

DIRECTORS' PROFILE



MOHAMED RASHDI BIN MOHAMED GHAZALLI

Independent Non-Executive Chairman



Malaysian



Age 67



Male

En. Mohamed Rashdi was appointed as an Independent Non-Executive Chairman of the Company on 1 June 2022.

He has over 30 years of working experience in both industry and consulting. He graduated with a B.Sc (Hons) Degree in Computation from the University of Manchester Institute of Science and Technology (UMIST) and started his career with Jabatan Telekom Malaysia. Subsequently, he led the Information Technology ("IT") services division of a major telecommunications company before moving into consulting and became a partner of a Big Four Consulting Firm, as well as a partner in charge of the public sector in a leading international IT company. As a management and IT consultant, he has led assignments in IT strategic planning, systems implementation, project management, operations review and business process improvement. His clients comprised large corporations and government agencies across a range of sectors such as telecommunications, oil & gas, transport, financial services as well as the federal government. He has served as an Independent Non-Executive Director in a number of companies in the financial services, government and private sector and currently sits on the Board of several public companies.

He attended all eight (8) Board meetings held during the financial year ended 31 December 2023.

DIRECTORS' PROFILE

CONT'D



LOH WEE HIAN, SIMON

Executive Vice Chairman



Malaysian



Age 62



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 re-designated as an Executive Chairman on 3 March 2011. On 1 September 2012, he was designated as an Executive Vice Chairman, the position that he holds at present.

He started his entrepreneurship in the telecommunications industry. He successfully secured the master distributor licence 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, he ventured out in 1999 and co-founded e-pay (M) Sdn. Bhd. ("e-pay"), the 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 Southeast Asia and subsequently became the largest prepaid top-up network in Malaysia. In 2006, e-pay was listed on the Australian Stock Exchange and he became its Executive Chairman. He 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 Organisation Malaysia Chapter, a global non-profit educational organisation 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 2023.

DIRECTORS' PROFILE

CONT'D



DATO' CHAN CHOY LIN, CAROL

Independent Non-Executive Director



Malaysian



Age 67



Female

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

She is a Chartered Accountant of the Malaysian Institute of Accountants and a Certified Public Accountant of the Malaysian Institute of Certified Public Accountants.

She 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.

She has senior management experience that 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, she has held several key management positions, 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.

She is also an INED 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 2023.

DIRECTORS' PROFILE

CONT'D



MATTEO STEFANEL

*Non-Independent
Non-Executive Director*



Italian



Age 49



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 Nomination and Remuneration Committee.

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

He is the Managing Partner and Co-Founder of Apis Partners LLP, which manages Apis Growth Fund I and II – two private equity funds focused on investing globally in opportunities at the dynamic intersection of finance and technology.

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

He has been a 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 (\$7.4Billion AUM) and Deutsche Bank where he was the Managing Director and Co-Head of Financial Institutions Group – Emerging Markets.

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

He was a member of the World Economic Forum's Global Agenda Council on Financing and Capital twice from 2012 to 2016. He holds a 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 seven (7) out of eight (8) Board meetings held during the financial year ended 31 December 2023.

DIRECTORS' PROFILE

CONT'D



RICHARD HENRY PHILLIPS

Non-Independent Non-Executive Director



British



Age 60



Male

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

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

He began his career in private equity at 3i in the United Kingdom ("UK") and joined Commonwealth Development Corporation (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, he 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. He currently serves as a Non-Executive Director on the boards 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.

He holds a Bachelor of Arts in Economics from the University of Exeter, UK.

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

He attended seven (7) out of eight (8) Board meetings held during the financial year ended 31 December 2023.

DIRECTORS' PROFILE

CONT'D



KUNG LEE SEE

*Independent
Non-Executive Director*



Malaysian



Age 61



Female

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

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

She 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 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 provide 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 all eight (8) Board meetings held during the financial year ended 31 December 2023.

DIRECTORS' PROFILE

CONT'D



TAN LYE SIM

Independent Non-Executive Director



Malaysian



Age 67



Female

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

She 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 ("CRO") of Alliance Financial Group, Group CRO of Hong Leong Bank Berhad, Director and Head of Operational Risk Management of CIMB Investment Bank Berhad. Her last position was Group CRO at Kenanga Investment Bank Berhad, from 2013 to 2017.

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

She attended all eight (8) Board meetings held during the financial year ended 31 December 2023.

DIRECTORS' PROFILE

CONT'D



SEAN S HESH

*Executive Director and
Group Chief Executive Officer*



American



Age 61



Male

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

He is a high-calibre senior executive with in-depth experience in payments, merchant acquiring, e-commerce, operations and technology in the Asia-Pacific ("APAC") region and the United States of America. He has demonstrated a solid ability to build and grow businesses and to improve efficiency, productivity, profitability and delivery of strategic initiatives.

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

He 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 Citibank's merchant acquiring and commercial cards businesses as well as for the relationships with the payment networks across Citibank's footprint in 16 APAC, Europe, and the Middle East and Africa markets.

He graduated from University of California, Berkeley, with a Bachelor in Political Science in 1983 and a Master in International Relations from San Francisco State University in 1985.

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 2023.

NOTES:

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

LIM CHEE KEAT

Group Chief Financial Officer

 Malaysian  Male  52 years old

Lim Chee Keat joined GHL Systems Berhad (GHL) on 1st June 2023 as the Group Chief Financial Officer.

Chee Keat is qualified as a Certified Public Accountant with the Malaysian Institute of Certified Public Accountants and a Chartered Accountant of the Malaysian Institute of Accountants.

With over 25 years of experience, Chee Keat brings a wealth of expertise in various industries, including media and entertainment, telecommunications and technology, manufacturing, and retail food and consumer goods across Malaysia, Hong Kong, Sri Lanka and other Southeast Asian countries. Throughout his career, he has demonstrated expertise in multiple finance disciplines, this includes Financial Reporting and Compliance, Commercial & Corporate Finance, Tax, Treasury, Risk and Controls, Management Information Systems, Payroll, and Investor Relations.

Prior to joining GHL, he served as the Group Financial Controller of QSR Brands (M) Holdings Bhd. He also held senior finance positions within Astro Malaysia; and served as a Director and Chief Financial Officer of PT Innovate Mas Indonesia, a telecommunications company based in Jakarta. Additionally, he also served as the Chief Financial Officer of Carlsberg Malaysia and as a Director of Lion Brewery (Ceylon) PLC, a company listed on the Colombo Stock Exchange.

Chee Keat holds a Bachelor in Accounting from University of Malaya.

TAN HONG SERN

Group Chief Technology Officer

 Malaysian  Male  52 years old

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).

KHUSHWANT SINGH

Group Chief Risk Officer

 Malaysian  Male  50 years old

Khushwant Singh joined GHL Systems Berhad as Group Chief Risk Officer on 6 November 2023. He is a seasoned Risk Management professional with over 26 years global financial industry experience spanning across the SEA region and the Middle East.

Before joining GHL, he held the position of Head of Group Risk at Capital A (formerly known as AirAsia Group), where he designed a comprehensive Risk Management framework and oversaw its successful implementation. Prior to that, he served in multiple roles at Maybank (largest banking group in Malaysia) in the Group Risk function and as Head, Operational Risk, Group Global Banking, taking on a central role in the ownership and refinement of the Operational Risk Management framework, standards, policies, and methodologies whilst promoting forward looking Operational Risk practices within the Maybank Group. Khushwant was a key member of the winning team that delivered the 2013 Operational Risk Infrastructure Risk Management Award by Asian Bankers to Maybank.

His experience extends to the Middle East, where he held roles as a Senior Specialist, Risk at Al Khali Commercial Bank and later as the Operational Risk & Fraud Manager at Abu Dhabi Finance. He began his career at Standard Chartered Bank Malaysia, where he spent a decade working in the Country Risk Management function.

Khushwant was appointed as a Moderator in the Financial Accreditation (FAA) Agency Moderation Committee for the discipline of Risk Management and a fellow FAA Accreditation Panel member.

Khushwant holds an MBA in Finance from University of Southern Queensland, Australia. He is also a Certified Bank Risk Management from the Asian Institute of Chartered Bankers. He was nominated and completed the Maybank's Transitioning Leaders to CEOs (TLC) Program by INSEAD Singapore.

KEY SENIOR MANagements' PROFILE

CONT'D

KEVIN LEE

Chief Executive Officer, GHL Malaysia

 Malaysian  Male  41 years old

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

JESUS MICHAEL AMPIL TIRONA

**Chief Executive Officer,
GHL Systems Philippines, Inc.**

 Filipino  Male  50 years old

Jesus Michael Ampil Tirona, also known as Jay, was appointed as the Chief Executive Officer of GHL Systems Philippines, Inc. on 11 April 2023.

Jay brings over 23 years of business development, sales, and product experience in the fields of transaction banking, payments and credit bureau insights and solutions.

With his background as TransUnion Philippines' Chief Revenue Officer and Head of Sales, Jay has a proven track record of driving business growth through strategic deal-making, re-building sales teams, and establishing proper sales disciplines.

Jay's noteworthy career highlights include serving for six years as Head of Credit and Commercial Products and Business Development Leader at Visa Philippines, where he effectively managed top clients and led end-to-end engagements to stimulate growth. He also 15 years at Citibank New York as Director and Product Head, leading the expansion of Citi Commercial Cards' business in 40 countries and managing Citi's top public sector clients for its North America Receivables business.

He obtained a Masters Degree in Business Administration with a specialization in Finance and Management from the Fordham University Graduate School of Business in New York City and a Bachelor of Arts Degree in Public Administration from the University of the Philippines.

PRINYA JINANTUYA

Chief Executive Officer, GHL (Thailand) Co., Ltd

 Thai  Male  54 years old

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.

FRANK LEONG

Chief Operating Officer - Paysys

 Malaysian  Male  53 years old

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 from 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 30 years of experience in the terminal payment industry.

KEY SENIOR MANagements' PROFILE

CONT'D

CHONG KOK WAI

*Group Head - Legal,
Compliance & Sustainability*

 Malaysian  Male  50 years old

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 Lead Secretariat 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.

JEREMY LOW PENG HUI

Group Head – Operations

 Malaysian  Female  48 years old

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 promoted to 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.

FRANCES CHOO

Group Head – Products

 Malaysian  Female  48 years old

Frances Choo joined GHL Systems Berhad on 1 December 2022 as the Group Head of Products.

As the Group Head of Products, she is responsible for developing and managing a strategic portfolio of lending and payments solutions across the regions.

Frances has more than 20 years of experience in both Legal Practice and Retail Banking. Prior to joining GHL, she was the Senior Vice President of AmBank Retail Banking, a leading Bank in Malaysia. She has vast experience in SMEs and secured lending business development, portfolio management and special projects including digital banking and innovation, alternate channels, new Basel model MFRS9.

She holds a bachelor of LLB (Hons) from University of Wales, Cardiff and possesses a legal practicing certification in Malaysia. She also holds an MBA in Finance from University of Leicester, UK.

KEY SENIOR MANAGERMENTS' PROFILE

CONT'D

SALLY CHONG

*Group Head, Human Resource
and Administration*

 Malaysian  Female  50 years old

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. Sally brings a wealth of experience to her role, with proficiency in employee recruitment and retention, staff development, mediation, conflict resolution, benefits and compensation, HR records management, HR policies development, and compliance.

Prior to her tenure at GHL, Sally garnered 15 years of experience across various HR roles within the Business Process Outsourcing (BPO), Telecommunications, HR Consultancy, and Technology industries and graduated with a Diploma in Information Technology.

SHOBANA DEVI JAYANDRAN

*Head, Corporate
Communications & Marketing*

 Malaysian  Female  48 years old

Shobana joined GHL Systems Berhad on 3 May 2021 as the Head of Corporate Communication & Marketing, providing in-house corporate communication and marketing support to the Group's activities across all markets and business units.

As a multi-disciplinary communications & marketing professional, Shobana has led multiple divisions for corporate communications, marketing, branding, as well as industry collaboration events. With over 20 years of experience across various industries spanning GLCs, MNCs, hypergrowth companies & start-ups, she has managed high-impact projects and collaborated with a diverse set of clients, addressing various needs from global event promotions to the development of compelling brand narratives and effective social media strategies.

She holds a Bachelor of Arts degree in English Literature from University of Malaya and a Professional Diploma in Digital Marketing from the Digital Marketing Institute.

NOTES:

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 shareholders of the Company;
3. any conflict of interest with the Company;
4. any conviction for offences within the past 5 years other than traffic offences; and
5. 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,
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Email : enquiry@ghl.com

Helpdesk (Customer Care)

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

E-PAY (M) SDN. BHD.

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Selangor Darul Ehsan,
Malaysia.
Tel : +603-5632 2488
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Email : info@e-pay.com.my

Helpdesk (Customer Care)

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Email : customerservices@ghl.com

PAYSYS (M) SDN. BHD.

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CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of GHL Systems Berhad ("GHL" or "the Company") recognises 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 organisation 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 2023 ("FY 2023"). The details on how the Company has applied each Practice as set out in the MCCG during FY 2023 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 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 RM300,000.

The Company is not a large company and therefore Practice 12.2 – Large companies are encouraged to adopt integrated reporting based on a globally recognised framework is not applicable to the Company.

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 5.4 – Step Up

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

ii. Practice 8.3 – Step Up

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

iii. Practice 9.4 – Step Up

The Audit Committee should comprise solely of Independent Directors.

iv. 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 follows:

- 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 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 the Board Committees are available on the Company's website at www.ghl.com.

A clear division of responsibility between the Chairman and the Group Chief Executive Officer ("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 to run 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 while taking care the interest of the Group, shareholders, employees and any party with whom the Group conducts business.

The Board acknowledges and emphasises the importance for all Directors and employees to embrace good corporate governance practices and ethical standards. In view of this, the Board has formalised ethical standards and systems of compliance through the Company's Code of Ethics and Conduct ("the Code"). The Code is aimed to emphasise 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 Code is available on the Company's website at www.ghl.com.

Additionally, the Board established a Whistleblowing Policy which is accessible to the public on the Company's website at www.ghl.com. The Whistleblowing 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, a Sustainability Committee ("SC") had been established, spearheaded by the Group Head of Legal, Compliance and Sustainability in line with the current importance of environmental, social, and corporate governance ("ESG") and sustainability adoption in accordance with the MCCG which focus mainly on driving the Group's 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 attend all Board, shareholders and Board Committee meetings and involve in the issuance of proper notices of meetings, circulation of previous meetings' minutes, and accurate and adequate records of the proceedings of the 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 Board Committees are provided with an agenda on matters to be discussed together with the meeting papers which may contain but not limited to the following for the Directors' perusal to enable the Directors to deliberate on issues to be considered at the respective meetings or obtain further explanations, where necessary, before the Board or Board 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 Board 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 Board Committee meetings. Minutes were kept to record the proceedings at the Board and Board 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 Board Committee meetings to provide relevant observations, clarifications or findings.

The Board has unrestricted access to the 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 FY 2023, eight (8) Board meetings were convened and the attendances of the individual Directors at the Board meetings are as follows:-

Directors	Designation	Attendance
Mohamed Rashdi Bin Mohamed Ghazalli	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
Sean S Hesh	Executive Director	8/8
Kung Lee See	Independent Non-Executive Director	8/8
Tan Lye Sim	Independent Non-Executive Director	8/8
Matteo Stefanel	Non-Independent Non-Executive Director	7/8
Richard Henry Phillips	Non-Independent Non-Executive Director	7/8

All Directors complied with the minimum attendance requirement of at least 50% of Board meetings held during the FY 2023 as stipulated under Paragraph 15.05 of the MMLR.

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
Mohamed Rashdi Bin Mohamed Ghazalli	- Financial Institutions Directors' Education ("FIDE") Forum: Can America Stop China's Rise? Will ASEAN Be Damaged? - Bank Negara Malaysia & FIDE: Future of Malaysian Financial Services - Bursa: Invest Malaysia - Bursa & EY: Management of Cyber Risk - Institute of Corporate Directors Malaysia: Mandatory Accreditation Programme Part II - Leading for Impact - UN Global Academy: Integrated Health, Environment and Climate Strategy - Malaysia Budget 2023 by Crowe KL Tax Sdn Bhd - National Budget 2024 by Crowe KL Tax Sdn Bhd
Loh Wee Hian	- HSBC Global Connections 2023 in Singapore - Malaysia Budget 2023 by Crowe KL Tax Sdn Bhd - National Budget 2024 by Crowe KL Tax Sdn Bhd
Dato' Chan Choy Lin, Carol	- FIDE Forum: Can America Stop China's Rise? Will ASEAN Be Damaged? - KPMG: Briefing on Environmental, Social and Governance - LeadWomen: Becoming an Effective Board Member - Tips and Strategies - Malaysia Budget 2023 by Crowe KL Tax Sdn Bhd - LeadWomen: Navigating Diversity, Equity, and Inclusion ("DEI") - SysArmy Sdn Bhd: Cybersecurity Awareness - TG Consulting: Transfer pricing for local group of companies - PwC: An exclusive briefing on the latest Income Tax (transfer pricing/rules)

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
Dato' Chan Choy Lin, Carol	- Sharing Session by the Chief Risk Officer of The Pacific Insurance Berhad ("TPIB"): - Climate Change Risk Knowledge - Bursa: Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers - KPMG: Addressing Challenges in implementing International Sustainability - Standards Board (ISSB) Standard - FIDE Forum: Distinguished Board Leadership Series 2023 - Empowering Change through DEI - Deloitte: Briefing on Finance Bill - National Budget 2024 by Crowe KL Tax Sdn Bhd - Institute of Corporate Directors Malaysia: Mandatory Accreditation Programme Part II - Leading for Impact
Sean S Hesh	- Institute of Corporate Directors Malaysia: Mandatory Accreditation Programme Part II - Leading for Impact - Financial Times Non-Executive Director Diploma - Pearson SRF BTEC Level 7 Advanced Professional Diploma - Bursa: Digital4ESG Forum - Bursa: Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers - Bursa PLCs Investor Relations Series 1: What Do Investors Look For in Your Company - Malaysia Budget 2023 by Crowe KL Tax Sdn Bhd - National Budget 2024 by Crowe KL Tax Sdn Bhd
Kung Lee See	- Asia School of Business: How to Manage Compliance And Ethics in A Changing World - Bursa's Immersive Session: The Board "Agender" - Malaysia Budget 2023 by Crowe KL Tax Sdn Bhd - A Dialogue with Bursa Malaysia - FTSE4Good ESG Rating for All PLCs - Board Oversight of Climate Risks and Opportunities - Audit Oversight Board Conversation with Audit Committees - National Budget 2024 by Crowe KL Tax Sdn Bhd - Institute of Corporate Directors Malaysia: Mandatory Accreditation Programme Part II - Leading for Impact
Tan Lye Sim	- FIDE Forum: Can America Stop China's Rise? Will ASEAN Be Damaged? - Asia School of Business: How to Manage Compliance and Ethics in A Changing World - Malaysia Budget 2023 by Crowe KL Tax Sdn Bhd - ASB: Sustainability in the Digital Age - National Budget 2024 by Crowe KL Tax Sdn Bhd
Matteo Stefanel	- BII - Africa Funds - Money 2020 - Portage Demo Day - Milan Fintech Summit - The Unbearable Lightness of Being an Investor - Malaysia Budget 2023 by Crowe KL Tax Sdn Bhd
Richard Henry Phillips	- Anti-Bribery and corruption (22/23) - Anti- Money Laundering (22/23) - The Conduct Rules - Understanding Your Responsibilities for Asset Man - What Do People Need From Us As Partners and Leaders - Malaysia Budget 2023 by Crowe KL Tax Sdn Bhd - National Budget 2024 by Crowe KL Tax Sdn Bhd

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 consists of eight (8) members, comprising two (2) Executive Directors and six (6) Non-Executive Directors, of which four (4) are Independent Non-Executive Directors including the Chairman. Further, none of the Directors is active politician.

It is worth to note that in line with good corporate governance and in accordance with Practice 5.2 of the MCCG, half of the Board are made up of Independent Non-Executive Directors and three (3) out of eight (8) are women Directors, which is in accordance with Practice 5.9 of the MCCG that comprises of at least 30% women Directors.

The Board is cognisant of the recommendation on boardroom diversity as stated in the MCCG and acknowledges the importance of diversity in terms of skills, experience, age, gender, cultural background, and ethnicity, and recognises the benefits of diversity at leadership and employee level. In line with the MCCG, 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 maximise the shareholders' value.

Recognising the benefits of diversity in its broad spectrum and in line with the MCCG echoing the importance of Sustainability, the Company has formalised a Gender Diversity Policy and Director's Fit and Proper Policy which are published on the Company's website at www.ghl.com. In accordance with these policies, evaluation of suitability of candidates is based on the candidates' character, integrity, relevant range of skills, knowledge, experience, competence and time commitment to carry out their roles and responsibilities effectively in the best interest of the Company.

Nomination 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 on 22 February 2022, and is accessible to the public on the Company's website at www.ghl.com.

The present members of the NRC are as follows:

Designation	Directors	Designation	Attendance
Chairman	Dato' Chan Choy Lin, Carol	Independent Non-Executive	2/2
Member	Matteo Stefanel	Non-Independent Non-Executive	2/2
Member	Tan Lye Sim	Independent Non-Executive	2/2
Member	Kung Lee See	Independent Non-Executive	2/2

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

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

II. BOARD COMPOSITION (Cont'd)

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

- 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 the Group Chief Executive Officer's service contract and key performance indicators
- vi. Reviewed the training needs of Directors and independence of Independent Directors
- vii. Reviewed the fit and proper criteria of the retiring Directors, and recommended their re-election to the Board

In February 2024, the Board through the NRC met to review and discuss the Directors performance and effectiveness of the Board, Board Committees and individual Directors for the FY 2023 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.

The evaluation process is conducted via a pre-set questionnaires approved by the Board. The main criteria to consider set out in the abovementioned sections are as follows:-

- Skills and experience of individual directors.
- Roles and responsibilities of the Board and individual directors.
- Time commitment in deliberation and participation in the Board and Board Committee's meetings.
- Performance in addressing material sustainability risks and opportunities.

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 accordance with the Company's Constitution, all Directors who are newly appointed by the Board shall retire from office but shall be eligible for re-election at the next Annual General Meeting ("AGM") held following their appointments. The Constitution further provides that at least one-third (1/3) of the Board shall retire by rotation at each AGM at least once in every three (3) years but shall be eligible for re-election. Directors who are due for retirement and subject to re-election at the AGM will be assessed by the NRC, whose recommendations will be submitted to the Board for consideration, thereafter to be tabled to shareholders for approval at the AGM.

The Board had also on 26 May 2022 adopted a Director's Fit and Proper Policy which aimed to guide the NRC and the Board in their review and assessment of the candidates who are to be appointed to the Board as well as Directors who are seeking re-election, in accordance with Paragraph 15.01A of the MMLR. This Policy sets out the overarching criteria in assessing the candidates' ability to fulfil their duties as Director as well as their integrity and independence of mind. Any candidate for new appointment as Director, and Directors who are due for retirement and subject to re-election at the AGM are required to declare their fit and proper criteria via a self-declaration form. The NRC will assess if such candidate has good standing based on the fit and proper criteria, before making recommendation to the Board for consideration or approval.

At the forthcoming AGM, Matteo Stefanel, Sean S Hesh and Kung Lee See are retiring pursuant to Clause 76 of the Constitution of the Company. All retiring Directors have completed the Director's Fit and Proper Declaration, and have offered themselves for re-election at the forthcoming AGM. The Board has indicated their support of the re-election of the aforesaid Directors, in the explanatory note to the agenda in the Notice of Thirtieth AGM of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

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

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 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.

Whilst 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 Directors did not receive any remuneration from its subsidiaries except from the Company. The details of the Directors' remuneration for the FY 2023 are disclosed below, as well as Practice 8.1 of the Corporate Governance Report that is available on the Company's website at www.ghl.com:-

No	Name	Directorate	Company ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Loh Wee Hian	Executive Director	-	-	1,800.0	-	39.9	217.2	2,057.1
2	Sean S Hesh	Executive Director	-	341.8	1,735.0	671.5	31.2	0.7	2,780.2
3	Mohamed Rashdi Bin Mohamed Ghazali	Independent Director	144.0	13.5	-	-	-	-	157.5
4	Dato' Chan Choy Lin, Carol	Independent Director	120.0	24.0	-	-	-	-	144.0
5	Tan Lye Sim	Independent Director	72.0	24.0	-	-	-	-	96.0
6	Kung Lee See	Independent Director	72.0	24.0	-	-	-	-	96.0
7	Matteo Stefanel	Non-Executive Non-Independent Director	-	-	-	-	-	-	-
8	Richard Henry Phillips	Non-Executive Non-Independent Director	-	-	-	-	-	-	-

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 Senior Management personnel's remuneration for FY 2023 in bands of RM300,000, which is available in Practice 8.2 of the Corporate Governance Report that is available on the Company's website at www.ghl.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

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

IV. SUSTAINABILITY STRATEGIES

The Company has developed a sound sustainability governance structure, under which the Board is responsible for the leadership and supervision of sustainability matters and performance of the Group. An SC had been established to further strengthen the management of sustainability matters and oversee aspects of the Company's Sustainability affairs, including integrating and embedding sustainability agenda across the Company. The Board is assisted by the Group CEO who reviews and recommends to the Board all sustainability-related information that were collated and documented by the SC.

The SC which was established in 2021 had brought the Company further in the Company's sustainability goals guided by the United Nations' Sustainable Development Goals and the Company's Sustainability Framework. The Company had been included in the FTSE4Good Bursa Malaysia and FTSE4Good Bursa Malaysia Shariah Index for meeting the FTSE4Good criteria since 2022. As part of the commitment to the Company's four (4) core sustainability pillars, the Board had in 2023 established a series of key performance indicators ("KPIs") for measuring and tracking the Company's ESG performance. 2023 also marked a significant achievement in the Company's ongoing commitment to its sustainability efforts when the Company took home the Silver Award for 'Most Improved Performance Over 3 Years' at the prestigious The Edge Malaysia ESG Awards 2023.

The details of the Company's sustainability governance structure and initiatives for 2023 are disclosed in the Sustainability Report that is available on the Company's 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, and is chaired by Dato' Chan Choy Lin, Carol, an Independent Non-Executive Director. The Terms of Reference set out its duties and responsibilities, are disclosed on the Company's website at www.ghl.com.

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

A full ARC 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 biannually 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.

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 recognises 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 disclosures and announcements including quarterly results and material transactions and events via Bursa LINK accordingly. Investor information of the Company, the Annual Report, financial results, Board Charter, Terms of Reference of Board Committees and other policies 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.

As part of the Company's precautionary measures, the 29th AGM was held on 31 May 2023 entirely through live streaming from the broadcast venue at Kuala Lumpur Headquarters using Remote Participation and Voting facilities. All Directors were present either physically or 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.

In line with the poll voting requirement under Paragraph 8.29A of the MMLR, 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 day. The minutes of the AGM is available on the Company's website at www.ghl.com.

FOCUS AREA ON CORPORATE GOVERNANCE

The Board recognises that corporate governance is imperative for the Group, especially in the relatively challenging economic environment. Against the aforementioned setting, during the year under review, the Board directed its focus on the core duties of the Board which is grounded on the creation of long-term value for shareholders.

The Board will continue to enhance the corporate disclosure requirements in the best interest of the Company's shareholders and stakeholders and continue to increase its focus towards embracing ESG into the Group's daily operations.

The Board approved this Statement in accordance with Board's resolution passed on 27 March 2024.

AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee ("ARC" or the "Committee") Report provides insights into the manner in which the Committee has discharged its function for the Group for the financial year ended 31 December 2023 ("FY2023") 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 GHJ Systems Berhad on 11 February 2003.

On 8 April 2013, the Board of Directors resolved that the Audit Committee will be renamed as the ARC.

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	Non-Independent Non-Executive
Member	Tan Lye Sim	Independent Non-Executive
Member	Kung Lee See	Independent Non-Executive

All members of ARC are financially literate, possess a 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 Malaysia Securities Berhad ("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 being Independent Directors, and one member must be a member of the MIA or such other requirements as prescribed or approved by Bursa Securities.

ATTENDANCE OF MEETINGS

The ARC held five (5) meetings during the FY2023. The Company Secretary is responsible for circulating the notice of the meetings to the Committee members prior to each meeting and recording the proceedings of the meetings held thereat.

The attendance of the members of the ARC for the five (5) meetings held during the FY2023 are as follows:-

ARC Members	Designation	Attendance
Dato' Chan Choy Lin, Carol	Chairman	5/5
Matteo Stefanel	Member	4/5
Tan Lye Sim	Member	5/5
Kung Lee See	Member	5/5

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 ARC's review.

AUDIT AND RISK COMMITTEE REPORT

CONT'D

ATTENDANCE OF MEETINGS (Cont'd)

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 two (2) private meetings with the External Auditors in FY2023 without the presence of the Management.

Minutes of all ARC meetings 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 other duties, 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 of 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 THE FY2023

The Chairman of the ARC reports to the Board after each ARC meeting 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 in line with the MMLR and the Malaysian Code on Corporate Governance ("MCCG").

The main activities undertaken by the Committee in discharging its duties and responsibilities for FY2023 are summarised as follows:

Financial Reporting:

- a. Reviewed the audited financial statements of the Group and of the Company in conjunction with the External Auditors and the Group CFO to ensure compliance 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.
- b. 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 the accounting standards and other legal requirements prior to recommending the same to the Board for approval and release to Bursa Securities. The Committee members sought explanations from the Group CEO and the Group CFO on material changes in financial performance, trade receivables and other key components of financial position.

External Audit:

- a. Reviewed and assessed 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 the MIA and the Group Policy Statement on Auditor Independence covering the caliber of the external audit firm. The ARC also 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, audit approach, key areas and proposed fees for the statutory audit and 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.

AUDIT AND RISK COMMITTEE REPORT

CONT'D

SUMMARY OF ACTIVITIES DURING THE FY2023 (Cont'd)

External Audit: (Cont'd)

- 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 approved the non-audit fees for services rendered by the External Auditors to ensure they are in line with the Group Policy Statement on Auditor Independence. During FY2023, non-audit services rendered by the External Auditors for the Group amounted to RM6,550 (2022: RM36,692) for the review of the Statement of Risk Management and Internal Control.
- f. The Committee was satisfied that the External Auditors were able to meet the audit requirements and statutory obligations of the Company as well as their independence and objectivity as External Auditors of the Company. Accordingly, the Committee recommended to the Board on the re-appointment of BDO PLT as External Auditors of the Company.

Risk Management and Internal Control:

- a. Reviewed the Corporate Risk Profile ("CRP") reported by the Risk Management Committee ("RMC") that summaries the key risks of Risk and Control Self-Assessment ("RCSA") review, Information Technology Self-Assessment ("ITSA") review and emerging risks of the Group.
- b. Reviewed the action plans by RMC to ensure significant internal controls are promptly and timely implemented to mitigate the key risks identified.
- c. Together with the Group CEO, Group CFO, and Group CRO reviewed the results of work performed by the Internal Auditors, External Auditors, and the RMC and evaluated the overall adequacy and effectiveness of the system of internal controls during the financial year.

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 is provided with adequate training and guidance to possess the required skill sets and knowledge.
- c. Reviewed the annual internal audit plan to ensure adequacy of scope and coverage, and that high-risk areas were audited on a regular basis.
- d. Reviewed the status of the internal audit plan during each ARC 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 the 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 and Conflict of Interest:

Recurrent related party transactions undertaken by the Group are reviewed half yearly 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.

AUDIT AND RISK COMMITTEE REPORT

CONT'D

SUMMARY OF ACTIVITIES DURING THE FY2023 (Cont'd)

Other Activities:

- a. Reviewed the Statement on Risk Management and Internal Control, Corporate Governance Overview Statement, and ARC 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 Securities.
- c. Conducted a self-assessment to evaluate the Committee's overall effectiveness in discharging its responsibilities.
- d. Verified the allocation of options pursuant to Employees Share Scheme ("ESS") 2021.

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 is to undertake independent assessments on the adequacy and effectiveness of the existing system of internal controls and work processes to ensure:

- a. Reliability and integrity of financial and operational information;
- b. Effectiveness and efficiency of operations;
- c. Safeguarding of assets; and
- 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.

The annual internal 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 and annual budget;
- b. Collaborating with Group Compliance Department to continuously monitor the Group's compliance with the MCCG, MMLR and the relevant rules and regulations;
- c. Reviewing the adequacy and effectiveness of the internal controls in particular the 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 areas of opportunities for improvement in respect to operations and processes;

AUDIT AND RISK COMMITTEE REPORT

CONT'D

INTERNAL AUDIT FUNCTION (Cont'd)

The major activities undertaken by the GIA function are summarised as follows: (Cont'd)

- f. Attending RMC meetings 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 the whistleblowing cases as part of the risk management structure and good corporate governance practice;
- h. Reviewing the allocation of options made pursuant to ESS 2021; and
- i. Performing ad hoc audit to address specific management's concerns.

During the FY2023, the GIA had conducted independent reviews on internal control and compliance for the following areas, as per the internal audit plan approved by the ARC:

- a. Outsourced Service Provider Review;
- b. Sales to Collection Process;
- c. Anti-Money Laundering and Anti-Terrorist Fund Review;
- d. Corporate and Merchant Sales Process;
- e. Credit Review.

The results of all internal audit reviews together with the relevant recommendations, were presented to the Management for discussion and agreement on necessary corrective action plans. At each ARC meeting, the Head of GIA updates the ARC of the status of ongoing audits and presents the internal audit reports as well as key observations with recommendations. 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 them to stay abreast with the latest developments in auditing standards globally.

The total cost incurred by the GIA department in discharging its functions and responsibilities, in respect of the financial year under review was approximately RM409,000 (2022: RM326,000).

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board recognises the importance of a sound risk management and internal control framework for good corporate governance and safeguarding the Group's assets and shareholders' interests. Premised on this, the Board is committed to maintain an adequate risk management and internal control framework for the Group and ensuring their continued effectiveness 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 delegated the responsibility of undertaking periodical review on the process to the Audit and Risk Committee ("ARC"), whose responsibilities and duties are detailed in its Terms of Reference. 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 the Group's overall risk profile and sufficiency of existing internal controls in addressing the additional risks, if any. The Board has, during FY2023, continued to strengthen the Groups' governance and risk management framework to identify, assess, mitigate, report, and monitor significant risks in an effective manner.

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

GROUP RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The key functions and processes that the Board have established in reviewing the adequacy and effectiveness of the risk management and internal control systems of the Group include the following:

Risk Management

The Enterprise Risk Management Framework ("ERMF") has become an important driver to address the risks the Group inevitably faces in delivering its strategies while balancing the appropriate level of risk taken without exposing itself to unacceptable potential losses or reputational damage. The ERMF has strengthened the risk management practices through integration of ERMF with business practices for better decision making and ultimately enhanced business performance to preserve the Group's long-term value.

The key features of the ERMF include:

Risk Appetite

It is defined as the amount and types of risk that the Group is willing to accept, in pursuit of its business objectives.

The Group's risk appetite is an integral component of the Group's robust risk management framework. The risk appetite also provides a structure in understanding risk and is embedded in day-to-day business activities.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONT'D

GROUP RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (Cont'd)

Risk Management (Cont'd)

Risk Governance and Oversight

Risk governance provides a formalised and transparent structure that promotes involvement from the Board and management in the risk management processes to ensure a uniformed view of risk across the Group.

The three lines of defence that address the specific duties and responsibilities related to risk and control functions coordinated within the Group are as follows:-

1st Line of Defence – Risk Taking

The first line of defence shall be managed by Business Units ("BU") who have day-to-day ownership and management over risks and controls.

2nd Line of Defence – Risk Controlling

The second line of defence supports Senior Management by monitoring and reviewing the first line of defence to ensure risks and controls are properly managed. Essentially, this is a management and oversight function that owns aspects of the risk management and compliance processes.

3rd Line of Defence – Assurance Party

The third line of defence provides assurance to Senior Management and the Board that the first and second lines' efforts are consistent and meet the expectations. This assurance function is performed by the Group Internal Audit ("GIA").

In providing an effective oversight function, ARC is assisted by the RMC to review the effectiveness of the risk management, compliance, legal, sustainability and other governance related matters.

1. RMC

The RMC was established in 2012 as a key component of the risk management framework. The RMC, which is headed by the Group Chief Executive Officer ("CEO"), comprises the Group Chief Financial Officer and Group Chief Risk Officer.

The responsibilities of the 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 aware culture throughout the Group with written policies and regular communication to and training for the employees and stakeholders; and
- 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 AND INTERNAL CONTROL SYSTEM (Cont'd)

1. RMC (Cont'd)

The salient features of the RMC process are as follows:

- CEOs of the subsidiaries, Business Heads 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 risks 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 GIA attends the RMC meetings as observer to provide 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; and
- 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

Business Heads, Heads of Department and the management of each Business Unit, in establishing its business objectives, are 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:

- Risks 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 follows:
 - o Probability or likelihood of occurrence;
 - o Significance of the risk; and
 - o Review and assess the adequacy of the 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 monitors the merchants' performance risks in its Transaction Payment Acquisition ("TPA") businesses in Malaysia, Thailand, and the Philippines. The Group Risk 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 automated in the Group's M-Cube Risk Management system.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONT'D

GROUP RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (Cont'd)

4. Merchant Risk (Cont'd)

During the year, Group Risk exited certain high-risk merchants because 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. Group Risk also continues to fine tune its policies and procedures to stay relevant with changes in the marketplace and business objectives and plans.

5. Credit Risk

The Group is exposed to credit risk inherent in its existing business operations and lending business, arising from trade receivables and loans to merchants. The Group actively monitors and manages its credit risk to keep the credit risk exposure within acceptable financial levels of the Group. The Group had in 2022 established a Group Credit Risk and Collection Policy that covers the collection process for trade receivables as well as the lending criteria and risk models leveraging on existing merchant information, prior repayment records and other indicators to assess merchant credit worthiness and assist in making credit decisions.

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

The Board has approved four policies specifically related to Environmental and Social aspects of the ESG Risk Management which are (1) Climate Change & Risk Policy, (2) Labour & Human Rights Policy, (3) Gender Diversity Policy and (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 Board 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, Group Risk together with Group Legal, Compliance and Sustainability continues to ensure the ESG risks as enshrined in the said Policy are assessed and complied accordingly.

KEY INTERNAL CONTROL PROCESSES

The following areas of governance contain 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 organisational environment.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONT'D

KEY INTERNAL CONTROL PROCESSES (Cont'd)

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.

3. Policies and Procedures

The Group has defined and documented internal policies and standard operating procedures to ensure internal controls are implemented and in compliance with the applicable laws and regulations. The policies and procedures are reviewed on a regular basis to ensure its relevance and effectiveness where the GIA carries out reviews of 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 was established as a key component of its internal controls processes. The 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 defence in internal controls, the GIA performs audits within the Group in accordance with the 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 GIA to the ARC. Relevant parties are invited to be present during such presentations.

The GIA was headed by Mr. Liow Tien Chin, a member of Certified Practising Accountant ("CPA") Australia and Chartered Member of the Institute of Internal Auditors Malaysia ("IIAM") from year 2016 to 19 January 2024. On 8 January 2024, Mr. Wong Yong Hau ("Mr Wong") joined the Company as the Head of GIA to replace Mr. Liow Tien Chin. Mr Wong is a member of CPA Australia and Chartered Member of the IIAM with 17 years of internal audit experience. The Head of GIA is supported by a team of professionals who possess the relevant qualifications and experience and have adequate resources to fulfil the internal audit plan for the next financial year.

The previous Head of GIA, Mr. Liow and the current Head of GIA, Mr. Wong, had confirmed the Internal Auditors' independence on 27 March 2023 and 26 February 2024 respectively to the ARC, both having signed the annual declaration that they were and had been free from any relationship or conflict of interest which could impair their objectivity and independence.

Based on the confirmation given 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 GIA as planned.

An external organisation was appointed in FY 2022 to conduct a Quality Assurance Review ("QAR") to evaluate the GIA's function in providing the Group with the appropriate level of service in accordance with the Institute of Internal Auditors' ("IIA") International Professional Practices Framework ("IPPF"). The GIA was accorded general conformance with IIA's IPPF.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONT'D

KEY INTERNAL CONTROL PROCESSES (Cont'd)

5. Information Technology Controls and Security

a. Disaster Recovery Backup Plan

The Board is cognisant 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 group wide 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 enhancing the DR capability to cover all key aspects of the businesses.

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 of 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; and
- Maintaining 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 updated the Personal Data Protection Policy on 18 October 2023, 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 the Personal Data Protection Policy, the Board has considered the necessary steps such as 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 the National Institute of Standards and Technology (NIST), emphasising on identifying risks, building resilience, detecting cyber threats and responding effectively to cyber-related events.

e. Cybersecurity Awareness Training

The Group had initiated annual cybersecurity awareness training for all employees of the Group to prepare the employees from cyber-attacks. The training was conducted on GHL's online training platform with a test at the end of the training to gauge employees' understanding.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONT'D

KEY INTERNAL CONTROL PROCESSES (Cont'd)

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 and 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.

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 <https://www.ghl.com/>.

b. Whistleblowing Policy

The updated Whistleblowing Policy approved on 29 August 2023 provides 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 a corporate culture of integrity, transparency and accountability are promoted across the Group.

This policy also guarantees that; 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 Group 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONT'D

KEY INTERNAL CONTROL PROCESSES (Cont'd)

7. Corporate Governance (Cont'd)

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 and mitigating compliance risk. The framework 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.

8. Occupational Safety and Health ("OSH")

The Group had established an Occupational Safety and Health Committee on 1 August 2022 and implemented a Group Occupational Health, Safety and Environment Policy on 22 August 2022 to ensure compliance to the Occupational Safety and Health Act 1994, and to provide a healthy and safe workplace for the employees and reduce the risk of COVID-19 contamination. The OSH Policy is available on the official website <https://www.ghl.com/>.

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.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on 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 the 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 27 March 2024.

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 2023 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 the services rendered by the Auditors of the Company, BDO PLT, and its affiliated firms to the Group and the Company for the financial year ended 31 December 2023 were as follows:

	GROUP RM	COMPANY RM
Audit Fee	592,945	128,500
Non-Audit Fee*	30,138	6,550

Note:

* The non-audit fees for BDO PLT and its affiliated firm is in relation to review Statement on Risk Management and Internal Control and tax computation review.

3. DIRECTORS' 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 GH L Systems Berhad for the financial year ended 31 December 2023, 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 as well as other irregularities.

4. UTILISATION OF PROCEEDS

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

5. EXECUTIVES' SHARES SCHEME (ESS)

On 25 August 2021, the ESS ("ESS2013") was terminated and a new ESS scheme ("ESS2021") of the Company was established and came into effect and shall be in force for a period of five (5) years until 24 August 2026.

The Board of Directors of the Company did not grant any share options to the eligible employees of the Group during financial year ended 31 December 2023.

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activities of the Company are those of investment holding, developing and selling in-house software programmes, sale and rental of Electronic Data Capture ("EDC") equipment and its related software and services, inclusive of installation, training and maintenance.

The principal activities of the subsidiaries are mainly sale and rental of EDC equipment, and provide transaction services with emphasis on payment and transaction processing, solution services and money lending services. Other information relating to respective subsidiaries are disclosed in Note 16 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	28,819,602	22,977,518
Profit attributable to:		
Owners of the parent	28,807,679	22,977,518
Non-controlling interest	11,923	-
	28,819,602	22,977,518

DIVIDENDS

No dividend has been paid, declared or proposed since the end of the previous financial year other than the following:

On 27 March 2024, the Board of Directors has approved and declared a final single-tier dividend of 2 sen per ordinary share amounting to RM22,829,996 in respect of the financial year ended 31 December 2023.

The dividend will be accounted for in shareholders' equity as an appropriation of profits in the financial year ending 31 December 2024.

The Directors do not recommend the payment of any other dividend in respect of the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those presented in the statements of changes in equity.

DIRECTORS' REPORT

CONT'D

DIRECTORS

The Directors of the Company who have held office during the financial year and up to the date of this report are as follows:

Mohamed Rashdi Bin Mohamed Ghazalli
 Loh Wee Hian*
 Dato' Chan Choy Lin
 Matteo Stefanel
 Richard Henry Phillips
 Kung Lee See
 Tan Lye Sim
 Sean S Hesh*

* *Director of the Company and its subsidiaries*

Pursuant to Section 253 of the Companies Act 2016 in Malaysia, the Directors of the subsidiaries of the Company who have held office since the date of the last report, excluding those who are listed above are:

Dato' Kantharao A/L Ramaiah
 Ernestine Carmen Jo D. Villareal. Fernando
 Jason Wee Chee Siang
 Kevin Lee Zi Xian
 Leong Wye Tuck
 Prinya Jinantuya
 Roderick R. C. Salazar III
 Kristine R. Suratos (Appointed on 14 April 2023)
 Raquel M. De Leon (Resigned on 14 April 2023)
 Yap Chih Ming (Resigned on 30 April 2023)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2023 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	Number of ordinary shares			
	Balance as at 1.1.2023	Bought	Sold	Balance as at 31.12.2023
Shares in the Company				
<u>Direct interests:</u>				
Loh Wee Hian	54,426,551	-	-	54,426,551
<u>Indirect interests:</u>				
Loh Wee Hian*	60,999,361	-	-	60,999,361

* *Indirect interest by virtue of the Section 59(11)(c) of the Companies Act 2016 held through Tobikiri Capital Limited (60,999,361 ordinary shares).*

DIRECTORS' REPORT

CONT'D

DIRECTORS' INTERESTS (Cont'd)

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2023 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows: (continued)

	Number of ordinary shares of PHP100 each			
	Balance as at 1.1.2023	Bought	Sold	
Shares in subsidiaries,				
GHL Systems Philippines, Inc.				
Sean S Hesh	1	-	-	1
GHL Electronic Payments Inc.				
Sean S Hesh	1	-	-	1
GHL Philippines Financing Services Inc				
Sean S Hesh	1	-	-	1

None of the other Directors holding office at the end of the financial year held any interest in ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year. The shares are held for and on behalf of the Company.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than those as disclosed in Note 31 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

DIRECTORS' REPORT

CONT'D

EXECUTIVES' SHARE SCHEME

The ESS ("ESS2013") of the Company came into effect on 30 August 2013 to 29 August 2018 and subsequently extended for a period of five (5) years until 29 August 2023. On 25 August 2021, ESS2013 was terminated and a new ESS scheme ("ESS2021") of the Company was established and came into effect and shall be in force for a period of five (5) years until 24 August 2026 ("the scheme period"). The main features of the ESS2021 are as follows:

- (a) Eligible executives are those who meet the following criteria:
 - (i) if he has attained the age eighteen (18) years of age and is not an undischarged bankrupt;
 - (ii) if he is employed on a full time basis and is on the payroll of any corporation in the Group and has not served a notice to resign or received a notice of termination;
 - (iii) if his employment has been confirmed in writing;
 - (iv) if he is serving in a specific designation under an employment contract for a fixed duration but not if he is merely employed for a specific project; and
 - (v) if he fulfils any other criteria and/or falls within such category as may be set by ESS Committee from time to time.
- (b) The maximum number of options to be offered under the ESS based on the issued and paid-up ordinary share capital as at 31 December 2023, excluding ESS shares held, is 91,319,987 (2022: 91,319,987);
- (c) The options granted may be exercised any time upon the satisfaction of vesting conditions of each tranche;
- (d) The option price of a new ordinary share under the ESS shall be at a discount of not more than ten percent (10%) of the five (5)-days weighted average market price of the shares as quoted in the Daily Official List issued by Bursa Securities immediately preceding the date of offer, or at the par value of the ordinary shares, whichever is higher;
- (e) Upon exercise of the options, the shares issued rank pari passu in all respects with the existing ordinary shares of the Company;
- (f) The employees to whom the options have been granted have no right to participate, by virtue of these options, in any ordinary share issue of any other company; and
- (g) The option price and the number of ordinary shares comprised in the ESS options are subject to adjustment in the event of any alteration in the capital structure of the Company during the scheme period in accordance with the provisions in the ESS By-Laws ("By-Laws"), subject to the determination by ESS Committee.

There is no outstanding ESS in issuance as at the current and previous financial year end.

DIRECTORS' REPORT

CONT'D

DIRECTORS' REMUNERATION

Directors' remuneration of the Company for the financial year ended 31 December 2023 were as follows:

	RM
Executive:	
Salaries, bonus and allowances	4,551,776
Defined contribution plan	216,000
Social security contributions	1,901
Non-Executive:	
Fees	408,000
Allowances	85,500
Total	<u>5,263,177</u>

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Group and the Company effected Directors' liability insurance during the financial year to protect the Directors of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors. The amount of insurance premium paid by the Company for the financial year 2023 was RM29,250 (2022: RM31,005).

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
 - (i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

DIRECTORS' REPORT

CONT'D

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (Cont'd)

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT (Cont'd)

(d) In the opinion of the Directors:

- (i) there has not arisen in any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
- (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 3 March 2024, the Group has subscribed for 51,000 preference shares of 100 THB per share in GHL (Thailand) Co., Ltd. for a consideration of 5,100,000 THB. Consequently, the equity interest of the Group in GHL (Thailand) Co., Ltd. pursuant to the new issuance had increased from 97.74% to 97.84%.

AUDITORS

The auditors, BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206), have expressed their willingness to continue in office.

Auditors' remuneration of the Group and of the Company for the financial year ended 31 December 2023 were as follows:

	Group RM	Company RM
Statutory audit	592,945	128,500
Other services	30,138	6,550
	<u>623,083</u>	<u>135,050</u>

Signed on behalf of the Board in accordance with a resolution of the Directors.

Loh Wee Hian
Director

Sean S Hesh
Director

Kuala Lumpur
27 March 2024

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 81 to 161 have been drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board,

Loh Wee Hian
Director

Sean S Hesh
Director

Kuala Lumpur
27 March 2024

STATUTORY DECLARATION

I, Lim Chee Keat (CA 14827), being the officer primarily responsible for the financial management of GHL Systems Berhad, do solemnly and sincerely declare that the financial statements set out on pages 81 to 161 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed at)
Kuala Lumpur this)
27 March 2024)

Lim Chee Keat

Before me:

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GHL SYSTEMS BERHAD (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of GHL Systems Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 81 to 161.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

a) **Assessment of impairment of the carrying amount of goodwill**

As at 31 December 2023, the carrying amount of goodwill of the Group amounted to RM168,638,985 as disclosed in Note 15 to the financial statements.

We considered this to be a key audit matter because the determination of the recoverable amount of goodwill requires significant judgement about the future results and cash flows of the business, including forecast growth in future revenues and operating profit margins, as well as determining an appropriate discount factor.

Audit response

Our audit procedures included the following:

- (i) Assessed the historical reliability of management's projections by comparing prior period projections to actual results;
- (ii) Verified the pre-tax discount rate by comparison to market data, and relevant risk factors;
- (iii) Compared projected growth rates of each revenue segment, operating profit margins and terminal values, to historical results as well as market and industry data; and
- (iv) Performed sensitivity analysis to stress test the key assumptions used in the impairment assessment.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GHL SYSTEMS BERHAD (Incorporated in Malaysia)
CONT'D

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Cont'd)

Key Audit Matters (Cont'd)

b) Assessment of impairment of trade receivables

As at 31 December 2023, gross trade receivables of the Group and of the Company were RM238,821,596 and RM7,794,779 respectively as disclosed in Note 20 to the financial statements.

We considered this to be key audit matter because it requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information.

Audit response

Our audit procedures included the following:

- (i) Recomputed the probability of default using historical data and forward-looking information adjustment;
- (ii) Recomputed the correlation coefficient between the macroeconomic indicators used by the Group and historical losses to determine the appropriateness of the forward-looking information used by the Group; and
- (iii) Inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses.

c) Assessment of impairment on the carrying amounts of costs of investments of subsidiaries

As at 31 December 2023, the Company's carrying amounts of costs of investments of the subsidiaries amounted to RM163,019,821 as disclosed in Note 16 to the financial statements.

We considered this to be a key audit matter because the determination of the recoverable amount of costs of investments of the subsidiaries requires significant judgement and estimates about the future results and key assumptions applied to cash flow projections of the subsidiaries in determining the recoverable amounts. These key assumptions include operating profit margins and growth rates, as well as determining an appropriate pre-tax discount rate used.

Audit response

Our audit procedures included the following:

- (i) Assessed the historical reliability of management's projections by comparing prior period projections to actual cash flows;
- (ii) Evaluated the reasonableness of projected profit margins and growth rates by assessing evidence available to support these assumptions;
- (iii) Evaluated the pre-tax discount rate by comparison to market data, and relevant risk factors; and
- (iv) Performed sensitivity analysis to stress test the key assumptions used in the impairment assessment.

d) Assessment of impairment on the carrying amounts of amounts owing by subsidiaries

As at 31 December 2023, gross amounts owing by subsidiaries of the Company were RM124,564,511 as disclosed in Note 20 to the financial statements.

We determined this to be key audit matter because it requires management to exercise significant judgement in determining the probability of default by subsidiaries, appropriate forward-looking information and significant increase in credit risk.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GHL SYSTEMS BERHAD (Incorporated in Malaysia)
CONT'D

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Cont'd)

Key Audit Matters (Cont'd)

d) **Assessment of impairment on the carrying amounts of amounts owing by subsidiaries** (Cont'd)

Audit response

Our audit procedures included the following:

- (i) Assessed the probability of default using historical data and forward-looking information adjustment;
- (ii) Assessed the appropriateness of the indicators of significant increase in credit risk applied by the management and the resultant basis for classification of exposure into respective stages;
- (iii) Evaluated basis used by management in determining recoverable of cash flows, where applicable; and
- (iv) Assessed actual lost events subsequent to the end of reporting period for its relationship with the indicators of significant increase in credit risk applied by management.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GHL SYSTEMS BERHAD (Incorporated in Malaysia)
CONT'D

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Group and of the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GHL SYSTEMS BERHAD (Incorporated in Malaysia)
CONT'D

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 16.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO PLT
201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

Kuala Lumpur
27 March 2024

Lee Wee Hoong
03316/07/2025 J
Chartered Accountant

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Revenue	5	460,365,992	410,423,156	23,233,723	16,317,975
Cost of sales		(308,131,891)	(267,678,563)	(2,652,935)	(1,008,223)
Gross profit		152,234,101	142,744,593	20,580,788	15,309,752
Other operating income		7,737,292	6,092,228	23,237,762	41,770,780
Administrative expenses		(100,649,835)	(90,424,370)	(19,753,563)	(18,509,584)
Distribution expenses		(14,304,004)	(11,940,958)	(409,555)	(433,960)
Other operating expenses		(1,678,541)	(2,626,446)	(194,898)	(333,212)
Finance costs		(1,991,449)	(1,580,826)	(1,132,820)	(545,153)
Net (loss)/gain on impairment of financial assets		(1,184,870)	(1,701,026)	15,960	99,143
Share of profit of associate, net of tax	17(e)	-	2,304	-	-
Profit before taxation	6	40,162,694	40,565,499	22,343,674	37,357,766
Taxation	9	(11,343,092)	(12,240,539)	633,844	(36,574)
Profit for the financial year		28,819,602	28,324,960	22,977,518	37,321,192
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translations	9(d)	4,553,140	1,669,664	-	-
Reclassification adjustment relating to a subsidiary disposed off during the financial year		-	248,826	-	-
		4,553,140	1,918,490	-	-
Item that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit liability, net of tax	9(d)	(213,824)	1,080,392	-	-
Total other comprehensive income, net of tax		4,339,316	2,998,882	-	-
Total comprehensive income		33,158,918	31,323,842	22,977,518	37,321,192

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
CONT'D

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Profit attributable to:					
Owners of the parent		28,807,679	28,305,071	22,977,518	37,321,192
Non-controlling interest		11,923	19,889	-	-
		<u>28,819,602</u>	<u>28,324,960</u>	<u>22,977,518</u>	<u>37,321,192</u>
Total comprehensive income attributable to:					
Owners of the parent		33,146,995	31,303,953	22,977,518	37,321,192
Non-controlling interest		11,923	19,889	-	-
		<u>33,158,918</u>	<u>31,323,842</u>	<u>22,977,518</u>	<u>37,321,192</u>
Earnings per ordinary share attributable to equity holders of the Company (sen):					
Basic	10	<u>2.52</u>	<u>2.48</u>		
Diluted	10	<u>2.52</u>	<u>2.48</u>		

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023	2022	2023	2022
		RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	12	97,137,042	90,838,250	10,051,927	11,183,892
Intangible assets	14	730,491	639,395	57,549	83,797
Goodwill	15	168,638,985	168,638,985	-	-
Investments in subsidiaries	16	-	-	163,019,821	157,183,821
Investments in joint ventures and an associate	17	-	-	-	-
Deferred tax assets	18	4,013,711	2,100,405	1,117,162	-
Trade and other receivables	20	15,739,892	10,346,121	-	-
Other investments	21	8,250	26,750	-	-
		286,268,371	272,589,906	174,246,459	168,451,510
Current assets					
Inventories	19	71,161,299	89,990,072	-	-
Trade and other receivables	20	315,358,024	255,652,048	118,086,232	84,494,858
Current tax assets		2,855,109	2,686,110	-	47,628
Other investments	21	6,264,741	14,900,727	6,264,741	9,951,410
Cash and bank balances	22	174,003,942	143,265,970	7,942,023	9,323,243
		569,643,115	506,494,927	132,292,996	103,817,139
TOTAL ASSETS		855,911,486	779,084,833	306,539,455	272,268,649
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	23	351,485,304	351,485,304	351,485,304	351,485,304
Reserves	24	3,782,651	(556,665)	-	-
Retained earnings/(Accumulated losses)		189,517,697	160,710,018	(66,891,974)	(89,421,480)
		544,785,652	511,638,657	284,593,330	262,063,824
Non-controlling interest		199,790	187,867	-	-
TOTAL EQUITY		544,985,442	511,826,524	284,593,330	262,063,824

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

CONT'D

		Group		Company	
		2023	2022	2023	2022
	Note	RM	RM	RM	RM
LIABILITIES					
Non-current liabilities					
Borrowings	25	9,495,189	9,415,578	2,535,114	4,221,309
Lease liabilities	13	2,272,113	2,654,196	78,251	151,633
Employee benefits obligations	27	2,069,947	1,412,239	-	-
Contract liabilities	28	700,393	14,047	-	-
Deferred tax liabilities	18	6,548,555	7,885,808	-	92,910
		21,086,197	21,381,868	2,613,365	4,465,852
Current liabilities					
Borrowings	25	29,411,001	7,364,928	15,101,208	1,621,629
Lease liabilities	13	1,269,999	1,221,888	82,994	88,491
Trade and other payables	26	251,692,986	228,894,567	3,732,031	3,515,134
Contract liabilities	28	5,196,945	5,135,829	315,527	513,719
Current tax liabilities		2,268,916	3,259,229	101,000	-
		289,839,847	245,876,441	19,332,760	5,738,973
TOTAL LIABILITIES		310,926,044	267,258,309	21,946,125	10,204,825
TOTAL EQUITY AND LIABILITIES		855,911,486	779,084,833	306,539,455	272,268,649

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Group	Note	Share capital RM	Retirement benefit reserve RM	Exchange translation reserve RM	Retained earnings RM	Total attributable to owners of the parent RM	Non-controlling interest RM	Total equity RM
Balance as at 1 January 2022		351,485,304	(305,431)	(3,250,116)	160,942,434	508,872,191	167,978	509,040,169
Profit for the financial year		-	-	-	28,305,071	28,305,071	19,889	28,324,960
Remeasurement of defined benefit liability, net of tax		-	1,080,392	-	-	1,080,392	-	1,080,392
Foreign currency translations, net of tax		-	-	1,669,664	-	1,669,664	-	1,669,664
Reclassification adjustment relating to a subsidiary disposed off during the financial year		-	-	248,826	-	248,826	-	248,826
Total comprehensive income		-	1,080,392	1,918,490	28,305,071	31,303,953	19,889	31,323,842
Transaction with owners:								
Dividend paid	11	-	-	-	(28,537,487)	(28,537,487)	-	(28,537,487)
Total transaction with owners		-	-	-	(28,537,487)	(28,537,487)	-	(28,537,487)
Balance as at 31 December 2022		351,485,304	774,961	(1,331,626)	160,710,018	511,638,657	187,867	511,826,524
Balance as at 1 January 2023		351,485,304	774,961	(1,331,626)	160,710,018	511,638,657	187,867	511,826,524
Profit for the financial year		-	-	-	28,807,679	28,807,679	11,923	28,819,602
Remeasurement of defined benefit liability, net of tax		-	(213,824)	-	-	(213,824)	-	(213,824)
Foreign currency translations, net of tax		-	-	4,553,140	-	4,553,140	-	4,553,140
Total comprehensive income		-	(213,824)	4,553,140	28,807,679	33,146,995	11,923	33,158,918
Balance as at 31 December 2023		351,485,304	561,137	3,221,514	189,517,697	544,785,652	199,790	544,985,442

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
CONT'D

Company	Note	Share capital RM	Accumulated losses RM	Total equity RM
Balance as at 1 January 2022		351,485,304	(98,205,185)	253,280,119
Profit for the financial year		-	37,321,192	37,321,192
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	37,321,192	37,321,192
Transaction with owners:				
Dividend paid	11	-	(28,537,487)	(28,537,487)
Total transaction with owners		-	(28,537,487)	(28,537,487)
Balance as at 31 December 2022/1 January 2023, as previously reported		351,485,304	(89,421,480)	262,063,824
Adjustment due to retrospective application of MFRS 17 (financial guarantee contracts)		-	(448,012)	(448,012)
Restated balance as at 31 December 2022/ 1 January 2023		351,485,304	(89,869,492)	261,615,812
Profit for the financial year		-	22,977,518	22,977,518
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	22,977,518	22,977,518
Balance as at 31 December 2023		351,485,304	(66,891,974)	284,593,330

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023	2022	2023	2022
		RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		40,162,694	40,565,499	22,343,674	37,357,766
Adjustments for:					
Amortisation of:					
- intangible assets	14	281,076	264,671	26,248	26,247
- contract liabilities	28(b)	(11,826,749)	(16,730,500)	(1,347,539)	(1,627,204)
Bad debts written off		398,260	118,678	13,542	-
Depreciation of property, plant and equipment	12	23,762,678	26,091,489	1,455,501	1,361,206
Dividend income		-	-	(19,000,000)	(38,000,000)
Net impairment losses/(reversal of impairment losses) on:					
- property, plant and equipment	12(d)	56,353	-	-	-
- trade and other receivables		1,184,870	1,701,026	(15,960)	(99,143)
- investments in subsidiaries	16(i)	-	-	-	(1,627,185)
Fair value loss on other investment	21(f)	18,500	301,153	-	281,876
Fair value loss on financial guarantee contracts		-	-	145,440	-
Unwinding of financial guarantee contracts		-	-	(183,052)	-
Interest expense		1,909,544	1,378,181	1,132,820	545,153
Interest income		(1,650,333)	(2,181,126)	(3,523,454)	(2,000,798)
Inventories written off	19(d)	-	93,884	-	-
Inventories written back	19(f)	-	(1,042,266)	-	-
(Gain)/Loss on disposal of property, plant and equipment (excluding right-of-use assets)		(3,099,914)	896,170	(192)	(1,032)
Gain on disposal of investment in an associate		-	(1,468,950)	-	-
Gain on derecognition of right-of-use assets upon early settlement	13(e)	-	(3,603)	-	-
Gain on lease termination	13(e)	(873)	(33,958)	-	-
Loss on reassessment of right-of-use assets	13(e)	18,874	-	-	-
Unrealised gain on foreign exchange, net		(122,655)	(8,436)	(78,141)	(16,145)
Property, plant and equipment written off	12	147,611	336,214	-	448
Reversal of inventories written down	19(g)	-	(57,216)	-	-
Share of profit of an associate	17(e)	-	(2,304)	-	-
Operating profit/(loss) before changes in working capital		51,239,936	50,218,606	968,887	(3,798,811)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023
CONT'D

		Group		Company	
		2023	2022	2023	2022
	Note	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES (Cont'd)					
Operating profit/(loss) before changes in working capital		51,239,936	50,218,606	968,887	(3,798,811)
Decrease/(Increase) in inventories		39,206,400	(3,095,152)	-	-
(Increase)/Decrease in trade and other receivables		(65,976,753)	(120,770,819)	(2,476,421)	192,174
Increase/(Decrease) in trade and other payables		22,318,383	45,496,270	(239,337)	1,048,109
Advance receipts for contract liabilities	28(b)	12,428,528	16,924,865	1,149,347	1,565,104
Increase in employee benefits obligations		284,198	720,423	-	-
Cash generated from/(used in) operations		59,500,692	(10,505,807)	(597,524)	(993,424)
Dividends received		-	-	24,000,000	33,000,000
Interest received		1,650,333	2,181,126	267,312	1,217,328
Interest paid		(1,695,416)	(1,152,882)	(979,554)	(536,070)
Tax paid		(16,236,173)	(10,251,320)	(509,346)	(16,752)
Tax refunded		867,044	1,400,006	81,746	-
Net cash from/(used in) operating activities		44,086,480	(18,328,877)	22,262,634	32,671,082
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of property, plant and equipment	12(b)	(53,484,692)	(42,284,818)	(312,983)	(1,256,863)
Purchases of intangible asset	14	(368,632)	-	-	-
Proceeds from disposals of:					
- property, plant and equipment		8,265,215	965,612	382	1,042
- investment in associate	17(d)	-	1,500,000	-	-
Increase investment in subsidiaries via equity loans, net		-	-	(5,836,000)	-
Withdrawal/(Placement) in deposits pledged or maturity more than 3 months		4,965,960	1,172,246	(49,265)	(33,080)
Advances to subsidiaries		-	-	(32,470,944)	(52,930,769)
Net cash used in investing activities		(40,622,149)	(38,646,960)	(38,668,810)	(54,219,670)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

CONT'D

	Note	Group		Company	
		2023	2022	2023	2022
		RM	RM	RM	RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Drawdowns of:					
- term loans		73,032,634	14,000,000	-	-
- Islamic facility		10,000,000	-	-	-
- revolving credit		31,600,000	-	31,600,000	-
- banker acceptance		-	5,000,000	-	-
Repayments of:					
- term loans		(64,186,235)	(19,611,780)	(1,617,016)	(1,574,454)
- Islamic facility		(10,000,000)	-	-	-
- revolving credit		(18,600,000)	(30,000,000)	(18,600,000)	(30,000,000)
- banker acceptance		-	(5,000,000)	-	-
Payment of lease liabilities	13	(1,651,549)	(3,071,371)	(96,332)	(94,932)
Dividend paid	11	-	(28,537,487)	-	(28,537,487)
Net cash from/(used in) financing activities		20,194,850	(67,220,638)	11,286,652	(60,206,873)
Net increase/(decrease) in cash and cash equivalents					
		23,659,181	(124,196,475)	(5,119,524)	(81,755,461)
Effect of exchange rate changes on cash and cash equivalents					
		3,408,765	2,145,789	2,370	(11,927)
Effect of fair value changes on cash and cash equivalents					
	21(g)	-	(301,153)	-	(281,876)
Cash and cash equivalents at beginning of financial year					
		142,836,275	265,188,114	17,282,218	99,331,482
Cash and cash equivalents at end of financial year					
	22(h)	169,904,221	142,836,275	12,165,064	17,282,218

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

1. CORPORATE INFORMATION

GHL Systems Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

The principal place of business of the Company is located at C-G-15, Block C, Jalan Dataran SD 1, Dataran SD PJU 9, Bandar Sri Damansara, 52200 Kuala Lumpur.

The consolidated financial statements for the financial year ended 31 December 2023 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 27 March 2024.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are those of investment holding, developing and selling in-house software programmes, sale and rental of Electronic Data Capture ("EDC") equipment and its related software and services, inclusive of installation, training and maintenance.

The principal activities of the subsidiaries are mainly sale and rental of EDC equipment, provide transaction services with emphasis on payment and transaction processing, solution services and money lending services. Other information relating to respective subsidiaries are disclosed in Note 16. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out on pages 81 to 161 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), IFRS Accounting Standards and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 35.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

4. OPERATING SEGMENTS

The Group has four reportable segments, as described below, which are the strategic business units of the Group. The strategic business units offer different geographical locations and are managed separately. For each of the strategic business units, the Chief Executive Officer of the Group reviews internal management reports on at least a quarterly basis.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023
CONT'D

4. OPERATING SEGMENTS (Cont'd)

The following summary described the geographical locations units in each of the reportable segments of the Group:

- (a) Malaysia
- (b) Philippines
- (c) Thailand
- (d) Others: Australia, Indonesia and Singapore

The Group evaluates performance on the basis of profit or loss from operations before tax not including non-recurring losses and also excluding the effects of share-based payments.

Segment results, assets and liabilities include items directly attributable to a segment. Segment capital expenditure is the total costs incurred during the period to acquire segment assets that are expected to be used for more than one (1) year.

2023	Malaysia RM	Philippines RM	Thailand RM	Others RM	Total RM
Segment profits	16,906,795	17,459,984	4,763,662	1,032,253	40,162,694
Included in the measure of segment profits are:					
Revenue from external customers					
- Shared services	100,858,664	15,287,888	17,233,275	-	133,379,827
- Solution services	7,199,589	2,892,100	2,196,686	1,653,767	13,942,142
- Transaction payment acquisition	242,108,123	47,585,504	17,345,144	290,323	307,329,094
- Lending	5,379,329	321,084	14,516	-	5,714,929
	355,545,705	66,086,576	36,789,621	1,944,090	460,365,992
Inter-segment sales	3,358,603	-	-	-	3,358,603
Depreciation of property, plant and equipment	15,544,377	4,504,863	3,712,103	1,335	23,762,678
Amortisation of intangible assets	264,671	16,405	-	-	281,076
Amortisation of contract liabilities	(6,281,461)	(3,283,510)	(913,136)	(1,348,642)	(11,826,749)
Fair value loss on other investment	18,500	-	-	-	18,500
Gain on disposal of property, plant and equipment (excluding right-of-use assets)	(2,482,435)	(247,147)	(370,332)	-	(3,099,914)
Gain on lease termination	(873)	-	-	-	(873)
Impairment loss on property, plant and equipment	56,353	-	-	-	56,353
Loss on reassessment of right-of-use assets	18,874	-	-	-	18,874
Net impairment losses/(reversal of impairment losses) on trade and other receivables	4,338,359	(2,852,861)	(300,628)	-	1,184,870

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

4. OPERATING SEGMENTS (Cont'd)

2023 (Cont'd)	Malaysia RM	Philippines RM	Thailand RM	Others RM	Total RM
Property, plant and equipment written off	125,449	22,162	-	-	147,611
Bad debts written off	161,026	102,745	134,489	-	398,260
Finance costs	1,866,421	2,344	122,684	-	1,991,449
Interest income	(1,592,202)	(44,265)	(13,866)	-	(1,650,333)
Tax expense	5,252,495	5,311,738	558,789	220,070	11,343,092
Unrealised (gain)/loss on foreign exchange, net	(176,317)	68,818	(17,147)	1,991	(122,655)
Segment assets	709,421,402	94,444,697	44,206,353	3,825,323	851,897,775
Deferred tax assets					4,013,711
Total assets					855,911,486
Additions to property, plant and equipment	51,359,618	760,811	1,718,487	-	53,838,916
Additions to intangible assets	-	368,632	-	-	368,632
Segment liabilities	266,621,104	18,732,001	18,532,845	491,539	304,377,489
Deferred tax liabilities					6,548,555
Total liabilities					310,926,044

2022	Malaysia RM	Philippines RM	Thailand RM	Others RM	Total RM
Segment profits	25,264,821	12,068,281	2,321,635	910,762	40,565,499
Included in the measure of segment profits are:					
Revenue from external customers					
- Shared services	93,589,284	15,733,568	21,167,689	-	130,490,541
- Solution services	5,783,894	2,048,138	1,812,124	1,337,776	10,981,932
- Transaction payment acquisition	224,735,008	38,151,757	5,272,795	-	268,159,560
- Lending	760,270	12,723	18,130	-	791,123
	324,868,456	55,946,186	28,270,738	1,337,776	410,423,156
Inter-segment sales	1,669,829	79,562	-	-	1,749,391
Depreciation of property, plant and equipment	16,317,200	6,548,008	3,224,810	1,471	26,091,489
Amortisation of intangible assets	264,671	-	-	-	264,671
Amortisation of contract liabilities	(12,272,717)	(2,727,036)	(392,971)	(1,337,776)	(16,730,500)
Fair value loss on other investment	301,153	-	-	-	301,153

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023
CONT'D

4. OPERATING SEGMENTS (Cont'd)

2022 (Cont'd)	Malaysia RM	Philippines RM	Thailand RM	Others RM	Total RM
Gain on disposal of investment in associate	(1,468,950)	-	-	-	(1,468,950)
Gain on derecognition of right-of-use assets upon early settlement	(3,603)	-	-	-	(3,603)
Gain on lease termination	(33,958)	-	-	-	(33,958)
Inventories written off	93,884	-	-	-	93,884
Inventories written back	-	(1,042,266)	-	-	(1,042,266)
Loss/(Gain) on disposal of property, plant and equipment (excluding right-of-use assets)	916,626	6,217	(26,673)	-	896,170
Net impairment losses/(reversal of impairment losses) on trade and other receivables	1,677,452	130,460	(106,886)	-	1,701,026
Property, plant and equipment written off	80,626	255,588	-	-	336,214
Reversal of inventories written down	(57,216)	-	-	-	(57,216)
Bad debts written off	42,066	47,124	29,488	-	118,678
Finance costs	1,517,850	36,009	26,967	-	1,580,826
Interest income	(2,145,030)	(31,954)	(4,142)	-	(2,181,126)
Tax expense	9,718,463	1,831,260	502,023	188,793	12,240,539
Share of profit of an associate	(2,304)	-	-	-	(2,304)
Unrealised loss/(gain) on foreign exchange, net	39,515	(25,840)	(22,111)	-	(8,436)
Segment assets	680,295,384	67,107,083	26,968,571	2,613,390	776,984,428
Deferred tax assets					2,100,405
Total assets					779,084,833
Additions to property, plant and equipment	42,716,908	379,940	163,653	-	43,260,051
Segment liabilities	243,906,224	8,734,483	6,383,072	348,722	259,372,501
Deferred tax liabilities					7,885,808
Total liabilities					267,258,309

Major customers

There are no major customers with revenue equal or more than ten (10) percent of the Group's revenue. As such, information on major customers is not presented.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

5. REVENUE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Revenue from contracts with customers:				
- Sales of services	238,805,658	193,690,982	2,186,345	3,027,994
- Sales of goods	42,002,721	44,515,980	1,805,000	-
- Sales of prepaid airtime top-ups	95,235,450	97,729,039	-	-
- Management fees	-	-	19,238,898	13,276,661
	376,043,829	335,936,001	23,230,243	16,304,655
Income from leasing:				
- Rental of EDC equipment	78,607,234	73,696,032	3,480	13,320
Other revenue:				
- Loans, advances and financing to customers	5,714,929	791,123	-	-
	460,365,992	410,423,156	23,233,723	16,317,975

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers of the Group is disaggregated in the table below by primary geographical markets, major products and service lines and timing of revenue recognition. No disaggregation of the revenue from contracts with customers by geographical basis has been presented for the Company as the Company's activities are carried out predominantly in Malaysia.

Group	Malaysia RM	Philippines RM	Thailand RM	Others RM	Total RM
31 December 2023					
Major product and service line					
Sales of services	169,413,132	44,705,706	23,085,916	1,600,904	238,805,658
Sales of goods	38,430,083	1,950,563	1,622,075	-	42,002,721
Sales of prepaid airtime top-ups	95,235,450	-	-	-	95,235,450
Total revenue from external customers	303,078,665	46,656,269	24,707,991	1,600,904	376,043,829
Timing of revenue recognition					
Transferred over time	29,323,661	1,521,173	4,173,717	1,348,642	36,367,193
Transferred at a point in time	273,755,004	45,135,096	20,534,274	252,262	339,676,636
Revenue from external customers	303,078,665	46,656,269	24,707,991	1,600,904	376,043,829

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023
CONT'D

5. REVENUE (Cont'd)

Disaggregation of revenue from contracts with customers (Cont'd)

Group	Malaysia	Philippines	Thailand	Others	Total
31 December 2022	RM	RM	RM	RM	RM
Major product and service line					
Sales of services	146,943,012	35,311,890	10,097,450	1,338,630	193,690,982
Sales of goods	34,240,891	1,161,119	9,113,970	-	44,515,980
Sales of prepaid airtime top-ups	97,729,039	-	-	-	97,729,039
Total revenue from external customers	278,912,942	36,473,009	19,211,420	1,338,630	335,936,001
Timing of revenue recognition					
Transferred over time	21,175,861	1,396,842	4,123,301	1,337,776	28,033,780
Transferred at a point in time	257,737,081	35,076,167	15,088,119	854	307,902,221
Revenue from external customers	278,912,942	36,473,009	19,211,420	1,338,630	335,936,001

	Company	
	2023	2022
	RM	RM
Major product and service line		
Sales of services	2,186,345	3,027,994
Sales of goods	1,805,000	-
Management fees	19,238,898	13,276,661
Revenue from external customers	23,230,243	16,304,655
Timing of revenue recognition		
Transferred over time	1,293,840	1,352,634
Transferred at a point in time	21,936,403	14,952,021
Revenue from external customers	23,230,243	16,304,655

Major product and service line

Sales of services	2,186,345	3,027,994
Sales of goods	1,805,000	-
Management fees	19,238,898	13,276,661
Revenue from external customers	23,230,243	16,304,655

Timing of revenue recognition

Transferred over time	1,293,840	1,352,634
Transferred at a point in time	21,936,403	14,952,021
Revenue from external customers	23,230,243	16,304,655

Revenue is measured at the fair value of the consideration received or receivable, net of discounts and rebates.

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the activities of the Group as follows:

(a) Sales of services

Revenue from sale of services rendered except for maintenance income is recognised at a point in time when the services has been rendered to the customer and coincides with the delivery of services and acceptance by customers.

There is no significant financing component in the revenue arising from services rendered as the services are made on the normal credit terms not exceeding twelve (12) months.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

5. REVENUE (Cont'd)

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the activities of the Group as follows: (Cont'd)

(a) Sales of services (Cont'd)

Maintenance income is accounted over time as and when the services are rendered and accepted by customers.

(b) Sales of goods

Revenue from sale of goods is recognised at a point in time when the goods have been transferred to the customer and coincides with the delivery of products and acceptance by customers.

There is no right of return and warranty provided to the customers on the sale of goods.

There is no significant financing component in the revenue arising from sale of goods as the sales are made on the normal credit terms not exceeding twelve (12) months.

(c) Sales of prepaid airtime top-ups

The Group, being a distributor in the sales of prepaid airtime top-ups, is in substance acting as an agent for the operators. The revenue associated with the sales of prepaid airtime top-ups to end-users is recognised on a net basis, which represents the margin earned. The revenue is recognised at a point in time when the sales of prepaid airtime top-ups have been transferred to the customer and coincides with the delivery of prepaid airtime top-ups and acceptance by customers.

The details of the prepaid airtime top-ups are as follows:

	Group	
	2023	2022
	RM	RM
Sales of prepaid airtime top-ups:		
Gross billing	2,191,593,710	2,048,973,609
Cost of purchase from telecommunication service providers	(2,096,358,260)	(1,951,244,570)
	<u>95,235,450</u>	<u>97,729,039</u>

(d) Rental of EDC equipment

Rental income is accounted for on a straight-line basis over the term of an ongoing lease. The aggregate cost of incentives provided to the lessee is recognised as reduction of rental income over the lease term on a straight-line basis.

(e) Interest income from loans, advances and financing to customers

Interest income from loans, advances and financing to customers is accounted upon commencement of the agreement using the effective interest rate of return over the period of the agreement.

(f) Management fees

Management fees are recognised at a point in time when management service rendered and accepted by subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

6. PROFIT BEFORE TAXATION

Other than those disclosed elsewhere in the financial statements, the profit before taxation is arrived at:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
After charging:				
Auditors' remuneration				
- statutory audit				
- BDO	548,923	502,309	128,500	123,500
- Other auditors	44,022	43,509	-	-
- non-audit services				
- BDO	30,138	36,692	6,550	11,550
- Other auditors	-	-	-	-
Bad debts written off	398,260	118,678	13,542	-
Interest expense on:				
- lease liabilities	214,128	225,299	6,710	9,083
- term loans	789,268	836,167	227,787	239,944
- bankers' acceptance	7,825	12,945	-	-
- revolving credit	898,323	303,770	898,323	296,126
Bank fees	81,905	202,645	-	-
Loss on foreign exchange:				
- realised	587,323	787,408	-	-
Loss on disposals of:				
- property, plant and equipment	-	896,170	-	-
Fair value loss on financial guarantee contracts	-	-	145,440	-
Fair value loss on other investments	18,500	301,153	-	281,876
Loss on reassessment of right-of-use assets	18,874	-	-	-
And crediting:				
Dividend income from subsidiaries	-	-	19,000,000	38,000,000
Gain on disposals of:				
- property, plant and equipment	3,099,914	-	192	1,032
- an associate	-	1,468,950	-	-
Gain on derecognition of right-of-use assets upon early settlement	-	3,603	-	-
Gain on lease termination	873	33,958	-	-
Gain on foreign exchange:				
- realised	-	-	5,122	106,540
- unrealised	122,655	8,436	78,141	16,145
Interest income from:				
- deposits with licensed banks	1,442,294	911,714	113,981	71,129
- advances to subsidiaries	-	-	3,256,142	783,470
- other investments	208,039	1,269,412	153,331	1,146,199

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

6. PROFIT BEFORE TAXATION (Cont'd)

(a) Dividend income

Dividend income is recognised when the right to receive payment is established.

(b) Interest income

Interest income is recognised as on a time proportion basis that reflects the effective yield on assets.

7. EMPLOYEE BENEFITS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Salaries, bonus and allowances	73,238,546	65,259,232	12,718,908	12,190,295
Defined contribution plan	6,937,332	6,309,287	1,074,384	1,186,470
Social security contributions	819,449	893,496	56,868	51,874
Other benefits	3,324,915	2,135,792	828,021	405,505
	<u>84,320,242</u>	<u>74,597,807</u>	<u>14,678,181</u>	<u>13,834,144</u>

Included in the employee benefits of the Group and of the Company are Executive Directors' remuneration as disclosed in Note 8.

8. DIRECTORS' REMUNERATION

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Directors of the Group and the Company:				
Executive:				
Salaries, bonus and allowances	6,244,388	5,479,440	4,551,776	3,846,363
Defined contribution plan	407,742	411,980	216,000	216,000
Social security contributions	5,378	5,035	1,901	1,644
Non-Executive:				
Fees	416,207	413,790	408,000	392,737
Allowances	85,500	97,500	85,500	97,500
Gratuity	-	100,000	-	100,000
Total	<u>7,159,215</u>	<u>6,507,745</u>	<u>5,263,177</u>	<u>4,654,244</u>

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group and from the Company amounted to RM71,042 (2022: RM97,500) and RM63,842 (2022: RM90,300) respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

9. TAXATION

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Current tax expense based on profit for the financial year:				
Malaysia income tax	9,663,857	8,744,059	605,488	50,870
Foreign income tax	3,989,026	2,559,715	-	-
Under/(Over)-provision in prior years	782,993	232,640	(29,260)	-
	14,435,876	11,536,414	576,228	50,870
Deferred tax (Note 18):				
Relating to origination and reversal of temporary differences	(1,761,596)	746,170	(1,231,331)	20,509
(Over)/Under-provision in prior years	(1,331,188)	(42,045)	21,259	(34,805)
	(3,092,784)	704,125	(1,210,072)	(14,296)
Tax expense/(benefit) for the financial year	11,343,092	12,240,539	(633,844)	36,574

- (a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2022: 24%) of the estimated taxable profits for the fiscal year.
- (b) Taxation for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.
- (c) The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Profit before taxation	40,162,694	40,565,499	22,343,674	37,357,766
Tax at Malaysian statutory tax rate of 24% (2022: 24%)	9,639,046	9,735,720	5,362,482	8,965,864
Tax effects in respect of:				
Non-allowable expenses	3,869,875	3,608,237	354,409	477,465
Non-taxable income	(2,092,114)	(2,426,848)	(4,773,433)	(9,836,836)
Higher/(Lower) tax rates in foreign jurisdiction	8,942	(1,537)	-	-
Utilisation of previously unrecognised deferred tax assets	(1,787,102)	(695,207)	(1,569,301)	-
Deferred tax assets not recognised	2,252,640	1,829,579	-	464,886
	11,891,287	12,049,944	(625,843)	71,379
Under/(Over)-provision of income tax expense in prior years	782,993	232,640	(29,260)	-
(Over)/Under-provision of deferred tax in prior years	(1,331,188)	(42,045)	21,259	(34,805)
Tax expense/(benefit) for the financial year	11,343,092	12,240,539	(633,844)	36,574

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

9. TAXATION (Cont'd)

(d) Tax on each component of other comprehensive income is as follows:

Group	Before tax RM	Tax effect RM	After tax RM
2023			
Foreign currency translations	4,553,140	-	4,553,140
Remeasurement of defined benefit liability (Note 27(d))	(296,081)	82,257	(213,824)
	<u>4,257,059</u>	<u>82,257</u>	<u>4,339,316</u>
2022			
Foreign currency translations	1,669,664	-	1,669,664
Remeasurement of defined benefit liability (Note 27(d))	1,433,757	(353,365)	1,080,392
	<u>3,103,421</u>	<u>(353,365)</u>	<u>2,750,056</u>

10. EARNINGS PER SHARE

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding (excluding treasury shares and ESS shares) during the financial year.

	Group	
	2023	2022
Profit for the financial year attributable to equity holders of the parent (RM)	<u>28,807,679</u>	<u>28,305,071</u>
Weighted average number of ordinary shares in issue	<u>1,141,499,842</u>	<u>1,141,499,842</u>
Basic earnings per ordinary share (sen)	<u>2.52</u>	<u>2.48</u>

(b) Diluted

The diluted loss per ordinary share for the current and previous financial years is equal to the basic loss per ordinary share for the respective financial year as there are no dilutive potential ordinary shares as at 31 December 2023 and 31 December 2022.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

11. DIVIDENDS

	Group and Company 2022	
	Dividend per share sen	Amount of dividend RM

Dividend on ordinary shares declared and paid:

Interim cash dividend paid	2.5	28,537,487
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The Directors do not recommend the payment of any other dividend in respect of the current financial year.

On 27 March 2024, the Board of Directors has approved and declared a final single-tier dividend of 2 sen per ordinary share amounting to RM22,829,996 in respect of the financial year ended 31 December 2023.

The dividend will be accounted for in shareholders' equity as an appropriation of profits in the financial year ending 31 December 2024.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

12. PROPERTY, PLANT AND EQUIPMENT

Group 2023	Balance as at 1.1.2023 RM	Additions RM	Reassessment RM	Transferred to inventories (Note 19(e)) RM	Reclassification RM	Written off RM	Disposals/ Termination RM	Depreciation charges for the financial year RM	Impairment for the financial year RM	Exchange differences RM	Balance as at 31.12.2023 RM
Carrying amount											
Long term leasehold land:											
- Right-of-use assets	1,345,959	-	-	-	-	-	-	(16,414)	-	-	1,329,545
Buildings:											
- Owned	14,447,644	-	-	-	-	-	-	(320,515)	-	170,100	14,297,229
- Right-of-use assets	3,064,469	274,424	721,438	-	-	-	(34,301)	(1,207,278)	-	42,890	2,861,642
Computer equipment	2,803,738	1,996,618	-	-	-	(2,063)	(190)	(1,701,354)	(56,329)	34,559	3,074,979
EDC EQUIPMENT:											
- Owned	61,791,792	50,483,817	-	(20,237,849)	259,488	(144,487)	(5,154,690)	(16,772,525)	(9)	778,184	71,003,721
- Right-of-use assets	1,947,479	-	-	-	(259,488)	(1,042)	-	(1,765,317)	-	78,368	-
Computer software	1,010,479	352,678	-	-	-	(2)	-	(330,548)	-	21,164	1,053,771
Motor vehicles:											
- Owned	113,891	-	-	-	32,117	-	(10,421)	(50,482)	-	5,366	90,471
- Right-of-use assets	775,144	96,236	-	-	(32,117)	-	-	(299,101)	-	-	540,162
Furniture, fittings and office equipment:											
- Owned	1,739,431	394,256	-	-	-	(17)	-	(386,531)	(15)	9,781	1,756,905
- Right-of-use assets	123,849	10,743	-	-	-	-	-	(44,402)	-	-	90,190
Renovation	1,674,375	230,144	-	-	-	-	-	(868,211)	-	2,119	1,038,427
	90,838,250	53,838,916	721,438	(20,237,849)	-	(147,611)	(5,199,602)	(23,762,678)	(56,353)	1,142,531	97,137,042

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

12. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Group 2023	At 31.12.2023			
	Cost RM	Accumulated depreciation RM	Accumulated impairment losses RM	Carrying amount RM
Long term leasehold land:				
- Right-of-use assets	1,625,000	(295,455)	-	1,329,545
Buildings:				
- Owned	17,096,482	(2,799,253)	-	14,297,229
- Right-of-use assets	7,399,397	(4,537,755)	-	2,861,642
Computer equipment	29,939,925	(26,301,679)	(563,267)	3,074,979
EDC equipment:				
- Owned	182,905,901	(104,300,168)	(7,602,012)	71,003,721
- Right-of-use assets	-	-	-	-
Computer software	7,847,408	(6,423,775)	(369,862)	1,053,771
Motor vehicles:				
- Owned	421,115	(330,644)	-	90,471
- Right-of-use assets	2,013,147	(1,472,985)	-	540,162
Furniture, fittings and office equipment:				
- Owned	8,612,904	(6,855,984)	(15)	1,756,905
- Right-of-use assets	251,756	(161,566)	-	90,190
Renovation	7,169,077	(6,130,650)	-	1,038,427
Total	265,282,112	(159,609,914)	(8,535,156)	97,137,042

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

12. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Group	Balance as at 1.1.2022 RM	Additions RM	Transferred to inventories (Note 19(e)) RM	Written off RM	Disposals/ Termination RM	Depreciation charges for the financial year RM	Exchange differences RM	Balance as at 31.12.2022 RM
2022								
Carrying amount								
Long term leasehold land:								
- Right-of-use assets	1,362,373	-	-	-	-	(16,414)	-	1,345,959
Buildings:								
- Owned	14,891,589	-	-	-	-	(319,309)	(124,636)	14,447,644
- Right-of-use assets	3,529,036	732,629	-	-	(35,622)	(1,171,880)	10,306	3,064,469
Computer equipment	3,031,956	1,592,758	-	(4,746)	(11,686)	(1,805,975)	1,431	2,803,738
EDC equipment:								
- Owned	65,269,406	39,040,224	(21,841,003)	(291,326)	(1,850,096)	(18,452,003)	(83,410)	61,791,792
- Right-of-use assets	4,379,314	-	-	(40,109)	-	(2,294,201)	(97,525)	1,947,479
Computer software	1,192,388	261,674	-	-	-	(443,807)	224	1,010,479
Motor vehicles:								
- Owned	158,552	-	-	-	-	(40,034)	(4,627)	113,891
- Right-of-use assets	952,482	271,952	-	-	(75,237)	(374,053)	-	775,144
Furniture, fittings and office equipment:								
- Owned	1,196,878	868,283	-	(23)	-	(326,694)	987	1,739,431
- Right-of-use assets	124,099	43,054	-	-	-	(43,304)	-	123,849
Renovation	2,027,040	449,927	-	(10)	-	(803,815)	1,233	1,674,375
	98,115,113	43,260,501	(21,841,003)	(336,214)	(1,972,641)	(26,091,489)	(296,017)	90,838,250

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

12. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Group 2022	At 31.12.2022			
	Cost RM	Accumulated depreciation RM	Accumulated impairment losses RM	Carrying amount RM
Long term leasehold land:				
- Right-of-use assets	1,625,000	(279,041)	-	1,345,959
Buildings:				
- Owned	16,893,042	(2,445,398)	-	14,447,644
- Right-of-use assets	6,461,523	(3,397,054)	-	3,064,469
Computer equipment	28,106,731	(24,796,055)	(506,938)	2,803,738
EDC equipment:				
- Owned	175,702,937	(100,803,767)	(13,107,378)	61,791,792
- Right-of-use assets	14,167,373	(12,219,894)	-	1,947,479
Computer software	7,327,360	(5,966,572)	(350,309)	1,010,479
Motor vehicles:				
- Owned	195,242	(81,351)	-	113,891
- Right-of-use assets	2,436,973	(1,661,829)	-	775,144
Furniture, fittings and office equipment:				
- Owned	8,391,041	(6,651,610)	-	1,739,431
- Right-of-use assets	241,013	(117,164)	-	123,849
Renovation	7,247,476	(5,573,101)	-	1,674,375
Total	268,795,711	(163,992,836)	(13,964,625)	90,838,250

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

12. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Company 2023	Balance as at 1.1.2023 RM	Additions RM	Disposal RM	Depreciation charges for the financial year RM	Balance as at 31.12.2023 RM
Carrying amount					
Long term leasehold land:					
- Right-of-use assets	1,345,959	-	-	(16,414)	1,329,545
Buildings:					
- Owned	6,967,330	-	-	(172,238)	6,795,092
- Right-of-use assets	20,100	-	-	(15,075)	5,025
Computer equipment	508,127	247,410	(190)	(287,432)	467,915
Computer software	156,500	21,274	-	(51,642)	126,132
Motor vehicles:					
- Right-of-use assets	205,613	-	-	(70,496)	135,117
Furniture, fittings and office equipment:					
- Owned	770,544	44,299	-	(129,312)	685,531
- Right-of-use assets	20,093	10,743	-	(10,210)	20,626
Renovation	1,189,626	-	-	(702,682)	486,944
	11,183,892	323,726	(190)	(1,455,501)	10,051,927

Company 2023	At 31.12.2023		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Long term leasehold land:			
- Right-of-use assets	1,625,000	(295,455)	1,329,545
Buildings:			
- Owned	8,350,000	(1,554,908)	6,795,092
- Right-of-use assets	30,150	(25,125)	5,025
Computer equipment	2,209,459	(1,741,544)	467,915
Computer software	1,821,011	(1,694,879)	126,132
Motor vehicles:			
- Right-of-use assets	352,480	(217,363)	135,117
Furniture, fittings and office equipment:			
- Owned	2,875,452	(2,189,921)	685,531
- Right-of-use assets	61,731	(41,105)	20,626
Renovation	3,931,623	(3,444,679)	486,944
Total	21,256,906	(11,204,979)	10,051,927

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

12. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Company 2022	Balance as at 1.1.2022 RM	Additions RM	Write off RM	Disposal RM	Depreciation charges for the financial year RM	Balance as at 31.12.2022 RM
Carrying amount						
Long term leasehold land:						
- Right-of-use assets	1,362,373	-	-	-	(16,414)	1,345,959
Buildings:						
- Owned	7,139,567	-	-	-	(172,237)	6,967,330
- Right-of-use assets	5,949	30,150	-	-	(15,999)	20,100
Computer equipment	257,118	496,131	(415)	(10)	(244,697)	508,127
Computer software	220,341	-	-	-	(63,841)	156,500
Motor vehicles:						
- Right-of-use assets	276,109	-	-	-	(70,496)	205,613
Furniture, fittings and office equipment:						
- Owned	459,528	417,923	(23)	-	(106,884)	770,544
- Right-of-use assets	29,049	-	-	-	(8,956)	20,093
Renovation	1,508,509	342,809	(10)	-	(661,682)	1,189,626
	11,258,543	1,287,013	(448)	(10)	(1,361,206)	11,183,892

Company 2022	At 31.12.2022		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Long term leasehold land:			
- Right-of-use assets	1,625,000	(279,041)	1,345,959
Buildings:			
- Owned	8,350,000	(1,382,670)	6,967,330
- Right-of-use assets	93,801	(73,701)	20,100
Computer equipment	1,968,899	(1,460,772)	508,127
Computer software	1,799,737	(1,643,237)	156,500
Motor vehicles:			
- Right-of-use assets	352,480	(146,867)	205,613
Furniture, fittings and office equipment:			
- Owned	2,831,153	(2,060,609)	770,544
- Right-of-use assets	50,988	(30,895)	20,093
Renovation	3,931,623	(2,741,997)	1,189,626
Total	21,003,681	(9,819,789)	11,183,892

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

12. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

- (a) All items of property, plant and equipment (excluding right-of-use assets) are initially measured at cost. After initial recognition, property, plant and equipment (excluding right-of-use assets) are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight-line basis over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the industry. The principal depreciation periods excluding right-of-use assets are as follows:

Buildings	50 to 99 years
Computer equipment	3 to 5 years
EDC equipment	3 to 5 years
Computer software	3 to 10 years
Motor vehicles	5 years
Furniture, fittings and office equipment	5 to 10 years
Renovation	2 to 5 years

- (b) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Purchases of property, plant and equipment	53,838,916	43,260,501	323,726	1,287,013
Leases	(354,224)	(975,683)	(10,743)	(30,150)
Cash payments on purchases of property, plant and equipment	53,484,692	42,284,818	312,983	1,256,863

- (c) As at the end of the reporting period, buildings of the Group and the Company with carrying amounts of RM13,548,032 (2022: RM13,675,036) and RM6,045,895 (2022: RM6,194,720) respectively have been charged to a bank for credit facilities as disclosed in Note 25.
- (d) During the financial year, impairment loss on property, plant and equipment of the Group of RM56,353 was recognised in other operating expenses due to decline in operation of a subsidiary of the Group.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group as lessee

Right-of-use assets										
Group 2023	Balance as at 1.1.2023	Additions	Reassessment	Transfer to property, plant & equipment	Written off	Disposal/ Termination	Depreciation charges for the financial year	Exchange difference	Balance as at 31.12.2023	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Carrying amount										
Long term leasehold land	1,345,959	-	-	-	-	-	(16,414)	-	-	1,329,545
Buildings	3,064,469	274,424	721,438	-	-	(34,301)	(1,207,278)	42,890	-	2,861,642
Motor vehicles	775,144	96,236	-	(32,117)	-	-	(299,101)	-	-	540,162
EDC equipment	1,947,479	-	-	(259,488)	(1,042)	-	(1,765,317)	78,368	-	-
Office equipment	123,849	10,743	-	-	-	-	(44,402)	-	-	90,190
	7,256,900	381,403	721,438	(291,605)	(1,042)	(34,301)	(3,332,512)	121,258	-	4,821,539
Group 2022	Balance as at 1.1.2022	Additions	Written off	Disposal/ Termination	Depreciation charges for the financial year	Exchange difference	Balance as at 31.12.2022			
	RM	RM	RM	RM	RM	RM	RM	RM		
Carrying amount										
Long term leasehold land	1,362,373	-	-	-	(16,414)	-	-	1,345,959		
Buildings	3,529,036	732,629	-	(35,622)	(1,171,880)	10,306	-	3,064,469		
Motor vehicles	952,482	271,952	-	(75,237)	(374,053)	-	-	775,144		
EDC equipment	4,379,314	-	(40,109)	-	(2,294,201)	(97,525)	-	1,947,479		
Office equipment	124,099	43,054	-	-	(43,304)	-	-	123,849		
	10,347,304	1,047,635	(40,109)	(110,859)	(3,899,852)	(87,219)	-	7,256,900		

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Cont'd)

The Group as lessee (Cont'd)

Lease liabilities	Balance as at 1.1.2023 RM	Additions RM	Reassessment RM	Disposal/ Termination RM	Lease payments RM	Interest expense RM	Exchange difference RM	Balance as at 31.12.2023 RM
Carrying amount								
Buildings	3,179,287	273,481	740,312	(35,174)	(1,370,937)	190,093	44,087	3,021,149
Motor vehicles	566,828	70,000	-	-	(238,052)	19,658	-	418,434
Office equipment	129,969	10,743	-	-	(42,560)	4,377	-	102,529
	3,876,084	354,224	740,312	(35,174)	(1,651,549)	214,128	44,087	3,542,112

2022	Balance as at 1.1.2022 RM	Additions RM	Derecognition upon early settlement RM	Disposal/ Termination RM	Lease payments RM	Interest expense RM	Exchange difference RM	Balance as at 31.12.2022 RM
Carrying amount								
Buildings	3,619,286	732,629	-	(35,622)	(1,292,962)	166,625	(10,669)	3,179,287
Motor vehicles	740,055	200,000	(3,603)	(109,195)	(285,045)	24,616	-	566,828
EDC equipment	1,431,703	-	-	-	(1,444,766)	28,875	(15,812)	-
Office equipment	130,330	43,054	-	-	(48,598)	5,183	-	129,969
	5,921,374	975,683	(3,603)	(144,817)	(3,071,371)	225,299	(26,481)	3,876,084

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Cont'd)

The Group as lessee (Cont'd)

Lease liabilities (Cont'd)	Group	
	2023 RM	2022 RM
Represented by:		
Current liabilities	1,269,999	1,221,888
Non-current liabilities	2,272,113	2,654,196
	<u>3,542,112</u>	<u>3,876,084</u>
Lease liabilities owing to financial institutions	418,434	566,828
Lease liabilities owing to non-financial institutions	3,123,678	3,309,256
	<u>3,542,112</u>	<u>3,876,084</u>

Right-of-use assets				
Company 2023	Balance as at 1.1.2023 RM	Additions RM	Depreciation charges for the financial year RM	Balance as at 31.12.2023 RM
Long term leasehold land	1,345,959	-	(16,414)	1,329,545
Buildings	20,100	-	(15,075)	5,025
Office equipment	20,093	10,743	(10,210)	20,626
Motor vehicles	205,613	-	(70,496)	135,117
	<u>1,591,765</u>	<u>10,743</u>	<u>(112,195)</u>	<u>1,490,313</u>

Carrying amount				
Company 2022	Balance as at 1.1.2022 RM	Additions RM	Depreciation charges for the financial year RM	Balance as at 31.12.2022 RM
Long term leasehold land	1,362,373	-	(16,414)	1,345,959
Buildings	5,949	30,150	(15,999)	20,100
Office equipment	29,049	-	(8,956)	20,093
Motor vehicles	276,109	-	(70,496)	205,613
	<u>1,673,480</u>	<u>30,150</u>	<u>(111,865)</u>	<u>1,591,765</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Cont'd)

The Group as lessee (Cont'd)

Lease liabilities					
Company 2023	Balance as at 1.1.2023	Additions	Lease payments	Interest expense	Balance as at 31.12.2023
	RM	RM	RM	RM	RM

Carrying amount

Buildings	20,340	-	(15,600)	437	5,177
Office equipment	21,431	10,743	(11,360)	897	21,711
Motor vehicles	198,353	-	(69,372)	5,376	134,357
	240,124	10,743	(96,332)	6,710	161,245

Company 2022	Balance as at 1.1.2022	Additions	Lease payments	Interest expense	Balance as at 31.12.2022
	RM	RM	RM	RM	RM

Carrying amount

Buildings	5,178	30,150	(15,600)	612	20,340
Office equipment	30,411	-	(9,960)	980	21,431
Motor vehicles	260,234	-	(69,372)	7,491	198,353
	295,823	30,150	(94,932)	9,083	240,124

	Company	
	2023	2022
	RM	RM

Represented by:

Current liabilities	82,994	88,491
Non-current liabilities	78,251	151,633
	161,245	240,124
Lease liabilities owing to financial institutions	134,357	198,353
Lease liabilities owing to non-financial institutions	26,888	41,771
	161,245	240,124

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Cont'd)

The Group as lessee (Cont'd)

- (a) The right-of-use assets under property, plant and equipment are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities.

The right-of-use assets are depreciated on a straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms of right-of-use assets are as follows:

Long term leasehold land	99 years
Buildings	2 - 6 years
EDC equipment	3 years
Office equipment	5 - 6 years
Motor vehicles	5 years

- (b) As at the end of the reporting period, long term leasehold land of the Group with the carrying amount of RM886,363 (2022: RM897,305) have been charged to a bank for credit facilities to the Group as disclosed in Note 25.
- (c) The Group and the Company determine the lease term of a lease as the non-cancellable period of the lease, together with periods covered by an option to extend or to terminate the lease if the Group and the Company reasonably certain to exercise the relevant options. Management has considered the relevant facts and circumstances that create an economic incentive for the Group and the Company to either exercise the option to extend the lease, or to exercise the option to terminate the lease. Any differences in expectations from the original estimates would impact the carrying amounts of the lease liabilities of the Group and of the Company. The lease payments are discounted using the annual incremental borrowing rate of the Group and of the Company in range of 3.30% to 6.51% (2022: 2.08% to 6.00%) and 3.30% to 4.60% (2022: 3.22% to 3.96%) respectively.
- (d) The Group and the Company have certain leases with lease term less than 12 months, and low-value leases of office equipment of RM20,000 and below. The Group and the Company apply the "short-term lease" and "lease of low-value assets" exemptions for these leases.
- (e) The following are the amounts recognised in profit or loss:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Depreciation charge of right-of-use assets (included in administrative expenses)	3,332,512	3,899,852	112,195	111,865
Interest expense on lease liabilities (included in finance costs)	214,128	225,299	6,710	9,083
Expense relating to short-term leases (included in administrative expenses)	253,135	142,049	-	-
Expense relating to leases of low-value assets (included in administrative expenses)	2,760	63,151	2,760	6,540
Amount recognised in profit or loss carried forward	3,802,535	4,330,351	121,665	127,488

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Cont'd)

The Group as lessee (Cont'd)

(e) The following are the amounts recognised in profit or loss: (Cont'd)

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Amount recognised in profit or loss brought forward	3,802,535	4,330,351	121,665	127,488
Loss on reassessment of right-of-use assets	18,874	-	-	-
Gain on derecognition of right-of-use assets upon early settlement	-	(3,603)	-	-
Gain on lease termination	(873)	(33,958)	-	-
Right-of-use assets written off	1,042	40,109	-	-
	3,821,578	4,332,899	121,665	127,488

(f) The currency exposure profile of lease liabilities are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Ringgit Malaysia ("RM")	2,466,736	3,280,161	161,245	240,124
Thai Baht ("THB")	1,075,376	595,923	-	-
	3,542,112	3,876,084	161,245	240,124

(g) The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in THB, against the respective functional currency of the Group entities, with all other variables held constant:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Profit after taxation/Retained earnings/(Accumulated losses)				
THB/RM - strengthen by 10% (2022: 10%)	81,729	45,290	-	-
THB/RM - weaken by 10% (2022: 10%)	(81,729)	(45,290)	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023
CONT'D

13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Cont'd)

The Group as lessee (Cont'd)

- (h) The table below summarises the maturity profile of the lease liabilities of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Lease liabilities				
On demand or within one (1) year	1,487,073	1,506,425	86,932	94,932
One (1) to five (5) years	2,453,191	2,650,437	80,002	156,334
	<u>3,940,264</u>	<u>4,156,862</u>	<u>166,934</u>	<u>251,266</u>

- (i) Reconciliation of liabilities arising from financing activities

The table below details changes in lease liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes. Lease liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the statement of cash flows of the Group and of the Company as cash flows from financing activities.

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Lease liabilities				
At beginning of financial year	3,876,084	5,921,374	240,124	295,823
Cash flows	(1,651,549)	(3,071,371)	(96,332)	(94,932)
Non-cash flows:				
- Additions	354,224	975,683	10,743	30,150
- Derecognition upon early settlement	-	(3,603)	-	-
- Reassessment	740,312	-	-	-
- Disposal/Termination	(35,174)	(144,817)	-	-
- Unwinding of interest	214,128	225,299	6,710	9,083
- Exchange difference	44,087	(26,481)	-	-
At end of financial year	<u>3,542,112</u>	<u>3,876,084</u>	<u>161,245</u>	<u>240,124</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Cont'd)

The Group as lessee (Cont'd)

(j) The following are total cash outflows for leases as a lessee:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Included in net cash used in operating activities:				
Payment relating to short-term leases and low-value assets	255,895	205,200	2,760	6,540
Included in net cash used in financing activities:				
Payment of lease liabilities	1,651,549	3,071,371	96,332	94,932
Total cash outflows for leases	1,907,444	3,276,571	99,092	101,472

The Group as lessor

(k) The Group has entered into non-cancellable lease agreements on EDC equipment for terms of one (1) year to three (3) years and renewable at the end of the lease period. The monthly rental is fixed based on number of EDC equipment leased out. The Group has aggregated future minimum lease receivables as at the end of each reporting period as follows:

	Group	
	2023	2022
	RM	RM
Not later than one (1) year	6,956,298	2,891,577
Later than one (1) year and not later than two (2) years	2,898,458	-
	9,854,756	2,891,577

14. INTANGIBLE ASSETS

Group 2023	Balance as at 1.1.2023	Additions	Amortisation charge for the financial year	Exchange differences	Balance as at 31.12.2023
	RM	RM	RM	RM	RM
Carrying amount					
Completed development costs	639,395	368,632	(281,076)	3,540	730,491

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023
CONT'D

14. INTANGIBLE ASSETS (Cont'd)

Group	As at 31.12.2023		
	Cost RM	Accumulated amortisation RM	Carrying amount RM
Completed development costs	15,919,048	(15,188,557)	730,491

Group 2022	Balance as at 1.1.2022 RM	Amortisation charge for the financial year RM	Balance as at 31.12.2022 RM
Carrying amount			
Completed development costs	904,066	(264,671)	639,395

Group	As at 31.12.2022		
	Cost RM	Accumulated amortisation RM	Carrying amount RM
Completed development costs	15,546,711	(14,907,316)	639,395

Company 2023	Balance as at 1.1.2023 RM	Amortisation charge for the financial year RM	Balance as at 31.12.2023 RM
Carrying amount			
Completed development costs	83,797	(26,248)	57,549

Company	As at 31.12.2023		
	Cost RM	Accumulated amortisation RM	Carrying amount RM
Completed development costs	13,162,478	(13,104,929)	57,549

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

14. INTANGIBLE ASSETS (Cont'd)

Company 2022	Balance as at 1.1.2022 RM	Amortisation charge for the financial year RM	Balance as at 31.12.2022 RM
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Carrying amount

Completed development costs	110,044	(26,247)	83,797
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Company	As at 31.12.2022		
	Cost RM	Accumulated amortisation RM	Carrying amount RM
Completed development costs	13,162,478	(13,078,681)	83,797

Intangible assets are initially measured at cost. After initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are assessed for any indication that the asset may be impaired and are amortised on a straight-line basis over their estimated economic useful lives, not exceeding ten (10) years. Intangible assets that have an indefinite useful life are tested annually for impairment or more frequently if events or changes in circumstances indicate that the intangible asset might be impaired.

15. GOODWILL

	Group	
	2023 RM	2022 RM
Carrying amount		
Balance as at beginning/end of financial year	168,638,985	168,638,985
Cost	171,607,014	171,607,014
Accumulated impairment losses	(2,968,029)	(2,968,029)
Carrying amount	168,638,985	168,638,985

- (a) Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost. After initial recognition, goodwill is measured at cost less accumulated impairment losses.

Goodwill is tested for impairment by the Group at least on an annual basis, and whenever there is an indication that the goodwill may be impaired. This requires an estimation of the value in use of the subsidiaries to which goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the subsidiaries and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023
CONT'D

15. GOODWILL (Cont'd)

(b) Allocation of goodwill

The carrying amount of goodwill allocated to the cash-generating units ("CGU") of the Group is as follows:

	Group	
	2023	2022
	RM	RM
e-pay group of companies #	105,629,787	105,629,787
Paysys group of companies ^	63,009,198	63,009,198
	<u>168,638,985</u>	<u>168,638,985</u>

e-pay group of companies represents e-pay (M) Sdn. Bhd. and its subsidiaries, Mobiepay Sdn. Bhd. and its subsidiaries, S Capital Sdn. Bhd. and Sentripay Sdn. Bhd..

^ Paysys group of companies represents Paysys (M) Sdn. Bhd. and its subsidiaries.

For the purpose of impairment testing, goodwill is allocated to the operating divisions of the Group which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

(c) Key assumptions used in value in use calculations

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

(i) Growth rate

The anticipated annual revenue growth rates used in the cash flows for the financial budget period are following:

	2023	2022
	%	%
Growth rates		
e-pay group of companies	3	5
Paysys group of companies	<u>10</u>	<u>5</u>

(ii) Pre-tax discount rate

Discount rates reflect the current market assessment of the risks specific to the Group. Discount rate of 10.6% (2022: 11.3%) used for cash flows discounting purpose is the Group's weighted average cost of capital. This is the benchmark used by management to assess the operating performance of the Group and to evaluate future investment proposals.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

15. GOODWILL (Cont'd)

(c) Key assumptions used in value in use calculations (Cont'd)

(iii) Terminal value

	2023	2022
	%	%
Terminal growth rates		
e-pay group of companies	3	5
Paysys group of companies	3	5

Based on the annual impairment testing undertaken by the Group, no impairment loss is required for the carrying amount of the remaining goodwill assessed as at 31 December 2023 as its recoverable amount is in excess of its carrying amount.

Sensitivity to changes in assumptions

Management is not aware of any reasonably possible changes in the assumptions above that could cause further impairment loss on goodwill.

16. INVESTMENTS IN SUBSIDIARIES

	Company	
	2023	2022
	RM	RM
Unquoted shares, at cost	44,336,112	44,336,112
Accumulated impairment losses	(15,243,697)	(15,243,697)
	29,092,415	29,092,415
Equity contributions in subsidiaries in respect of ESS	3,593,586	3,593,586
Accumulated impairment losses	(195,225)	(195,225)
	3,398,361	3,398,361
Equity loans to subsidiaries	140,235,737	134,399,737
Accumulated impairment losses	(9,706,692)	(9,706,692)
	130,529,045	124,693,045
	163,019,821	157,183,821

- (a) Investments in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less impairment losses, if any.
- (b) All components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

16. INVESTMENTS IN SUBSIDIARIES (Cont'd)

(c) Equity loans to subsidiaries are unsecured, interest-free and settlement is neither planned nor likely to occur in the foreseeable future for the purposes of providing the subsidiary with a long term source of additional capital.

(d) The details of the subsidiaries are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2023 %	2022 %	
GHL Transact Sdn. Bhd. #	Malaysia	100.00	100.00	Sales and rental of EDC equipment and its related software and services, inclusive of installation, training and maintenance.
GHL EFTPOS Sdn. Bhd. #	Malaysia	100.00	100.00	Sales and rental of EDC equipment and its related software and services, inclusive of installation, training and maintenance.
GHL CardPay Sdn. Bhd. #	Malaysia	100.00	100.00	Issue and/or acquire all credit card, debit card, prepaid card, loyalty card and electronic cash transactions carried out by the card holders at acquired merchants on behalf of the card issuer and for that purpose to provide the necessary facilities and infrastructure that facilitates the transactions electronically and sale and rental of hardware and its related services, inclusive of installations, training and maintenance.
GHL Payments Sdn. Bhd. #	Malaysia	100.00	100.00	Sales and rental of EDC equipment and its related software and services, inclusive of installation, training and maintenance and involved in business of money lending services.
GHL International Sdn. Bhd. #	Malaysia	100.00	100.00	Investment holding, sales and rental of Electronic Data Capture ("EDC") equipment and its related software and services, inclusive of installation, training and maintenance.
GHL Asia Pacific Limited #	Labuan, Malaysia	100.00	100.00	Investment holding.
GHL Global Sdn. Bhd. #	Malaysia	100.00	100.00	Develop and sale of Net.Point software solution, software programmes and other related products and services.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

16. INVESTMENTS IN SUBSIDIARIES (Cont'd)

(d) The details of the subsidiaries are as follows: (Cont'd)

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2023 %	2022 %	
GHL Loyalty Sdn. Bhd. #	Malaysia	100.00	100.00	Dormant.
GHL BPO1 Sdn. Bhd. #	Malaysia	100.00	100.00	Provides card-related outsourcing services for all business processes, sub-processes, transactions, activities and all other card related works performed by business in various industries and to act as commission agents and any other business which may be usefully carried on in connection with such business.
GHL ePayments Sdn. Bhd. #	Malaysia	100.00	100.00	Provides electronic payment services and online and mobile merchant acquisition as well as other related activities.
GHL Payment Services Sdn. Bhd. #	Malaysia	100.00	100.00	Dormant.
e-pay (M) Sdn. Bhd. #	Malaysia	100.00	100.00	Sales and solution provision of vouchers bearing prepaid airtime personal identification numbers (PINS) and on-line top-ups for various prepaid services in Malaysia and investment holding.
Mobiepay Sdn. Bhd. #	Malaysia	100.00	100.00	Engaged in the business of developing and selling software.
Sentripay Sdn. Bhd. #	Malaysia	100.00	100.00	Developing and selling software.
S Capital Sdn. Bhd. #	Malaysia	100.00	100.00	Investment holding.
Subsidiaries of GHL Asia Pacific Limited				
GHL Systems Philippines, Inc. ^	Philippines	99.99	99.99	Provision of end-to-end payment services and solutions through the deployment of payment infrastructure, technology and services.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023
CONT'D

16. INVESTMENTS IN SUBSIDIARIES (Cont'd)

(d) The details of the subsidiaries are as follows: (Cont'd)

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2023 %	2022 %	
Subsidiaries of GHL Asia Pacific Limited (Cont'd)				
GHL Systems Australia Pty. Ltd.	Australia	100.00	100.00	Sales of hardware, software and professional services.
GHL (Thailand) Co., Ltd. #	Thailand	97.74	97.74	Sales, maintenance, installation and rental of card and non-card based payment processing systems and services, and relevant infrastructure including hardware and software for all kinds of payment solution systems.
GHL Myanmar Limited	Myanmar	100.00	100.00	Dormant.
GHL Philippines Financing Services Inc. ^	Philippines	99.99	99.99	Engaged in providing financial product and services.
Subsidiaries of GHL ePayments Sdn. Bhd.				
GHL ePayments Co., Ltd. #	Thailand	99.99	99.99	Sales, maintenance, installation, and rental of card and non-card based payment processing systems including hardware and software for all kinds of payment solution systems.
GHL Electronic Payments Inc. ^	Philippines	99.99	99.99	Provide world-class payment services and solutions to banks and merchants.
GHL ePayments Pte. Ltd. ^	Singapore	100.00	100.00	Provide internet payment gateway services.
Subsidiaries of e-pay (M) Sdn. Bhd.				
PT e-pay Indonesia *	Indonesia	78.80	78.80	Dormant.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

16. INVESTMENTS IN SUBSIDIARIES (Cont'd)

(d) The details of the subsidiaries are as follows: (Cont'd)

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2023 %	2022 %	
Subsidiaries of Mobiepay Sdn. Bhd.				
Pay Here Sdn. Bhd. #	Malaysia	100.00	100.00	Dormant.
PT Pembayaran Elektronik Indonesia	Indonesia	100.00	100.00	Engaged in the business of IT consulting and management services.
Digital Salute Sdn. Bhd. #	Malaysia	100.00	100.00	Engaged in the business of providing self-service payment kiosk for reload and top up.
Subsidiary of GHL (Thailand) Co., Ltd.				
Conscious Object Development Co. Ltd.	Thailand	97.74	97.74	Dormant.
Subsidiary of S Capital Sdn. Bhd.				
Paysys (M) Sdn. Bhd. #	Malaysia	100.00	100.00	Engaged in business as dealers in credit card transactions, terminals and solutions.
Subsidiaries of Paysys (M) Sdn. Bhd.				
Paysys Communications Sdn. Bhd. #	Malaysia	100.00	100.00	Engaged in developing payment solution together with relevant hardware require for a complete solution.
Paysys Technology Sdn. Bhd. # *	Malaysia	100.00	100.00	Dormant.

Subsidiaries audited by BDO PLT Malaysia or BDO PLT member firms.

^ Subsidiaries not audited by BDO PLT Malaysia or BDO PLT member firms.

* During the financial year, Paysys Technology Sdn. Bhd. has reduced its share capital from RM1,700,000 to RM2 via cash distribution of RM1,699,998 to its immediate holding company, Paysys (M) Sdn. Bhd.. The reduction in the share capital did not give rise to any changes in proportion of ownership interest and voting power held by the Group.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

16. INVESTMENTS IN SUBSIDIARIES (Cont'd)

- (e) Additional investment during the financial year ended 31 December 2022

In the previous financial year, GHL Asia Pacific Limited ("GHLAP") had subscribed for additional 30,000 ordinary shares of PHP100 per share in GHL Philippines Financing Services for a consideration of RM239,250. There was no change to the equity interest of the GHLAP in GHL Systems Philippines, Inc. pursuant to the new issuance.

- (f) De-registration of a subsidiary during the financial year ended 31 December 2022

A wholly-owned subsidiary of the Company, EPY Capital Holdings Limited, had been de-registered from the British Virgin Islands Companies Registry.

Effects of the de-registration of EPY Capital Holdings Limited. were as follows:

	2022 RM
Carrying amount of shares at the date of disposal	-
Less: Realisation of post-acquisition reserves	
- Accumulated losses	248,826
- Exchange translation reserve reclassified to profit or loss	(248,826)
Loss on de-registration of a subsidiary	-

- (g) Movement in equity loan is as follows:

	Company	
	2023 RM	2022 RM
Balance as at 1 January	134,399,737	135,919,430
Additions during the financial year	6,236,000	-
Reclassification of balance from amount owing by subsidiaries to equity loan	-	1,077,580
Repayment during the financial year	(400,000)	(2,597,273)
	140,235,737	134,399,737
Accumulated impairment losses	(9,706,692)	(9,706,692)
Balance as at 31 December	130,529,045	124,693,045

In the previous financial year, the Company increased its equity loan via capitalisation of non-trade amount owing by subsidiaries as disclosed in Note 20(f).

- (h) The Group reviews the investments in subsidiaries for impairment when there is an indication of impairment. The recoverable amounts of the investments in subsidiaries are assessed by reference to the fair value less cost to sell of the underlying assets or the value in use of the respective subsidiaries. The value in use is the net present value of the projected future cash flows derived from the business operations of the respective subsidiaries discounted at an appropriate pre-tax discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set of assumptions to support their income and cash flows. Significant judgements and estimates had also been used to determine the key assumptions applied to the cash flow projections, which includes the projected earnings before interest and tax margins, growth rates, and the appropriate pre-tax discount rates used for each of the subsidiary. Impairment losses are made when the carrying amount of the investment in subsidiaries exceed its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

16. INVESTMENTS IN SUBSIDIARIES (Cont'd)

- (i) The reconciliation of movement in the impairment loss are as follows:

	Company	
	2023 RM	2022 RM
Balance as at 1 January	25,145,614	27,567,178
Reversal of impairment during the financial year	-	(1,627,185)
De-recognition of a subsidiary	-	(1,080,012)
Reclassification from amount owing by subsidiary	-	285,633
Balance as at 31 December	25,145,614	25,145,614

- (j) The Group does not have any subsidiary that has non-controlling interests, which is individually material to the Group for both financial years ended 31 December 2023 and 31 December 2022.

17. INVESTMENTS IN JOINT VENTURES AND AN ASSOCIATE

	Group	
	2023 RM	2022 RM
Joint ventures		
Unquoted equity shares, at cost	1,581,442	1,581,442
Share of post-acquisition reserves	(1,145,648)	(1,145,648)
Foreign exchange reserve	(46,900)	(46,900)
Accumulated impairment losses	(388,894)	(388,894)
	-	-

- (a) Investments in joint ventures are measured at cost less impairment losses, if any, in the separate financial statements of the Company.
- (b) The details of the joint ventures are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2023 %	2022 %	
Joint venture of e-pay (M) Sdn. Bhd.				
e-pay Pakistan (Private) Limited^	Pakistan	50	50	Dormant.
Electronic Payment Network (Thailand) Co. Limited ^	Thailand	16	16	Dormant.

[^] The unaudited financial statements were used in the consolidation of the results of the joint ventures.

All the above joint ventures are accounted for using the equity method in the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023
CONT'D

17. INVESTMENTS IN JOINT VENTURES AND AN ASSOCIATE (Cont'd)

- (c) The Group does not have any joint venture, which is individually material to the Group for both financial years ended 31 December 2023 and 31 December 2022.
- (d) During the previous financial year, the Group has disposed the shares in Mruncit Commerce Sdn. Bhd. ("Mruncit") for a total cash consideration of RM1,500,000.
- (e) Set out below is the financial information of all individually immaterial associate on an aggregate basis.

	Group	
	2023	2022
	RM	RM
Carrying amount of interests in an associate	-	-
Share of results for the financial year		
Share of profit	-	2,304
Share of other comprehensive income	-	-
Share of total comprehensive loss	-	2,304

- (f) The reconciliation of movement in the impairment loss are as follows:

	Group	
	2023	2022
	RM	RM
Impairment loss of investment in associate		
Balance as at 1 January	-	684,250
Disposal during the financial year	-	(684,250)
Balance as at 31 December	-	-

18. DEFERRED TAX

- (a) The deferred tax assets and liabilities are made up of the following:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Balance as at 1 January	5,785,403	4,680,752	92,910	107,206
Recognised in profit or loss (Note 9)	(3,092,784)	704,125	(1,210,072)	(14,296)
Recognised in other comprehensive income (Note 9(d))	(82,257)	353,365	-	-
Exchange differences	(75,518)	47,161	-	-
Balance as at 31 December	2,534,844	5,785,403	(1,117,162)	92,910

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

18. DEFERRED TAX (Cont'd)

- (a) The deferred tax assets and liabilities are made up of the following: (Cont'd)

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Presented after appropriate offsetting:				
Deferred tax assets, net	(4,013,711)	(2,100,405)	(1,117,162)	-
Deferred tax liabilities, net	6,548,555	7,885,808	-	92,910
	2,534,844	5,785,403	(1,117,162)	92,910

- (b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group

	Property, plant and equipment RM	Intangible assets RM	Others RM	Total RM
Balance as at 1 January 2023	11,768,479	161,570	1,090,971	13,021,020
Recognised in profit or loss	(484,763)	(73,062)	181,368	(376,457)
Exchange differences	-	-	19,366	19,366
Balance as at 31 December 2023 (before offsetting)	11,283,716	88,508	1,291,705	12,663,929
Offsetting	(5,220,185)	(88,508)	(806,681)	(6,115,374)
Balance as at 31 December 2023 (after offsetting)	6,063,531	-	485,024	6,548,555
Balance as at 1 January 2022	11,123,372	167,352	710,430	12,001,154
Recognised in profit or loss	645,107	(5,782)	396,119	1,035,444
Exchange differences	-	-	(15,578)	(15,578)
Balance as at 31 December 2022 (before offsetting)	11,768,479	161,570	1,090,971	13,021,020
Offsetting	(4,466,572)	-	(668,640)	(5,135,212)
Balance as at 31 December 2022 (after offsetting)	7,301,907	161,570	422,331	7,885,808

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023
CONT'D

18. DEFERRED TAX (Cont'd)

- (b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows: (Cont'd)

Deferred tax assets of the Group

	Unabsorbed capital allowances RM	Unused tax losses RM	Others RM	Total RM
Balance as at 1 January 2023	(3,560,006)	(993,659)	(2,681,952)	(7,235,617)
Recognised in profit or loss	(531,313)	(551,207)	(1,633,807)	(2,716,327)
Recognised in other comprehensive income	-	-	(82,257)	(82,257)
Exchange differences	-	-	(94,884)	(94,884)
Balance as at 31 December 2023 (before offsetting)	(4,091,319)	(1,544,866)	(4,492,900)	(10,129,085)
Offsetting	3,723,722	993,659	1,397,993	6,115,374
Balance as at 31 December 2023 (after offsetting)	(367,597)	(551,207)	(3,094,907)	(4,013,711)
Balance as at 1 January 2022	(3,581,482)	(993,659)	(2,745,261)	(7,320,402)
Recognised in profit or loss	21,476	-	(352,795)	(331,319)
Recognised in other comprehensive income	-	-	353,365	353,365
Exchange differences	-	-	62,739	62,739
Balance as at 31 December 2022 (before offsetting)	(3,560,006)	(993,659)	(2,681,952)	(7,235,617)
Offsetting	3,560,006	993,659	581,547	5,135,212
Balance as at 31 December 2022 (after offsetting)	-	-	(2,100,405)	(2,100,405)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

18. DEFERRED TAX (Cont'd)

- (b) The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows: (Cont'd)

Deferred tax liabilities of the Company

	Property, plant and equipment RM	Intangible assets RM	Total RM
Balance as at 1 January 2023	74,448	18,462	92,910
Recognised in profit or loss	(41,703)	(5,783)	(47,486)
Balance as at 31 December 2023 (before offsetting)	32,745	12,679	45,424
Offsetting	(32,745)	(12,679)	(45,424)
Balance as at 31 December 2023 (after offsetting)	-	-	-
Balance as at 1 January 2022	82,962	24,244	107,206
Recognised in profit or loss	(8,514)	(5,782)	(14,296)
Balance as at 31 December 2022	74,448	18,462	92,910

Deferred tax assets of the Company

	Unabsorbed capital allowances RM	Unused tax losses RM	Others RM	Total RM
Balance as at 1 January 2023	-	-	-	-
Recognised in profit or loss	(367,597)	(551,207)	(243,782)	(1,162,586)
Balance as at 31 December 2023 (before offsetting)	(367,597)	(551,207)	(243,782)	(1,162,586)
Offsetting	-	-	45,424	45,424
Balance as at 31 December 2023 (after offsetting)	(367,597)	(551,207)	(198,358)	(1,117,162)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

18. DEFERRED TAX (Cont'd)

- (c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Unused tax losses, expiring on 31 December 2028	14,507,580	14,507,580	-	-
Unused tax losses, expiring on 31 December 2029	4,884,011	6,059,451	2,112,854	3,288,294
Unused tax losses, expiring on 31 December 2030	2,969,183	2,969,183	2,270,022	2,270,022
Unused tax losses, expiring on 31 December 2031	3,002,136	3,002,136	62	62
Unused tax losses, expiring on 31 December 2032	3,044,686	3,044,686	-	-
Unused tax losses, expiring on 31 December 2033	10,334,501	-	-	-
Unabsorbed capital allowances	4,172,960	8,028,542	-	3,562,144
Other deductible temporary differences	3,794,659	7,158,396	-	1,801,169
	46,709,716	44,769,974	4,382,938	10,921,691

Deferred tax assets of certain subsidiaries and of the Company have not been recognised in respect of these items as it is not probable that taxable profits of the subsidiaries and of the Company would be available against which the deductible temporary differences could be utilised.

The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the respective local tax authorities. Unutilised tax losses of the holding company and subsidiaries incorporated in Malaysia can be carried forward up to 10 consecutive years of assessment immediately following the year of assessment under the tax legislation of Inland Revenue Board.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023
CONT'D

19. INVENTORIES

	Group	
	2023	2022
	RM	RM
At Net Realisable Value		
EDC equipment	4,412,129	1,239,988
Others	526,457	44,761
At cost		
EDC equipment	405,843	588,274
Prepaid airtime PINS	64,554,025	87,443,294
Others	1,262,845	673,755
	<u>71,161,299</u>	<u>89,990,072</u>

- (a) Inventories are stated at lower of cost and net realisable value.
- (b) Cost of inventories is determined using the first-in, first-out formula.
- (c) During the financial year, inventories of the Group recognised as cost of sales amounted to RM107,206,133 (2022: RM118,624,226).
- (d) In addition, the amounts recognised in the other operating expenses include the following:

	Group	
	2023	2022
	RM	RM
Inventories written off	-	93,884

- (e) During the financial year, inventories of the Group amounting to RM20,237,849 (2022: RM21,841,003) have been transferred from property, plant and equipment as disclosed in Note 12 as the inventories are held for sale.
- (f) In the previous financial year, the Group wrote back inventories of RM1,042,266 which were previously written off.
- (g) In the previous financial year, the Group reversed RM57,216 in respect of inventories previously written down.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023
CONT'D

20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Non-current assets				
Trade receivables				
Lease receivables	15,661,626	10,223,391	-	-
Loans, advances and financing to customers	78,266	122,730	-	-
	15,739,892	10,346,121	-	-
Current assets				
Trade receivables				
Third parties	178,211,481	95,540,008	2,000,384	155,096
Lease receivables	18,914,913	11,791,357	-	-
Loans, advances and financing to customers	25,955,310	7,426,558	-	-
Subsidiaries	-	-	5,794,395	4,923,418
	223,081,704	114,757,923	7,794,779	5,078,514
Accumulated impairment losses				
- third parties	(7,107,111)	(10,989,489)	(712)	(712)
- subsidiaries	-	-	(1,540,756)	(1,556,716)
- loan, advances and financing to customers	(5,543,327)	(576,589)	-	-
	(12,650,438)	(11,566,078)	(1,541,468)	(1,557,428)
	210,431,266	103,191,845	6,253,311	3,521,086
Other receivables				
Third parties	90,932,914	143,482,894	18,146	13,542
Amounts owing by subsidiaries	-	-	118,770,116	88,528,558
Deposits	1,484,905	1,496,336	72,910	67,910
	92,417,819	144,979,230	118,861,172	88,610,010
Accumulated impairment losses				
- other receivables	(442,696)	(714,168)	-	-
- amounts owing by subsidiaries	-	-	(8,403,891)	(8,403,891)
	(442,696)	(714,168)	(8,403,891)	(8,403,891)
	91,975,123	144,265,062	110,457,281	80,206,119
Contract assets	2,057,971	1,309,034	-	-
Prepayments	10,893,664	6,886,107	1,375,640	767,653
	315,358,024	255,652,048	118,086,232	84,494,858
Total trade and other receivables	331,097,916	265,998,169	118,086,232	84,494,858

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

20. TRADE AND OTHER RECEIVABLES (Cont'd)

- (a) Trade and other receivables (other than contract assets and prepayments) are classified as financial assets and are measured at amortised cost.
- (b) Trade receivables (other than loan, advances and financing to customers and lease receivables) are non-interest bearing and the normal trade credit terms granted by the Group and the Company ranges from 30 to 180 days (2022: 30 to 180 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (c) Loan, advances and financing to customers are interest ranging from 6% to 18% (2022: 6% to 16.8%) per annum; and usually have a tenure between twelve (12) to twenty-four (24) months.
- (d) Lease receivables are recoverable through instalment repayments via monthly settlement by customers and subject to weighted average annual interest ranging from 4.17% to 5.10% (2022: 4.17% to 4.33%). The tenure of these agreements ranging from two (2) to three (3) years (2022: 2 to 3 years).
- (e) Non-trade amounts owing by subsidiaries are unsecured, payable in cash and cash equivalents within next twelve (12) months and interest-free except for amounts owing by subsidiaries of the Company amounted to RM73,695,437 (2022: RM46,984,914) bearing interest rates ranging from 4.24% to 4.65% (2022: 3.06% to 4.03%) per annum.
- (f) In the previous financial year, the Company had capitalised amounts owing by subsidiaries amounted to RM1,077,580 as equity loan.
- (g) Included in third party other receivables of the Group of RM61,626,623 (2022: RM102,383,390) was related to Payment Holding Account held by third parties and pending for settlement payment owing to merchants.
- (h) Contract assets represent the timing differences in revenue recognition and the milestone billings. The milestone billings are structured and/or negotiated with customers to reflect physical completion of the contracts.

Contract assets are transferred to receivables when the rights to economic benefits become unconditional. This usually occurs when the Group issues billing to the customer.

There were no significant changes in the contract assets during the financial year.

- (i) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.
- (j) As the Group's loan, advances and financing to customers; and lease receivables within trade receivables are short term in nature, these impairment are recognised based on lifetime expected credit losses.
- (k) Expected credit loss assessment ("ECL") for financial institution customers are as follows:

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss and applying experience credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating definitions from the agency, Bloomberg.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

20. TRADE AND OTHER RECEIVABLES (Cont'd)

- (k) Expected credit loss assessment ("ECL") for financial institution customers are as follows: (Cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade receivables for financial institutions customers.

	Gross carrying amount RM	Impairment loss allowance RM	Credit impaired
31 December 2023			
Group			
Grades (Low risk)	129,602,402	(106,495)	No
Grades (Loss)	72,648	(72,648)	Yes
	<u>129,675,050</u>	<u>(179,143)</u>	
Company			
Grades (Low risk)	1,950,920	(8)	No
Grades (Loss)	704	(704)	Yes
	<u>1,951,624</u>	<u>(712)</u>	
31 December 2022			
Group			
Grades (Low risk)	65,332,412	(79,673)	No
Grades (Loss)	131,650	(131,650)	Yes
	<u>65,464,062</u>	<u>(211,323)</u>	
Company			
Grades (Low risk)	98,212	(8)	No
Grades (Loss)	704	(704)	Yes
	<u>98,916</u>	<u>(712)</u>	

- (l) ECL assessment for non-financial institutions customers are as follows:

The Group uses an allowance matrix to measure the expected credit loss of trade receivables from non-financial institutions customers. Expected loss rates are calculated using the roll rate method separately for exposures in different segments based on the following common credit risk characteristics - geographic region, age of customer relationship and type of product purchased.

During this process, the probability of non-payment by the trade receivables is adjusted by forward-looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. The Group believes that the financial impacts to the forward-looking information are inconsequential for the purpose of impairment calculation of trade receivables due to their relatively short term nature.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

20. TRADE AND OTHER RECEIVABLES (Cont'd)

- (l) ECL assessment for non-financial institutions customers are as follows: (Cont'd)

For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

It requires management to exercise significant judgement in determining the probability of default by trade receivables, appropriate forward-looking information and estimated loss given default in worst-case scenarios.

The following table provides information about the exposure to credit risk and ECLs for trade receivables for non-financial institutions customers.

	Gross carrying amount RM	Impairment loss allowance RM	Credit impaired
31 December 2023			
Group			
Current (not past due)	97,319,371	(1,899,137)	No
More than 30 days past due	3,363,317	(2,108,341)	No
More than 60 days past due	2,844,279	(2,848,102)	No
More than 90 days past due	1,444,399	(1,440,535)	No
More than 120 days past due	4,175,180	(4,175,180)	Yes
	<u>109,146,546</u>	<u>(12,471,295)</u>	
Company			
Current (not past due)	1,140,511	-	No
More than 30 days past due	13,780	-	No
More than 60 days past due	180,703	-	No
More than 90 days past due	24,657	-	No
More than 120 days past due	4,483,504	(1,540,756)	No
	<u>5,843,155</u>	<u>(1,540,756)</u>	
31 December 2022			
Group			
Current (not past due)	49,108,693	(1,155,875)	No
More than 30 days past due	1,039,491	(707,082)	No
More than 60 days past due	1,536,064	(1,536,064)	No
More than 90 days past due	1,290,087	(1,290,087)	No
More than 120 days past due	6,665,647	(6,665,647)	Yes
	<u>59,639,982</u>	<u>(11,354,755)</u>	

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

20. TRADE AND OTHER RECEIVABLES (Cont'd)

- (l) ECL assessment for non-financial institutions customers are as follows: (Cont'd)

	Gross carrying amount RM	Impairment loss allowance RM	Credit impaired
31 December 2022			
Company			
Current (not past due)	324,190	-	No
More than 30 days past due	531,018	-	No
More than 60 days past due	356,493	-	No
More than 90 days past due	82,085	-	No
More than 120 days past due	3,685,812	(1,556,716)	No
	<u>4,979,598</u>	<u>(1,556,716)</u>	

- (m) Impairment for other receivables are recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. At the end of the reporting period, the Group assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve-month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group defined significant increase in credit risk when a counterparty's financial position deteriorates significantly. The Group considers other receivables to be in default when the counterparty is not able to pay when demanded.

The probability of non-payment by other receivables is adjusted by forward-looking information and multiplied by the amount of the expected loss arising from default to determine the twelve-month or lifetime expected loss for the amounts of other receivables. The Group believes that the financial impacts to the forward-looking information are inconsequential for the purpose of impairment calculation of trade receivables due to their relatively short term nature.

It requires management to exercise significant judgement in determining the probability of default of other receivables, appropriate forward-looking information and significant increase in credit risk.

- (n) As at the end of each reporting period, no collateral has been obtained by the Group. Thus, the maximum credit risk exposure is equivalent to the gross carrying amount of trade receivables of the Group.
- (o) During the financial year, the Group did not renegotiate the term of any trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

20. TRADE AND OTHER RECEIVABLES (Cont'd)

(p) The reconciliation of movement in the impairment losses are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade receivables				
Balance as at 1 January	11,566,078	9,659,388	1,557,428	1,711,657
Charge for the financial year	7,514,896	3,971,935	-	-
Reversal of impairment losses	(6,500,852)	(1,706,079)	(15,960)	(653)
Written off	(57,533)	(278,964)	-	(153,576)
Exchange differences	127,849	(80,202)	-	-
Balance as at 31 December	12,650,438	11,566,078	1,541,468	1,557,428

	Lifetime ECL		Total RM
	12-month ECL RM	Credit impaired RM	
Other receivables			
Group			
Balance as at 1 January 2023	271,770	442,398	714,168
Charge for the financial year	389,496	-	389,496
Reversal of impairment losses	(218,670)	-	(218,670)
Written off	-	(442,398)	(442,398)
Exchange differences	100	-	100
Balance as at 31 December 2023	442,696	-	442,696
Balance as at 1 January 2022	836,600	442,398	1,278,998
Reversal of impairment losses	(564,830)	-	(564,830)
Balance as at 31 December 2022	271,770	442,398	714,168

	Lifetime ECL - Not credit impaired	
	2023 RM	2022 RM

Other receivables

Company

Balance as at 1 January 2022	8,403,891	8,788,014
Reversal of impairment losses	-	(98,490)
Reclassification to equity loan	-	(285,633)
Balance as at 31 December 2022	8,403,891	8,403,891

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

20. TRADE AND OTHER RECEIVABLES (Cont'd)

- (q) The Group determines concentration of credit risk by monitoring the country profiles of its trade receivables on an ongoing basis. The credit risk concentration profile of the trade receivables of the Group at the end of each reporting period are as follows:

	Group			
	2023		2022	
	RM	% of total	RM	% of total
By country				
Malaysia	206,046,096	91	104,806,076	92
Philippines	15,297,783	7	4,606,748	4
Thailand	2,664,364	1	3,395,895	3
Australia	585,722	-	718,918	1
Singapore	65,752	-	-	-
Cambodia	96,929	-	8,659	-
Indonesia	792	-	792	-
United States of America	-	-	878	-
China	1,413,720	1	-	-
	226,171,158	100	113,537,966	100

At the end of each reporting period, approximately eighteen percent (18%) (2022: 12%) of the trade receivables of the Group were due from 5 customers (2022: 5) customers.

At the end of each reporting period, the Company does not have significant concentration of credit risk other than amounts owing by subsidiaries of RM114,619,864 (2022: RM83,491,369), which contributes 97% (2022: 100%) of total receivables of the Company.

- (r) The currency exposure profiles of total receivables are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Ringgit Malaysia ("RM")	288,389,434	240,173,362	112,314,342	82,257,949
Philippines Peso ("PHP")	18,932,470	6,244,662	-	-
Thai Baht ("THB")	8,480,569	5,379,519	-	-
Australian Dollar ("AUD")	586,319	719,493	-	-
United States Dollar ("USD")	1,576,400	5,162,783	4,396,250	1,469,256
Indonesian Rupiah ("IDR")	180,489	792	-	-
Singapore Dollar ("SGD")	600	122,417	-	-
	318,146,281	257,803,028	116,710,592	83,727,205

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

20. TRADE AND OTHER RECEIVABLES (Cont'd)

- (s) The following table demonstrates the sensitivity analysis of the Group and of the Company to a reasonably possible change in the PHP, THB, AUD, USD, IDR and SGD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Profit after taxation/Retained earnings/ (Accumulated losses)				
PHP/RM - strengthen by 10% (2022: 10%)	1,438,868	474,594	-	-
PHP/RM - weaken by 10% (2022: 10%)	(1,438,868)	(474,594)	-	-
THB/RM - strengthen by 10% (2022: 10%)	644,523	408,843	-	-
THB/RM - weaken by 10% (2022: 10%)	(644,523)	(408,843)	-	-
AUD/RM - strengthen by 10% (2022: 10%)	44,560	54,681	-	-
AUD/RM - weaken by 10% (2022: 10%)	(44,560)	(54,681)	-	-
USD/RM - strengthen by 10% (2022: 10%)	119,806	392,371	334,115	111,663
USD/RM - weaken by 10% (2022: 10%)	(119,806)	(392,371)	(334,115)	(111,663)
IDR/RM - strengthen by 10% (2022: 10%)	13,717	60	-	-
IDR/RM - weaken by 10% (2022: 10%)	(13,717)	(60)	-	-
SGD/RM - strengthen by 10% (2022: 10%)	46	9,304	-	-
SGD/RM - weaken by 10% (2022: 10%)	(46)	(9,304)	-	-

21. OTHER INVESTMENTS

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Financial assets at fair value through profit or loss				
Non-current assets				
Quoted shares in Malaysia	8,250	26,750	-	-
Current assets				
Unquoted unit trusts in Malaysia	6,264,741	14,900,727	6,264,741	9,951,410
	6,272,991	14,927,477	6,264,741	9,951,410

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

21. OTHER INVESTMENTS (Cont'd)

- (a) The Group's and Company's other investments are classified as financial assets measured at fair value through profit or loss. These are strategic investments for which the Group and the Company consider this classification to be appropriate and relevant.
- (b) Unquoted unit trust in Malaysia held by the Group and the Company comprises money-market fund which is highly liquid, readily convertible to cash and are subject to insignificant risk of changes in value and hence, meet the definition to be classified as cash and cash equivalents.
- (c) Quoted shares in Malaysia of the Group are categorised as Level 1 in the fair value hierarchy. The fair value of quoted shares is determined by reference to exchange quoted market prices at the end of the reporting period.
- (d) Unquoted unit trust in Malaysia of the Group and of the Company are categorised as Level 2 in the fair value hierarchy. The fair value of investment is determined by reference to the counter party quotes at the close of the business at the end of the reporting period.
- (e) Other investments are denominated in RM.
- (f) The following table shows a reconciliation of Level 1 fair value of other investment:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Balance as at 1 January	26,750	26,750	-	-
Fair value changes	(18,500)	-	-	-
Balance as at 31 December	8,250	26,750	-	-

- (g) The following table shows a reconciliation of Level 2 fair values of other investments:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Balance as at 1 January	14,900,727	101,578,702	9,951,410	96,733,322
Additions	16,000,000	92,023,145	16,000,000	89,000,000
Interest received	208,039	1,269,412	153,331	1,146,199
Disposals	(24,844,025)	(179,669,379)	(19,840,000)	(176,646,235)
Fair value changes	-	(301,153)	-	(281,876)
Balance as at 31 December	6,264,741	14,900,727	6,264,741	9,951,410

- (h) Information on financial risk of investment is disclosed in Note 32.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

22. CASH AND BANK BALANCES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances	163,639,480	127,935,548	5,900,323	7,330,808
Deposits with licensed banks	10,364,462	15,330,422	2,041,700	1,992,435
	174,003,942	143,265,970	7,942,023	9,323,243

- (a) Cash and bank balances and deposits with licensed banks are classified as financial assets measured at amortised cost.
- (b) The weighted average effective interest rate of deposits with licensed banks of the Group and the Company are ranging between 1.75% to 2.69% (2022: 1.65% to 2.32%) per annum and 2.50% to 2.65% (2022: 1.65% to 2.30%) per annum respectively. The average maturity days for both of the Group and the Company are ranging from 30 days to 365 days (2022: 30 days to 365 days) per annum.
- (c) Included in the deposits of the Group and of the Company are RM10,364,462 (2022: RM14,081,870) and RM2,041,700 (2022: RM1,992,435) respectively pledged to licensed banks as securities for bank guarantee given to third parties in respect of trade and contract, and credit facilities as disclosed in Notes 25 and 29.
- (d) At the end of the reporting period, the interest rate profile of the deposits with licensed banks was:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Fixed rate	10,364,462	15,330,422	2,041,700	1,992,435

Sensitivity analysis for fixed rate deposits with licensed banks at the end of the reporting period is not presented as fixed rate instrument is not affected by change in interest rates.

- (e) At the end of the reporting period, cash and bank balances denominated in foreign currencies which are held for working capital purposes is as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Ringgit Malaysia ("RM")	85,867,057	73,195,491	7,795,301	7,323,315
Philippines Peso ("PHP")	55,020,942	49,763,619	-	-
United States Dollar ("USD")	7,953,293	5,630,419	119,862	1,974,488
Thai Baht ("THB")	21,436,951	12,268,514	26,860	25,440
Australian Dollar ("AUD")	3,277,813	2,037,760	-	-
Singapore Dollar ("SGD")	281,086	197,622	-	-
Indonesian Rupiah ("IDR")	148,222	155,035	-	-
Hong Kong Dollar ("HKD")	18,578	17,510	-	-
	174,003,942	143,265,970	7,942,023	9,323,243

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

22. CASH AND BANK BALANCES (Cont'd)

- (f) The following table demonstrates the sensitivity analysis of the Group and of the Company to a reasonably possible change in the PHP, USD, THB, AUD, SGD, IDR and HKD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Profit after taxation/Retained earnings/ (Accumulated losses)				
PHP/RM - strengthen by 10% (2022: 10%)	4,181,592	3,782,035	-	-
PHP/RM - weaken by 10% (2022: 10%)	(4,181,592)	(3,782,035)	-	-
USD/RM - strengthen by 10% (2022: 10%)	604,450	427,912	9,110	150,061
USD/RM - weaken by 10% (2022: 10%)	(604,450)	(427,912)	(9,110)	(150,061)
THB/RM - strengthen by 10% (2022: 10%)	1,629,208	932,407	2,041	1,933
THB/RM - weaken by 10% (2022: 10%)	(1,629,208)	(932,407)	(2,041)	(1,933)
AUD/RM - strengthen by 10% (2022: 10%)	249,114	154,870	-	-
AUD/RM - weaken by 10% (2022: 10%)	(249,114)	(154,870)	-	-
SGD/RM - strengthen by 10% (2022: 10%)	21,363	15,019	-	-
SGD/RM - weaken by 10% (2022: 10%)	(21,363)	(15,019)	-	-
IDR/RM - strengthen by 10% (2022: 10%)	11,265	11,783	-	-
IDR/RM - weaken by 10% (2022: 10%)	(11,265)	(11,783)	-	-
HKD/RM - strengthen by 10% (2022: 10%)	1,412	1,331	-	-
HKD/RM - weaken by 10% (2022: 10%)	(1,412)	(1,331)	-	-

- (g) No expected credit losses were recognised arising from the cash and bank balances and deposits with financial institutions because the probability of default by these financial institutions were negligible.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

22. CASH AND BANK BALANCES (Cont'd)

- (h) For the purpose of statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Cash and bank balances	163,639,480	127,935,548	5,900,323	7,330,808
Deposits with licensed banks				
- not more than three (3) months	2,034,845	1,928,394	1,581,821	1,543,884
- more than three (3) months	8,329,617	13,402,028	459,879	448,551
	174,003,942	143,265,970	7,942,023	9,323,243
Add:				
Other investments (Note 21)	6,264,741	14,900,727	6,264,741	9,951,410
Less:				
- Deposits pledged to licensed banks	(10,364,462)	(14,081,870)	(2,041,700)	(1,992,435)
- Deposits more than three (3) months	-	(1,248,552)	-	-
	169,904,221	142,836,275	12,165,064	17,282,218

23. SHARE CAPITAL

	Group and Company			
	2023		2022	
	Number of shares	RM	Number of shares	RM
Issued and fully paid ordinary shares with no par value				
Balance as at 1 January/31 December	1,141,499,842	351,485,304	1,141,499,842	351,485,304

- (a) The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023
CONT'D

23. SHARE CAPITAL (Cont'd)

(b) Executive Share Scheme ("ESS")

The ESS ("ESS2013") of the Company came into effect on 30 August 2013 to 29 August 2018 and subsequently extended for a period of five (5) years until 29 August 2023. On 25 August 2021, ESS2013 was terminated and a new ESS scheme ("ESS2021") of the Company was established and came into effect and shall be in force for a period of five (5) years until 24 August 2026 ("the scheme period"). The main features of the ESS2021 are as follows:

- (i) Eligible executives are those who meet the following criteria:
 - if he has attained the age eighteen (18) years of age and is not an undischarged bankrupt;
 - if he is employed on a full time basis and is on the payroll of any corporation in the Group and has not served a notice to resign or received a notice of termination;
 - if his employment has been confirmed in writing;
 - if he is serving in a specific designation under an employment contract for a fixed duration but not if he is merely employed for a specific project; and
 - if he fulfils any other criteria and/or falls within such category as may be set by ESS Committee from time to time.
- (ii) The maximum number of options to be offered under the ESS based on the issued and paid-up ordinary share capital as at 31 December 2023, excluding ESS shares held, is 91,319,987 (2022: 91,319,987).
- (iii) The options granted may be exercised any time upon the satisfaction of vesting conditions of each tranche;
- (iv) The option price of a new ordinary share under the ESS shall be at a discount of not more than ten percent (10%) of the five (5)-days weighted average market price of the shares as quoted in the Daily Official List issued by Bursa Malaysia Securities Berhad immediately preceding the date of offer, or at the par value of the ordinary shares, whichever is higher;
- (v) Upon exercise of the options, the shares issued rank pari passu in all respects with the existing ordinary shares of the Company;
- (vi) The employees to whom the options have been granted have no right to participate, by virtue of these options, in any ordinary share issue of any other company; and
- (vii) The option price and the number of ordinary shares comprised in the ESS options are subject to adjustment in the event of any alteration in the capital structure of the Company during the scheme period in accordance with the provisions in the ESS By-Laws ("By-Laws"), subject to the determination by ESS Committee.

There is no outstanding ESS in issuance as at the current and previous financial year end.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

24. RESERVES

	Group	
	2023 RM	2022 RM
Exchange translation reserve	3,221,514	(1,331,626)
Retirement benefit reserve	561,137	774,961
	<u>3,782,651</u>	<u>(556,665)</u>

The nature of each category of reserves is as follows:

(a) Exchange translation reserve

The exchange translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items which form part of the net investment of the Group in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(b) Retirement benefit reserve

The retirement benefit reserve represents the non-contributory, defined benefit plan granted to employees.

25. BORROWINGS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Non-current liabilities				
Term loans	9,495,189	9,415,578	2,535,114	4,221,309
Current liabilities				
Term loans	16,411,001	7,364,928	1,690,808	1,621,629
Revolving credit	13,000,000	-	13,000,000	-
Financial guarantee contracts	-	-	410,400	-
	<u>29,411,001</u>	<u>7,364,928</u>	<u>15,101,208</u>	<u>1,621,629</u>
Total borrowings				
Term loans	25,906,190	16,780,506	4,225,922	5,842,938
Revolving credit	13,000,000	-	13,000,000	-
Financial guarantee contracts	-	-	410,400	-
	<u>38,906,190</u>	<u>16,780,506</u>	<u>17,636,322</u>	<u>5,842,938</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023
CONT'D

25. BORROWINGS (Cont'd)

- (a) Borrowings are classified as financial liabilities and measured at amortised cost.
- (b) Financial guarantee contracts issued are initially measured at fair value. Subsequently, they are measured at higher of:
 - (i) the amount of the loss allowance; and
 - (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.
- (c) Term loans of the Group and of the Company are:
 - (i) secured by legal charge and negative pledge on the long term leasehold land and buildings of the Group and the Company as disclosed in Notes 12 and 13; and
 - (ii) guaranteed by way of corporate guarantee by the Group and the Company.
- (d) Revolving credit of the Group and of the Company are:
 - (i) secured by legal charge and negative pledge on the long term leasehold land and buildings of the Group and the Company as disclosed in Notes 12 and 13;
 - (ii) secured by first party charge over deposits with licensed banks as disclosed in Note 22; and
 - (iii) guaranteed by way of corporate guarantee by two (2) of its subsidiaries, e-pay (M) Sdn. Bhd. and Paysys (M) Sdn. Bhd.
- (e) The fair values of the Group's and of the Company's borrowings are estimated by discounting expected future cash flows at current market interest rates available for similar financial instruments and of the same remaining maturities. The carrying amount of the borrowings are reasonable approximation of fair value as they are floating rate instruments that are repriced to market interest rate on or near the end of reporting period.
- (f) The weighted average effective interest rates per annum of borrowings as at the end of each reporting period are as follows:

	Group		Company	
	2023	2022	2023	2022
	%	%	%	%
Term loans	5.35	4.78	4.60	4.35
Banker's acceptance	-	3.15	-	-
Revolving credit	4.70	3.59	4.70	3.59

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

25. BORROWINGS (Cont'd)

(g) At the end of the reporting period, the interest rate profile of the borrowings are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Floating rates	38,906,190	16,780,506	17,225,922	5,842,938

The following table demonstrates the sensitivity analysis of the Group and of the Company if interest rates at the end of each reporting period changed by hundred (100) basis points with all other variables held constant:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Effects of profit after taxation				
100 basis point higher	295,687	127,532	130,917	44,406
100 basis point lower	(295,687)	(127,532)	(130,917)	(44,406)

(h) The currency exposure profile of borrowings are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Ringgit Malaysia ("RM")	27,490,690	16,722,690	17,225,922	5,842,938
Philippines Peso ("PHP")	-	57,816	-	-
Thai Baht ("THB")	11,415,500	-	-	-
	38,906,190	16,780,506	17,225,922	5,842,938

(i) The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in the foreign exchange rates against the respective functional currencies of the Group entities, with all other variables held constant:

	Group	
	2023	2022
	RM	RM
Profit after taxation/Retained earnings		
PHP/RM - strengthen by 10% (2022: 10%)	-	(4,394)
PHP/RM - weaken by 10% (2022: 10%)	-	4,394
THB/RM - strengthen by 10% (2022: 10%)	(867,578)	-
THB/RM - weaken by 10% (2022: 10%)	867,578	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023
CONT'D

25. BORROWINGS (Cont'd)

(j) The maturity of the term loans is as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Not later than 1 year	16,411,001	7,364,928	1,690,808	1,621,629
Later than 1 year and not later than 2 years	5,086,174	4,152,375	1,770,781	1,693,089
Later than 2 years and not later than 3 years	2,818,939	4,284,390	764,333	1,768,729
Later than 3 years and not later than 4 years	943,808	806,271	-	759,491
Later than 4 years and not later than 5 years	573,020	48,670	-	-
More than 5 years	73,248	123,872	-	-
	25,906,190	16,780,506	4,225,922	5,842,938

(k) The maturity of the revolving credit is as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Not later than 1 year	13,000,000	-	13,000,000	-

(l) The maturity of profile of borrowings at the end of the reporting period based on contractual undiscounted repayment obligations is summarised in the table below:

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group				
As at 31 December 2023				
Borrowings/Total undiscounted financial liabilities	30,084,667	10,417,922	83,258	40,585,847
As at 31 December 2022				
Borrowings/Total undiscounted financial liabilities	8,005,599	9,824,915	130,034	17,960,548

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

25. BORROWINGS (Cont'd)

- (l) The maturity of profile of borrowings at the end of the reporting period based on contractual undiscounted repayment obligations is summarised in the table below: (Cont'd)

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Company				
As at 31 December 2023				
Borrowings/Total undiscounted financial liabilities	25,299,400*	2,623,365	-	27,922,765
As at 31 December 2022				
Borrowings/Total undiscounted financial liabilities	1,843,545	4,454,872	-	6,298,417

* Includes the maximum exposure of the liquidity risk for financial guarantee contracts of RM10,300,040.

- (m) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's and the Company's borrowings arising from financing activities, including both cash and non-cash changes. Borrowings arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the statements of cash flows of the Group and of the Company as cash flows from financing activities.

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Balance as at 1 January	16,780,506	52,389,494	5,842,938	37,417,392
Cash flows	21,846,399	(35,611,780)	11,382,984	(31,574,454)
Non-cash flows:				
- Effect of foreign exchange	279,285	2,792	-	-
Balance as at 31 December	38,906,190	16,780,506	17,225,922	5,842,938

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023
CONT'D

26. TRADE AND OTHER PAYABLES

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Trade payables				
Third parties	112,797,475	79,093,100	-	-
Subsidiaries	-	-	307,235	79,949
	112,797,475	79,093,100	307,235	79,949
Other payables				
Third parties	109,132,919	121,297,918	559,026	562,597
Amounts owing to subsidiaries	-	-	82,242	-
Deposits	9,360,514	9,907,443	600,000	601,879
Accruals	20,402,078	18,596,106	2,183,528	2,270,709
	138,895,511	149,801,467	3,424,796	3,435,185
Total trade and other payables	251,692,986	228,894,567	3,732,031	3,515,134

- (a) Trade and other payables are classified as financial liabilities and measured at amortised cost.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company range from 1 to 90 days and 30 to 60 days (2022: 1 to 90 days and 30 to 60 days) respectively.
- (c) Other payables of the Group and the Company consist prepayments received from retailers, merchants payables and/or general administrative expenses payable which are non-interest bearing.
- (d) Included in other payables of the Company are amounts owing to subsidiaries of RM82,242 (2022: RM Nil), which are unsecured, interest-free and payable within next twelve (12) months.
- (e) The maturity profile of trade and other payables of the Group and of the Company at the reporting date based on contractual undiscounted repayment obligations is repayable on demand or within one (1) year.
- (f) The currency exposure profiles of trade and other payables are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Ringgit Malaysia ("RM")	212,735,400	208,465,392	3,728,588	3,497,127
Philippines Peso ("PHP")	14,995,182	4,608,943	-	-
Thai Baht ("THB")	3,602,029	7,072,880	-	-
Australian Dollar ("AUD")	96,420	66,219	-	-
Indonesian Rupiah ("IDR")	437,054	584,186	-	-
United States Dollar ("USD")	19,800,720	8,089,047	3,443	18,007
Singapore Dollar ("SGD")	26,181	7,900	-	-
	251,692,986	228,894,567	3,732,031	3,515,134

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

26. TRADE AND OTHER PAYABLES (Cont'd)

- (g) The following table demonstrates the sensitivity analysis of the Group and of the Company to a reasonably possible change in the PHP, THB, AUD, IDR, USD and SGD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Profit after taxation/Retained earnings/ (Accumulated losses)				
PHP/RM - strengthen by 10% (2022: 10%)	(1,139,634)	(350,280)	-	-
PHP/RM - weaken by 10% (2022: 10%)	1,139,634	350,280	-	-
THB/RM - strengthen by 10% (2022: 10%)	(273,754)	(537,539)	-	-
THB/RM - weaken by 10% (2022: 10%)	273,754	537,539	-	-
AUD/RM - strengthen by 10% (2022: 10%)	(7,328)	(5,033)	-	-
AUD/RM - weaken by 10% (2022: 10%)	7,328	5,033	-	-
IDR/RM - strengthen by 10% (2022: 10%)	(33,216)	(44,398)	-	-
IDR/RM - weaken by 10% (2022: 10%)	33,216	44,398	-	-
USD/RM - strengthen by 10% (2022: 10%)	(1,504,855)	(614,768)	(262)	(1,368)
USD/RM - weaken by 10% (2022: 10%)	1,504,855	614,768	262	1,368
SGD/RM - strengthen by 10% (2022: 10%)	(1,990)	(600)	-	-
SGD/RM - weaken by 10% (2022: 10%)	1,990	600	-	-

27. EMPLOYEE BENEFITS OBLIGATIONS

	Group	
	2023	2022
	RM	RM
Present value of unfunded obligations, representing recognised liability for defined benefit obligations	2,069,947	1,412,239

- (a) Liability for employee benefits obligations

One of the group's subsidiary recognised liability for defined benefit obligations based on actuarial valuation report dated 8 January 2024. The subsidiary operates a defined benefit plan that provides pension benefit for employees upon retirement based on Republic Act 7641.

Under the plan, eligible employees are entitled to retirement benefit of one-half month salary for every year of service, a fraction of at least six (6) months is considered as one (1) whole year. The retirement benefit is payable to employees who are at least 60 years old with at least 6 years of services.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

27. EMPLOYEE BENEFITS OBLIGATIONS (Cont'd)

- (b) Employee benefits obligations is denominated in PHP.
- (c) The following table demonstrates the sensitivity analysis of the Group to a reasonably possible change in the PHP exchange rates against the respective functional currency of the Group entities, with all other variables held constant:

	Group	
	2023	2022
	RM	RM
Profit after taxation/Retained earnings		
PHP/RM - strengthen by 10% (2022: 10%)	(155,246)	(105,918)
PHP/RM - weaken by 10% (2022: 10%)	155,246	105,918

- (d) The movements in the present value of employee benefit obligations are as follows:

	Group	
	2023	2022
	RM	RM
Balance as at 1 January	1,412,239	2,233,582
Service costs (Current and Past)	174,018	528,551
Interest	110,180	191,872
Remeasurement recognition in Other Comprehensive Income (Note 9(d))	296,081	(1,433,757)
Exchange differences	77,429	(108,009)
Balance as at 31 December	2,069,947	1,412,239

- (e) Expenses recognised in profit or loss are as follows:

	Group	
	2023	2022
	RM	RM
Current service cost	174,018	528,551
Interest on obligation	110,180	191,872
Net benefit expenses	284,198	720,423

- (f) The principal actuarial assumptions at the end of the reporting period (expressed as weighted average) are as follows:

	Group	
	2023	2022
	%	%
Discount rate	6.20	7.50
Average salary increase	5.00	5.00

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

27. EMPLOYEE BENEFITS OBLIGATIONS (Cont'd)

- (g) The following table demonstrates the sensitivity analysis of the Group to a reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, with other assumptions being constant, would have affected the defined benefit obligation by the amounts shown below:

	Group			
	2023		2022	
	Increase RM	Decrease RM	Increase RM	Decrease RM
Discount rate (1% movement)	(305,074)	370,681	(215,939)	262,104
Average salary (1% movement)	371,452	(310,917)	266,196	(222,514)

Although the analysis does not account for the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

28. CONTRACT LIABILITIES

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Non-current liabilities				
Deferred income	700,393	14,047	-	-
Current liabilities				
Deferred income	5,196,945	5,135,829	315,527	513,719
	5,897,338	5,149,876	315,527	513,719

- (a) Deferred income arose from sales of goods and services which are yet to be recognised as revenue due to unsatisfied performance obligation i.e. delivery and installation of goods and services at the end of the period and advance receipts from maintenance arrangements.
- (b) Movements of deferred income during the financial year are as follows:

	Group RM	Company RM
Balance as at 1 January 2022	5,001,202	575,819
Advance receipts during the financial year	16,924,865	1,565,104
Recognised in profit or loss	(16,730,500)	(1,627,204)
Exchange differences	(45,691)	-
Balance as at 31 December 2022/1 January 2023	5,149,876	513,719
Advance receipts during the financial year	12,428,528	1,149,347
Recognised in profit or loss	(11,826,749)	(1,347,539)
Exchange differences	145,683	-
Balance as at 31 December 2023	5,897,338	315,527

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023
CONT'D

28. CONTRACT LIABILITIES (Cont'd)

- (c) Contract value yet to be recognised as revenue

Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied at the end of the reporting period, are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Within one (1) year	5,196,945	5,135,829	315,527	513,719
More than one (1) year	700,393	14,047	-	-
	<u>5,897,338</u>	<u>5,149,876</u>	<u>315,527</u>	<u>513,719</u>

29. CONTINGENT LIABILITIES

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Unsecured				
Bank guarantees given to a third parties in respect of trade and contract	5,625,491	8,759,603	1,300,000	2,000,000
Secured				
Bank guarantees given to a third parties in respect of trade and contract	12,535,500	8,023,500	-	-
	<u>18,160,991</u>	<u>16,783,103</u>	<u>1,300,000</u>	<u>2,000,000</u>

Bank guarantees given to a third parties in respect of trade and contract amounting to RM12,535,500 (2022: RM8,023,500) are secured by first party charge over deposits with licensed banks as disclosed in Note 22.

30. CAPITAL COMMITMENTS

	Group	
	2023	2022
	RM	RM
Capital expenditure in respect of purchase of property, plant and equipment:		
Contracted but not provided	<u>13,393,256</u>	<u>12,088,230</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

31. RELATED PARTIES DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other parties.

Related parties of the Group include:

- (i) Direct and indirect subsidiaries as disclosed in Note 16;
 - (ii) Direct and indirect joint ventures and associate as disclosed in Note 17;
 - (iii) Key management personnel whom are defined as those persons having the authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Company, and certain members of senior management of the Group;
 - (iv) Telemas Corporation Sdn. Bhd. ("Telemas") whereby a Director of the Company, Loh Wee Hian is also the Director of Telemas; and
 - (v) Global Voice Corporation. Sdn. Bhd. ("GVC") whereby a Director of the Company, Loh Wee Hian is also a Director of GVC.
- (b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Subsidiaries:				
Hosting services	-	-	-	534,000
Sales of goods and services	-	-	-	35,380
Purchase of goods and services	-	-	1,534,961	55,267
Management fees	-	-	19,238,898	13,276,661
Interest income from advances to subsidiaries	-	-	3,256,142	783,470
Related parties:				
Rental expenses	540,000	560,736	-	-

The related party transactions were carried out on terms and conditions agreed between parties.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

31. RELATED PARTIES DISCLOSURES (Cont'd)

(c) Compensation of key management personnel

The remuneration of Directors and other key management personnel during the financial year was as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Salaries, bonus and allowances	11,043,006	9,168,161	8,076,221	6,932,162
Defined contribution plan	864,946	750,615	638,520	586,323
Social security contributions	17,601	15,332	9,529	8,464
	11,925,553	9,934,108	8,724,270	7,526,949

32. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The primary objective of the capital management of the Group is to maintain a strong capital base and safeguard the ability of the Group to continue as a going concern whilst maintaining an optimal capital structure, so as to maximise shareholders value. The management reviews the capital structure by considering the cost of capital and the risks associated with the capital. No changes were made in the objectives, policies or procedures during the financial years ended 31 December 2023 and 31 December 2022.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Total capital is managed at Group level, which comprises shareholders' funds, cash and cash equivalents and bank borrowings.

The gearing ratios are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM	RM	RM	RM
Total lease liabilities	3,542,112	3,876,084	161,245	240,124
Total borrowings	38,906,190	16,780,506	17,636,322	5,842,938
Less:				
- Cash and bank balances	(174,003,942)	(143,265,970)	(7,942,023)	(9,323,243)
- Other investments	(6,264,741)	(14,900,727)	(6,264,741)	(9,951,410)
Net debt/(cash)	(137,820,381)	(137,510,107)	3,590,803	(13,191,591)
Total equity attributable to owners of the parent	544,785,652	511,638,657	284,593,330	262,063,824
Gearing ratio	-*	-*	0.06	-*

* The gearing ratios for the Group and for the Company are not presented as the Group and the Company are in net cash position.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

32. CAPITAL AND FINANCIAL RISK MANAGEMENT (Cont'd)

(a) Capital management (Cont'd)

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity of more than twenty-five percent (25%) of the issued and paid-up capital and such shareholders' equity is not less than RM40 million. The Group has complied with this requirement for the financial year ended 31 December 2023.

The Group is not subject to any other externally imposed capital requirements.

(b) Financial risk management

The financial risk management policy of the Group and of the Company is to ensure that adequate financial resources are available for the development of the operations of the Group and of the Company whilst managing its financial risks, including credit risk, liquidity and cash flow risk, interest rate risk, price risk and foreign currency risk. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy are not to engage in speculative transactions.

(i) Credit risk

Cash deposits and trade and other receivables could give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are creditworthy counterparties. It is the policy of the Group and the Company to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group and the Company are exposed to minimal credit risk.

The primary exposure of the Group and of the Company to credit risk arises through its trade receivables. The trading terms of the Group and of the Company with their customers are mainly on credit, except for new customers, where deposits in advance are normally required. Overdue balances are reviewed regularly by senior management.

The credit risk concentration profile has been disclosed in Note 20.

(ii) Liquidity and cash flow risk

The funding requirements of the Group and of the Company and their liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group and the Company monitor their cash flows and ensure that sufficient funding is in place to meet the obligations as and when they fall due.

The Group and the Company actively manage their debts maturity profile, operating cash flows and availability of funding so as to ensure that all operating, investing and financing needs are met. In executing their liquidity risk management strategies, the Group and the Company measure and forecast their cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group and the Company.

The analysis of financial instruments by remaining contractual maturities has been disclosed in Notes 13, 25 and 26 respectively.

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market interest rates. The exposure of the Group and of the Company to interest rate risk arises primarily from their deposits with licensed banks and borrowings.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023
CONT'D

32. CAPITAL AND FINANCIAL RISK MANAGEMENT (Cont'd)

(b) Financial risk management (Cont'd)

(iii) Interest rate risk (Cont'd)

The Directors were of the opinion that the Group and the Company were not subject to significant exposure to interest rate risk as the changes in market interest rates were insignificant.

The interest profile and sensitivity analysis of interest rate risk have been disclosed in Notes 22 and 25.

(iv) Price risk

Price risk is the risk that the fair value of future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market prices (other than interest or exchange rates).

The Group and the Company is exposed to price risks arising from investment held by the Group and the Company. The investment comprises mainly unquoted unit trusts in Malaysia.

During the financial year, the maximum exposure of the Group and of the Company to market risk is represented by the total carrying amount of the investment recognised in the statements of financial position, which amounted to RM6,272,991 (2022: RM14,927,477) and RM6,264,741 (2022: RM9,951,410) respectively. There has been no change to the exposure of the Group and of the Company to market risk or the manner in which the risk is managed and measured.

As the other investment are mainly cash funds or money market placement where the risk of analysis in value is insignificant, the Directors were of the opinion that the Group and the Company were not subject to significant exposure to price risk and accordingly, no sensitivity analysis was being presented at the end of each financial year.

(v) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates. Subsidiaries operating in Australia, Singapore, Philippines and Thailand have assets and liabilities together with expected cash flows from anticipated transactions denominated in foreign currencies that give rise to foreign exchange exposures. The Group also hold cash and cash equivalents denominated in foreign currencies for working capital purposes.

The sensitivity analysis for foreign currency risk has been disclosed in Notes 13, 20, 22, 25, 26 and 27 respectively.

33. MATERIAL LITIGATION

On 25 September 2019, a subsidiary, GHLE Payments Sdn. Bhd. ("eGHL" or "Defendant") had been served with a sealed Writ of Summons together with Statement of Claim both dated 19 September 2019 ("Writ") by Messrs. Shukor Baljit & Partners, the solicitors acting for Bestinet Sdn Bhd ("Plaintiff"). The Plaintiff alleges that the Defendant has misrepresented and breached the contract with respect to the development, management and maintenance of digital wallet. As a result of that, the Plaintiff suffers loss and claims for the judgment sum of RM371,000, general damages of RM3,362,492 and other costs and interests.

On 30 October 2019, the Defendant had filed Statement of Defence and Counterclaim against the Plaintiff, which the Plaintiff had, on 20 November 2019, served on eGHL with its Reply and Defence to Counterclaim.

On 30 May 2022, the Kuala Lumpur High Court had decided that the Plaintiff's claim be dismissed and the Defendant's counterclaim was allowed. Subsequently, the Plaintiff submitted a Notice of Appeal dated 24 June 2022.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

CONT'D

33. MATERIAL LITIGATION (Cont'd)

On 22 September 2023, the Court of Appeal unanimously dismissed the Plaintiff's appeal against the High Court decision dated 30 May 2022 in favour of the Defendant. The Court of Appeal also ordered the Plaintiff to pay costs of RM30,000 to the Defendant.

The Plaintiff's solicitors have confirmed that the Plaintiff would not be filing an application for leave to appeal to the Federal Court. As for the costs of RM30,000, the Defendant has on 5 February 2024 issued a demand for the payment of the said sum and allocator fees of RM1,200 upon receipt of the sealed Order from the Court of Appeal.

34. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 3 March 2024, the Group has subscribed for 51,000 preference shares of 100 THB per share in GH L (Thailand) Co., Ltd. for a consideration of 5,100,000 THB. Consequently, the equity interest of the Group in GH L (Thailand) Co., Ltd. pursuant to the new issuance had increased from 97.74% to 97.84%.

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

35.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 112 <i>International Tax Reform – Pillar Two Model Rules</i>	Refer paragraph 98M of MFRS 112

Adoption of the above Standards and Amendments did not have any material effect on the financial performance or position of the Group and of the Company, other than the following:

- (a) MFRS 17 *Insurance Contracts* and Amendments to MFRS 17 *Initial Application of MFRS 17 and MFRS 9 - Comparative Information*

MFRS 17 establishes the principles for recognition, measurement, presentation and disclosure of insurance contracts and supersedes MFRS 4 *Insurance Contracts*.

MFRS 17 outlines three measurement approaches for different types of insurance contracts – general measurement model, premium allocation approach and variable fee approach. The general measurement model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of options and guarantees of policyholders. The general measurement model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. Variable fee approach is applicable for insurance contracts with direct participation features.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023
CONT'D

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (Cont'd)

35.1 New MFRSs adopted during the financial year (Cont'd)

- (a) MFRS 17 *Insurance Contracts* and Amendments to MFRS 17 *Initial Application of MFRS 17 and MFRS 9 - Comparative Information* (Cont'd)

Amendments to MFRS 17 adds a new transition option to MFRS 17 (the 'classification overlay') to alleviate operational complexities and one-time accounting mismatches in comparative information between insurance contract liabilities and related financial assets on the initial application of MFRS 17. It allows presentation of comparative information about financial assets to be presented in a manner that is more consistent with MFRS 9 *Financial Instruments*.

The Group and the Company do not have any contracts that meet the definition of an insurance contract under MFRS 17, except for guaranteed bank facilities provided to associates and corporate guarantee provided to subsidiaries, which are financial guarantee contracts that the Group and the Company had previously explicitly asserted under MFRS 4. The Group and the Company made an irrevocable choice to apply MFRS 9 *Financial Instruments* on a contract-by-contract basis to these financial guarantee contracts as at the date of transition to MFRS 17.

In relation to this, the Company recognised financial guarantee contracts, recognising the difference in retained earnings. The impact on transition is summarised below:

Company	Note	As at 31 December 2022 RM	Impact RM	As at 1 January 2023 RM
Borrowings	25	5,842,938	448,012	6,290,950
Deferred tax assets		-	*	-
Accumulated losses		(89,421,480)	(448,012)	(89,869,492)

* The deferred tax assets are not recognised as it is immaterial to the Company.

35.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2024

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

Title	Effective Date
Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 16 <i>Lease Liability in Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for the future financial years.

LIST OF PROPERTIES

Title/Location	Description/ Existing Use	Registered Owner	Age of Building (Years)	Land Area	Tenure	Carrying amount as at 31.12.2023 (RM)	Date of Acquisition
4 1/2-storey shop office at Unit L 7, 8 & 9, C-G-13, C-G-15 & C-G-17, Block C, Jalan Dataran SD1, Dataran SD PJU 9, Bandar Sri Damansara, 52200 Kuala Lumpur	Office space	GHHL Systems Berhad	17	570 square meters	Leasehold Expires on 27 August 2102	3,577,135	1.7.2005
4 1/2-storey shop office at Unit L 7, 8 & 9, C-G-19, Block C, Jalan Dataran SD1, Dataran SD PJU 9, Bandar Sri Damansara, 52200 Kuala Lumpur	Office Space	GHHL Systems Berhad	17	282 square meters	Leasehold Expires on 27 August 2102	4,547,500	31.8.2018
One (1) Floor Office Space (6 Condominium units) at 6th Floor One Corporate Plaza, 845 Arnaiz Avenue, Legaspi Village, Makati City, Philippines	Office Space	GHHL Systems Philippines, Inc.	31	979 square meters	Freehold	3,458,348	25.11.2014
Office lot at Block D-3A-01 Block D-3A-02 Block D-3A-03 Block D-3A-03A Block D-3A-05 Block D-3A-06 6th Floor, Menara Uncang Emas (UE3), 85 Jalan Loke Yew, Cheras, 55200 Kuala Lumpur.	Office space	Paysys (M) Sdn Bhd	37	11,164 square feet	Leasehold Expires on 11 August 2086	3,895,525	21.7.2008
Office lot at Block C-8-13 Level No. 10 (8th Floor), Menara Uncang Emas (UE3), 85 Jalan Loke Yew, Cheras, 55200 Kuala Lumpur.	Office space	Paysys (M) Sdn Bhd	37	505 square feet	Leasehold Expires on 11 August 2086	148,264	13.1.2012

ANALYSIS OF SHAREHOLDINGS

AS AT 29 MARCH 2024

Total Number of Issued Shares : 1,141,499,842
 Class of Shares : Ordinary shares
 Voting Rights : One vote per ordinary share

ANALYSIS BY SIZE OF HOLDINGS

Size of Holdings	No. of Holders	% of holders	No. of Shares Held	% of holders
Less than 100	1,455	21.50	54,544	0.00
100 - 1,000 shares	1,277	18.87	508,642	0.05
1001 - 10,000 shares	2,482	36.67	11,668,985	1.02
10,001 - 100,000 shares	1,334	19.71	41,303,926	3.62
100,001 to less than 5% of issued shares	216	3.19	403,860,561	35.38
5% and above of issued shares	4	0.06	684,103,184	59.93
Total	6,768	100	1,141,499,842	100

SUBSTANTIAL SHAREHOLDERS (PER REGISTER OF SUBSTANTIAL SHAREHOLDERS)

Name of Substantial Shareholders	Number of Shares Held			
	Direct Interest	%	Indirect Interest	%
Actis Stark (Mauritius) Limited	440,356,423	38.58	-	-
APIS Growth 14 Ltd	114,657,900	10.04	-	-
Tobikiri Capital Ltd	60,999,361	5.34	-	-
Loh Wee Hian	54,426,551	4.77	60,999,361*	5.34
Albizia ASEAN Tenggara Fund	69,139,000	6.06	-	-

Note:-

* Deemed interested by virtue of his interest in Tobikiri Capital Ltd pursuant to Section 8 of the Companies Act 2016.

DIRECTORS' SHAREHOLDINGS (PER REGISTER OF DIRECTORS' SHAREHOLDINGS)

Name of Directors	Number of Shares Held			
	Direct Interest	%	Indirect Interest	%
Loh Wee Hian	54,426,551	4.77	60,999,361*	5.34
Mohamed Rashdi Bin Mohamed Ghazalli	-	-	-	-
Dato' Chan Choy Lin	-	-	-	-
Matteo Stefanel	-	-	-	-
Richard Henry Phillips	-	-	-	-
Sean S Hesh	-	-	-	-
Tan Lye Sim	-	-	-	-
Kung Lee See	-	-	-	-

Note:-

* Deemed interested by virtue his interest in Tobikiri Capital Ltd pursuant to Section 8 of the Companies Act 2016.

ANALYSIS OF SHAREHOLDINGS

AS AT 29 MARCH 2024

CONT'D

THIRTY LARGEST REGISTERED SHAREHOLDERS (Based on the Record of Depositors)

(Without aggregating the shares from different securities accounts belonging to the same depositor)

No	Name of Shareholders	Number of Shares Held	%
1	CGS INTERNATIONAL NOMINEES MALAYSIA (ASING) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR ACTIS STARK (MAURITIUS) LIMITED</i>	440,356,423	38.58
2	APIS GROWTH 14 LTD	114,657,900	10.04
3	CIMB GROUP NOMINEES (ASING) SDN. BHD. <i>EXEMPT AN FOR DBS BANK LTD (SFS)</i>	68,089,500	5.96
4	CITIGROUP NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR BANK OF SINGAPORE LIMITED (FOREIGN)</i>	60,999,361	5.34
5	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB FOR LOH WEE HIAN (PB)</i>	54,426,551	4.77
6	LEMBAGA TABUNG HAJI	41,017,700	3.59
7	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>URUSHARTA JAMAAH SDN. BHD. (2)</i>	38,896,200	3.41
8	AMANAHRAYA TRUSTEES BERHAD <i>PUBLIC ISLAMIC OPPORTUNITIES FUND</i>	22,106,350	1.94
9	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD</i>	20,337,657	1.78
10	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	14,820,800	1.30
11	GOH HENG LOO	12,057,755	1.06
12	AMANAHRAYA TRUSTEES BERHAD <i>PUBLIC ISLAMIC SELECT TREASURES FUND</i>	9,948,150	0.87
13	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AHAM AM EQ)</i>	9,884,050	0.87
14	AMANAHRAYA TRUSTEES BERHAD <i>PUBLIC ISLAMIC TREASURES GROWTH FUND</i>	9,526,300	0.83
15	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD (ASIANISLAMIC)</i>	9,403,593	0.82
16	GOH KUAN HO	7,775,025	0.68
17	HSBC NOMINEES (TEMPATAN) SDN BHD <i>HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT SHARIAH PROGRESS FUND</i>	7,362,000	0.64
18	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD <i>EXEMPT AN FOR KUMPULAN SENTIASA CEMERLANG SDN BHD (TSTAC/CLNT)</i>	7,262,000	0.64
19	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD (ISLAMIC)</i>	6,764,543	0.59
20	AMANAHRAYA TRUSTEES BERHAD <i>PUBLIC ISLAMIC ADVANTAGE GROWTH EQUITY FUND</i>	5,756,250	0.50
21	HSBC NOMINEES (TEMPATAN) SDN BHD <i>HSBC (M) TRUSTEE BHD FOR PERTUBUHAN KESELAMATAN SOSIAL (AFF HWG6939-403)</i>	5,750,050	0.50
22	AMANAHRAYA TRUSTEES BERHAD <i>PB GROWTH FUND</i>	5,344,200	0.47

ANALYSIS OF SHAREHOLDINGS

AS AT 29 MARCH 2024
CONT'D

THIRTY LARGEST REGISTERED SHAREHOLDERS (Based on the Record of Depositors) (Cont'd)
(Without aggregating the shares from different securities accounts belonging to the same depositor)

No	Name of Shareholders	Number of Shares Held	%
23	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR PUBLIC INDUSTRY GROWTH FUND (N14011930270)	5,154,550	0.45
24	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 3)	4,305,300	0.38
25	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC EMERGING OPPORTUNITIES FUND	4,260,250	0.37
26	MAYBANK NOMINEES (TEMPATAN) SDN BHD AHAM ASSET MANAGEMENT BERHAD FOR HONG LEONG ASSURANCE BERHAD(PAR-220082)	4,153,700	0.36
27	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (RHB INV)	4,049,000	0.35
28	AMANAHRAYA TRUSTEES BERHAD PUBLIC STRATEGIC GROWTH FUND	3,706,250	0.32
29	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM KIEN YEAP	3,111,200	0.27
30	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD MAYBANK SECURITIES PTE LTD FOR CHUMPONCHAN THARAKULPONGSA @ CHAN TEIK CHUAN	3,000,000	0.26

NOTICE OF THIRTIETH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 30th Annual General Meeting ("AGM") of the Company will be conducted entirely through live streaming from the broadcast venue at Level 3A, C-G-15, Block C, Jalan Dataran SD 1, Dataran SD PJU 9, Bandar Sri Damansara, 52200 Kuala Lumpur, W. P. Kuala Lumpur, Malaysia on **Tuesday, 28 May 2024 at 3.00 p.m.** to transact the following businesses:-

As Ordinary Business

- | | | |
|----|--|--|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Reports of the Directors and Auditors thereon. | [Please refer to the Explanatory Notes to the Agenda] |
| 2. | To re-elect the following Directors who are retiring pursuant to Clause 76 of the Constitution of the Company:- | |
| | (i) Matteo Stefanel | (Ordinary Resolution 1) |
| | (ii) Sean S Hesh | (Ordinary Resolution 2) |
| | (iii) Kung Lee See | (Ordinary Resolution 3) |
| 3. | To approve the payment of Directors' fees of RM417,600 for the period from 28 May 2024 until the next AGM of the Company. | (Ordinary Resolution 4) |
| 4. | To approve the payment of Directors' benefits of up to an aggregate amount of RM116,520 for the period from 28 May 2024 until the next AGM of the Company. | (Ordinary Resolution 5) |
| 5. | To re-appoint BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. | (Ordinary Resolution 6) |

As Special Business

To consider and if thought fit, to pass, with or without modifications, the following resolutions:-

- | | | |
|----|---|-------------------------|
| 6. | AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 | (Ordinary Resolution 7) |
|----|---|-------------------------|

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016 ("the Act"), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approval of the relevant government/ regulatory authorities, where such approval is necessary, the Directors of the Company be and are hereby empowered to issue and allot shares in the Company from time to time until the conclusion of the next Annual General Meeting ("AGM"), at such price and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this resolution, when aggregated with the total number of such shares issued during the preceding 12 months does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company held after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is the earlier, unless revoked or varied by an ordinary resolution of the Company at a general meeting."

NOTICE OF THIRTIETH ANNUAL GENERAL MEETING

CONT'D

7. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK (Ordinary Resolution 8)

"THAT subject always to the Companies Act 2016, the Constitution of the Company, the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and all other applicable laws, guidelines, rules and regulations, approval be and is hereby given for the Company to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors of the Company may deem fit and expedient in the interest of the Company ("Share Buy-Back Mandate") provided that:-

- (a) the aggregate number of ordinary shares in the Company purchased and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company at any point in time;
- (b) the maximum funds to be allocated by the Company for the purpose of purchasing its ordinary shares shall not exceed the total retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase; and
- (c) the Directors of the Company may decide either to retain the shares so purchased as treasury shares or cancel the shares so purchased or retain part of the shares so purchased and cancel the remainder or resell the treasury shares on Bursa Securities or distribute the treasury shares as dividends or transfer the treasury shares under an employees' share scheme or as purchase consideration or otherwise use the treasury shares for such other purpose in the manner as prescribed by the applicable laws, guidelines, rules and regulations.

THAT the authority conferred by this resolution will be effective upon the passing of this resolution and will continue to be in force until:

- (a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it shall lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next AGM of the Company after that date is required by law to be held; or
- (c) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements of Bursa Securities and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps to implement, finalise and give full effect to the Share Buy-Back Mandate with full power to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities or as the Directors deem fit and expedient at their discretion in the best interest of the Company."

NOTICE OF THIRTIETH ANNUAL GENERAL MEETING

CONT'D

8. To transact any other business of which due notice shall have been given in accordance with the Constitution of the Company and the Companies Act 2016.

By Order of the Board

KUAN HUI FANG (MIA 16876) (SSM PC No. 202008001235)
TE HOCK WEE (MAICSA 7054787) (SSM PC No. 202008002124)
 Company Secretaries

Kuala Lumpur
 26 April 2024

NOTES:

1. The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting.

Shareholders will not be allowed to attend the 30th AGM in person at the broadcast venue on the day of the meeting.

Shareholders are to attend, speak (including posing question to the Board via real time submission of typed texts) and vote remotely at the 30th AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn Bhd via its TIH Online website at <https://tiih.online>.

For further information, kindly refer to the Administrative Guide for the 30th AGM.

2. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at Monday, 20 May 2024. Only a member whose name appears on this Record of Depositors shall be entitled to attend this meeting or appoint a proxy to attend, participate, speak and vote on his/her/its behalf.
3. A member who is entitled to attend and vote at a general meeting may appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
4. A member who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the general meeting.
5. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
7. Where a member, an authorised nominee or an exempt authorised nominee appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. The appointment shall not be valid unless he specifies the proportion of his shareholdings to be represented by each proxy.
8. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the 30th AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

(i) In hard copy form

In the case of an appointment made in hard copy form, this proxy form must be deposited with the Company's Share Registrar at 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, W. P. Kuala Lumpur, Malaysia or alternatively, its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, W. P. Kuala Lumpur, Malaysia.

NOTICE OF THIRTIETH ANNUAL GENERAL MEETING

CONT'D

- (ii) *By electronic means via Tricor TIIH Online website at <https://tiih.online>
Please follow the procedure as set out in the Administrative Guide of the 30th AGM for the electronic submission of proxy form via TIIH Online.*
9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Share Registrar at 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, W. P. Kuala Lumpur, Malaysia or alternatively, its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, W. P. Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the general meeting or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
10. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
11. Last day, date and time for lodging the proxy form is **Sunday, 26 May 2024 at 3.00 p.m.**
12. For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please deposit the **ORIGINAL** certificate of appointment executed in the manner as stated in the proxy form with the Share Registrar of the Company at 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, W. P. Kuala Lumpur, Malaysia or alternatively, its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, W. P. Kuala Lumpur, Malaysia if this has not been lodged with the Company's Share Registrar earlier.
13. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the 30th AGM will be put to vote by way of poll.

EXPLANATORY NOTES TO THE AGENDA

(i) **Item 1 of the Agenda**
Audited Financial Statements for the financial year ended 31 December 2023

This item is meant for discussion only. The provision of Sections 248(2) and 340(1)(a) of the Companies Act 2016 require that the audited financial statements and the Reports of the Directors and Auditors thereon be laid before the Company at its AGM. As such, this agenda item is not a business which requires a motion to be put forward to vote by shareholders.

(ii) **Ordinary Resolutions 1 to 3**
Re-election of Directors

The following Directors of the Company are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 30th AGM:-

- (1) Matteo Stefanel
- (2) Sean S Hesh
- (3) Kung Lee See

All the 3 retiring Directors have no conflict of interest with the Company and have no family relationship with any Director and/or major shareholder of the Company.

The Board had, through the Nomination and Remuneration Committee, carried out the necessary assessment on the retiring Directors and concluded that they met the criteria as prescribed under Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad on character, experience, integrity, competence and time commitment to effectively discharge their roles as Directors. They also met the fit and proper criteria pursuant to the Directors' Fit and Proper Policy adopted and devoted sufficient time to carry out their responsibilities throughout their tenure, and possess relevant qualification, knowledge and experience which complement the current Board's competencies.

Based on the above, the Board is supportive of the re-election of the aforesaid retiring Directors.

NOTICE OF THIRTIETH ANNUAL GENERAL MEETING

CONT'D

(iii) **Ordinary Resolution 4**

Payment of Directors' fees amounting to RM417,600 for the period from 28 May 2024 until the next AGM of the Company

The proposed Ordinary Resolution 4, if passed, will facilitate the payment of Directors' fees to all existing Independent Non-Executive Directors of the Company from 28 May 2024 until the next AGM of the Company. In the event the Company appoints additional Independent Non-Executive Directors, approval on additional Directors' fees will be sought at the next AGM.

(iv) **Ordinary Resolution 5**

Payment of Directors' benefits of up to an aggregate amount of RM116,520 for the period from 28 May 2024 until the next AGM of the Company

Directors' benefits are meeting allowance payable to all Independent Non-Executive Directors and in determining the estimated amount, the Board has considered various factors including the current board size and number of scheduled meetings for the Board and Board Committee for the period from the date of the forthcoming AGM until the next AGM as well as the number of Independent Directors involved in the meeting. In the event the proposed amount is insufficient (due to more meetings/ enlarged board size), approval will be sought at the next AGM for the shortfall.

(v) **Ordinary Resolution 6**

Re-appointment of Auditors

The Board had, through the Audit and Risk Committee ("ARC"), considered the re-appointment of BDO PLT as the Auditors of the Company. The factors considered by the ARC in making the recommendation to the Board to table their re-appointment at the 30th AGM are disclosed in the ARC Report of the Annual Report 2023.

(vi) **Ordinary Resolution 7**

Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016

This proposed resolution, if passed, will empower the Directors to issue and allot up to a maximum of 10% of the total number of issued shares of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is the earlier.

This is a renewal of the mandate obtained from shareholders at the last AGM held on 31 May 2023. The mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional costs and time.

The purpose of this general mandate, if passed, will enable the Directors to take swift action in case of a need to issue and allot new shares in the Company for fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions or such other application as the Directors may deem fit in the best interest of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM held on 31 May 2023 and the mandate will lapse at the conclusion of the 30th AGM.

(vii) **Ordinary Resolution 8**

Proposed Renewal of Shareholders' Mandate for Share Buy-Back

The proposed Ordinary Resolution 8, if passed, will provide a mandate for the Company to purchase its own shares up to 10% of the total number of issued shares of the Company and shall lapse at the conclusion of the next AGM unless authority for the renewal is obtained from the shareholders of the Company at a general meeting. Please refer to the Statement to Shareholders in relation to the Proposed Renewal of Shareholders' Mandate for Share Buy-Back attached in the Annual Report 2023 of the Company for further details.

STATEMENT TO SHAREHOLDERS

IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE OF ITS OWN SHARES REPRESENTING UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK")

1. Disclaimer Statement

The Statement on the Proposed Renewal of Shareholders' Mandate for Share Buy-Back ("Statement") is important and requires your immediate attention. If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad ("Bursa Securities") has not perused this Statement as it falls under the category of Exempt Circulars. Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this Statement.

2. Introduction

2.1 Proposed Renewal of Shareholders' Mandate for Share Buy-Back

At the last Annual General Meeting ("AGM") of GHL Systems Berhad ("GHL" or "the Company") held on 31 May 2023, the Company had obtained the shareholders' approval to purchase its own shares as may be determined by the Board of Directors of the Company from time to time through Bursa Securities, upon such terms and conditions as the Board of Directors may deem fit and expedient in the best interest of the Company, provided that the aggregate number of ordinary shares purchased and/or held does not exceed 10% of the total number of issued shares of the Company at any point in time and the maximum amount of funds to be utilised for the Proposed Renewal of Shareholders' Mandate for Share Buy-Back shall not exceed the retained profits of the Company at the time of purchase. Based on the Audited Financial Statements of the Company for the financial year ended 31 December 2023, the Company's accumulated losses were RM66,891,974.

The authority obtained to purchase the Company's own shares in accordance with the Main Market Listing Requirements of Bursa Securities, will lapse at the conclusion of the forthcoming 30th AGM to be held on 28 May 2024, unless renewed by an ordinary resolution.

On 27 March 2024, the Company announced its intention to seek shareholders' approval at the forthcoming 30th AGM, for the Proposed Renewal of Shareholders' Mandate for Share Buy-Back.

2.2 Purpose of this Statement

The purpose of this Statement is to provide the shareholders with the relevant information on the Proposed Renewal of Shareholders' Mandate for Share Buy-Back and to seek your approval for the ordinary resolution which will be tabled at the forthcoming 30th AGM. The notice of AGM together with the Proxy Form are set out in this Annual Report.

3. Details of the Proposed Renewal of Shareholders' Mandate for Share Buy-Back

3.1 Details of the Proposed Renewal of Shareholders' Mandate for Share Buy-Back

The Board proposes to seek the approval from the shareholders of GHL for the Proposed Renewal of Shareholders' Mandate for Share Buy-Back at any time through its appointed stockbroker.

The Proposed Renewal of Shareholders' Mandate for Share Buy-Back, once approved by the shareholders of the Company, shall be effective from the date of the passing of the ordinary resolution at the forthcoming 30th AGM and shall remain in force until:-

- (a) the conclusion of the next AGM of GHL, at which time it shall lapse, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next AGM of the Company after that date is required by law to be held; or
- (c) revoked or varied by an ordinary resolution passed by the shareholders of GHL in a general meeting,

STATEMENT TO SHAREHOLDERS

IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE OF ITS OWN SHARES REPRESENTING UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK")
CONT'D

3. Details of the Proposed Renewal of Shareholders' Mandate for Share Buy-Back (Cont'd)

3.1 Details of the Proposed Renewal of Shareholders' Mandate for Share Buy-Back (Cont'd)

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own shares before the aforesaid expiry date and, in any event, in accordance with the Main Market Listing Requirements of Bursa Securities and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

The actual number of GHL shares to be purchased will depend on market conditions and sentiments of Bursa Securities as well as the retained profits and financial resources available to the Company at the time of the purchase(s). The maximum number of shares which may be purchased in respect of the Proposed Renewal of Shareholders' Mandate for Share Buy-Back would be 114,149,984 shares, representing 10% of its total number of issued shares as at 27 March 2024.

GHL will ensure that the purchase of its own shares will not result in the Company's public shareholding spread falling below the minimum public shareholding spread of twenty-five percent (25%) of its total listed shares (excluding treasury shares).

If the Board decides to cancel the purchased shares, the Company's issued share capital shall be diminished by the cancellation of the purchased shares.

4. Rationale for the Proposed Renewal of Shareholders' Mandate for Share Buy-Back

The Proposed Renewal of Shareholders' Mandate for Share Buy-Back will enable GHL to utilise its surplus financial resources to buy-back GHL shares. The increase in earnings per share ("EPS"), if any, arising from the Proposed Renewal of Shareholders' Mandate for Share Buy-Back is expected to benefit the shareholders of the Company.

The purchased shares can be held as treasury shares and resold on Bursa Securities to realise potential gain without affecting the total issued share capital of the Company. The distribution of the treasury shares as share dividends may also serve to reward the shareholders of the Company.

5. Source of Funds

The Proposed Renewal of Shareholders' Mandate for Share Buy-Back, if implemented, will be funded through internally generated funds and/or bank borrowings, the proportion of which will depend on the quantum of the purchase consideration and availability of internal funds of GHL. In the event bank borrowings are required for the purchase of GHL Shares, the Board will ensure that the Company has the capability to repay the bank borrowings and the repayment will not have any material impact on the Company's cash flow.

6. Potential Advantages and Disadvantages of the Proposed Renewal of Shareholders' Mandate for Share Buy-Back

The potential advantages of the Proposed Renewal of Shareholders' Mandate for Share Buy-Back are as follows:

- (i) to stabilise the supply and demand as well as the prices of the GHL's shares traded on Bursa Securities and thereby support its fundamental value and maintain investors' confidence in GHL;
- (ii) if the shares are bought back as treasury shares, it will provide the Directors of GHL an option to sell the purchased shares at a higher price and generate capital gain for the Company; and
- (iii) the purchased shares can be distributed as share dividends to reward its shareholders.

STATEMENT TO SHAREHOLDERS

IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE OF ITS OWN SHARES REPRESENTING UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY
("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK")
CONT'D

6. Potential Advantages and Disadvantages of the Proposed Renewal of Shareholders' Mandate for Share Buy-Back (Cont'd)

The potential disadvantages of the Proposed Renewal of Shareholders' Mandate for Share Buy-Back are as follows:

- (i) the Proposed Renewal of Shareholders' Mandate for Share Buy-Back can only be made out of retained profits of the Company resulting in a reduction of the amount available for distribution as dividends and bonus issues to shareholders;
- (ii) the Proposed Renewal of Shareholders' Mandate for Share Buy-Back will reduce the financial resources of the Company which may result in the Company foregoing better investment opportunities that may emerge in the future; and
- (iii) the cash flow of the Company may be affected if the Company decides to utilise bank borrowings to finance a share buy-back.

7. Direct and Indirect Interests of the Directors and Substantial Shareholders

The effects of the Proposed Renewal of Shareholders' Mandate for Share Buy-Back on the substantial shareholders' and Directors' shareholdings as at 27 March 2024 are as follows:-

Substantial shareholders	Before the Proposed Shares Buy-Back				After the Proposed Shares Buy-Back ^{*(a)}			
	Direct		Indirect		Direct		Indirect	
	No of shares	%	No of shares	%	No of shares	%	No of shares	%
Actis Stark (Mauritius) Limited	440,356,423	38.58	-	-	440,356,423	42.86	-	-
APIS Growth 14 Ltd	114,657,900	10.04	-	-	114,657,900	11.16	-	-
Tobikiri Capital Ltd	60,999,361	5.34	-	-	60,999,361	5.94	-	-
Loh Wee Hian	54,426,551	4.77	60,999,361*	5.34	54,426,551	5.30	60,999,361*	5.94
Albizia ASEAN Tenggara Fund	68,089,500	5.97	-	-	68,089,500	6.63	-	-

Notes:

^{*(a)} Assuming that 10% of the total number of issued shares is purchased and retained as treasury shares.

* Deemed interested by virtue of his interest in Tobikiri Capital Ltd pursuant to Section 8 of the Companies Act 2016 ("the Act").

Director	Before the Proposed Shares Buy-Back				After the Proposed Shares Buy-Back ^{*(a)}			
	Direct		Indirect		Direct		Indirect	
	No of shares	%	No of shares	%	No of shares	%	No of shares	%
Loh Wee Hian	54,426,551	4.77	60,999,361*	5.34	54,426,551	5.30	60,999,361*	5.94
Mohamed Rashdi Bin Mohamed Ghazalli	-	-	-	-	-	-	-	-
Dato' Chan Choy Lin	-	-	-	-	-	-	-	-
Matteo Stefanel	-	-	-	-	-	-	-	-
Richard Henry Phillips	-	-	-	-	-	-	-	-
Sean S Hesh	-	-	-	-	-	-	-	-
Tan Lye Sim	-	-	-	-	-	-	-	-
Kung Lee See	-	-	-	-	-	-	-	-

Notes:

^{*(a)} Assuming that 10% of the total number of issued shares is purchased and retained as treasury shares.

* Deemed interested by virtue of his interest in Tobikiri Capital Ltd pursuant to Section 8 of the Act.

Save for the proportionate increase in the percentage of shareholdings of the Directors, substantial shareholders and persons connected to them as a result of the effective decrease in the total number of voting shares of the Company upon the Proposed Renewal of Shareholders' Mandate for Share Buy-Back, none of the Directors and/or Major Shareholders and/or persons connected to them have any interest, direct or indirect, in the Proposed Renewal of Shareholders' Mandate for Share Buy-Back.

STATEMENT TO SHAREHOLDERS

IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE OF ITS OWN SHARES REPRESENTING UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK")
CONT'D

8. Effects of the Proposed Renewal of Shareholders' Mandate for Share Buy-Back

Assuming that the Company buys back up to 114,149,984 shares representing 10% of its total number of issued shares as at 27 March 2024 and such shares purchased are cancelled or alternatively be retained as treasury shares or both, the financial effects of the Proposed Renewal of Shareholders' Mandate for Share Buy-Back on the share capital of the Company, net assets, working capital, earnings and dividends of GHL are as follows:

8.1 Share Capital

In the event that all shares purchased are cancelled, the Proposed Renewal of Shareholders' Mandate for Share Buy-Back will result in the issued share capital of GHL as at 27 March 2024 to be reduced from RM351,485,304 comprising 1,141,499,842 shares to RM316,336,774 comprising 1,027,349,858 shares. It is not expected to have any effect on the issued capital if all shares purchased are to be retained as treasury shares.

The effect of the Proposed Renewal of Shareholders' Mandate for Share Buy-Back on the issued share capital of GHL is illustrated below:

	No. of Shares	RM
Issued share capital as at 27 March 2024	1,141,499,842	351,485,304
After share purchase and cancellation	1,027,349,858	# 316,336,774

Notes:

Assuming up to 10% of the total number of issued shares of GHL or 114,149,984 shares are purchased and cancelled.

8.2 Net Assets

The Proposed Renewal of Shareholders' Mandate for Share Buy-Back, if implemented may increase or decrease the net assets and net assets per share depending on the purchase price of the shares pursuant to the Proposed Renewal of Shareholders' Mandate for Share Buy-Back. The consolidated net assets per share will increase if the purchase price is less than the audited consolidated net assets per share and conversely, the consolidated net assets per share will decrease if the purchase price exceeds the consolidated net assets per share at the time when the shares are purchased.

In the event the purchased shares which are retained as treasury shares are resold, the consolidated net assets per share of GHL will increase or decrease depending on whether a gain or a loss is realised upon the resale. The quantum of the increase or decrease in net assets will depend on the actual selling price and the number of the treasury shares resold to the market.

8.3 Working Capital

The Proposed Renewal of Shareholders' Mandate for Share Buy-Back, as and when implemented, will reduce the working capital of the GHL Group, the quantum of which will depend on the actual purchase price and the number of purchased shares as well as any associated costs incurred in relation to the share buy-back pursuant to the Proposed Renewal of Shareholders' Mandate for Share Buy-Back. However, it is not expected to have a material adverse effect on the working capital of the Company.

The working capital and the cash flow of the Company will also increase accordingly when the Proposed Renewal of Shareholders' Mandate for Share Buy-Back which are retained as treasury shares are resold. The quantum of the increase in working capital and cash flow will depend on the actual selling price and the number of the treasury shares resold to the market.

STATEMENT TO SHAREHOLDERS

IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE OF ITS OWN SHARES REPRESENTING UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY
("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK")
CONT'D

8. Effects of the Proposed Renewal of Shareholders' Mandate for Share Buy-Back (Cont'd)

8.4 Earnings and EPS

The effect of the Proposed Renewal of Shareholders' Mandate for Share Buy-Back on the earnings and EPS of GHL will depend on, inter-alia, the actual number of shares purchased and the effective cost of funding to the GHL Group, or any loss in interest income to GHL or opportunity cost in relation to other investment opportunity. However, the Proposed Renewal of Shareholders' Mandate for Share Buy-Back, if exercised, is not expected to have any material effect on the EPS of GHL.

8.5 Dividends

The Proposed Renewal of Shareholders' Mandate for Share Buy-Back is not expected to have any impact on the dividend payment as the Board will take into consideration the Company's profit, cash flow and the capital commitments before proposing any dividend payment.

9. Implications of the Proposed Renewal of Shareholders' Mandate relating to the Malaysian Code on Take-Overs and Mergers 2016 ("the Code")

Pursuant to the Code and the Rules on Take-Overs, Mergers and Compulsory Acquisitions ("the Rules"), a person or a group of persons acting in concert will be required to make a mandatory general offer for the remaining shares not held by him/them if his stake(s) in the company is increased beyond 33% of its total number of issued shares or his existing shareholding of more than 33% but less than 50% has increased by another 2% in any six (6) months' period.

The Proposed Renewal of Shareholders' Mandate for Share Buy-Back, if carried out in full (whether shares are cancelled or treated as treasury shares) may result in any substantial shareholder together with parties acting in concert triggering mandatory general offer obligations under the Code and the Rules. However, an exemption from mandatory offer obligation may be granted by the Securities Commission ("SC"), subject to certain conditions being met since the increase in their shareholding is inadvertent and is a result of action that is outside their direct participation.

In the event the proposed waiver is not granted by SC, the Company will only proceed with the Proposed Renewal of Shareholders' Mandate for Share Buy-Back to the extent that it will not contravene the limit as provided under the Code.

10. Purchases Made in the Preceding Twelve (12) Months

The Company has not made any purchase, resell, transfer and/or cancellation of its own shares in the twelve (12) months preceding the date of this Statement.

11. Proposed Intention of the Directors to Deal with the Shares so Purchased

The Proposed Renewal of Shareholders' Mandate for Share Buy-Back, if exercised, the shares shall be dealt with in the following manner: -

- to cancel the shares so purchased; or
- to retain the shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of the Bursa Securities or subsequently cancelled; or
- retain part of the shares so purchased as treasury shares and cancel the remainder.

STATEMENT TO SHAREHOLDERS

IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE OF ITS OWN SHARES REPRESENTING UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK")
CONT'D

12. Historical Share Prices

The monthly highest and lowest prices of the shares of the Company traded on Bursa Securities for the preceding twelve (12) months are as follows:-

	High	Low
	RM	RM
2023		
April	0.88	0.80
May	0.85	0.76
June	0.86	0.76
July	0.87	0.78
August	0.83	0.70
September	0.82	0.75
October	0.81	0.75
November	0.78	0.74
December	0.77	0.70
2024		
January	0.72	0.61
February	0.68	0.62
March	0.66	0.60

The last transacted price as at 15 April 2024 (being the latest practical date prior to the printing of this Statement) was RM0.615

(Source : Bloomberg)

13. Public Shareholding Spread

The Proposed Renewal of Shareholders' Mandate for Share Buy-Back will be carried out in accordance with the prevailing law at the time of the purchase including compliance with 25% public shareholding spread in the hands of public shareholders as required under Paragraph 12.14 of the Main Market Listing Requirements of Bursa Securities.

As at 27 March 2024, the public shareholding spread of the Company was 35.30%. In implementing the Proposed Renewal of Shareholders' Mandate for Share Buy-Back, the Company will ensure that the minimum public shareholding spread of 25% is complied with.

14. Directors' Statement and Recommendation

After having considered all aspects of the Proposed Renewal of Shareholders' Mandate for Share Buy-Back, the Board of Directors is of the opinion that the Proposed Renewal of Shareholders' Mandate for Share Buy-Back is in the best interest of the Company. Accordingly, the Board recommends that you vote in favour of the ordinary resolution for the Proposed Renewal of Shareholders' Mandate for Share Buy-Back to be tabled at the forthcoming 30th AGM.

15. Directors' Responsibility Statement

This Statement has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

STATEMENT TO SHAREHOLDERS

IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE OF ITS OWN SHARES REPRESENTING UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY
 ("PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK")
 CONT'D

16. 30th AGM

The 30th AGM of GHL will be conducted entirely through live streaming from the broadcast venue at Level 3A, C-G-15, Block C, Jalan Dataran SD 1, Dataran SD PJU 9, Bandar Sri Damansara, 52200 Kuala Lumpur, W. P. Kuala Lumpur, Malaysia on Tuesday, 28 May 2024 at 3.00 p.m. for the purpose of considering and, if thought fit, to pass the resolution pertaining to the Proposed Renewal of Shareholders' Mandate for Share Buy-Back.

The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Act. Shareholders/proxy(ies) will not be allowed to attend the 30th AGM in person at the broadcast venue on the day of the meeting.

17. Documents Available for Inspection

Copies of the following documents will be available for inspection at the registered office of the Company at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur during normal office hours from Monday to Friday (except for public holidays) from the date of this Statement up to and including the date of the forthcoming 30th AGM:

- (i) The Constitution of GHL; and
- (ii) The audited consolidated financial statements of GHL for the past two (2) financial years ended 31 December 2022 and 2023 respectively

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GHL SYSTEMS BERHAD (199401007361) (293040-D)
(Incorporated in Malaysia)

PROXY FORM

CDS Account No.
No. of shares held

I/We _____ Tel: _____
[Full name in block, NRIC/Passport/Company No.]

of _____
[Full address]

being member(s) of **GHL SYSTEMS BERHAD**, hereby appoint:

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and (if more than one (1) proxy)

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairperson of the Meeting, as my/our proxy/proxies to vote for me/us and on my/our behalf at the 30th Annual General Meeting ("AGM") of the Company which will be conducted entirely through live streaming from the broadcast venue at **Level 3A, C-G-15, Block C, Jalan Dataran SD 1, Dataran SD PJU 9, Bandar Sri Damansara, 52200 Kuala Lumpur, W. P. Kuala Lumpur, Malaysia** on **Tuesday, 28 May 2024 at 3.00 p.m.** or at any adjournment thereof, and to vote as indicated below:

Description of Resolution	Resolution	For	Against
Re-election of Matteo Stefanel as Director.	Ordinary Resolution 1		
Re-election of Sean S Hesh as Director.	Ordinary Resolution 2		
Re-election of Kung Lee See as Director.	Ordinary Resolution 3		
Payment of Directors' fees of RM417,600.00 for the period from 28 May 2024 until the next AGM of the Company.	Ordinary Resolution 4		
Payment of Directors' benefits of up to an aggregate amount of RM116,520.00 for the period from 28 May 2024 until the next AGM of the Company.	Ordinary Resolution 5		
Re-appointment of BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	Ordinary Resolution 6		
Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.	Ordinary Resolution 7		
Proposed renewal of shareholders' mandate for share buy-back.	Ordinary Resolution 8		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.

Signed this _____ day of _____, 2024

Signature#
Member

Manner of execution:

- If you are an individual member, please sign where indicated.
- If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
- If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
 - at least two (2) authorised officers, one of whom shall be a director; or
 - any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

NOTES:

1. The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting.
Shareholders will not be allowed to attend the 30th AGM in person at the broadcast venue on the day of the meeting.
Shareholders are to attend, speak (including posing question to the Board via real time submission of typed texts) and vote remotely at the 30th AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn Bhd via its TIH Online website at <https://tjih.online>.
For further information, kindly refer to the Administrative Guide for the 30th AGM.
2. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at Monday, 20 May 2024. Only a member whose name appears on this Record of Depositors shall be entitled to attend this meeting or appoint a proxy to attend, participate, speak and vote on his/her/its behalf.
3. A member who is entitled to attend and vote at a general meeting may appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
4. A member who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the general meeting.
5. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
7. Where a member, an authorised nominee or an exempt authorised nominee appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. The appointment shall not be valid unless he specifies the proportion of his shareholdings to be represented by each proxy.
8. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the 30th AGM or adjourned general meeting at which the person named in the appointment proposes to vote:
 - (i) In hard copy form
In the case of an appointment made in hard copy form, this proxy form must be deposited with the Company's Share Registrar at Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, W. P. Kuala Lumpur, Malaysia or alternatively, its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, W. P. Kuala Lumpur, Malaysia.
 - (ii) By electronic means via Tricor TIH Online website at <https://tjih.online>
Please follow the procedure as set out in the Administrative Guide of the 30th AGM for the electronic submission of proxy form via TIH Online.

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AFFIX
STAMP

The Share Registrar

GHL Systems Berhad (199401007361) (293040-D)
C/O Tricor Investor & Issuing House Services Sdn Bhd
(197101000970 (11324-H))
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur

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9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Share Registrar at 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, W. P. Kuala Lumpur, Malaysia or alternatively, its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, W. P. Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the general meeting or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
10. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
11. Last day, date and time for lodging the proxy form is **Sunday, 26 May 2024 at 3.00 p.m.**
12. For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please deposit the **ORIGINAL** certificate of appointment executed in the manner as stated in the proxy form with the Share Registrar of the Company at 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, W. P. Kuala Lumpur, Malaysia or alternatively, its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, W. P. Kuala Lumpur, Malaysia if this has not been lodged with the Company's Share Registrar earlier.
13. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the 30th AGM will be put to vote by way of poll.



GHL SYSTEMS BERHAD 199401007361 (293040-D)

C-G-15, Block C, Jalan Dataran SD1,
Dataran SD PJU 9, Bandar Sri Damansara
52200 Kuala Lumpur, Malaysia