GHL SYSTEMS BERHAD

(Company No. 293040-D)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office
No. 18C, Jalan 1/64
Off Jalan Kolam Air/Jalan Ipoh
51200 Kuala Lumpur

9 September 2005

Board of Directors

Tunku Dato' Abdul Malek Bin Tunku Kassim (Independent Non-Executive Chairman)
Tay Beng Lock (Group Managing Director)
Yeng Fook Hoo (Deputy Group Managing Director)
Chin Fook Kheong (Group Finance Director)
Goh Kuan Ho (Non-Executive Director)
Mohamad Isa Bin Abdullah (Non-Executive Director)
Chong Teck Foh (Independent Non-Executive Director)
Yen Siw Kuin (Independent Non-Executive Director)

To: The Shareholders of GHL Systems Berhad

Dear Sir/Madam,

GHL SYSTEMS BERHAD ("GHL" OR "COMPANY")

RENOUNCEABLE TWO-CALL RIGHTS ISSUE OF 204,222,660 NEW ORDINARY SHARES OF RM0.10 EACH ("RIGHTS SHARES") AT AN ISSUE PRICE OF RM0.10 PER RIGHTS SHARE (OF WHICH THE FIRST CALL OF RM0.08 IS PAYABLE IN CASH ON APPLICATION AND THE SECOND CALL OF RM0.02 IS PAYABLE OUT OF THE COMPANY'S SHARE PREMIUM AND RETAINED PROFITS ACCOUNTS) ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY FIVE (5) EXISTING ORDINARY SHARES OF RM0.10 EACH HELD AT 5.00 P.M. ON 5 SEPTEMBER 2005

1. INTRODUCTION

The Board is pleased to inform you that the approval of the SC for the Two-Call Rights Issue was obtained on 15 July 2005.

The shareholders of GHL had at the EGM convened on 30 May 2005, approved the following:-

(a) The renounceable two-call rights issue of 204,222,660 Rights Shares on the basis of three (3) Rights Shares for every five (5) existing Shares held at an indicative issue price of RM0.10 per Rights Share **("Two-Call Rights Issue")**;

(b) The employee share option scheme of up to 15% of the issued and paid-up share capital of the Company **("ESOS")**; and

(c) The increase in the authorised share capital of the Company from RM50,000,000 comprising 500,000,000 Shares to RM100,000,000 comprising 1,000,000,000 Shares **("Increase in Authorised Capital")**

(hereinafter collectively referred to as the **"Proposals"**).

The Two-Call Rights Issue and the ESOS are conditional upon the Increase in Authorised Capital. Save for the foregoing, there is no other inter-conditionality amongst the Proposals. The Increase in Authorised Capital was completed on 30 May 2005, and the ESOS was implemented on 6 September 2005 i.e. after the Entitlement Date. Therefore, any new Shares to be issued pursuant to the exercise of Options under the ESOS will not be entitled to participate in the Two-Call Rights Issue.

A certified true extract of the ordinary resolution approving the Two-Call Rights Issue at the aforesaid EGM is attached in Appendix I of this Abridged Prospectus. The Company had on 26 July 2005 announced that the issue price of the Two-Call Rights Issue shall be fixed at RM0.10 per Rights Share, of which the first call of RM0.08 is payable in cash on application and the second call of RM0.02 is payable out of the Company's share premium and retained profits accounts.

Approval-in-principle has been obtained from Bursa Securities on 10 August 2005 for the listing of and quotation for all the Rights Shares. The Rights Shares will be admitted to the Official List of Bursa Securities, and listing and quotation of the Rights Shares will commence upon receipt of confirmation from Bursa Depository that the CDS accounts of the entitled shareholders/renouncees have been duly credited and Notices of Allotment have been despatched to the entitled shareholders/renouncees.

As you are a registered shareholder of the Company on the Entitlement Date, you will find enclosed with this Abridged Prospectus, a Rights Subscription Form **("RSF")** and a Notice of Provisional Allotment in respect of the number of Rights Shares which you are entitled to subscribe for under the terms of the Two-Call Rights Issue. The Rights Shares that are not taken up or allotted for any reason, if any, will first be made available for excess Rights Shares applications. Any under-subscription of Rights Shares thereafter will be allotted to the underwriters.

2. DETAILS OF THE TWO-CALL RIGHTS ISSUE

2.1 Introduction

In accordance with the terms of the Two-Call Rights Issue as approved by the SC on 15 July 2005 and the shareholders of GHL on 30 May 2005, GHL will provisionally allot 204,222,660 Rights Shares at an issue price of RM0.10 per Rights Share (of which the first call of RM0.08 is payable in cash on application and the second call of RM0.02 is payable out of the Company's share premium and retained profits accounts) for subscription by shareholders whose names appear on the Company's Record of Depositors at 5.00 p.m. on 5 September 2005, being the Entitlement Date, on the basis of three (3) Rights Shares for every five (5) existing Shares held on the Entitlement Date.

Based on the audited financial statements as at 31 December 2004, the Company's share premium and retained profits accounts stood at RM0.39 million and RM16.34 million respectively. As at 30 June 2005, GHL's share premium account stood at RM0.46 million after taking into account the exercise of options granted pursuant to the previous ESOS and the payment of certain expenses relating to the Proposals. As at 30 June 2005, the Company's retained profits account stood at RM17.98 million. The share premium account will be reduced to nil while the retained profits account will be reduced by approximately RM4.00 million as a result of the expenses of the Proposals and the capitalisation of the second call of RM0.02 per Rights Share.

In determining the shareholders' entitlements to the Rights Shares, any fractional entitlements of Rights Shares will be disregarded and will be dealt with in such manner, as the Board shall in its absolute discretion deem fit and expedient in the best interest of the Company.

2.2 Pricing of Rights Shares

As announced on 26 July 2005, the Board has fixed the issue price of the Rights Shares at RM0.10 per Rights Share. The issue price was arrived at after taking into consideration the following:-

(a) Based on the weighted average market price of GHL Shares for the last five (5) days on which they were traded up to 25 July 2005 (being the last Market Day on which GHL Shares were traded prior to the price fixing date on 26 July 2005), of approximately RM0.21, the theoretical ex-rights price (**"TERP"**) is approximately RM0.16 per Share. The issue price of RM0.10 per Rights Share represents a discount of approximately RM0.06 or 37.5% to the TERP; and

(b) The audited consolidated net tangible assets (**"NTA"**) of the GHL Group as at 31 December 2004 is RM48.87 million or approximately RM0.15 per Share based on 336.503 million Shares in issue as at 31 December 2004. The pro-forma consolidated NTA after the Two-Call Rights Issue is RM65.293 million or approximately RM0.12 per Share. The issue price of RM0.10 per Rights Share represents a discount of approximately RM0.02 or 16.67% as compared to the pro-forma consolidated NTA per Share of the GHL Group after the Two-Call Rights Issue, based on the audited consolidated balance sheet as at 31 December 2004.

The issue price of RM0.10 per Rights Share represents a discount of approximately RM0.05 or 33.33% to the TERP of RM0.15, based on the weighted average market price of GHL Shares for the last five (5) Market Days on which they were traded up to 19 August 2005 (being the latest practicable date prior to the printing of this Abridged Prospectus) of RM0.19 per Share.

2.3 Ranking of Rights Shares

The Rights Shares shall, upon allotment and issue, rank pari passu in all respects with the existing Shares of the Company, except that the Rights Shares will not be entitled to participate in any dividends, rights, allotments and/or any other distributions, the entitlement date of which is prior to the allotment date of the Rights Shares.

2.4 Conditions to SC's Approval

The approval of the SC for the Two-Call Rights Issue was obtained on 15 July 2005 subject to the following conditions:-

Conditions	Status of Compliance by GHL
(a) GHL to disclose in the abridged prospectus the utilisation of the rights proceeds, as follows: (i) The details and timeframe on the proposed utilisation; and (ii) For each item disclosed under (i) above, to comment on whether the proposed utilisation is in line with the Company's 5-year business plan set out at the time of its listing. Where the proposed utilisation is not in line with the 5-year business plan, to disclose the rationale and expected benefits for such utilisation;	Complied. Disclosed in Section 5.2 of this Abridged Prospectus.
(b) GHL to disclose the status of the utilisation of proceeds in its quarterly and annual reports until such proceeds have been fully utilised; and	Will be complied with.
(c) AmMerchant Bank / GHL to ensure that all provisions under the Listing Requirements are complied with.	Noted.

3. DETAILS OF OTHER CORPORATE EXERCISES

Apart from the Two-Call Rights Issue, there is currently no other intended corporate exercise by the Company which has been approved by the relevant regulatory authorities and is pending implementation.

4. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT AND EXCESS RIGHTS SHARES APPLICATION

FULL INSTRUCTIONS FOR THE ACCEPTANCE AND PAYMENT FOR THE RIGHTS SHARES PROVISIONALLY ALLOTTED TO YOU AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU DECIDE TO DISPOSE OF ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THE RSF. YOU ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.

4.1 Acceptance and Payment

If you wish to accept the Rights Shares provisionally allotted to you either in full or in part, please complete Parts I and III of the RSF and submit it with the appropriate remittance to be received by the Share Registrar of GHL, Symphony Share Registrars Sdn Bhd, Level 26, Menara Multi-Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur, not later than 5.00 p.m. on 6 October 2005 or such other extended date and time as may be determined and announced by the Board, together with the Managing Underwriter.

Acceptance and payment for the Rights Shares provisionally allotted to you must be made on the RSF and must be completed in accordance with the Notes and Instructions printed therein. Acceptances which do not conform to the terms of this Abridged Prospectus or the RSF together with the Notes and Instructions printed therein or which are illegible may not be accepted at the absolute discretion of the Board.

Your acceptance and payment for the Rights Shares shall be submitted to the Share Registrar of GHL by any mode of despatch of your choice and is entirely at your own risk.

Payment must be made in RM by banker's draft, cashier's order, money order or postal order drawn on a bank or post office in Malaysia and should be made payable to "**GHL SYSTEMS BERHAD - RIGHTS ISSUE ACCOUNT**" for the FULL amount of the cash call of RM0.08 per Rights Share. The payment must be made in the exact amount. Any acceptance with excess or insufficient payment may be rejected at the absolute discretion of the Board. The banker's draft, cashier's order, money order or postal order should be crossed "**A/C PAYEE ONLY**" and should also be endorsed on the reverse side with your name and address in block letters and your CDS account number. Cheques or any other mode of payment are not acceptable.

If acceptance and payment for the Rights Shares provisionally allotted to you are not received by the Share Registrar of GHL, Symphony Share Registrars Sdn Bhd, Level 26, Menara Multi-Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur, by 5.00 p.m. on 6 October 2005, being the last date and time for acceptance and payment, or such extended date and time as may be determined and announced by the Board, together with the Managing Underwriter, the said provisional allotment to you will be deemed to have been declined and will be cancelled and such Rights Shares not taken up will be allotted firstly, to applicants for excess Rights Shares and if under-subscribed, will be taken up by the underwriters.

4.2 Sale or Transfer of Provisional Allotment of Rights

As the provisional allotment of the Rights Shares are prescribed securities, the registered shareholders of the Company on the Entitlement Date who wish to dispose of all or part of their entitlements to the Rights Shares may do so immediately through their stockbroker for the period up to the last day of trading of the provisional allotment of the Rights Shares on 23 September 2005, without first having to request for a split of the provisional allotment of the Rights Shares standing to the credit of their CDS accounts.

To dispose of all or part of their entitlements to the Rights Shares, the shareholders may sell such entitlements on the open market or transfer such entitlements to such persons as may be allowed pursuant to the Rules of Bursa Depository.

The shareholders who have disposed of only part of their entitlements to the Rights Shares may still accept the balance of their entitlements to the Rights Shares by completing and forwarding the RSF and the full amount payable on the balance of the Rights Shares applied for to the Share Registrar of GHL.

4.3 Application for Excess Rights Shares

If you wish to apply for additional Rights Shares in excess of your entitlement, you can do so by completing Part II of the RSF (Excess Shares Application) (in addition to Parts I and III) and forwarding it with a separate remittance for the full amount payable on the excess Rights Shares applied for to the Share Registrar of GHL, Symphony Share Registrars Sdn Bhd, Level 26, Menara Multi-Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur, by 5.00 p.m. on 6 October 2005 or such later date and time as may be determined and announced by the Board of GHL, together with the Managing Underwriter.

Payment under the Excess Shares Application should be made in the same manner described above except that the banker's draft, cashier's order, money order or postal order should be made payable to **"GHL SYSTEMS BERHAD - EXCESS SHARES ACCOUNT"**. The banker's draft, cashier's order, money order or postal order should be crossed **"A/C PAYEE ONLY"** and should also be endorsed on the reverse side with your name and address in block letters and your CDS account number. Cheques or any other mode of payment are not acceptable.

The Board reserves the right to allot the Rights Shares applied for under the Excess Shares Application in such manner as they deem fit and expedient and in the interest of the Company. It is the intention of the Board to allot the Rights Shares available for excess application in such manner that the incidence of odd lots will be minimised. Nonetheless, the allocation of the excess Rights Shares will be made in a fair and equitable manner. In respect of unsuccessful or partially successful excess Rights Shares applications, the surplus monies will be refunded in full without interest within fifteen (15) Market Days from the last date for acceptance and payment of the Rights Shares by ordinary post at the address shown on the RSF at your own risk.

The Board reserves the right not to accept any application for excess Rights Shares, or to accept any application for excess Rights Shares in part only, without assigning any reason therefor.

If you lose, misplace or for any other reason require another copy of the RSF, you may obtain additional copies from your stockbroker, the Company's registered office, Bursa Securities' website (www.bursamalaysia.com) or the Share Registrar of GHL, Symphony Share Registrars Sdn Bhd, Level 26, Menara Multi-Purpose, Capital Square, No. 8, Jalan Munshi Abdullah, 50100 Kuala Lumpur.

4.4 Splitting

Under the CDS environment, the processes of splitting, nomination and renunciation are replaced by electronic book-entries made in the CDS accounts of the entitled person and the new purchaser. The provisional allotment of Rights Shares will be credited into your CDS account. You will be notified of the crediting via the Notice of Provisional Allotment. You may sell part or all of the Rights Shares provisionally allotted to you.

4.5 Purchase of Rights from Open Market

If you are a purchaser of the provisional allotment of the Rights Shares from the open market, to enable you to accept the rights, you are required to obtain the RSF from any one of the following: -

(a) All Malaysian stockbroking companies

(b) The Company's Registered Office at:-

No. 18C, Jalan 1/64
Off Jalan Kolam Air/Jalan Ipoh
51200 Kuala Lumpur

(c) The Share Registrar of GHL at:-

Symphony Share Registrars Sdn Bhd
Level 26, Menara Multi-Purpose
Capital Square
No. 8, Jalan Munshi Abdullah
50100 Kuala Lumpur

(d) Bursa Securities' website at the following address:-

www.bursamalaysia.com

You are to complete the RSF and submit the same with the requisite payment as described under Section 4.1 "Acceptance and Payment" above to the Share Registrar of GHL.

4.6 CDS Accounts

Pursuant to Section 14(1) of the Securities Industry (Central Depositories) Act, 1991, Bursa Securities has prescribed the securities of GHL as prescribed securities. In consequence thereof, the Rights Shares to be issued through this Abridged Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the aforesaid Act and the Rules of Bursa Depository. You must have a CDS account in order to subscribe for the Rights Shares.

The acceptance of the Rights Shares by you or the new purchaser shall mean consent to receiving such Rights Shares as deposited securities which will be credited directly into the relevant CDS account.

All excess Rights Shares allotted shall be credited directly into the CDS accounts of the successful applicants.

You are required to use one (1) RSF for each application if you have more than one (1) CDS account which has been credited with provisional allotments of the Rights Shares.

No acknowledgement of the receipt of the RSF or application monies will be issued by the Share Registrar of GHL or by GHL in respect of this Two-Call Rights Issue.

4.7 Notice of Allotment

The Rights Shares will be credited into your CDS account. No physical certificates will be issued to you in respect of the Rights Shares. However, a Notice of Allotment will be despatched to you by ordinary post within fifteen (15) Market Days from the last date for acceptance and payment of the Rights Shares at the address shown on the RSF at your own risk.

Where any incomplete or inaccurate application is not accepted or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded without interest and despatched to the applicant within fifteen (15) Market Days from the last date for acceptance and payment of the Rights Shares by ordinary post to the address shown on the RSF at your own risk.

The allotment of the Rights Shares, despatch of Notices of Allotment and application to Bursa Securities for the quotation of the Rights Shares must be made within fifteen (15) Market Days from the last date for acceptance and payment of the Rights Shares.

Shareholders should note that the RSF and payment, once lodged with the Share Registrar of GHL, cannot subsequently be withdrawn.

4.8 Laws of Foreign Jurisdictions

This Abridged Prospectus, the Notice of Provisional Allotment and the RSF have not been and will not be made to comply with the laws of any foreign jurisdiction, and have not been and will not be lodged, registered or approved pursuant to or under any legislation of or with or by any regulatory authorities or other relevant bodies of any foreign jurisdiction. The Two-Call Rights Issue will not be made or offered in any foreign jurisdiction. Accordingly, this Abridged Prospectus, the Notice of Provisional Allotment and the RSF will not be sent to shareholders with registered addresses with Bursa Depository outside Malaysia as at the Entitlement Date **("Foreign Shareholders")**, unless they have provided an address in Malaysia for the service of this Abridged Prospectus, the Notice of Provisional Allotment and the RSF by the Entitlement Date. However, nothing shall preclude Foreign Shareholders from alternatively personally collecting this Abridged Prospectus, the Notice of Provisional Allotment and the RSF at the office of the Registrar, in which event the Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting the documents relating to this Two-Call Rights Issue.

Foreign Shareholders who have provided an address in Malaysia for service of this Abridged Prospectus, the Notice of Provisional Allotment and the RSF or who have collected this Abridged Prospectus, the Notice of Provisional Allotment and the RSF at the office of the Registrar (hereinafter collectively referred to as the **"Local Foreign Shareholders"**) will be responsible for the payment of any issue, transfer or other taxes or other requisite payments due in their respective jurisdictions and GHL shall be entitled to be fully indemnified and held harmless by such Local Foreign Shareholders for any issue, transfer or other taxes or duties as such Local Foreign Shareholders may be required to pay. Local Foreign Shareholders will have no claims whatsoever against the Company and/or the Registrar or any professional advisers of the Company in respect of their rights or entitlements under the Two-Call Rights Issue. Such Local Foreign Shareholders and/or their renouncees should consult their professional advisers as to whether they require any governmental, exchange control or other consents or approvals or need to comply with any other applicable legal requirements to enable them to accept or renounce (as the case may be) all or any part of their entitlements and to exercise any other rights in respect of the Two-Call Rights Issue.

In any event, the Local Foreign Shareholders or their renouncees may only accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Two-Call Rights Issue to the extent that it would be lawful to do so, and GHL, its directors and officers, and AmMerchant Bank and other experts would not, in connection with the Two-Call Rights Issue, be in breach of the laws of any jurisdiction to which the Local Foreign Shareholders and/or their renouncees are or may be subject. The Local Foreign Shareholders and/or their renouncees shall be solely responsible to seek advice as to the laws of the jurisdictions to which the Local Foreign Shareholders and/or their renouncees are or may be subject. GHL, its directors and officers, and AmMerchant Bank and other experts shall not accept any responsibility or liability in the event that any acceptance or renunciation made by the Local Foreign Shareholders and/or their renouncees is or shall become unlawful, unenforceable, voidable or void in any such jurisdictions.

By signing the RSF, the Local Foreign Shareholders and/or their renouncees are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) GHL, its directors and officers, and AmMerchant Bank and other experts that:-

(a) The Company would not, by acting on the acceptance or renunciation in connection with the Two-Call Rights Issue, be in breach of the laws of any jurisdiction to which the Local Foreign Shareholders and/or their renouncees are or may be subject;

(b) The Local Foreign Shareholders and/or their renouncees have complied with the laws to which the Local Foreign Shareholders and/or their renouncees are or may be subject in connection with the acceptance or renunciation;

(c) The Local Foreign Shareholders and/or their renouncees are not a nominee or an agent of a person in respect of whom the Company would, by acting on the acceptance or renunciation, be in breach of the laws of any jurisdiction to which that person is or may be subject;

(d) The Local Foreign Shareholders and/or their renouncees are aware that the Rights Shares can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;

(e) The Local Foreign Shareholders and/or their renouncees have respectively received a copy of this Abridged Prospectus and have had access to such financial and other information and have been afforded the opportunity to pose such questions to the representatives of the Company and receive answers thereto as the Local Foreign Shareholders and/or their renouncees deem necessary in connection with their decision to subscribe for or purchase the Rights Shares; and

(f) The Local Foreign Shareholders and/or their renouncees have sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of subscribing for or purchasing the Rights Shares, and are prepared and will be able to bear the economic and financial risks of investing in and holding the Rights Shares.

THE LATEST TIME AND DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS SHARES WILL BE AT 5.00 P.M. ON 6 OCTOBER 2005 OR SUCH LATER DATE AND TIME AS THE BOARD IN ITS ABSOLUTE DISCRETION MAY DECIDE AND ANNOUNCE.

AN APPLICATION SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE HAVING BEEN PRESENTED FOR PAYMENT.

5. PURPOSE OF THE TWO-CALL RIGHTS ISSUE

5.1 Rationale for the Two-Call Rights Issue

After due consideration of various methods of fund-raising, the Board of GHL is of the opinion that raising funds by way of a rights issue of Shares is most suitable as a rights issue will enable the Company to raise the funds at an attractive and substantially lower cost as compared to other forms of financing. Further, subscribers will only have to pay the cash call of RM0.08 per Rights Share while the remaining RM0.02 per Rights Share will be paid up from the share premium and retained profits accounts of the Company, resulting in the Two-Call Rights Issue being attractively priced to shareholders and potential subscribers. The Two-Call Rights Issue provides an opportunity to all shareholders to subscribe for additional Shares in GHL at an attractive price.

The increased number of Shares will also improve the liquidity of GHL Shares in the market.

5.2 Utilisation of Proceeds

The gross proceeds from the Two-Call Rights Issue of RM16.34 million are proposed to be utilised for working capital purposes and to defray the expenses relating to the Proposals as set out below, within a period of twenty four (24) months from the listing of the Rights Shares on the MESDAQ Market of Bursa Securities:-

Utilisation	Time Frame	RM'000
Estimated expenses of the Proposals	3 months	550
Working capital	24 months	15,788
Total		**16,338**

(a) Estimated Expenses

The estimated expenses of the Proposals amounting to RM550,000, relate to, amongst others, professional fees, fees to be paid to the relevant authorities, underwriting fees, printing and advertising charges and miscellaneous expenses. Any proceeds earmarked to defray the expenses relating to the Proposals which are not utilised will be used as working capital for the GHL Group.

(b) Working Capital

This amount is to be utilised for the general working capital uses of the GHL Group. The Group's operations are expected to grow in the future resulting in the need for additional working capital for its Malaysian operations as well as its plans for expansion to Hong Kong, Macau, Indonesia and Thailand.

This will include, amongst others, all costs of investment in and setting up of any subsidiaries and/or associated companies, opening new offices, hiring personnel, and engaging in promotional activities.

Tentatively, GHL plans to allocate approximately RM6.79 million to finance the expansion of its Malaysian operations, approximately RM1.00 million for research and development (**"R&D"**), and approximately RM8.00 million for the Group's overseas expansion. However, these allocations are subject to change in accordance with the requirements of the Group as GHL faces a dynamic and constantly changing business environment.

The proposed utilisation of proceeds for financing the expansion of the Group's Malaysian operations and R&D are in line with GHL's 5-year business plan set out at the time of its listing. However, the Company had not included overseas expansion as part of its 5-year business plan at the time of its listing as it had not anticipated or explored the opportunities available in the regional markets at that time.

The proposed overseas expansion is an important part of GHL's strategy to drive future sales growth, by providing a gateway for the Group to market and distribute its payment solutions overseas and to tap into the huge overseas market. The proposed overseas expansion is expected to contribute positively to the Group's profitability and cash flow over the medium to long term.

6. RISK FACTORS

Prospective subscribers should carefully consider, in addition to other information contained herein, the following risks (which may not be exhaustive) before subscribing for their respective entitlements to the Rights Shares.

6.1 Risks in Respect of the Two-Call Rights Issue

(a) Undertakings by Substantial Shareholders and/or Directors

As set out in Section 10.1 of this Abridged Prospectus, certain substantial shareholders and/or directors of GHL have given their written irrevocable undertakings to subscribe or procure subscriptions in full for their respective entitlements to the Two-Call Rights Issue. These entitlements will not be underwritten under the Underwriting Agreement dated 3 August 2005. It is also a condition precedent to the Underwriting Agreement as detailed in Section 10.2 of this Abridged Prospectus that these substantial shareholders and/or directors subscribe or procure subscription for these entitlements. In the event that these substantial shareholders and/or directors are not able to fulfil their undertakings, the Board will liaise closely with them to enable the fulfilment of the undertakings. There is no assurance that the Two-Call Rights Issue may not be abandoned, delayed or aborted. In the situation where the Two-Call Rights Issue cannot be completed, all monies paid in respect of all applications for the Rights Shares will be returned without interest.

(b) Investment Risk

The price of GHL Shares as traded on Bursa Securities will continue to fluctuate, like all listed securities. Notwithstanding that the Rights Shares will be issued at par value, there is no assurance that the Shares will be traded at or above the TERP or the par value after the listing of the Rights Shares on the MESDAQ Market of Bursa Securities.

The Board believes that a variety of factors could cause the price of the Shares to fluctuate, including sales of substantial amounts of the Shares in the public market; announcements of developments relating to the Group's business; fluctuations in the Group's operating results and sales levels; general industry conditions or economic conditions; announcements of new products or services or product or service enhancements by the Group or its competitors; and developments in intellectual property rights.

In addition to the fundamentals of the Group, the future performance of the price of the Shares will also depend upon various external factors such as general economic, political and industry conditions, the performance of regional and world bourses as well as sentiments and liquidity in the local stock market.

(c) Termination of Underwriting Agreement

The Underwriting Agreement allows the Underwriters to terminate the Underwriting Agreement under certain circumstances and/or if the Underwriters are of the reasonable opinion that the success of the Two-Call Rights Issue is likely to be materially and adversely affected by certain events. The salient clauses which may allow the Underwriters to withdraw from their obligations to underwrite, are set out in Section 10.2 of this Abridged Prospectus.

No assurance can be given that the Underwriters will not terminate the Underwriting Agreement in accordance with the provisions of the Underwriting Agreement. In the situation where the Two-Call Rights Issue cannot be completed, all monies paid in respect of all applications for the Rights Shares will be returned without interest.

6.2 Risks in Respect of Operations of the GHL Group

(a) Credit Card Fraud

Previously, the prevalent credit card fraud activities in Malaysia had caused a growing number of local financial institutions to curtail their merchant acquiring activities and to become more stringent in their approvals of potential merchants. These financial institutions would not hesitate to withdraw the credit card facilities provided to their existing merchants should they suspect that the merchants participate in any form of fraud activities. This had affected the Group's profitability as the number of EDC terminals rented out was reduced.

As a result of the worsening credit card fraud situation in the country, BNM had directed all financial institutions to change all cards issued by them to be EMV-compliant by 2005. To cater to this requirement, all EDC terminals in Malaysia have been migrated to be EMV-compliant as well. To-date, the Group has successfully migrated 11 banks in Malaysia from magnetic stripe EDC terminals to chip-based (EMV) terminals. Further, the recent crackdowns on credit card fraud activities by the relevant authorities have to some degree restored the credit card associations' confidence in Malaysia as well as the financial institutions' confidence.

Currently, after the first quarter of 2005, financial institutions have been more willing to approve new merchants. However, there is no assurance that credit card fraud can be totally eradicated by the introduction of the EMV standard as technology is becoming increasingly sophisticated and may enable telephone line-tapping to obtain cardholders' information.

Furthermore, notwithstanding that the credit cards issued by Malaysian financial institutions are EMV-compliant, there is a proportion of credit card transactions in Malaysia which are carried out by foreign cardholders using cards which are not EMV-compliant. Similarly, in the Group's proposed expansion to regional countries such as Hong Kong, Macau, Indonesia and Thailand, the growth of the Group's business may be affected by credit card fraud in these countries.

THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

(b) Mutual Reliance between Supplier of EDC Terminals and GHL Group

The Group sources its supply of EDC terminals from VeriFone North Asia Limited **("VeriFone NAL")**. GHL EFTPOS Sdn Bhd **("GHL EFTPOS")**, a wholly owned subsidiary of the Company, sources from Sagem SA **("Sagem")** its brand of handheld EDC terminals. There is no assurance that Verifone NAL will necessarily continue to supply EDC terminals to the Group or that Sagem will necessarily continue to supply handheld EDC terminals to GHL EFTPOS. However, VeriFone NAL also relies on GHL Transact for the sale and marketing of VeriFone EDC terminals and currently, GHL Transact is the distributor for VeriFone EDC terminals in Malaysia. In the event that the supply of EDC terminals from Verifone NAL or handheld EDC terminals from Sagem is discontinued, the Group is of the view that alternative brands of EMV-compliant EDC terminals can be sourced easily and are readily accepted by merchants. In addition, the Group believes that the experience curve is long, being two (2) to three (3) years before a distributor can establish its presence in the market to achieve business viability. Nevertheless, the failure of GHL Transact and GHL EFTPOS to maintain their existing supplier relationships with VeriFone NAL and Sagem respectively, may affect the Group's business, operating results and financial condition in the future.

(c) Operating Risks

There is no assurance that the Group will be able to maintain or increase its profitability in the future. The Group's revenue and operating results are difficult to forecast and could be adversely affected by many factors. These include, amongst others, changes in the Group's operating expenses, the ability of the Group to develop and market new products and services and to control costs, market acceptance of new products or services, and other business risks common to going concerns.

(d) Competition

The Group is involved in the following markets:-

(i) Merchant acquiring market within the credit card industry;
(ii) Online payment market within the internet industry; and
(iii) Loyalty market within the retail industry.

The markets in which the Group operates are competitive and characterised by rapid technological innovation. The Group has experienced and expects to continue to experience intense competition from current and future competitors. The Group believes that its ability to compete depends upon many factors both within and outside its control, including the timing and market acceptance of new products and services and enhancements developed by the Group and its competitors, product and service functionality, ease of use, performance, price, value for money, reliability, customer service and support, sales and marketing efforts, and product and service distribution channels.

The Group invests in product innovation to ensure its competitiveness in capturing market share and garnering market acceptance. However, there can be no assurance that the Group will be able to maintain its competitiveness against current and future competitors or that competitive pressures will not materially and adversely affect the Group's business, operating results and financial condition.

(e) Expansion of Business

The Group's future prospects will be dependent upon, among other things, the Group's ability to enter into strategic marketing or other arrangements on a timely basis and on favourable terms; hire and retain skilled management as well as financial, technical, marketing and other personnel; successfully manage growth (including monitoring operations, controlling costs and maintaining effective quality, inventory and service controls); and obtain adequate financing as and when needed. There can be no assurance that the Group will be able to successfully implement its business plans or that unanticipated expenses or problems or technical difficulties will not occur which may result in material delays in its implementation or even deviation from its plans. In addition, the actual results may deviate from the business plans due to rapid technological changes, and market as well as competitive pressures.

(f) Expansion into Overseas Markets

As part of its growth and marketing strategy, the Group intends to expand its business to regional markets such as Hong Kong, Macau, Indonesia and Thailand. The Group anticipates that the overseas expansion may require significant investment by the Group in advance of anticipated future revenue.

There can be no assurance that the Group's expansion efforts will be successful or will generate significant revenue. There are a number of risks inherent in regional business activities, including unexpected changes in regulatory requirements, difficulties in managing regional operations, potentially adverse taxation consequences, currency fluctuations, uncertainties in general economic or industry conditions, difficulties in the repatriation of earnings and the burdens of complying with a wide variety of foreign laws. There can be no assurance that such factors will not have a material adverse effect on the Group's business, operating results or financial condition.

However, the Group will adopt a prudent approach in expanding into the target regional markets. The Group intends to form strategic alliances in these countries, working with its partners to establish a presence in the overseas markets.

(g) Changes in Technology and Products / Services

The markets for the Group's products and services are characterised by rapid technological developments, evolving industry standards, swift changes in customer requirements, computer operating environments and software applications, and frequent new product introductions and enhancements. The Group's future depends substantially upon its ability to address the increasingly sophisticated needs of its customers by supporting existing and emerging hardware, software, database and networking platforms.

The timely development of new or enhanced products and services is a complex and uncertain process. Although the Group believes that it will have the funding to implement its business plans, there can be no assurance that the Group will continue to have sufficient resources to successfully and accurately anticipate technological and market trends, or to successfully manage long development cycles. The Group may also experience design, marketing and other difficulties that could delay or prevent the development, introduction or marketing of its products and services, as well as new products and services and enhancements. The Group may also be required to collaborate with third parties to develop products and services and may not be able to do so on a timely and cost-effective basis, if at all.

If the Group is not able to develop new products and services or enhancements to its existing products and services on a timely and cost-effective basis, or if the Group's new products and services or enhancements fail to achieve market acceptance, or if one or more of the Group's competitors introduce products and services that better address customer needs or for any reason gain market share, the Group's business, operating results and financial condition would be adversely affected.

(h) Continuing Demand for the Group's Products and Services

The Group's future results will depend on the overall demand for the Group's products and services. Any economic slowdown may cause the Group's customers to defer or terminate purchases or rental of the Group's products and services or otherwise alter their usage patterns. Uncertainty in the economic environment may cause some businesses to curtail or eliminate spending on payment technology. In addition, the Group may experience hesitancy on the part of existing and potential customers to commit to continuing or new services from the Group.

To date, the Group's products and services have been well-received by its customers and the Group expects that enhancements and improvements of features, quick time to market and good technical service should ensure continuing acceptance of its products and services.

(i) Dependence on Directors and Key Personnel, and Need to Hire Additional Personnel for Future Growth

The Group's future performance depends to a significant extent upon the continued efforts and abilities as well as the networking of its directors, key technical, sales and marketing, and senior management personnel. The loss of the services of any of these individuals may have a material adverse effect on the Group. The Group's future success also depends on its ability to attract, hire, train, retain and motivate sufficient skilled employees.

As a mitigating factor, the Group currently enjoys a cordial relationship with its employees and they do not belong to any trade union. The employees are also frequently sent to various courses to upgrade their knowledge. In addition, the Group has implemented the ESOS to reward its employees.

(j) Reliance on Major Relationships

The Group's EDC business (selling and renting EDC terminals) is heavily dependent on its relationships with the acquiring banks and their relative intent in acquiring merchants. Currently, the Group is the merchant acquiring agent for Alliance Bank Malaysia Berhad and Affin Bank Berhad. These two (2) banks have business relationships of less than two (2) years each with the Group. There is no assurance that these relationships will continue indefinitely. Moreover, the acquiring banks' policies on merchant recruitment will change from time to time and this will have a material effect on the Group's business, operating results and financial condition.

As a mitigating factor, the Group has formed a joint venture company, i.e. Card Pay Sdn Bhd, with BSNC Corporation Berhad, a substantial shareholder of GHL, to be a third party merchant acquirer for the Electronic Purse Smart Card **("MEPS CASH")** and the Interbank Electronic Funds Transfer at Point of Sale **("Debit ePOS")**. The existing laws and regulations do not require a third party acquirer to obtain any operating licence from BNM. As a non-bank acquirer, in order to process credit card transactions, the Group must be sponsored by a financial institution that is a principal member of Visa and MasterCard. The Group is in the process of negotiating for such sponsorship.

(k) Protection of Intellectual Property Rights

The Group's success is also dependent on its ability to protect its proprietary technology. The Group's proprietary technology is protected by copyright laws applicable in Malaysia. The Group has also put in place several security measures to protect its proprietary technology, including never revealing the source codes of the Group's software to its customers to whom the software is sold, and having built-in controls in some of the software developed by the Group which will "lock" a particular copy of the software onto the hardware on which it is running, thus preventing any unauthorised copying of the software. The nature of the Group's software also acts as a barrier against illegal usage as specialised knowledge and familiarisation with the software are required to make it work, and most of its software requires special training and domain knowledge to develop or customise; hence, such software is often sold to customers together with the Group's professional services.

However, existing copyright, trademark and trade secret laws afford only limited protection. Accordingly, there can be no assurance that the Group will be able to protect its proprietary rights against unauthorised third party copying, use or exploitation, any of which could have a material adverse effect on the Group's business, operating results and financial condition.

Third parties may challenge or dispute the Group's intellectual property rights in terms of, amongst others, title and third party intellectual property rights infringement and the Group could incur substantial costs in defending or prosecuting any claims relating to its intellectual property rights. Issues relating to intellectual property rights can be complicated and there can be no assurance that disputes will not arise or that any disputes in relation to the Group's intellectual property will be resolved in the Group's favour. Moreover, any such disputes could be time consuming, cause delays in introducing new or improved products and services or require that the Group discontinue using the challenged technology, and could have a material adverse effect on the Group's reputation, business, operating results and financial condition.

(l) Continued Control by Existing Shareholders

Based on GHL's Register of Directors' Shareholdings and Register of Substantial Shareholders as at 12 August 2005:-

(i) Upon the completion of this Two-Call Rights Issue, the directors and substantial shareholders of the Company will, in the aggregate, beneficially own approximately 43.35% of the issued and paid-up share capital of the Company; and

(ii) Assuming the full exercise of all Options under the ESOS, the directors and substantial shareholders of the Company will collectively own approximately 41.53% of the enlarged issued and paid-up share capital of the Company.

As a result, these shareholders, acting together, will be able to exercise influence over the Company, including the appointment of the Company's Board of Directors, as well as to influence corporate transactions.

As a mitigating factor, the Company has three (3) independent directors and an Audit Committee to ensure that any transactions involving related parties are entered into on arms-length terms.

(m) Foreign Exchange Risk

The Group's supply of EDC terminals comes from VeriFone NAL and all transactions with VeriFone NAL are conducted in the United States Dollar. The Group's regional expansion plans, as discussed in paragraph (f) above, will also give rise to foreign exchange exposure. Although the Group will constantly monitor its foreign exchange exposure and adopt proactive hedging measures where appropriate, there can be no assurance that any future significant fluctuations in exchange rates will not have a significant impact on the future revenue and earnings of the Group.

However, as the Group gradually sets up its operations in these foreign markets, some of its expenses will also be denominated in foreign currencies and will, to some extent, provide a natural hedge against the impact of material fluctuations in foreign exchange rates.

(n) Litigation Risk

The Group's agreements with its customers typically contain provisions designed to limit the Group's exposure to potential product and/or service liability claims. To date, the Group has not experienced any material product and/or service liability claims. It is possible, however, that the limitation of liability provisions contained in the Group's customer agreements may not be effective as a result of existing or future laws or unfavourable judicial decisions. As the Group has not purchased any product liability insurance, there is a risk that the Group's interests will not be adequately protected in the event of litigation. However, the Group, as a payment services enabler, only provides payment services and solutions to its customers and the Group's liability is limited by the terms and conditions of the agreements between the Group and its customers. As the Group does not provide any transaction services to its customers, it is therefore not liable for any transaction losses incurred by its customers. In the opinion of the Group, any financial setback arising from litigation can be absorbed by the Group as the nature of its solutions is non-mission critical.

(o) Maintenance and Reliability of the Telecommunications Network Infrastructure and Security Risks

The success of the Group's business will depend, to a certain degree, on the development and maintenance of its payment hosting service, *PayDirect.com.my*, and the 24-hour helpdesk service provided to merchants using the Group's EDC services. This includes leasing and monitoring of a reliable network backbone with the necessary speed, data capacity and security. The payment hosting service and the 24-hour helpdesk service may experience a variety of outages and delays as a result of damage to portions of its infrastructure. These outages and delays could frustrate customers or partners using the Group's products and services, which could directly affect the revenue of the Group.

The ability to provide secure transmissions of confidential information over networks accessible to the public is a significant problem for electronic commerce and communications, and the ability to provide commendable after-sales service reflects on a company's commitment to quality service. The former is subject to capacity limitations, breaches of security by computer viruses, sabotage, break-ins and other factors, whilst the latter is subject to breakdowns in the telecommunications network infrastructure. As mitigating factors, the Group has installed firewalls and anti-virus software to protect its payment hosting service, provided its 24-hour service helpdesk personnel with mobile telephones and installed a dial-up modem to connect to the telecommunications companies should the lease lines fail.

Despite a variety of network security and alternative measures taken by the Group, the Group cannot assure that unauthorised access, computer viruses, accidental or intentional actions and other disruptions will not occur. Advances in computer capabilities, new discoveries in the field of cryptography or other developments may result in a compromise or breach of the technology that the Group uses to protect confidential customer and end-user data stored on or transmitted through the Group's network.

The costs required to prevent and eliminate computer viruses and alleviate other security problems as well as to enhance the reliability of the telecommunications network infrastructure could be prohibitively expensive. In addition, any of these occurrences may cause systems failures, interruptions in service or reduced customer capacity, which could have an impact on the Group's ability to acquire, manage or service its customers or partners and could materially and adversely affect the Group.

(p) Changes in Political, Economic and Regulatory Conditions

Changes in political, economic and regulatory conditions in Malaysia and elsewhere could materially and adversely affect the financial and business prospects of the Group. The political, economic and regulatory uncertainties include, but are not limited to, changes in political leadership, changes in laws and regulations, war, economic downturn, changes in rates of interest, methods of taxation and currency exchange rules, and financial crises.

(q) Breakout of Fire, Energy Crisis and Other Emergency Crisis

The Group believes that it has adequate safety and fire-fighting equipment installed at its office premises to ensure that the risk of fire is contained. The Group has in place a system of educating its employees on fire safety. Besides that, the Group's office premises are insured against losses arising from fire. However, notwithstanding the measures taken, there is no assurance that any of the above-mentioned crises may not cause interruptions in the Group's operations in the future.

(r) Insurance Coverage on Assets

The Group believes that it has adequate insurance coverage on its assets. Although the Group reviews its insurance policies on a regular basis to ensure that there is adequate coverage on its assets, there can be no assurance that the coverage would be adequate for the replacement cost of its assets or any consequential loss arising therefrom. The Group does not have any consequential loss insurance.

(s) Acquisitions and Joint Ventures

If appropriate opportunities present themselves, the Group intends to acquire businesses, products or technologies or enter into synergistic joint ventures that the Group believes will be in the interest of its shareholders. There can be no assurance that the Group will be able to successfully identify, negotiate or finance such acquisitions and joint ventures, or to integrate such acquisitions and joint ventures with its current business. Acquisitions and joint ventures may cause the Group to seek additional capital, which may or may not be available on satisfactory terms.

There can be no assurance that the anticipated benefits of any acquisition will be realised, or that the Group will be able to generate sufficient revenues from any such acquisition to offset associated acquisition costs, or that the Group will be able to maintain uniform standards of quality and service, controls, procedures and policies. Acquisitions may also result in potentially dilutive issuances of equity, the incurrence of debt and contingent liabilities, and amortisation expenses related to goodwill and other intangible assets. Any joint venture investments would involve many of the same risks posed by acquisitions.

(t) Gearing and Debt Servicing Capability and Restrictive Covenants Under Borrowing Facility Agreements

Based on the audited consolidated balance sheet of the GHL Group as at 31 December 2004, the Group had total borrowings of RM2.61 million and a gearing ratio of approximately 0.05 times. Based on its unaudited consolidated balance sheet as at 30 June 2005, the Group's total borrowings amounted to RM5.68 million and its gearing ratio was approximately 0.11 times. As at 12 August 2005, being the latest practicable date prior to the printing of this Abridged Prospectus, the total borrowings of the Group amounted to approximately RM9.43 million and its gearing ratio was approximately 0.18 times.

The increase in the Group's borrowings was due to an increase in working capital requirements to finance the expansion of its operations, and the taking of a term loan to finance the Group's acquisition of three (3) units of 4½-storey shop office which will serve as the Group's new headquarters.

The Board has confirmed that the Group has not defaulted on payments of either interest and/or principal sums in respect of any borrowings throughout the financial year ended 31 December 2004 and the period ended 12 August 2005, being the latest practicable date prior to the printing of this Abridged Prospectus.

The Board is of the opinion that the net proceeds of the Two-Call Rights Issue, together with the cash flow from operations and other existing sources of liquidity, will be sufficient to meet the Group's projected capital commitments, working capital and other cash requirements for a period of twelve (12) months from the date of issue of this Abridged Prospectus. The Board further believes that the Group's business will be able to generate sufficient cash flows to allow the payment of interest and principal repayments under its credit facilities.

However, in view that the Group has interest bearing borrowings, future fluctuations in interest rates or an unexpected drop in business performance could have a material effect on the Group's interest payments as well as debt servicing capability.

As in many other businesses, in order to finance the operations and business activities, GHL and/or its subsidiaries have obtained various banking or financing facilities and entered into banking or financing documents or agreements with various financial institutions. These documents and/or agreements might contain, inter alia, certain covenants restricting the operating, financial and/or other activities of GHL and/or its subsidiaries or which might have the effect of restricting GHL and/or its subsidiaries from doing or allowing certain acts or things. A breach of such covenants may enable the financial institutions to terminate the relevant banking and/or financing facilities and/or enforce any securities granted in relation to those banking and/or financing facilities.

The Board acknowledges such covenants and shall undertake that measures to mitigate the risk of such termination and/or enforcement arising from a breach or non-compliance of such covenants are taken.

(u) Forward-Looking Statements

Certain statements in this Abridged Prospectus are forward-looking in nature, which are subject to uncertainties and contingencies. All forward-looking statements are based on estimates and assumptions of the Board, and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. In the light of these uncertainties, the inclusion of a forward-looking statement in this Abridged Prospectus should not be regarded as a representation or warranty that the plans and objectives of the GHL Group will be achieved.

7. FINANCIAL EFFECTS OF THE TWO-CALL RIGHTS ISSUE

The effects of the Two-Call Rights Issue and the ESOS are as follows:-

7.1 Share Capital

The effects of the Two-Call Rights Issue and the ESOS on the share capital of the Company are set out below:-

	No. of Shares ('000)	Total (RM'000)
Issued and paid-up share capital as at 12.08.2005	340,371	34,037
To be issued pursuant to the Two-Call Rights Issue	204,223	20,422
Enlarged issued and paid-up capital after the Two-Call Rights Issue	544,594	54,459
To be issued pursuant to the full exercise of the Options to be granted under the ESOS [a]	81,689	8,169
Enlarged issued and paid-up share capital	626,283	62,628

Note:-

a *Assuming that the number of Options to be granted is based on 15% of the enlarged issued and paid-up share capital of the Company after the Two-Call Rights Issue.*

THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

7.2 NTA and Gearing

Based on the audited consolidated financial statements of GHL as at 31 December 2004, the effects of the Two-Call Rights Issue and the ESOS on the NTA per Share and gearing of the Group are as follows:-

	Audited as at 31.12.2004 RM'000	I Exercise of ESOS Options from 01.01.2005 to 31.03.2005 [a] RM'000	II After I and Two-Call Rights Issue RM'000	III After II and Full Exercise of Options under ESOS [c] RM'000
Share capital	33,650	34,037	54,459	62,628
Share premium	392	638	[b] -	4,084
Retained profits	16,574	16,574	[b] 12,578	12,578
Shareholders' funds	50,616	51,249	67,037	79,290
Less : Goodwill on consolidation	(1,744)	(1,744)	(1,744)	(1,744)
NTA	48,872	49,505	65,293	77,546
No. of Shares	336,502,850	340,371,100	544,593,760	626,282,824
NTA per Share (RM)	0.15	0.15	0.12	0.12
Total borrowings	2,608	2,608	2,608	2,608
Gearing ratio (times)	0.05	0.05	0.04	0.03

Notes:-

a *The Company's previous ESOS expired on 31 March 2005.*

b *After capitalisation of the second call of RM0.02 per Rights Share and assuming that the estimated expenses relating to the Proposals of RM550,000 are set off against the share premium account.*

c *Assuming that all the Options are granted at a subscription price of RM0.15 per Share, based on the TERP of the five (5)-day weighted average market price of GHL Shares as at 12 August 2005 (the latest practicable date prior to the printing of this Abridged Prospectus), being RM0.16, with a discount of not more than 10%.*

The pro-forma consolidated balance sheets of the GHL Group as at 31 December 2004 together with the Reporting Accountants' letter thereon are set out in Appendix III.

7.3 Earnings

The Two-Call Rights Issue is expected to be completed in the last quarter of the financial year ending 31 December 2005, and as such it is not expected to have any material effect on the earnings per Share (**"EPS"**) of the Group for the financial year ending 31 December 2005. However, the Two-Call Rights Issue is expected to contribute positively to the earnings of the Group in the future financial years.

The effects of the ESOS on the EPS of the GHL Group would depend on the number of new Shares issued and the subscription price payable upon the exercise of the Options as well as the utilisation of the proceeds raised from the Options exercised.

7.4 Dividends

The Two-Call Rights Issue and the ESOS are not expected to have any material effect on the policy of the Company in recommending dividends to its shareholders. The level of dividends to be declared for the financial year ending 31 December 2005 and future financial years, if any, will be determined by the Board after taking into consideration the performance of the GHL Group and prevailing economic conditions.

8. INDUSTRY REVIEW AND FUTURE PROSPECTS

8.1 Malaysian Economy

The Malaysian economy remained resilient despite a moderation in global economic activity amidst high oil prices and the continued downcycle of the global semiconductor industry. Real Gross Domestic Product growth of the Malaysian economy remained favourable and was within expectations, expanding by 5.7% in the first quarter of 2005. During the period under review, Malaysia continued to be one of the strong economic performers in the region.

Growth in the first quarter of 2005 was broad based, with all major sectors of the economy, except construction, registering positive growth rates. The services sector continued to be the main contributor to growth, followed by the manufacturing and the primary commodity sectors. The overall services sector grew by 6%, supported by expansion in both the final and intermediate services groups. The final services benefited from robust consumer spending, high tourist arrivals and high usage of utilities amidst the favourable business environment. Meanwhile, increased banking, insurance and trade activities as well as robust growth in the telecommunications sector amidst the higher usage of voice and data services supported the intermediate services group. Domestic demand remained firm during the first quarter of 2005, registering a growth of 5.9%. The private sector continued to be the key driver of economic growth in the first quarter, underpinned by robust consumer spending activities (10.1%), as a result of the cumulative effects of rising disposable income, high export earnings, favourable commodity prices and a stable employment market.

Going forward, the near-term outlook for Malaysia remains favourable despite some signs of moderating growth in the global economy and rising prices. Global growth is nevertheless still expected to be strong, supported by continued growth in consumer and investment demand.

On the domestic front, the prospects are for sustained growth in 2005. Although economic expansion may moderate due to the weaker external environment, economic activities will be sustained, driven by the private sector as suggested by the forward leading indicators. More recently, there are emerging concerns over inflationary pressures. For Malaysia, price pressures have been contained to some extent by improvements in labour productivity and capacity expansion, while continued gains in external trade enable monetary policy to remain supportive of growth. In addition, the recent liberalisation of the foreign exchange administration rules would further reduce the cost of doing business and encourage better risk management practices in the private sector. The banking system has also emerged stronger from the crisis, with non-performing loans trending downwards and profitability improving. The sound financial position of the banking institutions amidst favourable household and business sentiment would provide further support to the economy. Finally, the well-diversified economy increases resilience to weather developments in the external environment.

(Source: Bank Negara Malaysia, Economic and Financial Developments in the Malaysian Economy in the First Quarter of 2005)

8.2 Credit Card Industry

With the payment infrastructure of the banks in Malaysia fully migrated to the chip-based EMV standard, and hence an environment with improved fraud mitigation, it is expected that the merchant acquiring banks will be more aggressive in their recruitment of merchants.

In 2004, total credit card purchases in Malaysia by local cardholders increased by 20% from the previous year. Credit cards circulation has enjoyed favourable growth in Malaysia; from 1.56 million cards in 1994, to 7.13 million cards as at 30 June 2005. The credit card penetration rate has also improved to approximately 26% of the population as at 31 December 2004, from 18% as at 31 December 2002. However, the credit card penetration rate is still relatively low. The growing number of credit cards issued in Malaysia will, however, encourage retail merchants to offer credit card payment facilities to consumers.

(Source: Monthly Statistical Bulletin, Malaysia published by the Department of Statistics, Malaysia)

In effect, the highly secure EMV platform is presenting further opportunities to GHL, either through sales of EDC terminals to the acquiring banks or rental to merchants.

8.3 Future Plans and Prospects

The advent of chip-based credit cards has had a positive effect on the credit card industry. With this conversion, Malaysia has become one of the first countries in the region to switch from magnetic-striped cards to chip-based cards. The additional benefits offered by competitive issuers and the heightened security of chip-based cards have contributed to the steady growth in credit card transactions among consumers. This has indirectly contributed to the GHL Group's growth and improved profits, as acquiring banks deploy more terminals to the increasing number of merchants that offer credit card payment facilities. In effect, the highly secure EMV platform presents further opportunities to the GHL Group, either through sales of EDC terminals to the acquiring banks or rental to merchants.

GHL intends to build up its recurring rental income base by growing its EDC rental programme at 15% per annum. In the financial year ended 31 December 2004, GHL managed to outperform its target – while the merchant base increased by 26.2% to about 10,350 terminals, the rental income improved by 39.1% to RM13.7 million. GHL is optimistic of achieving further growth in the light of the high confidence level afforded by the chip-based environment.

In addition, with more than 12 million issued Bankcards, there is a good potential for direct debit transactions to increasingly replace cash transactions among local consumers. The total number of Bankcard e-Debit merchants of GHL has increased to approximately 2,000 merchants nationwide as at the end of 2004, compared to only 600 as at the end of 2003. This growth is mainly attributable to GHL's active efforts in promoting and creating market awareness of the Bankcard e-Debit in its merchant acquiring activities.

Over the past few years of focused R&D activities, GHL has also successfully developed various payment solutions. Some of the successful solutions include transactions concentrator ***NetAccess***, and terminal line encryption solution ***NetMatrix-TLE***. These payment solutions have been installed in landmark sites/malls in Malaysia as well as in the region.

Another innovation which the R&D team is developing is MallNet, an integrated payment network solution for shopping malls. This solution is able to connect an entire shopping mall via various forms of connectivity, which comprise not only payment transaction processing but also mall-wide loyalty and gift card programs. GHL is optimistic about the value propositions offered by MallNet to the shopping malls in the country and intends to attract the major shopping malls in the Klang Valley to install the solution over the next two years.

GHL intends to use its success in the Malaysian market as a platform for regional expansion. While GHL will continue to seek joint venture partners to set up its EDC rental programme overseas, at the same time it intends to export its expertise and experience in EMV migration to banks in other countries such as Thailand, Indonesia, Hong Kong and Macau. Using this as a platform, GHL will also introduce its complementing suite of innovative payment solutions into these overseas markets.

With increasing demand for efficient and secure payment infrastructure, GHL as a provider of wide-ranging payment solutions is in a good niche to cater to the needs of banks and merchants in facilitating cashless transactions in Malaysia and the Asian region.

8.4 Directors' Declaration on Financial Condition

Save as disclosed in Section 6 "Risk Factors" and Section 6 "Profit/(Loss) and Dividend Record" of Appendix II "Information on GHL" of this Abridged Prospectus, the directors of GHL are of the view that the financial performance, position and operations of the Group are not affected by any of the following:-

(a) Known trends, demands, commitments, events or uncertainties that have had, or that GHL reasonably expects to have, a material favourable or unfavourable impact on the financial performance, position and operations of the Group;

(b) Material capital expenditure commitments;

(c) Unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, position and operations of the Group;

(d) Any substantial increase in revenue; and

(e) Known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES, MATERIAL CAPITAL COMMITMENTS AND MATERIAL LITIGATION

9.1 Working Capital

The Board is of the opinion that after taking into consideration the cash flow position of the GHL Group including the proceeds of the Two-Call Rights Issue, the Group will have adequate working capital to meet its requirements for a period of twelve (12) months from the date of issue of this Abridged Prospectus.

THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

9.2 Borrowings

As at 12 August 2005, being the latest practicable date prior to the printing of this Abridged Prospectus, the GHL Group had total borrowings amounting to approximately RM9.43 million, comprising the following:-

Interest-Bearing Borrowings	Repayable within 12 Months (RM'000)	Repayable after 12 Months (RM'000)
Term Loans	4,121	4,611
Bills Payable	-	-
Hire Purchase Liabilities	650	46
Total	**4,771**	**4,657**

The Board confirms that the Group has not defaulted on payments of either interest and/or principal sums in respect of any borrowings throughout the financial year ended 31 December 2004 and the period ended 12 August 2005, being the latest practicable date prior to the printing of this Abridged Prospectus.

9.3 Contingent Liabilities

Save as disclosed below, as at 12 August 2005 (being the latest practicable date prior to the printing of this Abridged Prospectus), the Board is not aware of any contingent liabilities which upon becoming enforceable may have a material impact on the profits or the net asset value of the GHL Group:-

Description	Amount (RM'000)
Limit of guarantee	
Banker's guarantee	
- secured	700
- unsecured	1,198
	1,898
Amount utilised	
Banker's guarantee	
- secured	250
- unsecured	150
	400

9.4 Material Capital Commitments

As at 12 August 2005, being the latest practicable date prior to the printing of this Abridged Prospectus, the Board is not aware of any capital commitments incurred or known to be incurred by the GHL Group which may have a material impact on the financial position or business of the GHL Group.

9.5 Material Litigation

As at 12 August 2005, the GHL Group is not engaged in any material litigation, claims, arbitration or prosecution, either as plaintiff or defendant, and the Board is not aware of any proceedings pending or threatened against the GHL Group or of any facts likely to give rise to any proceedings which might materially and adversely affect the financial position or business of the GHL Group.

10. SUBSTANTIAL SHAREHOLDERS' AND/OR DIRECTORS' UNDERTAKINGS AND UNDERWRITING ARRANGEMENT

10.1 Substantial Shareholders' and/or Directors' Undertakings

GHL had on 28 April 2005, obtained written irrevocable undertakings from certain of its substantial shareholders and/or directors as detailed below, to subscribe or procure subscriptions for their entitlements to the Two-Call Rights Issue.

	Shareholdings as at 12.08.2005		Undertakings to Subscribe for the Rights Entitlement [b]	
	No. of Shares	**%**	**No. of Shares**	**%**
Substantial Shareholders				
Goh Kuan Ho [a]	61,769,325	18.15	37,061,595	18.15
BSNC Corporation Berhad	57,912,562	17.01	34,747,537	17.01
Directors				
Tay Beng Lock	16,703,987	4.91	10,022,392	4.91
Yeng Fook Hoo	10,718,875	3.15	6,431,325	3.15
Chin Fook Kheong	437,500	0.13	262,500	0.13
Tunku Dato' Abdul Malek Bin Tunku Kassim	25,000	0.01	15,000	0.01

Notes:-

a *Also a director of GHL.*

b *Rights entitlements are based on 204,222,660 Rights Shares to be issued pursuant to the Two-Call Rights Issue.*

10.2 Underwriting Agreement

GHL had on 3 August 2005, entered into an Underwriting Agreement with AmMerchant Bank as the Managing Underwriter, and the Underwriters for the underwriting of up to 115,701,391 Rights Shares, being 56.65% of the total Rights Shares, for an underwriting commission of 1.25% on the cash call of RM0.08 per Rights Share to be borne by the Company.

The following is an extract of the salient terms of the Underwriting Agreement dated 3 August 2005.

Clause 12. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

(1) The commitment of the Underwriters to underwrite the Underwritten Shares is being made on the basis of the representations, warranties and undertakings of the Company in this Clause and with the intention that such representations, warranties and undertakings shall remain true and accurate in all respects up to and including the Closing Date, and in consideration of such commitment to underwrite,

(A) the Company hereby represents and warrants to the Underwriters:-

(a) that each of the Company and its subsidiaries is a company duly incorporated under the laws of its place of incorporation and validly existing with full power and authority to conduct its business in the jurisdiction where it carries on business and is not in liquidation and, to the best of its knowledge and belief, no steps have been taken by any person for or with a view to the appointment of a liquidator, receiver and or manager or judicial manager of the Company or any of its subsidiaries or of any of their respective assets or undertakings;

(b) that save as disclosed in the Prospectus and the documents (if any) attached thereto or as has been disclosed in writing to the Underwriters prior to the date hereof:-

(i) neither the Company nor any of its subsidiaries is in default under or in breach of any agreement to which it is bound or the terms of any licence, permit, approval, consent, directive, legislation or regulation of any relevant authority (including Bursa Securities and the Securities Commission) applicable to or affecting it, the effect of which would materially and adversely affect the financial condition of the Company or the Group as a whole or the success of the Rights Issue and the listing and quotation of the Rights Shares; and

(ii) there is no litigation, arbitration, administrative proceedings or winding-up proceedings (including investigations by Bursa Securities and or the Securities Commission), criminal charge or investigation current or pending, or to the best knowledge of the Company (after due and careful enquiry) threatened against the Company or any of its subsidiaries, the effect of which would materially and adversely affect the financial condition of the Company or the Group as a whole or the success of the Rights Issue and the listing and quotation of the Rights Shares; and after making due and careful enquiries, the Company is not aware of any facts or circumstances likely to give rise thereto and the Company and its subsidiaries are not subject to the provisions of any injunction, judgment, decree or order of any court, regulatory body, administrative agency or other governmental body;

(c) that other than indebtedness contested in good faith by the Company or any of its subsidiaries as disclosed in the Prospectus and the documents (if any) attached thereto and to the best of the knowledge and belief of the Company, no outstanding indebtedness of the Company or any of its subsidiaries has become or is likely to become payable by reason of default by the Company or any such subsidiary and no event has occurred or is, so far as the Company is aware, pending which with the lapse of time, or the fulfillment of any conditions, or the giving of any notice, may result in any such indebtedness becoming payable;

(d) that the audited accounts of the Group have been prepared in accordance with all applicable laws and on a basis consistently applied in accordance with accounting principles, standards and practices generally accepted in Malaysia so as to give a true and fair view of the financial results and state of affairs of the Group as a whole for the following years / period:-

(i) the financial years ended 31 May 2000 and 2001;

(ii) the seven (7) months ended 31 December 2001; and

(iii) the financial years ended 31 December 2002 to 2004, and the Group has made adequate provisions for and or appropriate disclosures of all known material liabilities, whether actual or contingent, of the Group as a whole as at such dates and has complied in all respects with the requirements of all relevant laws and accounting principles and practices then in force and generally accepted in Malaysia and since 31 December 2004 there has been no material adverse change in the financial position of the Company or the Group taken as a whole, save as may be disclosed in the Prospectus or prior to the Closing Date, in any public announcement or publicly available documents or as has been disclosed to the Underwriters prior to the date of this Agreement;

(e) that all necessary consents, waivers, approvals, authorisations or other orders of all regulatory authorities required for or in connection with the execution of this Agreement, the issue, listing of and quotation for the Rights Shares and any other matters contemplated thereby:-

(i) have been or will be unconditionally obtained prior to the Closing Date;

(ii) if granted subject to conditions, such conditions will be fulfilled to the satisfaction of the Lead Manager / Managing Underwriter by the due date therefor; and

(iii) are and will remain in full force and effect;

and all other actions will be taken by the Company to comply with all legal and other requirements necessary to ensure that the foregoing actions will not infringe any existing laws or the terms of any such consent, approval or authorisation;

(f) that the authorisation of the Rights Shares (including the Underwritten Shares) and the issue thereof and the invitation to the existing members of the Company to apply for the Rights Shares on the terms and conditions of the Prospectus and the compliance by the Company with their terms and the terms of this Agreement:-

(i) do not and will not conflict with, or result in a breach of any of the terms or provisions of the Memorandum and Articles of Association of the Company or any existing law, regulation or listing requirements applicable to or affecting the Company or any of its subsidiaries or the Rights Issue; and

(ii) do not and will not conflict with, or result in a breach, or infringe the terms of, or constitute a default under any judgment, order, licence, permit, approval, consent, trust deed, agreement or other instrument or obligation to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries or any part of the undertakings, assets, properties or revenues of the Company or any of its subsidiaries is bound or affected;

THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

and the Rights Issue, the execution and issue or delivery by the Company of this Agreement, the Prospectus and the Underwritten Shares and the performance of the obligations to be assumed thereunder and hereunder by the Company have been duly authorised by all necessary corporate actions of the Company, including but not limited to the approval of the shareholders of the Company in a general meeting (if and to the extent required) and upon due execution of this Agreement or deposit or credit of the Rights Shares into the Securities Accounts, the obligations assumed hereunder will constitute legally valid, binding and enforceable obligations of the Company in accordance with their respective terms;

(g) the Prospectus and the documents (if any) attached thereto will be reviewed and approved by the Directors of the Company, and the same will collectively and individually accept full responsibility for the accuracy of the information contained therein, and the Directors have made and will make all reasonable enquiries to ensure that all facts material for the Prospectus and the documents (if any) attached thereto will be disclosed, and will verify the completeness and accuracy of all such information and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statements in the Prospectus false or misleading;

(h) that the Prospectus and the documents (if any) attached thereto:-

    (i) will comply in all material respects with the Securities Commission Act 1993 and/or any other applicable law and any rules, regulations and guidelines thereunder and shall be in form and substance satisfactory and acceptable to and registrable with the Securities Commission and all other relevant authorities (where applicable);

    (ii) will contain all information which is material in the context of the Rights Issue and such information as contained therein will be true, complete, and accurate in all material respects;

    (iii) will not omit to state or disclose any material fact or information required or necessary to be stated therein with regard to the Rights Issue and all statements of fact and information so made and/or disclosed, in the light of the circumstances under which they are made or disclosed, are true and accurate and not misleading in any respect;

(i) that all information supplied or to be supplied to the Underwriters for the purpose of or in connection with the underwriting of the Rights Shares including but not limited to any information supplied or to be supplied in connection with the application for listing of and quotation for the Rights Shares or for the purpose of the Prospectus is or will be true, complete and accurate in all material respects and nothing has been furnished, supplied or omitted from such information which would or might make any of the information materially untrue, incomplete, inaccurate, misleading or which would or might be expected to materially affect the willingness of the Underwriters to underwrite or subscribe for or sell the Rights Shares;

(j) that every statement of forecasts, expressions of opinion, intention and expectation (including profit forecasts, if any) which have been disclosed in the listing applications and in the Prospectus in connection with the issue and offer for subscription/sale of the Rights Shares are or will be truly, fairly, reasonably and honestly held by the Directors and have been made or will be made after due and careful enquiries and consideration and represent or will represent reasonable expectations based on facts known to the Company as at the date of such disclosure, and to the extent it is based on assumptions, those assumptions are reasonable;

(k) that there has not been, as at any time hereafter up to and including the Closing Date, any circumstances or situations which will or are likely to materially and adversely affect the financial condition or business of the Company or the Group as a whole, or the success of the Rights Issue;

(l) that save as disclosed in the Prospectus and the documents (if any) attached thereto or as has been disclosed in writing to the Underwriters prior to the date hereof, neither the Company nor any other company in the Group has entered into any contract and/or commitment of an unusual or onerous nature, which, in the context of the Rights Issue, might be material for disclosure nor has any event occurred or any fact been discovered which will render inaccurate, untrue or incorrect any of the representations, warranties and undertakings contained herein if they were repeated on and as of the Closing Date;

(m) that all taxes (whether income tax, property tax or otherwise) of the Group, in particular but not limited to, all taxes which are material in the context of the Rights Issue, for which the Company and/or the Group is liable or which ought to have been paid, have been duly paid or adequately provided for in the audited accounts of the Company and/or the Group; all the returns, notices or information which are required to be made or given by the Company or the Group for taxation, have been so made, are up to date, correct and on a proper basis, and are not subject to any dispute with any relevant or appropriate authorities and there are no present circumstances (of which the Company is or ought reasonably to be aware) which are likely to give rise to any such dispute;

(n) that the records, statutory books and books of accounts of the Group are duly entered and maintained in accordance with all legal requirements applicable thereto and contain true, full and accurate records of all matters required to be dealt with therein and all such books and records and documents (including documents of title) are in their possession or under their control and all accounts, documents and returns required to be delivered or made to the CCM or the Registrar of Companies (as the case may be) or other relevant authorities have been duly and correctly delivered or made;

(o) that all the assets of the Group which are of an insurable nature have at all material times been and are at the date hereof, adequately insured against fire and other risks normally insured against by companies carrying on similar businesses or owning property of a similar nature; in respect of such insurances, all premiums have been duly paid to date and all the policies are in force and are not voidable on account of any act, omission or non-disclosure on the part of the insured party;

(p) that the Rights Shares shall be issued free from all claims, charges, liens and other encumbrances by the Company, and upon issuance shall rank pari passu in all respects with the then existing Shares except that they shall not be entitled to any dividends, rights, allotments and or distributions, the entitlement date of which is prior to the allotment of the Rights Shares;

(q) that the share premium and/or retained profits accounts of the Company shall be sufficient for the capitalisation of the second call in respect of the Rights Shares, being RM0.02 per Rights Share;

(r) all information supplied to the relevant authorities in relation to the Rights Issue and the Rights Shares is or will be true, complete and accurate in all respects and nothing material has been omitted from such information which would or might make any of the information misleading or which would or might affect the decision of the relevant authorities in making their respective decisions;

(s) there are currently no labour disputes with the employees of the Company or any of its subsidiaries and to the best knowledge of the Company, there are no labour disputes which are imminent, which may reasonably be expected to materially affect the business, operations, financial condition or the prospects of the Group;

(t) save as disclosed in the Prospectus, the Company and each of its subsidiaries do not have any actual or contingent liability under applicable laws or regulations concerning human health and safety, pollution or protection of the environment or in relation to any interest in land which could have a material effect on the Rights Issue or the listing and quotation of the Rights Shares;

(u) no information has been withheld from the Underwriters which would/may in any way affect the Underwriters' willingness or decisions to underwrite the Underwritten Shares;

(v) there will be no variation between the Prospectus in the form attached hereto and the Prospectus in the form registered with the Securities Commission and lodged with the CCM without the prior written consent of the Lead Manager/Managing Underwriter;

(w) the recitals to this Agreement are true and accurate.

(B) the Company hereby irrevocably and unconditionally undertakes to the Underwriters:-

(a) that the Company will pay all and any stamp and other documentary taxes or duties, payable on, or in connection with, the creation, issue and distribution/offer of the Rights Shares and the execution of this Agreement including any interest and penalties resulting from delay or omission on the part of the Company;

(b) that the Company will comply with all the conditions, if any, imposed by the Securities Commission and Bursa Securities and any other relevant authority for the listing of and quotation for the entire Rights Shares on the MESDAQ Market of Bursa Securities;

(c) that the Company will give to the Underwriters any or all information which the Underwriters may reasonably require in respect of the accounts or affairs of the Company or the Group or in connection with the Rights Issue or any other corporate exercise undertaken or being undertaken by the Company (if any);

(d) that the Company will fix the Closing Date together with the Lead Manager/Managing Underwriter provided that any extension of the Closing Date shall only be made with the prior approval of the Lead Manager/Managing Underwriter and the relevant authorities (if required);

(e) that the Company will do all other things and sign or execute such other documents as may reasonably be required in order to complete the Rights Issue;

(f) that subject to the registration by the Securities Commission and lodgment with the CCM of the Prospectus together with the Rights Subscription Form, the Company will send to each Entitled Shareholder (provided that the dispatch of the Prospectus to such Entitled Shareholder will not contravene the laws of any foreign jurisdiction):-

(i) a Notice of Provisional Allotment whereunder the Company provisionally allots to an Entitled Shareholder the number of the Rights Shares to which the Entitled Shareholder is entitled upon the terms and conditions of the Prospectus and the Rights Subscription Form;

(ii) a form of application (which forms part of the Rights Subscription Form) for additional Rights Shares in excess of those provisionally allotted to the Entitled Shareholder as aforesaid; and

(iii) a copy of the Prospectus;

(g) that the Company will ensure that the basis of allocation of the Excess Rights Shares to such of the Entitled Shareholders who shall have duly applied for additional units of the Rights Shares in excess of those provisionally allotted to the Entitled Shareholders is fair and equitable. For the purposes of this sub-clause and this Agreement, the aforesaid expression **"Excess Rights Shares"** means that certain number of the Rights Shares which have been provisionally allotted to Entitled Shareholders but which have not been validly accepted or taken up by such Entitled Shareholders (or any of them) or their respective renouncees (or any of them) but which are applied for by other Entitled Shareholders and/or their respective renouncees (**"Excess Applicants"**);

(h) that the Company will approve all valid and proper applications by the Excess Applicants for additional units of the Rights Shares in excess of those provisionally allotted to them other than such applications as are not duly completed or signed or which are not accompanied by remittances for the appropriate amounts payable on application or are otherwise deficient for technical reasons; and allocate to such Excess Applicants such Excess Rights Shares not validly accepted or taken up by the Entitled Shareholders to whom they have been provisionally allotted, the basis for such allotment to be determined by the Directors in a fair and equitable manner;

(i) that the Company will not publish any amendments or supplements to the Prospectus which the Lead Manager / Managing Underwriter has not previously been notified in writing of or to which the Lead Manager / Managing Underwriter or its legal advisers shall reasonably object but the giving of any such notice shall not affect or prejudice any of the rights of the Underwriters hereunder;

(j) that the Company will notify in writing and discuss with the Lead Manager / Managing Underwriter any announcement proposed to be made to the public which would conflict in any material respect with any statement in the Prospectus but the giving of any such notice and any such discussion shall not affect or prejudice any of the rights of the Underwriters hereunder;

(k) that the Company will not make public any information which will or is likely to affect the market price of the Shares without the prior written notice to and the prior written consent of the Lead Manager / Managing Underwriter;

(l) that the Company will promptly and without any delay whatsoever notify the Underwriters of any breach of any of the representations, warranties or undertakings or of any facts, information, situations or circumstances which the Company, in its reasonable opinion, believes may materially and adversely affect the financial condition or the business of the Company and or the Group as a whole, or the success of the Rights Issue and without prejudice to the generality of the foregoing representations, warranties or undertakings, the Company will take such steps as may be reasonably requested by the Lead Manager/Managing Underwriter to remedy and/or publicise the same, at any time prior to the Closing Date;

(m) that the Company will apply for and obtain the approval-in-principle of Bursa Securities for the dealing in and quotation for all the Rights Shares before the Closing Date and will comply with all requirements and provisions of the Securities Commission Act, 1993 and the Listing Requirements of Bursa Securities and all other applicable laws, rules, regulations, guidelines and the requirements of all other relevant authorities in relation to the listing of and quotation for the Rights Shares; and the Company shall at all times promptly furnish and deliver all documents, instruments, information, certificates and undertakings as may be necessary or advisable in order to obtain such permission and quotation;

(n) that the Group will carry on and operate its business and affairs with due diligence and efficiency and in accordance with sound financial and commercial standards and practices;

(o) that the Company shall forthwith notify the Lead Manager/Managing Underwriter who shall thereafter inform the other Underwriters of any misrepresentation or of anything which has or may have rendered or will or may render untrue or incorrect any of its representations, warranties or undertakings at any time prior to the Closing Date, which shall come to its notice or of which it becomes aware or which shall occur at any time prior to the Closing Date, but the giving of any such notice shall not affect or prejudice any of the rights of the Underwriters hereunder;

(p) that the Company shall at the request of the Lead Manager/Managing Underwriter made at any time prior to the Closing Date furnish or deliver to the Lead Manager/Managing Underwriter all information and documents which the Lead Manager / Managing Underwriter may reasonably request for, for the purpose of verifying the truth, completeness or accuracy of the representations, warranties and undertakings contained herein; and

(q) that the Company shall do all other things and sign or execute such other documents as may reasonably be required by the Lead Manager / Managing Underwriter.

(2) Each of the Underwriters severally and not jointly represents and warrants to and for the benefit of the Company that:-

(a) it has the power to enter into, exercise its rights and perform and comply with its obligations under this Agreement;

(b) it will duly observe and comply with all applicable laws and regulations in each jurisdiction in which it may offer or sell the Rights Shares; and

(c) its obligations under this Agreement are valid, binding and enforceable in accordance with its terms.

Clause 13. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS TO SURVIVE AGREEMENT

(1) The representations, warranties and undertakings set out in this Agreement shall survive the execution of this Agreement and shall be deemed to be repeated on each day up to the date of delivery of the notice of allotment in respect of the Underwritten Shares subscribed for by the Underwriters as if made on each such day with reference to the facts and circumstances existing on each such day.

(2) The rights and remedies conferred upon the Underwriters by the representations, warranties, and undertakings contained in Clause 12(1) hereof shall continue in full force and effect from the date hereof notwithstanding completion of the sale and subscription of the Underwritten Shares and notwithstanding any investigation by or on behalf of the Underwriters.

Clause 14. CONDITIONS PRECEDENT

Unless waived by the Lead Manager/Managing Underwriter (in which case any condition precedent or any part thereof so waived shall be deemed to have been satisfied), the obligations of the Underwriters under this Agreement shall be conditional upon the following:-

(a) this Agreement having been duly executed by all the parties hereto and duly stamped;

(b) the issue of the Rights Shares having been approved by the Securities Commission and or any other relevant authority and the shareholders of the Company in General Meeting (if applicable);

(c) the listing of and quotation for the Rights Shares on the MESDAQ Market of Bursa Securities having been unconditionally approved-in-principle by Bursa Securities or subject to such conditions which are acceptable to the Lead Manager/Managing Underwriter and such approval is not withdrawn and the Lead Manager/Managing Underwriter being reasonably satisfied that such listing and quotation shall be granted within two (2) clear Market Days after an application for quotation is made to Bursa Securities;

(d) the Prospectus being in form and substance satisfactory to the Lead Manager/Managing Underwriter;

(e) the Prospectus having been registered with the Securities Commission and lodged with the CCM within one (1) month from the date of this Agreement or within such other date as the parties may mutually agree;

(f) there has not occurred, on or prior to the Closing Date any event rendering untrue, inaccurate or incorrect any of the representations or warranties contained in Clause 12(1) hereof;

(g) there has not been, on or prior to the Closing Date any breach of and or failure to perform any of the undertakings contained in Clause 12(1) hereof;

(h) the Lead Manager/Managing Underwriter having been satisfied that arrangements have been made by the Company to ensure payment of the expenses referred to in Clause 20;

(i) the Rights Issue not being prohibited by any statute, order, rule, regulation or directive promulgated or issued by any legislative, executive or regulatory body or authority in Malaysia and all consents, approvals, authorisations or other orders required by the Company under such laws for or in connection with the Rights Issue and/or the listing of and quotation for the Rights Shares on the MESDAQ Market have been obtained and are in full force on the Closing Date;

(j) there has not been, on or prior to the Closing Date, in the reasonable opinion of the Lead Manager/Managing Underwriter, any material adverse change or any development reasonably likely to involve a prospective material adverse change in the condition (financial or otherwise) of the Group from that existing as at the date of this Agreement which is material in the context of the Rights Issue and the listing of and quotation for the Rights Shares and or the Underwritten Shares;

(k) there has not been, on or prior to the Closing Date, in the reasonable opinion of the Lead Manager/Managing Underwriter, any adverse change in national or international monetary, political, financial or economic conditions or exchange control or currency exchange rates (including but not limited to conditions on the stock market in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) and or national disorder, outbreak of war, Act of God or the declaration of a state of national emergency or the occurrence of any combination of any of the foregoing that would prejudice materially the success of the Rights Issue and the listing of and quotation for the Rights Shares;

(l) the Underwriters receiving a copy certified by a Director or secretary of the Company to be a true resolution of the Board of Directors approving the Prospectus and this Agreement, the issue and offer of the Rights Shares and authorising a person or persons to sign this Agreement on behalf of the Company;

(m) the Prospectus having been issued within one (1) month from the date hereof or such extended period as may be consented to by the Lead Manager/Managing Underwriter;

(n) on or prior to the Closing Date, the Securities Commission having approved the Prospectus and if approvals will be conditional, all conditions being upon terms acceptable to the Lead Manager / Managing Underwriter and all conditions which are required to be fulfilled by the Closing Date, have been fulfilled;

(o) the receipt of letters of undertaking from certain substantial shareholders and/or Directors as referred to in recital (E) which are acceptable to the Lead Manager/Managing Underwriter that they will fully subscribe for their respective entitlements;

(p) the subscription of the Rights Shares by the respective shareholders who have given their irrevocable letter(s) of undertaking to subscribe for the Rights Shares; and

(q) the delivery to the Lead Manager/Managing Underwriter of a certificate, in the form or substantially in the form contained in Appendix 2 dated the Closing Date signed by duly authorised officers of the Company stating that, to the best of their knowledge and belief having made all reasonable enquiries, there has been no change, development or occurrences referred to in paragraphs (e), (f) and (i) above.

Clause 15. TERMINATION

(1) Subject to Clause 15(2) below but notwithstanding any other provision herein contained, the Lead Manager/Managing Underwriter may by notice in writing to the Company given at any time before the Closing Date, terminate and cancel and withdraw the commitment of the Underwriters to underwrite the Underwritten Shares if:-

(a) any of the conditions precedent set out in Clause 14 hereof are not satisfied by the Closing Date; or

(b) there is any breach by the Company of any of the representations, warranties or undertakings contained in Clause 12 hereof, which is not capable of remedy or, if capable of remedy, is not remedied within ten (10) Market Days from the date the Company is notified by the Lead Manager / Managing Underwriter of such breach; or

(c) there is failure on the part of the Company to perform any of its obligations herein contained; or

(d) there is withholding of information of a material nature from the Underwriters which is required to be disclosed pursuant to this Agreement which, in the reasonable opinion of the Lead Manager/Managing Underwriter, would have a material adverse effect on the business or operations of the Group, the success of the Rights Issue, or the distribution or sale of the Rights Shares; or

(e) there shall have occurred, or happened any material and adverse change in the business or financial condition of the Company or the Group; or

(f) there shall have occurred, or happened any of the following circumstances:-

(i) any material change, or any development involving a prospective change, in national or international monetary, financial, economic or political conditions or exchange control or currency exchange rates (including but not limited to conditions on the stock market in Malaysia or overseas, foreign exchange market or money market or with regard to inter-bank offer or interest rates both in Malaysia and overseas) or the occurrence of any combination of any of the foregoing; or

(ii) any change in law, regulation, directive, policy or ruling in any jurisdiction or any event or series of events beyond the reasonable control of the Underwriters (including without limitation, acts of God, national disorder, declaration of a state of national emergency, acts of terrorism, strikes, lock-outs, fire, explosion, flooding, civil commotion, sabotage, acts of war or accidents);

which, would have or can reasonably be expected to have, in the reasonable opinion of the Lead Manager/Managing Underwriter, a material adverse effect on, and/or materially prejudice the business or the operations of the Company or the Group as a whole, the success of the Rights Issue, or the distribution or sale of the Rights Shares, or which has or is likely to have the effect of making any material part of this Agreement incapable of performance in accordance with its terms.

(2) In the event that this Agreement is terminated pursuant to Clause 15(1)(f), the Underwriters and the Company may confer with a view to deferring the Rights Issue by amending its terms or terms of this Agreement and enter into a new underwriting agreement accordingly, but neither the Underwriters nor the Company shall be under any obligation to enter into a fresh agreement.

Clause 16. CONSEQUENCES OF TERMINATION

In the event of termination pursuant to Clause 15(1) hereof, the respective parties hereto shall, save and except for any antecedent breach, be released and discharged from their obligations hereunder whereupon this Agreement shall be of no further force or effect subject to the following:-

(a) the liability of the Company for the payment of costs and expenses as provided in Clause 20 hereof incurred prior to or in connection with such termination shall remain;

(b) the liability of the Company for the payment of the Underwriting Commission as provided in Clause 8 and Clause 9 hereof; and

(c) each party hereto shall return any moneys paid without interest thereon to the other party within three (3) Market Days of the receipt of such notice of termination from the Lead Manager/Managing Underwriter;

Provided that the Lead Manager/Managing Underwriter may at their discretion waive compliance with or modify any of the provisions of this Clause without prejudice to their powers, rights and remedies under this Agreement.

Clause 21. FORCE MAJEURE

Notwithstanding anything herein contained, any Underwriter may at any time before the Closing Date by notice in writing delivered to the Company terminate its obligations under this Agreement if in the reasonable opinion of the Underwriter concerned, there shall have been such a change in national or international monetary, financial, political or economic conditions or exchange control or currency exchange rates or in the stock exchange or otherwise as would in the reasonable opinion of the Underwriter prejudice materially and adversely the success of the Rights Issue and offering of the Underwritten Shares and their distribution or sale (whether in the primary market or in respect of dealings in the secondary market) and/or in the event of national disorder, outbreak of war or the declaration of a state of national emergency and thereupon the parties shall (except for the liability of the Company in the payment of costs and expenses referred to in Clause 20 above incurred prior to or in connection with such termination) be released and discharged from their respective obligations hereunder."

11. TERMS AND CONDITIONS

The issue of the Rights Shares pursuant to the Two-Call Rights Issue is governed by the terms and conditions set out herein and in the RSF.

12. LISTING OF AND QUOTATION FOR THE RIGHTS SHARES

Approval-in-principle has been obtained from Bursa Securities on 10 August 2005 for the listing of and quotation for all the Rights Shares. The Rights Shares will be admitted to the Official List of the MESDAQ Market of Bursa Securities, and official quotation will commence after receipt of confirmation from Bursa Depository that all the CDS accounts of the entitled shareholders/renouncees have been duly credited and Notices of Allotment have been despatched to the entitled shareholders/renouncees.

13. FURTHER INFORMATION

Shareholders are requested to refer to the attached Appendices for further information.

Yours faithfully
For and on behalf of the Board
GHL SYSTEMS BERHAD

TUNKU DATO' ABDUL MALEK BIN TUNKU KASSIM
Independent Non-Executive Chairman

THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK