of Group Internal Audit to the ARC. Appropriate relevant parties are invited to be present during such presentations.

The GIA is headed by Mr. Liow Tien Chin, a member of Certified Practicing Accountant (CPA) Australia and Chartered Member of The Institute of Internal Auditors Malaysia, with more than 15 years of experience in the profession. The GIA head is supported by a team of professionals whom possess the relevant qualifications and experience and have adequate resources to fulfil the internal audit plan for the next financial year.

The Head of GIA, Mr. Liow, had in March 2022 confirmed the Internal Auditors' independence to the ARC, where he had signed the annual declaration that he and his team were and had been free from any relationship or conflicts of interest which could impair their objectivity and independence.

Based on the confirmation by the Head of GIA, the ARC is satisfied that the internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence and that the audit programme for the financial year under review was carried out by the Internal Auditors as planned.

5. Information Technology Controls and Security

a. Disaster Recovery Backup Plan

The Board is cognizant of the importance of business continuity management in strengthening the Group's resilience in response to the evolving business environment and enhancement of shareholders' values. A Disaster Recovery ("DR") policy and procedure has been established groupwide in order to ensure continuity of the business operations in the event of an IT-disabling disaster. DR drills are conducted by the technology division together with external service providers at least once a year with continued focus on enhance the DR capability to cover all key aspects of the businesses.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONT'D

KEY INTERNAL CONTROL PROCESSES (Cont'd)

5. Information Technology Controls and Security (Cont'd)

b. Payment Card Industry Data Security Standard ("PCIDSS")

PCIDSS is an actionable framework established by Payment Card Industry Security Standards Council ("PCISSC") to ensure the safe handling of cardholder information at every step. PCIDSS covers systems, policies and procedures around the following:

- Building and maintaining a secure network and systems
- Protecting cardholder data
- Maintaining a vulnerable management program
- Implementing strong access control measures
- Regularly monitoring and testing networks
- Maintaining an information security policy

The Malaysia operations obtained its first Certificate of PCIDSS compliance in 2012 by meeting all the requirements set by the standards. During the year, the Company was reassessed by a qualified security assessor from PCISSC; as part of the annual certification exercises and continues to be PCIDSS compliant on the latest 3.2 version. During the year, the Company's overseas subsidiaries in the Philippines and Thailand were both certified PCIDSS version 3.2 compliant. The Company acknowledges that maintaining high information technology security controls is critical to its business operations and will continue to implement best practices embedded within the security standards.

c. Personal Data Protection Policy

The Group has implemented a Personal Data Protection Policy as companies within the Group process personal data in the course of their business activities and operations. The Group recognises the importance of protecting the rights and privacy of individuals, and is committed to protecting the same. In preparing this Personal Data Protection Policy, the Board has taken steps to ensure conformity, to the extent possible, with the principles underlined in the Malaysian Personal Data Protection Act 2010.

d. IT Security Framework

The Group had established a framework based on the standards issued by National Institute of Standards and Technology (NIST) with emphasis on identifying risks, building resilience, detecting cyber threats and responding effectively to cyber-related events.

6. Human Capital

a. Performance Appraisal & Employee Trainings

An annual appraisal system has been implemented for the employees at all levels within the Group. The Group enforces dialogue between management and subordinates for continuous improvement on employees' performance. Arising from this appraisal, training-need analysis is performed to identify the required training for employees, to address the required areas of improvement identified.

b. Talent Retention & Succession Planning

Talent plays a pivotal role in achieving the business objectives of the Group. Necessary processes have been put in place to assess talent for career development and succession planning. Roles and responsibilities are clearly defined in the job description for each position. A continuous improvement approach is implemented in the areas of operational efficiencies as well as manpower productivity.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONT'D

KEY INTERNAL CONTROL PROCESSES (Cont'd)

7. Corporate Governance

a. Code of Ethics and Conduct

A set of Code of Ethics and Conduct, setting out expected ethical standards and code of conduct, has been established, which is binding on all employees in the Group, and is available on the official website www.ghl.com.

b. Whistle Blowing Policy

The Group has implemented a Whistle Blowing Policy to provide an avenue for employees and all stakeholders to report in a confidential manner any suspected acts that are in breach of the Group's code of ethics, internal policy, and applicable laws or regulations. This policy ensures that the corporate culture of integrity, transparency and accountability are promoted across the Group.

The policy also guarantees an employee or stakeholder making a report of improper conduct in good faith shall not be subject to reprisal action or discrimination of any kind by the Company. The Board and ARC Chairman are primarily responsible to ensure that all whistleblowing reports are properly followed up.

c. Anti-Bribery and Corruption Policy

The Group has implemented a very clear and definitive policy on acts of Bribery and Corruption. The purpose of the policy is to mitigate the risk of fraud and corruption by providing the specific procedures or instructions regarding the appropriate actions needed to be undertaken in cases of suspected violations. The Group adopts a zero-tolerance stance in all forms of bribery and corruption by its employees and business associates.

d. Anti-Money Laundering, Anti-Terrorism Financing, and Unlawful Activities Policy

The Group has implemented the policy on Anti-Money Laundering, Anti-Terrorism, and Unlawful Activities which is to establish the framework and specific procedures against money laundering, financing of terrorism, and unlawful activities.

The Group is committed to high standards of anti-money laundering, financing of terrorism, and unlawful activities compliance and requires all Directors and employees across the Group to adhere to these standards to prevent the use of its products and services for money laundering or terrorism financing purposes.

e. Insurance

Adequate insurance coverage for major assets, building, and machinery in all operating divisions and subsidiaries are in place to ensure the Group's assets are sufficiently covered against any calamity that will result in material losses to the Group.

f. Compliance Framework

The Group had established a Compliance Framework that sets out the approach for the Group in managing the mandatory compliance requirements, mitigating compliance risk. The framework and mandates the Group Legal and Compliance Department to drive compliance across the Group.

g. Legal

The Group Legal and Compliance Department also provides legal advisory and assists in the preparation and review of any legal documentation.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONT'D

BOARD ASSESSMENT

The Board is of the view that the Group's overall risk management and internal control system is adequate and effective in all material aspects. Both the Group CEO and Group CFO have given the same assurance to the Board. The Board however recognises that risk management is an evolving process in a changing business environment and is committed to continuously monitor the adequacy and effectiveness and, where appropriate, enhance the Groups' risk management framework and internal control system. In view of the limitations inherent in any system of risk management and internal control, the system is designed to manage, rather than eliminate, the risks of failure to achieve the Group's objectives. The system can, therefore, only provide reasonable, but not absolute, assurance against any material misstatement, financial loss or fraudulent practices.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditor has reviewed this Statement of Risk Management and Internal Control as required under Paragraph 15.23 of Bursa Malaysia Securities Berhad's Main Market Listing Requirements. The limited assurance review was performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3 ("AAPG 3") Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control Included in the Annual Report. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group. Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention which causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is factually inaccurate.

This statement is approved by the Board of Directors on 28 March 2022.

OTHER STATEMENTS AND DISCLOSURES

1. MATERIAL CONTRACT

There were no material contracts entered into by the Group involving Directors', Chief Executive's and major shareholders' interest, either still subsisting at the end of the financial year ended 31 December 2021 or entered into since the end of previous financial year.

2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees incurred for services rendered by the Auditors of the Company, BDO PLT, to the Company and the Group respectively for the financial year ended 31 December 2021 were as follows:

	GROUP 2021 RM	COMPANY 2021 RM
Audit Fee	509,064	112,270
Non Audit Fee	30,118	5,950

Note:

* The non-audit fees from BDO PLT is in relation to review Statement of Risk Management and Internal Control, tax computation review and declaration & account production.

3. DIRECTOR RESPONSIBILITY STATEMENT

The Directors are required by the Companies Act 2016 to prepare financial statements for each financial year which gives a true and fair view of the financial position and the cash flows of the Group and of the Company as at the financial year end.

The Directors consider that, in preparing the financial statements of GHL Systems Berhad for the financial year ended 31 December 2021, the Group has adopted the appropriate accounting policies, which are consistently applied and supported by reasonable and prudent judgements and estimates. The Directors also consider that all applicable Financial Reporting Standards in Malaysia have been followed and confirmed that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy of the financial position of the Group and of the Company at any time and which enable them to ensure that the financial statements comply with the provisions of the Companies Act 2016.

The Directors are responsible for taking steps as are reasonably available to them to safeguard the assets of the Group and to prevent and detect fraud and as well as other irregularities.

4. UTILISATION OF PROCEEDS

During the financial year, no proceeds were raised by the Company from any corporate proposal.

OTHER STATEMENTS AND DISCLOSURES

CONT'D

5. EXECUTIVES' SHARES SCHEME (ESS)

Brief details on the number of ESS options currently in existence during the financial year are as follows:

Total number of ESS options outstanding as at 1.1.2021	Total number of ESS options granted during the FYE 31.12.2021	Total number of ESS options exercised, retracted and forfeited during the FYE 31.12.2021	Total number of ESS option arises from bonus issue during the FYE 31.12.2021	Total ESS options outstanding as at 31.12.2021
1,539,000	Nil	(1,539,000)	Nil	Nil

The ESS options granted to the Directors and Chief Executive:

Aggregate options granted	Aggregate options exercised	Aggregate options outstanding
Nil	Nil	Nil

The ESS options granted to the Directors and Key Senior Management:

	During the FYE 31.12.2021	Since Commencement of the ESS
Aggregate maximum allocation in percentage	70%	70%
Actual percentage granted	69%	69%