GHL

GHL SYSTEMS BERHAD (293040-D)
INCORPORATED IN MALAYSIA

The ASEAN Payment People

Annual Report
2016

CONTENTS

FINANCIAL STATEMENTS

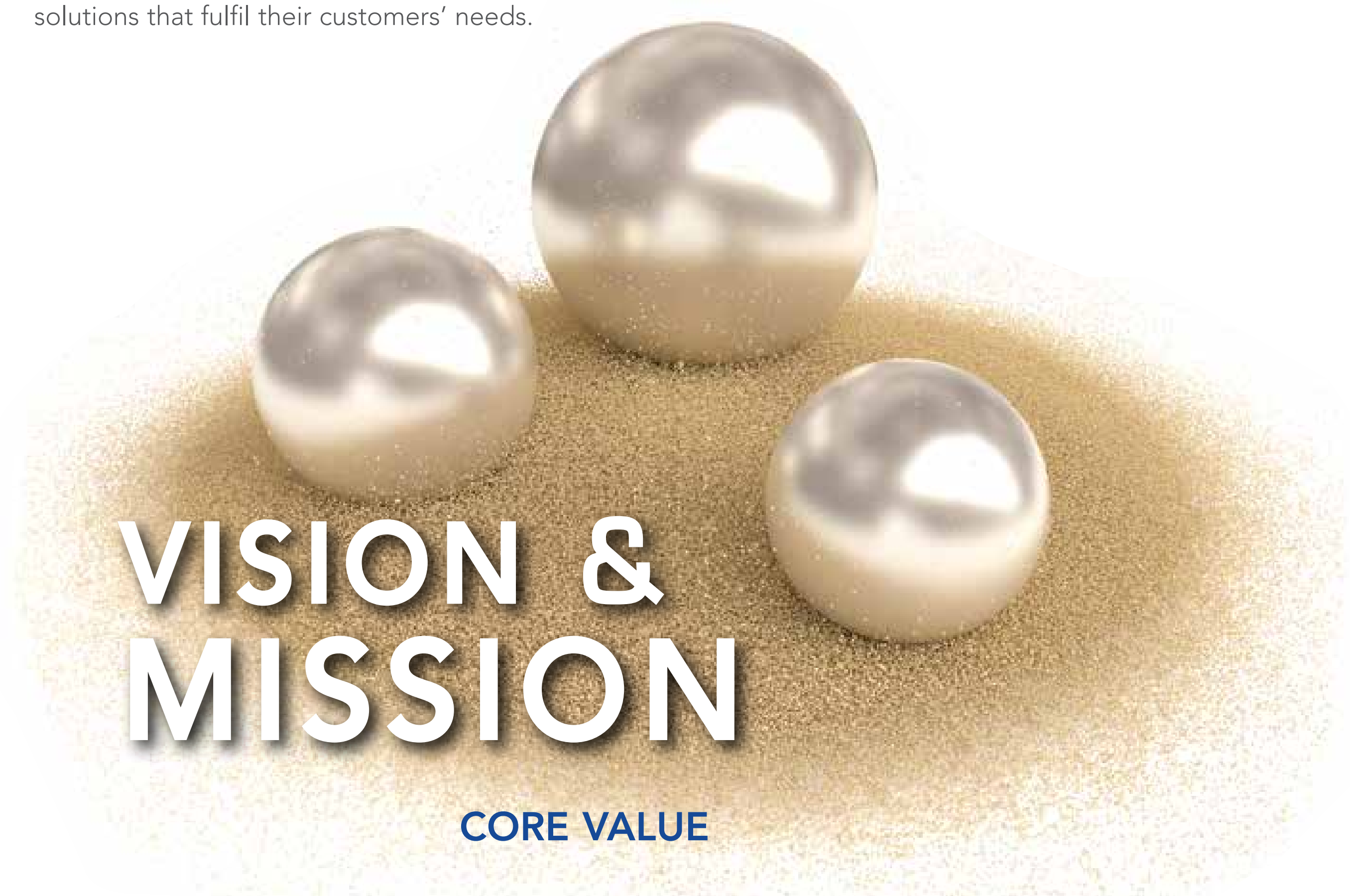
VISION & MISSION

VISION

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

MISSION

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



CORE VALUE

- **Customer is the boss**
  We listen, anticipate and deliver what the customer needs for now and for the future.

- **Teamwork**
  One Team, One Dream.

- **"Boleh" Attitude**
  We are leaders, NOT mere followers.
  We are passionate about the things we do each day.

- **No Dishonesty**
  Not tolerated!

- **Addicted To Innovation**
  Innovate anything and everything, internal or external, small or big!

GHL Systems Berhad

the ASEAN payment people

GHL Systems Berhad (Main Market, Bursa Malaysia; Stock Code GHLSYS0021; Bloomberg: GHLS) ("GHL" or "the Group") is a leading payment services provider in ASEAN with key business operations in Malaysia, Philippines, Thailand, Indonesia and Australia. GHL also has software development centres in Wuhan (China), Philippines and Malaysia.

The Group provides world-class payment services and solutions encompassing physical, Internet and mobile payments on a sale, rental or transactional basis and is one of the top merchant acquirers in the region. Other than serving the traditional banking and financial sector, the Group also serves major telecommunications, petrol/gas retailing, loyalty, retail, and airlines companies in ASEAN.

GHL manages more than 150,000 point of sales devices in ASEAN that enable credit card, debit card, prepaid contactless payment, loyalty, prepaid top up as well as bill payment collection services. Beyond ASEAN, GHL has, through its distribution partners, successfully sold its proprietary software and payment network products in more than 20 countries. These include; Singapore, China, Taiwan, Australia, Romania, Holland, South America as well as the Middle East.

GHL has been listed on Bursa Malaysia since 2003. The Group processed over RM6.2 Billion of transaction value in 2016.

For more information on GHL Group kindly visit www.ghl.com

CORPORATE STRUCTURE

GHL

GHL SYSTEMS BERHAD (293040-D)
INCORPORATED IN MALAYSIA

100% GHL CardPay Sdn Bhd

100% GHL International Sdn Bhd

100% GHL Transact Sdn Bhd

100% GHL Asia Pacific Limited

100% GHL Payments Sdn Bhd

100% GHL EFTPOS Sdn Bhd

100% GHL Global Sdn Bhd

100% GHL ePayments Sdn Bhd

100% GHL Loyalty Sdn Bhd

100% GHL BPO1 Sdn Bhd

100% GHL Payment Services Sdn Bhd

100% Mobiepay Sdn Bhd

100% e-pay Asia Pty Ltd

100% Sentripay Sdn Bhd

100% S Capital Sdn Bhd

100% EPY Capital Holdings Ltd

CORPORATE STRUCTURE

100%
GHL Systems
Australia Pty Ltd

99.99%
GHL Systems
Philippines, Inc

40%
Pinoytek
Solusyon, Inc

95.45%
GHL (Thailand)
Co. Ltd

95.45%
Concious Object
Developement
Co. Ltd.

99%
PT Spotpay
Indonesia

1%

99.99%
GHL ePayments
Co. Ltd

99.99%
GHL ePayments
Philippines, Inc

Dormant

Active

45%
Mruncit Commerce
Sdn Bhd (JV)

100%
Pay Here
Sdn Bhd

60%
PT Pembayaran
Elektronik Indonesia

4%

40%

100%
e-pay (M)
Sdn Bhd

50%
e-pay Pakistan
(Private) Limited

49.50%
e-pay Thailand
Co. Limited

78.80%
PT e-pay
Indonesia

16.00%
Electronic
Payment Network
(Thailand)
Co. Limited

21.20%

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATUK KAMARUDDIN BIN TAIB
(Independent Non-Executive Chairman)

LOH WEE HIAN
(Executive Vice Chairman)

KANAGARAJ LORENZ
(Group Chief Executive Officer)
(Resigned on 30 November 2016)
(Executive Director)
(Appointed on 30 November 2016)

FONG SEOW KEE
(Senior Independent Non-Executive Director)

BRAHMAL A/L VASUDEVAN
(Non-Independent Non-Executive Director)

LIM SZE MEI
(Non-Independent Non-Executive Director)
(Resigned on 25 August 2016)

COMPANY SECRETARY

Wong Wai Foong (f) (MAICSA 7001358)
Lim Poh Yen (f) (MAICSA 7009745)
Kuan Hui Fang (f) (MIA 16876)

AUDIT AND RISK COMMITTEE

Fong Seow Kee (Chairman)
Datuk Kamaruddin Bin Taib
Brahmal a/l Vasudevan
(Appointed on 8 November 2016)
Lim Sze Mei (Resigned on 25 August 2016)

NOMINATION AND REMUNERATION COMMITTEE

Fong Seow Kee (Chairman)
Datuk Kamaruddin Bin Taib
Brahmal A/l Vasudevan

AUDITORS

BDO (AF0206)
Level 8
BDO @ Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur.

PRINCIPAL BANKERS

Alliance Bank Berhad
Bank Islam Malaysia Berhad
CIMB Bank Berhad
OCBC Bank (Malaysia) Berhad
Standard Chartered Bank Malaysia Berhad

CORPORATE INFORMATION

REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : +6(03) 2783 9299
Fax : +6(03) 2783 9222

REGISTERED OFFICE

Tricor Corporate Services Sdn Bhd
Unit 30-01, Level 30, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : +6(03) 2783 9191
Fax : +6(03) 2783 9111

LEGAL ADVISORS

Wong Beh & Toh
Peti #30, Level 19, West Block
Wisma Selangor Dredging,
142-C Jalan Ampang,
50450 Kuala Lumpur

Chalermchat Law Office Co., Ltd.
518/5, Maneeya Centre,
16 Floor, Ploenchit Road, Lumpini,
Pathumwan, Bangkok 10330 Thailand.

Fortun Narvasa Salazar Law Offices
23rd Floor Multinational Bancorporation Centre,
6805 Ayala Avenue, 1
226 Makati City Philippines.

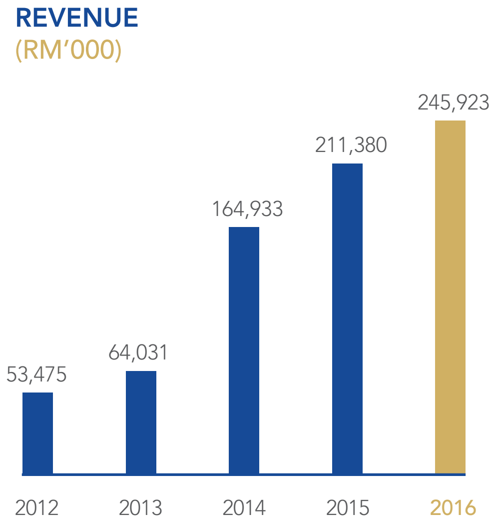
STOCK EXCHANGE LISTING

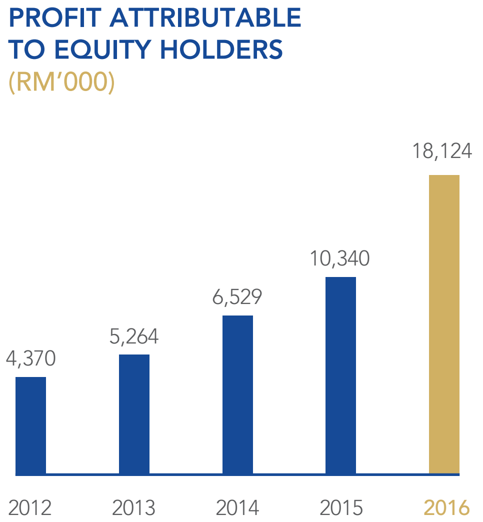
Main Market of Bursa Malaysia Securities Bhd (BMSB)
BMSB Code : 0021
Reuters Code : GHLS.KL
Bloomberg Code : GHLS MK

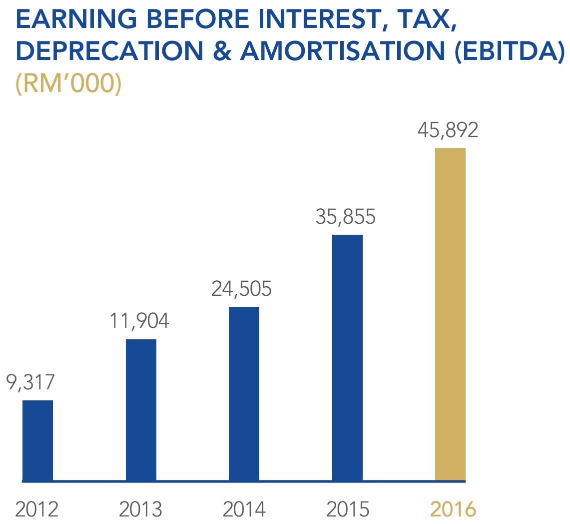
WEBSITE

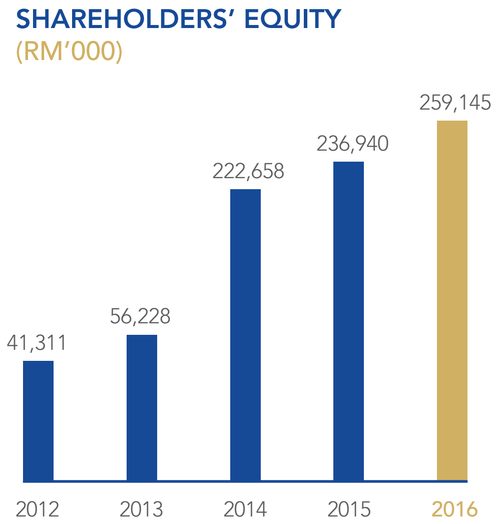
www.ghl.com

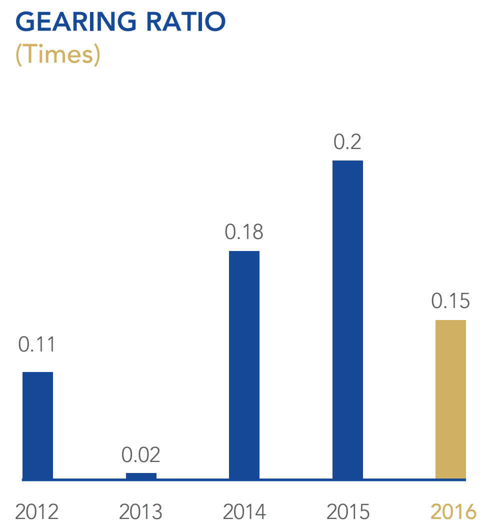
FINANCIAL HIGHLIGHTS

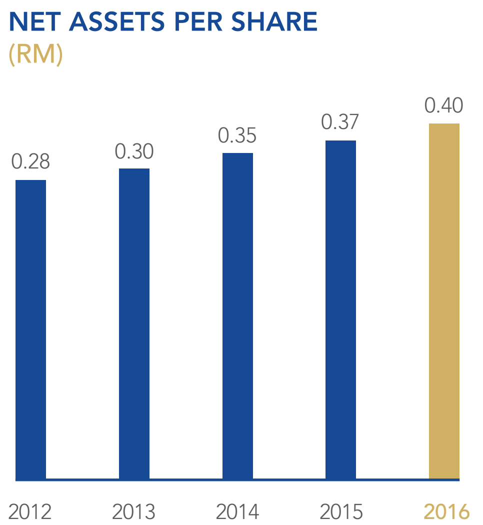












KEY PERFORMANCE INDICATORS

Financial Highlights		Year				
Financial Year Ended 31st December		2012	2013	2014	2015	2016
Revenue	RM'000	53,475	64,031	164,933	211,380	**245,923**
Gross Profit	RM'000	40,336	40,352	67,137	82,786	**95,310**
Gross Profit Margin	%	75.43	63.02	40.71	39.16	**38.76**
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)	RM'000	9,317	11,904	24,505	35,855	**45,892**
Profit/(Loss) For The Year Attributable To Equity Holders	RM'000	4,370	5,264	6,529	10,340	**18,124**
Shareholders' Equity	RM'000	41,311	56,228	222,658	236,940	**259,145**
Net Operating Cash Flow	RM'000	(1,603)	(4,888)	(9,487)	15,167	**32,042**
Net Assets Per Share	RM	0.28	0.30	0.35	0.37	**0.40**
Basic Earnings Per Share	sen	2.87	2.06	1.19	1.61	**2.79**
Total Borrowings	RM'000	4,372	974	40,466	46,513	**38,124**
Gearing Ratio	times	0.11	0.02	0.18	0.2	**0.15**
Net Gearing Ratio		Net Cash	Net Cash	Net Cash	Net Cash	**Net Cash**

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS

I AM PLEASED TO PRESENT GHL SYSTEMS BERHAD'S ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDING 31ST DECEMBER 2016.

CHAIRMAN'S STATEMENT

Malaysia's 2016 GDP growth expanded by 4.2% year on year (2015: 5%) and was a year where cost of living and purchasing power continue to weigh on consumer confidence. The volatility and depreciating Ringgit due to the global economy were amongst the challenges faced but I am pleased to report that our GHL group has performed admirably despite these headwinds.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

The GHL group's financial performance for the year ended 31 December 2016 saw group revenues hit RM245.9 million (+16% yoy) from RM211.4 million a year ago. Pretax profits grew strongly by +54% yoy to RM24.8 from RM16.1 million 2015. 2016 pretax margins were 10% were up compared to 7.6% achieved in the same period a year ago.

2016's continued profit growth improvement bears testament to the strategy and business nimbleness of your board of directors, senior management as well as the tenacity of the staff of GHL group which spans four countries in ASEAN.

SIGNIFICANT EVENTS

Migration to Pin & Pay for credit cards

Bank Negara mandated that all credit card services in Malaysia are to be migrated to Pin & Pay by 1st January 2017. This move is to further enhance the security of credit card transactions. Hence, the banking sector had to migrate the existing terminal base of approximately 280,000 to be compliant with the new rules. GHL group itself in the second half of 2016, visited roughly 65,000 locations to enable the migration of the terminals under its coverage.

Launched e-pay mobile apps

2016 also saw the group's e-pay division move into the mobile domain through the launch of two innovative mobile apps (downloadable from Google Play Store and Apple's App Store). Both apps essentially enable e-pay services to go mobile instead of being tethered to a physical EDC terminal. The PayHere app, which is for mobile and remote agents, is especially encouraging as it opens up new potential merchants giving them the convenience to sell mobile prepaid top ups and collect bill payments especially in areas where EDC terminals are not viable and accessible. The e-pay app, essentially for end consumers to buy mobile prepaid top ups and pay their bills was launched at the end of November 2016. By the end of 2016, the group had approximately 5,000 PayHere agents and 2,300 e-pay app users.

Launched AirPOS mobile payments service in Malaysia.

In April 2016, the group launched an innovative mobile payment solution branded AirPOS, targeted at the small merchant segments which is not well penetrated by the banking sector. This mobile platform which accepts both credit and debit cards has opened up opportunities for small businesses to accept not just cash but card payments thus enhancing the merchant's value proposition and giving them a competitive edge. Since the launch in April 2016, GHL AirPOS has successfully acquired approximately 2,200 merchants in 2016.

Launched TPA in Philippines with RCBC

In July 2016, GHL group signed a TPA agreement with RCBC Bankard Services Corporation in the Philippines to directly acquire merchants to enable them to accept credit card payments. The group strategy remains the same which is to target the small to medium businesses which is usually not addressed by the normal banking channels. However, the Philippines has the added advantage of having relatively very low EDC penetration in relation to the size of its population. Hence, the group is able to also target the larger merchants which remain untapped. Since our launch in May 2016, we managed to install 1,500 terminals.

CHAIRMAN'S STATEMENT
(cont'd)

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Pertubuhan Rumah Anak Yatim Berkat Kasih

On 21st May 2016, the GHL team headed to the Kepong Metropolitan Park for Food Truck Festival + Charity Drive with our employees. Staff were encouraged to bring clothes, books and toys to be donated to a children's home, and Pertubuhan Rumah Anak Yatim Berkat Kasih was selected for this charity drive. Additionally, we were able to collect cash donation of RM1,450 for the home. The establishment of the home was not only to provide neglected, abused or abandoned children with free shelter and taking care of their upbringing, it is also being set up for parents who need counselling. The goal of the home is for the children to be able to go back to their stable and loving family.

Yayasan Sunbeams Home

On 20th August 2016, the GHL Malaysia team had a treasure hunt for our employees and while we were having fun, we also took time to remember the less fortunate children. One of our treasure hunt activities was to purchase daily essentials for the children of the Yayasan Sunbeams Home ("YSH"). YSH, a non-governmental, self-supporting multi-racial foundation, is home to displaced, abused and neglected children of single-parents.

On 12th December 2016 e-pay (M) Sdn Bhd sponsored the Precious Ladies & Men Run at Padang Merbok, Kuala Lumpur. A total of 1,645 runners participated through 6 categories. This run was held to raise fund for The National Cancer Society of Malaysia (NCSM) and apart from RM1,600 raised through the participations, e-pay has contributed an additional RM2,000 to the fund in total. Apart from seasoned runners, we had groups of young families who took part as their family bonding activity.

The GHL Philippines team conducted a Corporate Social Responsibility (CSR) activity at Hospicio De San Jose on the 16th of July, 2016 where employees got to meet and greet with the children and elders with disabilities. We also donated clothes, household appliances and a CD which contains a learning program. Hospicio De San Jose is a foster care institution, which has been a home for orphans, the abandoned, persons with special needs, and the elderly. The goal of this activity was to let the employees reconnect with persons in need, and to produce an overall positive impact on society.

On 4th November 2016, GHL Philippines in partnership with Pasay City Science High School conducted a Creative Research Contest. Dr. Efren E. Canzana officially opened the program with an opening remark in which he expounded his idea of the activity's theme "Invigorating Innovation Exploration through Re-engineering".

CHAIRMAN'S STATEMENT
(cont'd)

On 13th November 2016, the GHL Thailand team visited the Shelter for the Homeless in Baan Tab Kwang. The Shelter is under the care of the Ministry of Social Development and Social Securities. The Shelter is home to 370 people, including children and provides support and professional training to them so that they can go back into the society to earn a living.

OUTLOOK AND PROSPECTS

The Group TPA strategy began in 2015 and the learning curve that came with it has enabled us to finetune our sales strategy, marketing focus and improve on our operational efficiencies. In 2016, we have expanded our market penetration by adding TPA partnerships in acquiring merchants with Alipay (Thailand) and RCBC Bankard (Philippines). In Malaysia, given our experience and better understanding of the small merchant segment, we have launched the mobile AirPOS solution which is making a strong headway into the market. In 2017, we hope to continue the momentum we have started in 2016 and further strengthening and focus on key merchant segments as well introducing new products to give us an edge over our market competitors.

In 2017, we expect to add more TPA partnerships in the three key markets as we strive to offer more expansive services to suit the varied and diverse market needs of the small merchant segment.

In Malaysia, the twin initiative by Bank Negara of the Pin & Pay migration of credit cards as well as the continued push to increase acceptance points to hit 800,000 terminals by 2020 bodes well for our group. As an end to end service provider for the payment sector, we are uniquely positioned to benefit from the above through the sales and service of new EDC terminals as well as our TPA segment which seeks out more merchants to enable e-payments acceptance.

ANALYSIS OF CORPORATE GOVERNANCE DISCLOSURES IN ANNUAL REPORT

As part of their efforts to enhance the corporate governance practices and disclosures of listed issuers, Bursa Malaysia Securities Berhad ("Bursa Securities" or "the Exchange") has continued to review and analyse listed issuers' annual reports, to determine the adequacy of their corporate governance disclosures in the Corporate Governance Statement, Audit Committee Report and Internal Control Statement (collectively referred to as "Corporate Governance Disclosures").

I'm pleased to inform you that GHL's average score in 2016 has improved to 77.3% from 75.2% in 2014. We will continue to improve the corporate governance disclosures to you in our annual report.

APPRECIATION AND THANK YOU

The Board and I wish to thank all our shareholders for your continued support and encouragement demonstrated at our shareholder annual general meetings. We hope our shareholders will continue to support and remain with the company.

I would like to record my appreciation and thanks to the board members, management, business partners, and staff of the GHL family across Malaysia, Thailand, Philippines, Indonesia and Australia. Everyone's tireless commitment and hard work has resulted in another great year in 2016 and setting the group up to do the same in 2017. Let us keep focus and faith as we continue to establish our aim to be ASEAN's leading payments company.

Terima Kasih

DATUK KAMARUDDIN BIN TAIB
Independent Non-Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

1. OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

GHL Systems Berhad ("the Group") is a leading payment services provider in ASEAN with key business operations in Malaysia, Philippines, Thailand, Australia and Indonesia.

The Group provides world-class payment services and solutions encompassing physical, internet and mobile payments on a sale, rental or transactional basis and is one of the region's top merchant acquirers. GHL manages more than 150,000 point of sales in ASEAN that enable credit card, debit card, prepaid contactless payment, loyalty, prepaid top up and bill collection payment services for Banks and merchants. The Group has 3 core business segments as follows:-

1. ***Shared Services*** comprises mainly of revenue derived from the sale, rental and maintenance of EDC terminals and other card acceptance devices.

2. ***Solution Services*** comprises mainly of revenue derived from the sale and maintenance of hardware devices and software that are proprietary to the Group. These include; network devices and related software, outsourced payment networks, management and processing of pre-paid and loyalty cards and internet payment processing.

3. ***Transaction Payment Acquisition ("TPA")*** comprises mainly of revenue derived from 2 distinct sub-segments:

    i) e-pay services which includes Telco prepaid and other top-up facilities and, bill collection services for consumers ("reload and collection services") and;
    ii) GHL's direct merchant acquiring and electronic payment services ("electronic payment services")

The Group's objective is to become ASEAN's largest merchant acquirer by directly contracting with merchants ("merchant acquisition") under its TPA initiative. To achieve this objective, the Group acquired e-pay in 2014 and subsequently, in mid 2015, implemented merchant acquisition for electronic payments. Both these business have since grown rapidly resulting in a higher proportion of annuity income and a significant change in the business segment mix for the Group (See Sections 2.5 and 3.1 for details).

GHL has been listed on Bursa Malaysia since 2003.

2. DISCUSSION AND ANALYSIS OF THE FINANCIAL RESULTS AND CONDITIONS

Analysis of Financial Results

2.1 Revenue

Group revenue grew +16.3% yoy to RM245.9 million (2015 – RM211.4 million) with growth registered in all three core business segments (i.e. Shared Services, Solutions Services and TPA) as well as all geographical markets.

2.2 Net Profit

Pre-tax profits grew significantly at +54% to RM24.8 million as compared to RM16.1 million a year ago. Pre-tax margins were +10%, an improvement over 2015's pre-tax margins of +7.6%.

Net profit after tax grew +77.5% yoy to RM18.1 million (2015 – RM10.2 million) driven by better margins from hardware sales as well as a full year's contribution from the Malaysian card payment TPA in 2016 (2015- 6 months). The Philippines' card payment TPA activities commenced only in mid-2016, thereby contributing lesser to the increase.

MANAGEMENT DISCUSSION AND ANALYSIS
(cont'd)

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

***Analysis of Financial Results** (cont'd)*

2.3 Taxation

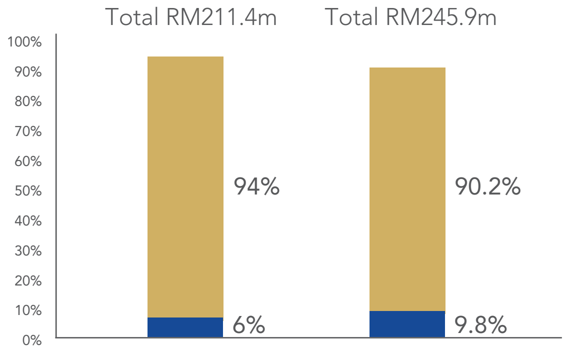
The effective tax rate for 2016 was 26.67% (2015 – 36.5%) which was marginally higher than the statutory tax rate mainly due to the effects of unabsorbed tax losses, unutilised tax allowances and deferred tax benefits. Post-tax profit margins improved to 7.4% in 2016 versus 4.8% in 2015 due to a more normalised tax rate, improved operating margins and lower interest expense.

2.4 Profit Attributable to Equity Holders of the Company

The profit attributable to equity holders of the Company increased to RM18.1 million, a +75.28% improvement yoy. Diluted earnings per ordinary share for the year amounted to RM2.78, an improvement of +74.8% yoy. These financial measurements reflect the significant improvement in the Group's results in 2016.

2.5 Annuity versus Non-Annuity Revenues

Annuity vs Non-Annuity Revenue



	YTD 2015 (RM'mil)	YTD 2016 (RM'mil)
■ Annuity	198.7	221.7
■ Non-annuity	12.7	24.2

The annuity based revenue component within the Group's total revenue remains high but was lower at 90.2% in 2016 as compared to 94% 2015. While both components grew in absolute terms in 2016, non-annuity revenue grew more due to opportunistic hardware sales in 2016. The Group's strategy is to continue to grow the TPA and other businesses that have strong annuity based revenue in favour of non-annuity hardware and software sales. As TPA gathers momentum in all 3 geographical markets, we expect that annuity revenue streams will become even larger.

MANAGEMENT DISCUSSION AND ANALYSIS
(cont'd)

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

2.6 Liquidity and Capital Resources

As at 31st December 2016, the Group's Net Cash Position (Note 1) amounted to RM45.7 million (31st December 2015 – RM12.6 million). The key items that impacted the Group's cashflow in 2016 were as follows:-

(Note 1 – Defined as Total Cash and Bank Balances less all Bank Borrowings and Hire Purchase obligations)

(i) Net cash generated from operating activities increased by +RM16.9 million to RM32.0 million (2015 – RM15.2 million) mainly from a) a reduction in working capital requirements of +RM12.4 million due to i) a reduction in trade receivables (+RM32.8 million) offset by ii) an increase in inventory (-RM15.7 million) and iii) a reduction in trade, other payables and advanced payments (-RM4.7 million) b) improved operating profit before working capital changes +RM8.5 million and c) offset by additional net tax and net interest –RM4.0million.

(ii) An amount of RM3.2 million (2015 – RM5.6 million) was expended on capital expenditure which was mostly in respect of the Group's purchases of EDC terminals. These outflows were partly cushioned by the disposal of assets of RM0.76 million (2015 – RM0.3 million).

(iii) The Group repaid RM17.5 million of its bank borrowings and hire purchase payables in 2016 (2015 – RM11.3 million. The Group also drew-down fresh bank loans in 2016 of RM9 million (2015 – RM14.9 million). The net effect of this these financing activities was to decrease the Group's overall borrowings by RM12.1 million in 2016.

(iv) The Group increased its share capital by RM2.0 million (2015 - RM2.0 million) due to the issuance of 4.9 million shares upon the exercise of employees' stock options.

2.7 Trends and Events

The Group continues to benefit from initiatives undertaken by regulators in the region to convert cash retail payments into electronic payments. In Malaysia, Bank Negara has set a target of 800,000 EDC terminals to be deployed by 2020. This has encouraged Banks to partner with the Group to deploy new EDC terminals either under the TPA business model for smaller merchants or a referral and rental model for larger merchants. The directive has also brought about opportunistic sales of hardware and software to support the Banks in their drive to achieve this regulatory target. Similar persuasive initiatives have been undertaken by regulators in Thailand and the Philippines.

The drive to a cashless society has also significantly increased the use of domestic direct debit card payments (i.e. ATM card payments) in the region. The Group is a member of the Malaysian direct debit card association and has benefitted from increased transactional throughput as more and more non-credit card holders utilise their debit cards for payment.

We expect that regulators will continue to drive the use of electronic payments throughout the region by increasing the number of merchant acceptance points and by promoting debit cards and non-card electronic payments to the mass population that is ineligible for credit cards. These initiatives are entirely congruent with the Group's strategy and will certainly help provide sustainable growth going forward.

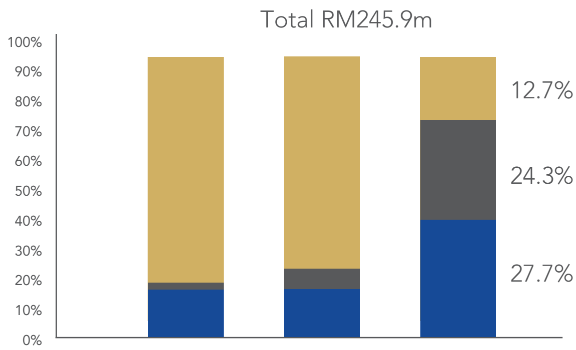
MANAGEMENT DISCUSSION AND ANALYSIS
(cont'd)

3. PERFORMANCE BY BUSINESS SEGMENT AND GEOGRAPHY

3.1 Performance By Business Segment

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

Revenue By Business Segment



	YTD 2015 (RM'mil)	YTD 2016 (RM'mil)	% Changes
TPA	157.3	177.2	12.7%
Solution Services	11.1	13.8	24.3%
Shared Services	43.0	54.9	27.7%

a) Shared Services Segment

Shared services segment revenue grew strongly by +27.7% yoy to RM54.9 million (2015: RM43 million) primarily due to opportunistic sales of EDC terminals in Malaysia.

b) Solutions Services Segment

Solutions services revenue grew +24.3% to RM13.8 million (2015: RM11.1 million) primarily due to software sales driven by the migration to PIN authentication in Malaysia. Both Philippines and Thailand saw increases in this segment due to sales of Loyalty and Payment Network solutions). This more than compensated for a decline in Solutions - hardware sales in the Philippines when a significant sale in 2015 was not replicated in 2016.

c) Transaction Payment Acquisition ("TPA") Segment

The TPA business has 2 distinct sub-segments, each in a different stage of development. These are; i) e-pay's direct contractual relationships with merchants to provide Telco prepaid and other top-up facilities and, bill collection services for consumers ("reload and collection services") and ii) GHL's direct contractual relationships with merchants to provide international and domestic electronic payment services ("electronic payment services").

With both segments combined, the TPA business grew 12.7% to RM177.2 million in 2016 (2015 – RM157.3 million), contributing 72.1% of total revenue in 2016 (2015 – 74.4%). Within this, the e-pay business contributed 82.2% of the total Group TPA revenue. The electronic payments business being newer, is smaller in absolute terms but is growing at a much faster rate. The electronic payments TPA gross revenue grew strongly by +37.7% yoy to RM31.4 million (2015 – RM22.8 million) whereas the e-pay business grew +8.4% to RM145.8 million in 2016 from RM134.5 million in 2015. Given the present early stage of implementation and the considerable untapped opportunity within ASEAN, the TPA business remains the main driver of growth for the Group in the near term.

MANAGEMENT DISCUSSION AND ANALYSIS
(cont'd)

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

3.1 Performance By Business Segment *(cont'd)*

Each of the 2 components within the TPA business is described in more detail as follows:-

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

e-pay is the largest provider of reload and collection services in Malaysia. Its nationwide footprint encompasses all petrol chains, the largest convenience store chains and approximately 14,000 general stores. The e-pay brand is well known to consumers who regularly use the service. With over 18 years' experience, e-pay is clearly the market leader in Malaysia within this industry segment.

A full year's comparison of key data between 2016 and 2015 relating to the e-pay business is found in Table 1 below. As can be seen, the transaction value processed by e-pay grew 9.7% in 2016. The Gross Revenue/Transaction Value declined by 5 bps in the year due to changes in the product mix as bill collections and non-mobile reloads (which have a lower merchant discount rate) outpaced growth in prepaid mobile reloads. The Gross Profit/Transaction Value also declined 9 bps for similar reasons.

Table 1

e-pay *(All stated in RM'millions unless stated otherwise)*	**2015**	**2016**	**% change**
Transaction Value Processed	3,313.11	3,634.00	9.69%
Gross Revenue	134.50	145.84	8.43%
Gross Revenue/Transaction Value (Note 1)	4.06%	4.01%	-1.23%
Gross Profit	43.54	44.51	2.23%
Gross Profit/Transaction Value (Note 1)	1.31%	1.22%	-6.87%
Absolute no of EDC Terminals - e-pay Only (Note 2)	22,729	31,691	39.43%

Note 1 – Gross Revenue or Gross Profit respectively divided by the Transaction Value Processed expressed as a %.
Note 2 – Both 2015 and 2016 figures have been restated to reflect the absolute number of EDC terminals deployed at merchant outlets contracted by e-pay to accept e-pay products and services. This includes EDC Terminals, ePOS (Integrated POS) as well as PayHere (Registered Mobile Application Users). Previously, we reported the total number of acceptance points which included EDC Terminals, ePOS(Integrated POS) and an estimated number of Bank ATMs/CDMs that accept e-pay services.

(ii) GHL (electronic payment services)

The TPA electronic payment services business is relatively newer having been implemented for 18 and 6 months in Malaysia and the Philippines, respectively. A full year's comparison of key data between 2016 and 2015 relating to the electronic payment business is found in Table 2 below. The TPA data comprises of the following activities (listed in order of size);

(i) Various revenue sharing arrangements under direct contracts with merchants and banks in Malaysia, Philippines and Thailand,
(ii) Malaysian domestic debit card ("MyDebit") merchant acquisition and,
(iii) Internet TPA ("eGHL") in Malaysia, Philippines and Thailand

Transaction values processed grew strongly at +35.7% as did the number of EDC terminals deployed at merchant outlets - +35.7%. The gross profit margin declined marginally by 2 bps to 0.73% due to severe price competition in Malaysia and Thailand, partly compensated by better margins in the Philippines (see analysis by geographical segment in Section 3.2 below). However, as Philippines TPA operations only commenced in mid-2016 the full impact of this business can only be seen in 2017. TPA gross revenues grew +38.02% in 2016 to reach RM31.4 million (2015 – RM22.7 million).

MANAGEMENT DISCUSSION AND ANALYSIS
(cont'd)

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

3.1 Performance By Business Segment *(cont'd)*

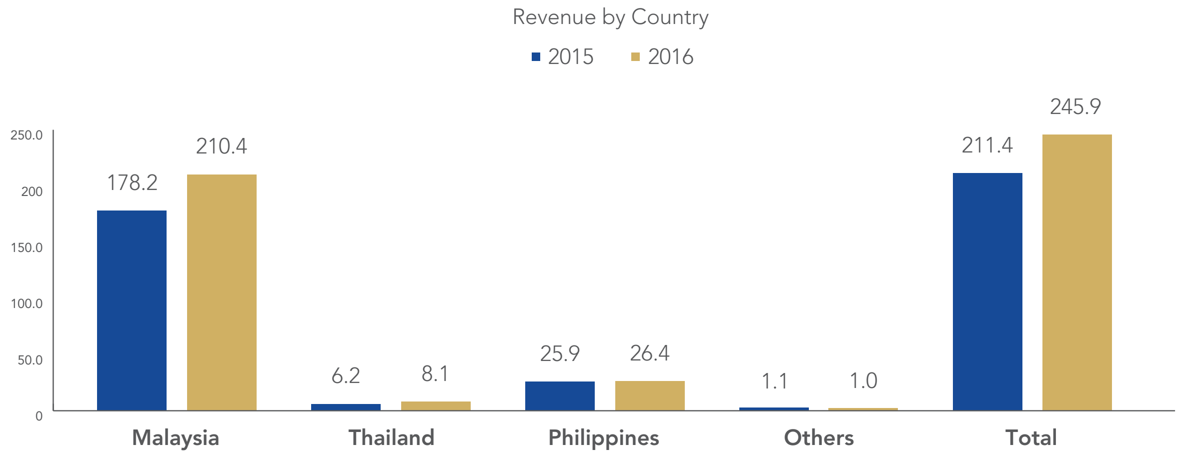
(ii) GHL (electronic payment services) *(cont'd)*

Table 2

GHL Electronic payments TPA *(All stated in RM'millions unless stated otherwise)*	**2015**	**2016**	**% change**
Transaction Value Processed (Note 4)	1,983.52	2,692.36	35.74%
Gross Revenue	22.75	31.40	38.02%
Gross Revenue/Transaction Value (Note 1)	1.14%	1.17%	2.63%
Gross Profit (Note 2)	14.96	19.73	31.88%
Gross Profit/Transaction Value (Note 1)	0.75%	0.73%	-2.67%
Merchant Footprint - TPA Only (Thousands) (Note 3)	18.99	25.76	35.65%

Note 1 – Gross Revenue or Gross Profit respectively divided by the Transaction Value Processed expressed as a %.
Note 2 – The gross profit for 2015 has been restated to reflect certain processing and maintenance fees relating to the TPA business that were previously excluded and which have now been appropriately re-classified.
Note 3 – This has been restated to reflect the absolute number of EDC terminals deployed at merchant outlets contracted by GHL to accept card payment products and services. Previously, we reported the total number of acceptance points for each of the various payment products that GHL offers its merchants e.g. credit cards, MyDebit, etc.
Note 4 – The 2015 figures have been restated to be consistent with re-classifications in 2016

3.2 Performance by Geography



2016 Group turnover grew +16.3% yoy to RM245.9 million (2015 – RM211.4 million). Pre-tax profits grew +54.0% to RM24.8 million as compared to RM16.1 million a year ago and pre-tax margins were 10%, an improvement over 2015's pre-tax margins of 7.6%.

Malaysian operations contributed 85.6% (2015 – 84.3%) of Group turnover due to strong performance in the shared services segment and a full year's contribution from TPA in the year. EBIT margins were 9.9% in 2016, an improvement from 8.0% in 2015.

MANAGEMENT DISCUSSION AND ANALYSIS
(cont'd)

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

3.2 Performance by Geography *(cont'd)*

Philippines revenue grew marginally to RM26.4 million (2015 – RM25.9 million). While the TPA business grew strongly in the second half of the year, this was mostly offset by i) a material downward re-pricing of an earlier, significant merchant contract and ii) loss of revenue due to the culling of approximately 2000 inactive merchants under a revenue sharing arrangement with a Bank. EBIT margins dropped to 3.5% from 15.0% in 2015 due to higher expenses relating to the TPA rollout starting in 3Q16. Shared Services and TPA registered yoy growth with Solutions Services reporting a marginal decline due to the re-pricing of a material contract and a large sale that occurred in 2015 that was not entirely replaced in 2016.

Thailand's revenue grew +30.6% to RM8.1 million from RM6.2 million in 2015 as the business evolved away from electronic payment services TPA to Solutions Services in response to the intense price competition among the Thai banks in the electronic payment services TPA segment. While the TPA segment declined in revenue to RM1.4 million in 2016 (2015 RM1.9 Million), the Solutions Services segment grew to RM2.4 million in 2016 (2015 – RM0.4 million) and this more than compensated for the decline in TPA revenues. Also, Shared Services grew modestly by +10.1% to RM4.3 million (2015 – RM3.9 million) on the back of higher rental and maintenance revenue. The business climate remains challenging in Thailand and the Group is focusing on non-payment offerings such as loyalty card processing to maintain sustainable growth. EBIT was positive at RM0.57 million as compared to losses before interest of RM2.2 million in 2015.

Australia remains the smallest contributor to Group revenue at less than 1.0% of Group turnover. This has led to a small EBIT contribution of RM0.31 million (2015 RM0.27 million).

4. KNOWN RISKS

In the ordinary course of its operations, the Group is exposed to (a) Merchant performance risk (b) Interest rate risk, (c) Foreign currency risk and (d) Liquidity and cash flow risk.

a) ***Merchant performance risk*** – The TPA business entails the Group contracting directly with merchants for the provision of electronic payment services based on underlying, back-to-back agreements with acquiring Banks. A risk arises in that should the merchant default in his obligations to the cardholder for any particular sale, then, that sale would be reversed ("or charged-back") and the sale amount refunded to the cardholder. The acquiring Bank would then recover the charged-back transaction from the Group which would then seek to recover it from the merchant. The Group could potentially incur a loss if the merchant was no longer in business or otherwise unable to reimburse the Group for the charge-back.

   The Group has, over the last 2 years, invested significantly to develop risk management policies, systems and hire risk managers with the requisite experience to monitor merchant performance risk. The Group also obtains deposit and other forms of collateral from merchants to cover performance risk. These controls have effectively mitigated merchant performance risk and as of the date of this report there was negligible exposure arising from this risk. Group losses attributable to merchant performance risk in 2016 amounted to less than RM10,000.

b) ***Liquidity risk*** – As indicated in Section 2.6, the group is in a net cash surplus position and therefore has no net gearing. This is primarily due to the intake of security deposits from merchants when deploying EDC terminals and exacting prepayments from merchants when they purchase Telco top-ups for onward sale to consumers. Short term purchases for Telco prepaid top-ups are typically funded with internal cash or Bankers Acceptances and are liquidated when these are on-sold to merchants. Longer term EDC terminal purchases are funded with bank term loans that match the life of the EDC terminals. The Group plans to fund the planned expansion in the TPA business by commensurately increasing its bank term loans. Given the Group's strong cash flow and lack of net gearing, it is well positioned to do so.

MANAGEMENT DISCUSSION AND ANALYSIS
(cont'd)

4. KNOWN RISKS (cont'd)

c) ***Interest rate risk*** – As indicated above, short term assets in the form of prepaid Telco top-ups are self-liquidating and typically funded with Bankers' Acceptances. There is therefore minimal interest rate exposure as the tenors are matched and are short term (typically, 30 days or less). Long term assets are funded with term structure debt that bears a fixed rate of interest. These lending structures minimise the Group's exposure to interest rate risk.

d) ***Foreign currency risk*** – EDC terminals are purchased in USD and therefore can expose the Group to foreign currency risk as the Group's functional currency is in Ringgit. The Group's policy is to hedge any foreign currency liabilities with either a forward foreign currency contract or to purchase USD spot at the time of recording the vendor liability. This policy effectively minimises exposure to such foreign currency risk.

The group does not hedge against foreign currency fluctuations in the net asset value of its overseas subsidiaries as these investments are of a long term nature. This would, however, be re-visited should a significant event occur that would cause a permanent diminution in the foreign currency denomination of its overseas subsidiaries.

5. FUTURE PROSPECTS

The Group has successfully implemented in Malaysia, its TPA agreements with a large local Bank and a foreign owned, non-Bank acquirer for physical and online merchant acquisition respectively. 2016 reflects the first full 12 months impact of these TPA agreements as the TPA initiative in Malaysia only commenced in the middle of 2015. The payments landscape in Malaysia remains highly competitive as Banks strive to meet the merchant acquisition targets imposed by Bank Negara. The intense competition has caused some spread erosion in net merchant discounts earned as well as rentals charged to merchants for terminals deployed under the TPA program. Balancing this, the Banks have purchased and rented additional payment terminals from GHL resulting in growth in our Shared Services segment. These dynamics are likely to continue into the year ahead. We are, however, optimistic that just like in 2016, these changes will continue to positively impact the Group's performance as the acquiring Banks grow their merchant card acceptance points either directly or through the TPA initiative.

In the Philippines, the Group only commenced its TPA business in the middle of 2016 with an established local Bank. The TPA business model is consistent with that implemented in Malaysia and will enable the Philippines to target a much wider and larger segment within the marketplace. Merchants have started being acquired under this business model and it is likely that the business will be able to scale up in 2017 once initial teething issues are resolved. The Group expects that this will lead to higher growth rates in the TPA business in the years ahead.

In Thailand, we have successfully implemented loyalty card and network device solutions that have reduced our dependency on TPA and Shared Services revenue streams. Other than scheme cards (e.g. VISA and MasterCard) that are heavily contested and thinly priced, we have differentiated ourselves by starting to acquire merchants to accept Alipay payments which is not commonly offered by other merchant acquirers. This has helped us improve our profitability and enabled us to weather the storm of an intensely price competitive environment for merchant acquisition.

GHL Group is on track in terms of achieving its objective of becoming the largest merchant acquirer in ASEAN.

DIRECTORS' PROFILE

DATUK KAMARUDDIN BIN TAIB

Malaysian, Age 60, Male

Independent Non-Executive Chairman

Datuk Kamaruddin Bin Taib, was appointed as Independent Non-Executive Director of the Company on 26th April 2012. He is a member of the Audit and Risk Committee and Nomination and Remuneration Committee. He is currently the Executive Chairman of Germanischer Lloyd GLM Sdn. Bhd. a leading technical service provider for the Oil and Gas Industry. He holds a Bachelor of Science degree in Mathematics from the University of Salford, United Kingdom.

He started his career in 1980 with a leading Merchant Bank in Malaysia. Subsequently, he served as a Director of several private Companies and Companies listed on Bursa Malaysia.

Apart from his vast experience of serving on the Board of Companies Listed on Bursa Malaysia, his experience also included serving on the Board of Companies listed on the Stock Exchange of India as well as those listed on the Nasdaq (U.S.A.). Throughout his tenure on the Board of Companies, he has had significant experience in merchant banking, corporate finance, mergers and acquisitions.

Currently, he is an Independent & Non-Executive Director of Great Eastern Assurance (Malaysia) Berhad as well as an Independent & Non-Executive Chairman of Great Eastern Takaful Berhad, and Independent & Non-Executive Director of Overseas Assurance Corporation (Malaysia) Berhad. He is also a Director of FIDE Forum and Independent & Non-Executive Director of BFC Exchange Sdn Bhd, and serves as a Trustee of the Malaysian Oil & Gas Services Council ("MOGSC").

He attended all five (5) Board Meetings held during the financial year ended 31 December 2016.

DIRECTORS' PROFILE
(cont'd)

MR LOH WEE HIAN, SIMON
Malaysian, Age 55, Male

Executive Vice Chairman

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

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

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

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

He attended four (4) out of the five (5) Board Meetings held during the financial year ended 31 December 2016.

DIRECTORS' PROFILE
(cont'd)

MR KANAGARAJ LORENZ ("Raj Lorenz")
Malaysian, Age 60, Male

Executive Director

Raj Lorenz joined GHL Systems Berhad as the Group Chief Executive Officer in September 2011. During the year, he resigned from the position of Group Chief Executive Officer effective December 1st, 2017 and continues to remain on the Board as an Executive Director.

Since 2011, GHL has transformed itself from a hardware and software reseller into a payment services company. GHL's market capitalization increased by more than fivefold during this time through organic growth as well as the acquisition of e-pay Asia Ltd, a payment services company that primarily serves the Telco and bill collection segments.

GHL is now implementing its long term growth strategy of providing credit card payment services to the hitherto untapped small merchant segment. This business, called Transaction Payment Acquisition ("TPA"), entails GHL contracting directly with merchants for credit card payment services in partnership with an underlying Bank member of VISA and MasterCard.

Prior to GHL, Raj worked for Citibank for 14 years in Malaysia and Australia in various positions in the Investment and Corporate Bank, covering risk management, CFO, and Corporate Bank Marketing Head. He left Citibank in 2000 to create an internet payment startup which eventually was purchased by NETS Pte Ltd, a large payments company in Singapore and branded "eNETS". Raj was employed by NETS for 10 years during which time he built "eNETS" into the leading online payments company in Singapore. He also brought NETS into China through a joint venture in Shanghai and China Unionpay into Singapore through interoperability arrangements between the two parties. Raj is a fellow of the Institute of Chartered Accountants in England and Wales having qualified in London in 1983.

He attended all five (5) Board Meetings held during the financial year ended 31 December 2016.

Raj who is retiring pursuant to Article 127 of the Constitution of the Company, has indicated that he does not wish to seek re-election at this Twenty-Third Annual General Meeting of the Company. Hence, he shall cease to be a Director of the Company at the conclusion of the Twenty-Third Annual General Meeting.

DIRECTORS' PROFILE
(cont'd)

MR FONG SEOW KEE
Malaysian, Age 60, Male

Senior Independent Non-Executive Director

Audit and Risk Committee Chairman

Nomination and Remuneration Committee Chairman

Fong Seow Kee was appointed to the Board on 28th December 2010. He is the Chairperson of the Audit and Risk Committee and the Nomination and Remuneration Committee. He holds a BA (Hons) Economics & Social Studies from University of Manchester, England, is a Fellow of the Institute of Chartered Accountants in England & Wales and a Chartered Accountant of the Malaysian Institute of Accountants.

He has over 37 years of experience in the finance industry, primarily in investment banking and private equity. After qualifying with Ernst & Young, UK in 1983, he worked with several leading investment banks in Malaysia, Hong Kong and Singapore where he advised companies on a variety of corporate finance transactions including M&A, Fund Raising and Corporate Restructuring. In 1992, he joined a US venture capital firm in Singapore where he managed a pan-Asian venture capital fund investing in the US and across Asia. In 2000, he co-founded iSpring Capital Group, a Malaysia based investment management and advisory firm which was selected to manage a Government owned venture capital fund.

Since 1996, he has been active in the development of the venture capital and private equity in Malaysia. During that time, he has been involved in the Malaysia Venture Capital & Private Equity Association in various capacities and was Chairman from 2008 to 2010. He has also been invited to sit on various government working committees to provide Industry Feedback on regulatory policies, including that pertaining to the Capital Market reforms announced in 2009. He continues to work with emerging high growth companies, particularly in the financial technology space. He is currently the President of the Fintech Association of Malaysia.

Currently, he is an Independent & Non-Executive Director of Petron Malaysia Refining & Marketing Bhd.

He attended all five (5) Board Meetings held during the financial year ended 31 December 2016.

DIRECTORS' PROFILE
(cont'd)

MR BRAHMAL A/L VASUDEVAN
Malaysia, Age 49, Male

Non-Independent Non-Executive Director

Brahmal a/l Vasudevan was appointed as Non-Independent Non-Executive Director on 16th April 2014. He holds a Bachelor of Aeronautical Engineering from Imperial College of Science, Technology and Medicine, University of London and received a Masters in Business Administration from Harvard University Graduate School of Business Administration. He is the Founder and Chief Executive Officer of Creador and a Non-Executive Director of Usaha Tegas Sdn Bhd.

Brahmal previously spent 11 years as General Partner and Managing Director of ChrysCapital, a leading private equity firm focused on growth capital investments in India. Prior to ChrysCapital, Brahmal was a Director of Marketing at ASTRO Malaysia Holdings Berhad where he was involved in strategy, marketing and expansion into neighbouring countries. Brahmal started his career with British American Tobacco and also worked at the Boston Consulting Group.

He attended four (4) out of the five (5) Board Meetings held during the financial year ended 31 December 2016.

NOTES:

1. *Family Relationship with Director and/or Major Shareholder*

   Other than Loh Wee Hian who is a major shareholder of GHL, none of the other Directors has any family relationship with any director and/or major shareholder of GHL.
2. *Conflict of Interest*

   None of the Directors has any conflict of interest with GHL Group.
3. *Conviction for Offences*

   None of the Directors has any conviction for offences within the past 5 years other than traffic offences, if any.
4. *Public Sanction or Penalties*

   None of the Directors have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2016.

KEY SENIOR MANAGEMENT

MR LEONG KAH CHERN

Group Chief Executive Officer

Malaysian, Age 45, Male

Leong Kah Chern, Danny, joined e-pay (M) Sdn Bhd (e-pay), a wholly owned subsidiary of EPY Capital Holdings Limited in 2010 as the Chief Operating Officer, bringing in new talent and ideas to position e-pay as the largest mobile prepaid reload network provider in Malaysia. He was subsequently promoted to the role of Chief Executive Officer ("CEO") for the Malaysia business in January 2012 to spearhead the aggressive and regional growth of the Company. With GHL Systems Bhd acquisition of e-pay in 2014, Danny assumed the role of CEO for GHL Malaysia, leading both the GHL Malaysia as well as the e-pay businesses. He was tasked to merge the operations of both the entities while developing and executing strategies to increase GHL presence in Malaysia through payment services provided by both the businesses.

In June 2015, he assumed the leadership role of GHL Groups Strategic Planning unit to focus on defining the groups strategy as well as implementing them. He was also tasked to oversee the GHL Thailand business as well as start up the GHL Indonesia business in March 2016. Danny was appointed Group Chief Executive Officer on 1 December 2016.

Prior to joining e-pay, Danny started his career at Accenture Malaysia (formerly known as Andersen Consulting) focusing on telecommunications consulting in 1994. He left Accenture in 2003 to co-found Adeptis Solutions Sdn Bhd (Adeptis) which provides automotive solutions and business consulting services to their clients. In 2006, Adeptis was acquired by Cuscapi Berhad (formerly known as Datascan Berhad) and Danny became the CEO of Cuscapi until 2010.

Danny holds a degree in Accounting and Financial Management from University of Essex of the UK and he was awarded the Emerging Entrepreneurs Award for Outstanding & Exemplary Achievements in Entrepreneurship in 2007.

Danny holds 1,935,000 ordinary shares in GHL.

KEY SENIOR MANAGEMENT
(cont'd)

MR YAP CHIH MING
Group Chief Operating Officer
Malaysian, Age 45, Male

Yap Chih Ming joined GHL Systems Berhad (GHL) on 2 July 2012 as Group Chief Financial Officer. In 2016, Chih Ming moved onto the COO role and played a critical role in the terminal deployment for the Pin & Pay project. In January 2017, Chih Ming expanded his scope to Group Level as Group COO.

Chih Ming is a member of Malaysian Institute of Accountants and an Associate member of the Chartered Institute of Management Accountants, United Kingdom. He has considerable experience in Mergers and Acquisitions, and Joint Venture transactions both in Malaysia and offshore as well as in-depth knowledge of South-East Asian accounting practices.

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

Chih Ming holds 4,770,049 shares in GHL Systems Berhad.

MS KAM WAI PENG
Group Chief Financial Officer
Malaysian, Age 49, Female

Wai Peng joined GHL Systems Bhd in April 2016 as Group Chief Financial Officer. She is a member of Malaysian Institute of Accountants and a fellow member of the Association of Chartered Certified Accountants, United Kingdom.

Prior to joining GHL she was the Chief Financial Officer & General Manager of Corporate Services of Petronas ICT Sdn Bhd since 2013. With over 25 years of industry experience, Wai Peng also held a CFO role at Transmile Group Berhad for seven (7) years prior to Petronas ICT. She also held various finance roles during her thirteen (13) years tenure in VADS Berhad, including the role of CFO.

Wai Peng doesn't hold any shares in GHL Systems Berhad.

KEY SENIOR MANAGEMENT
(cont'd)

MR REY MARIA R. CHUMACERA
Chief Executive Officer, GHL Systems Philippines, Inc.
Filipino, Age 50, Male

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

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

Rey holds 1,698,000 shares in GHL Systems Berhad.

MS NAPAPORN WILAIKIT
Country Head, GHL (Thailand) Co., Ltd.
Thai, Age 53, Female

Napaporn joined GHL Thailand in March 2014 as Country Head. She obtained a Degree in Communication Art from Chulalongkorn University and a Masters from San Angelo State University, Texas, USA.

Prior to joining GHL (Thailand) Co., Ltd. in March 2014, Napaporn was the Sales & Marketing Director in Meyer Thailand (Ltd.). She was the Chief Operating Officer of Electronic Payment Network (Thailand) Co., Ltd. prior to joining Meyer Thailand.

Napaporn doesn't hold any shares in GHL Systems Berhad.

NOTES:

Save as disclosed above, none of the above senior management team have:

1. *any directorship in public companies and listed issuers;*
2. *any family relationship with any director and/or major shareholder of GHL;*
3. *any conflict of interest with GHL;*
4. *any conviction for offences within the past 5 years other than traffic offences, if any; and*
5. *any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2016.*

CORPORATE DIRECTORY

MALAYSIA

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GHL SYSTEMS AUSTRALIA PTY. LTD.

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STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors ("Board") of GHL Systems Berhad ("GHL" or "the Company") recognises that maintaining good corporate governance is critical to GHL and its subsidiaries' ("the Group") long-term sustainable business growth and for the safeguard and enhancement of shareholders' interest. The Board is committed to continuously strive for the highest standards of corporate governance in cultivating a responsible organisation that adopts practices in accordance to the Principles and Recommendations of the Malaysian Code on Corporate Governance 2012 ("MCCG") and the relevant provisions in the Bursa Malaysia Securities Berhad ("Bursa") Main Market Listing Requirements ("MMLR").

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

In drafting the Corporate Governance statement for FY 2016, considerations were given to the report "Analysis of Corporate Governance Disclosures in Annual Reports" published by Bursa in December 2016 that discusses the level and quality of disclosures made by numerous listed issuers in their annual reports of 2015. The findings and recommendations from this report were analysed and taken into consideration to ensure additional disclosures, where applicable are included.

The Board is pleased to report to the shareholders the manner in which GHL has applied the Principles and Recommendations of MCCG and Bursa's MMLR during the financial year 2016.

ESTABLISH CLEAR ROLES & RESPONSIBILITIES

Board Charter

A Board Charter (the "Charter") that clearly sets out the role, functions, composition, operation and process of the Board was adopted by the Board in 2012. The Charter ensures that all Directors are aware of their duties and responsibilities as Board members. It acts as a source of reference and primary induction literature for prospective Board members and Senior Management on good corporate governance. It also acts as a guideline to assist the Board in assessing its collective performance and that of each individual Director.

The Board Charter will be reviewed at least annually to ensure consistency with the Board's objectives and responsibilities and adherence to the relevant rules and regulations as well as latest standards or guidelines of corporate governance. The Charter is accessible to the public on the Company's official website at www.ghl.com and any update thereof will be uploaded to the website accordingly.

Roles and Responsibilities

The Charter delineates the functions of the Board and the Management while maintaining a symbiotic relationship between the two groups, enabling effective execution of their respective roles and responsibilities. The Board's principal focus is the overall strategic direction, development and control of the Group in an effective and responsible manner.

The Board is constantly mindful of safeguarding the interests of shareholders in discharging its stewardship and duties. Followings are the Board's core responsibilities:

- Review and approve the Group's strategic plan to build a sustainable business.
- Oversee and evaluate the Group's business conduct, including the smooth functioning of core processes.
- Identify principal risks and ensure implementation of appropriate systems and processes to manage these risks.
- Monitor succession planning, including appointing, training, fixing the compensation of and, where appropriate, replacing key management.
- Review the adequacy and integrity of the Group's internal control systems.

The Board has delegated certain responsibilities to dedicated Board Committees with clear Terms of Reference to discharge these responsibilities more effectively.

STATEMENT ON CORPORATE GOVERNANCE
(cont'd)

Code of Conduct and Whistle-Blowing Policy

The Board acknowledges and emphasises the importance for all Directors to embrace the highest standards of corporate governance practices and ethical standards.

In view of this, the Board has formalised ethical standards and systems of compliance through the Company's code of conduct. These codes are aimed to emphasise the Company's commitment to ethics and compliance with applicable laws and regulations, use of confidential information and retention of records.

The Board has also established a Whistle-Blowing Policy that enables any employee of the Group to bring to the attention of the Board any concerns regarding integrity and misconduct. Procedures are also in place for investigations and appropriate follow-up actions.

Information for the Board

Board papers are provided to the Directors in a timely manner prior to the Board meeting to enable them to obtain further explanations, where necessary. These reports provide information on the Group's performance and major operational, financial and corporate issues. The Board has unrestricted access to the Group Chief Executive Officer ("CEO"), Group Chief Financial Officer ("CFO") and senior management and all information on the affairs of the Group. The Management is obliged to supply all relevant information relating to the business and operations of the Group and governance matters at the request of the Board.

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

Company Secretary for the Board

The Board is supported by the Company Secretary who facilitates overall compliance with the MMLR and Companies Act, 1965 and other relevant laws and regulations. The Company Secretary attends all Board and Board Committee meetings to ensure that meetings are properly convened, that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly.

Removal of Company Secretary, if any, is a matter for the Board to decide collectively.

STRENGTHEN COMPOSITION

Board Composition

During the financial year, the Board consisted of six members, comprising two Executive Directors and four Non-Executive Directors (of which two were independent, including the Chairman). During the financial year, one members of the Board, Ms. Lim Sze Mei resigned from her positions as Non-Independent Non-Executive Director, effective 25th August 2016.

Gender Diversity

The Board is cognisant of the recommendation on boardroom diversity in MCCG. Although the Company does not have any boardroom diversity policy, the Board believes that recruitment of directors should not be based on any gender discrimination or preferences, as it is equally important to have the right mix of skills at the Board in order to enable the Board and its committees to carry out its duties effectively.

A brief profile of each Director is presented on pages 22 to 26 of this annual report.

STATEMENT ON CORPORATE GOVERNANCE
(cont'd)

Board Committees

The Board delegates certain responsibilities to the dedicated Committees of the Board. Both these committees, which are the Audit and Risk Committee ("ARC") and Nomination and Remuneration Committee ("NRC"), comprise exclusively non-executive directors. These committees operate within clearly defined terms of reference and have the authority to examine particular issues and report their proceedings, deliberations and where appropriate, make recommendations to the Board. The Board reserved matters, the Committees shall deliberate and thereafter make their recommendations to the Board for its approval.

During Board meetings, the Chairman of the Committees provides summary reports of the decisions and recommendations made at respective committee meetings, and highlight to the Board any further deliberation that is required at Board level.

The Board had previously resolved to combine the Nomination Committee and Remuneration Committee to form the NRC to better carry out the best practices in MCCG Guide and new requirements in MMLR by Bursa more efficiently.

Both ARC and NRC have presented their respective reports highlighting their composition, and summary of activities during FY2016 as laid out on pages 38 to 42 and pages 49 to 51 respectively. Terms of Reference and composition of all Board Committees are available on the Company's official website at www.ghl.com.

Board Evaluation

The Board and its Committees evaluate their performance and governance processes annually to improve the collective and individual contributions and effectiveness. For FY2016, a self-assessment of the performance of the Board as a whole, its Committees and their individual directors was facilitated by the NRC. The assessment included a review of the administration and operation of the Board and its Committees, agendas, reports and information produced for consideration of the Board. The assessment results were considered by the NRC, which then made recommendations to the Board on the identified areas for improving the effectiveness of the Board.

DIRECTORS' REMUNERATION

The Company has in place a fair and competitive remuneration packages for its directors in order to attract and retain directors of an appropriate calibre. Executive Directors' basic salaries are fixed for the duration of their contract. Any revision to the basic salary will be reviewed and recommended by NRC, taking into account the individual and the Company's performance, the inflation price index, the affordability, and benchmarking to the industry's rate.

Other benefits in kind such as car, driver, petrol allowance and phone allowance are made available as appropriate. Contribution is made to the Employees Provident Fund ("EPF"), the national mandatory defined contribution plan, in respect of the Executive Directors. Executive Directors are not entitled to receive directors' fees as well as meeting allowances.

Directors' fees are recommended by the NRC to the Board after taking into consideration of the experience, expertise and level of responsibilities undertaken by the particular Non-Executive Director concerned. The Company reimburses all expenses incurred by the Directors, where relevant, in the course of carrying out their duties.

The final decision on any remuneration package offered to the Executive Directors and the fees payable to Non-Executive Directors are the responsibility of the entire Board. Individual Directors do not participate in decisions regarding their own remuneration package. Fees payable to Directors are for approval by the shareholders at the Annual General Meeting.

For the financial year ended 31 December 2016, a total sum of RM1,678,814 was paid to the Directors of the Company.

STATEMENT ON CORPORATE GOVERNANCE
(cont'd)

The breakdown of the Directors' remuneration and the number of directors in the remuneration as follows:

MYR, Gross	Salary and Other Emoluments	Fees	EPF & Socso	Grand Total
Datuk Kamaruddin Bin Taib	21,000	120,000	-	141,000
Loh Wee Hian	680,600	-	82,342	762,942
Kanagaraj Lorenz	576,000	-	69,861	645,861
Fong Seow Kee	21,000	108,000	-	129,000
Brahmal A/L Vasudevan	5	-	-	5
Lim Sze Mei *(resigned wef. 25 Aug 2016)*	6	-	-	6
Total	**1,298,611**	**228,000**	**152,203**	**1,678,814**

The Directors' remuneration in aggregate, with categorisation into appropriate components, distinguishing between Executive and Non-Executive Directors, is as follows:

MYR, Gross	Executive Directors	Non-Executive Directors
Salaries and other emoluments	1,256,600	42,011
Directors Fees	-	228,000
EPF & Socso	152,203	-
Total	**1,408,803**	**270,011**

The number of Directors of the Company whose remuneration band falls within the following successive bands is as follows:

Ranges of Remuneration (MYR, Gross)	Executive Directors	Non-Executive Directors
1 – 50,000	-	2
100,001 – 150,000	-	2
600,001 – 650,000	1	-
750,001 – 800,000	1	-
Total	**2**	**4**

STATEMENT ON CORPORATE GOVERNANCE
(cont'd)

REINFORCE INDEPENDENCE

Board Balance and Independence

The Board comprises a mixture of Executive and Non-executive Directors from diverse professional backgrounds with a wealth of experience, skills and expertise to meet the Group's needs.

Although all Directors have equal responsibility for the Group's business, the Independent Non-Executive Directors provide an independent view, advice and judgement to take into account the interest of the Group, shareholders, employees and communities in which the Group conducts its business.

Annual Assessment of Independence

The Board, via the NRC, assesses Independent Directors annually. In administering this, the Independent Directors are required to perform a yearly self-assessment/declaration based upon a series of questionnaire which is driven from definitions/criteria of independent directors as defined in Chapter 1 of the MMLR. For the financial year, the Board via the NRC has reviewed and deliberated the annual assessment performed and is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interest of the Company.

In tandem with the MCCG, the Board requires independence of any director who has served more than nine (9) years should be subject to particularly rigorous review by the Board prior to justifying/recommending to the shareholders for their approval to retain the particular Board member as an independent director, if necessary. During the financial year under review, none of the Independent Directors have served for a cumulative term of nine (9) years.

Chairman and CEO

A clear division of responsibility between the Chairman and the CEO exists to ensure a balance of power and authority as no one individual director has unfettered powers over decision making. Formal position descriptions of the Chairman and the CEO outlining their respective roles and responsibilities are set out in the Board Charter.

The Board is satisfied that the current Board composition provides the appropriate, diversity, balance and size necessary to promote all shareholders and govern the Group effectively. It also fairly represents the ownership structure of GHL, with appropriate representations of minority interests through the Independent Non-Executive Directors. The Board will continue to monitor and review the Board size and composition as may be needed to maximise the shareholders' value.

FOSTER COMMITMENT

Board Meeting

The Board meets at least 5 times a year with additional meetings convened on an ad-hoc basis as and when the Board's approval and guidance are required. Due notice is given of proposed dates of meetings during the financial year together with the agenda and matters to be tabled to the Board.

Five Board Meetings were held during the financial year ended 31 December 2016 and details of the attendance of each Director are as follows:

Name of Directors	Designation & Directorate	Number of Meetings Attended During the year
Datuk Kamaruddin Bin Taib	Independent Non-Executive Chairman	5 out of 5
Loh Wee Hian	Executive Vice Chairman	4 out of 5
Kanagaraj Lorenz	Executive Director	5 out of 5
Fong Seow Kee	Senior Independent Non-Executive Director	5 out of 5
Brahmal a/l Vasudevan	Non-Independent Non-Executive Director	4 out of 5
Lim Sze Mei *(resigned wef. 25th Aug 2016)*	Non-Independent Non-Executive Director	3 out of 3

STATEMENT ON CORPORATE GOVERNANCE
(cont'd)

Directors' Training

The Directors are mindful that they are to devote sufficient time and effort to carry out their responsibilities and to maintain their competency as a member of the Board. The Board, via the NRC on a continuous basis, evaluates and determine the training needs of its members and ensure that their training needs are met to aid the Directors in discharging their duties as a Director of the Company.

In their effort to keep abreast with the changes in the industry, legislation and regulations affecting the Company, the Directors have during the course of the year attended the following briefing, conferences and seminars:

Director	Training Programme/Conference Seminar
Datuk Kamaruddin Bin Taib	CYBER RISK OVERSIGHT FINTECH'S IMPACT ON FINANCIAL INSTITUTIONS THE NEW AND REVISED AUDITOR REPORTING STANDARADS: IMPLICATION STO FINANCIAL INSTITUTIONS
Loh Wee Hian	19th ANNUAL ASIAN INVESTMENT CONFERENCE FINTECH PAYMENT CONFERENCE 2016: PAYMENT EVOLUTION IN MALAYSIA
Kanagaraj Lorenz	FINTECH PAYMENT CONFERENCE 2016: PAYMENT EVOLUTION IN MALAYSIA
Brahmal a/l Vasudevan	SUPERRETURN ASIA 2016
Fong Seow Kee	THE EVOLVING ROLE OF AUDIT COMMITTEE IN GOVERNANCE, RISK & CONTROL FINTECH PAYMENT CONFERENCE 2016: PAYMENT EVOLUTION IN MALAYSIA

In addition, all Directors are, from time to time, provided with reading materials and internal briefing pertaining to the latest developments in areas relating to the Directors' roles and responsibilities by Company Secretary or by its members who attended relevant conferences and seminars. The External Auditors also briefed the Board on any changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements during the year.

UPHOLD INTEGRITY IN FINANCIAL REPORTING

Financial Reporting

The Board is committed to provide a balanced, clear and comprehensive assessment of the financial performance and prospects in all the disclosure made to the stakeholders and the regulatory authorities. The Board is responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Group as at the end of the reporting period and of their results and cash flows for the period then ended.

The Board is assisted by the Audit and Risk Committee in governing the Group's financial reporting processes and the quality of its financial reporting such as in compliance with Malaysian Financial Reporting Standards.

Relationship with the Auditors

Through Audit and Risk Committee, the Group has established transparent and appropriate relationships with the Group's auditors, both external and internal. The total fee incurred for non-audit services rendered by the external auditors during the financial year is disclosed in Note 6 of the Financial Statements section of this Annual Report.

The statements on roles, duties and responsibilities of the Audit and Risk Committee in relation to both the internal and external auditors is described in the Audit and Risk Committee Report as set out on pages 38 to 42 of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE
(cont'd)

RECOGNISE AND MANAGE RISKS

The Board acknowledges its responsibility for the Group's system of internal controls which covers financial, operational and compliance controls as well as risk management. The Board has delegated to the Audit and Risk Committee the responsibility of reviewing the effectiveness of control procedures and risk management framework and to report to the Board on all its findings and recommendations for deliberations.

The Statement on Risk Management and Internal Control furnished in pages 43 to 47 of the Annual Report provides an overview of the state of risk management and internal controls within the Group.

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

Timely release of announcements on quarterly and annual financial statements, annual report and analyst presentations reflects the Board's commitment to provide transparent and up-to-date disclosure to the public.

Leveraging on information technology for effective dissemination of information, the Group maintains a corporate website, www.ghl.com; which provides a comprehensive avenue for the shareholders and public to access up-to-date information including the Company's announcements, financial information, share prices, and press releases of the Group.

STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

Dialogue between the Company and Investors

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

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

Mr Fong Seow Kee, the ARC and NRC Chairman, is the Board appointed Senior Independent Non-Executive Director. He is available to investors who have concerns that cannot be addressed through the Chairman and CEO.

Annual General Meeting ("AGM")

The AGM is the principal forum for dialogue with the shareholders. At each AGM, the Board presents to the shareholders, the performance of the business for the financial year. All Directors are available to respond to shareholders' questions during the AGM.

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

The Board takes note of the recommendation 8.2 by MCCG on the adoption of electronic voting and encourage poll voting to facilitate greater shareholder participation. The Board is of the view that with the current level of shareholders' attendance at AGMs, voting by way of a show of hands continues to be efficient. However, for agenda that requires poll voting in accordance to listing rules, the Board will inform shareholders in advance and poll voting will be conducted manually. Nevertheless, the shareholders will be informed on their right to demand on a poll vote at the commencement of general meeting and voting by way of poll voting will be carried out if required by Bursa's MMLR and other relevant rules and regulations.

The Board has deliberated, reviewed and approved this Statement in accordance with Board's Resolution dated 29 March 2017.

AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee Report provides insights into the manner in which the Audit and Risk Committee has discharged its function for the Group in Financial Year 2016 ("FY 2016") and also a summary of its various activities.

FORMATION

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

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

COMPOSITION

The ARC comprises three members, all of whom are Non-Executive Directors with the majority being independent. All members of ARC are financially literate and one is a member of the Malaysian Institute of Accountants.

The ARC compromise the following:-

1. FONG SEOW KEE – Chairman
   (Senior Independent Non-Executive Director)

2. DATUK KAMARUDDIN BIN TAIB
   (Independent Non-Executive Director)

3. BRAHMAL A/L VASUDEVAN (appointed wef. 8 Nov 2016)
   (Non-Independent Non-Executive Director)

4. LIM SZE MEI (resigned wef. 25 August 2016)
   (Non-Independent Non-Executive Director)

TERMS OF REFERENCE ("TOR")

The Terms of Reference for the ARC which is in line with the provisions of the Listing Requirements and other best practices are accessible to the public on the Company's official website at www.ghl.com.

ATTENDANCE OF MEETINGS

The ARC held five (5) meetings during FY 2016. The Company Secretary is responsible for distributing the notice of the meetings to the Committee members prior to their meetings and recording the proceedings of the meetings there at. The details of attendance of the ARC members are as follows:

Name Of The Committee Member	Total Attendance Of Meetings
Fong Seow Kee	5/5
Datuk Kamaruddin Bin Taib	5/5
Lim Sze Mei (resigned wef. 25 August 2016)	3/3
Brahmal a/l Vasudevan (appointed wef. 8 Nov 2016)	1/1

AUDIT AND RISK COMMITTEE REPORT
(cont'd)

ATTENDANCE OF MEETINGS *(cont'd)*

The Group Chief Financial Officer ("CFO") was invited to all ARC meetings to facilitate direct communication in relation to the Group financial results while the Risk Management Committee ("RMC") Chairman i.e. Group Chief Executive Officer ("CEO") was invited to all ARC meetings to provide information regarding the Group's Risk Management activities. The Head of Group Internal Audit ("GIA"), relevant members of Management, and the External Auditors were also invited to attend the meetings of the Committee, where appropriate, to brief the ARC on the relevant audit findings.

The ARC held two private meeting with the External Auditors in 2016 without the presence of the Management. At these meetings, the ARC enquired about Management's co-operation with the external auditors, their sharing of information and the competencies and adequacy of resources in the financial reporting functions, particularly in relation to the applicable Malaysian Financial Reporting Standards. The ARC Chairman also permitted the External Auditors to contact him at any time that they became aware of incidents or matters in the course of their audits or reviews that needed his attention or that of the ARC or Board. No such contacts were made during FY 2016.

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

SUMMARY OF ACTIVITIES DURING FINANCIAL YEAR ENDED 31 DECEMBER 2016

The ARC reports regularly to the Board on its activities, deliberations and recommendations in discharging its duties and responsibilities as set out in its terms of reference, which the Committee has reviewed to ensure it is in line with the Main Market Listing Requirements of Bursa Malaysia ("MMLR"), and the Malaysian Code on Corporate Governance ("MCCG").

The main activities undertaken by the Committee during the year are as below:

Regarding financial reporting:

a. Reviewed the Annual Report and the audited financial statements of the Group and the Company for FY 2016 together with the external auditors and Group CFO to ensure compliance of the financial statements with the provisions of the Companies Act 1965 and the applicable approved accounting standards as per the Malaysian Accounting Standards Board ("MASB") prior to recommending the same to the Board for approval.

b. Reviewed the quarterly unaudited financial results of the Company and the Group for FY 2016 together with the Group CFO, focusing particularly on significant changes to accounting policies and practices, significant or unusual events, compliance with accounting standards and other legal requirements prior to recommending the same to the Board of Directors for approval and release to Bursa Malaysia.

c. Reviewed with the Management of the Group to ensure corporate disclosure policies and procedures of the Group (pertaining to accounting, audit and financial matters) comply with the disclosure requirements as set out in the MMLR.

Regarding external audit:

a. Reviewed of the performance, accessed the suitability and the external auditor independence in fulfilling their responsibilities as set out in the By-Laws (On Professional Ethics, Conduct and Practice) for Professional Accountants as adopted by Malaysian Institute of Accounts and the Group policy on Auditors Independence by covering the calibre of the external audit firm; quality of processes and performance during the audit; skills, industrial knowledge and objectivity; written confirmation of external auditor's independence; and their communications with ARC.

b. Reviewed and discussed with the external auditors audit planning memorandum covering audit scope, audit plan, key audit areas and proposed fees for the statutory audit and other non-audit services based on the external auditors' presentation of audit strategy and plan to ensure that their scope of work adequately covered the activities of the Group.

AUDIT AND RISK COMMITTEE REPORT
(cont'd)

Regarding external audit *(cont'd)*:

c. Reviewed and discussed with the external auditor on the audit results, audit reports and financial statements of the Group.

d. Reviewed and discussed with external auditor on the issues highlighted in the management letter, the response from the Management and ensure where appropriate; necessary corrective actions had been taken by Management. ARC also considered the external auditors' suggestions to improve the accounting procedures and internal control measures.

e. Reviewed and discussed the non-audit fees in respect of services rendered by external auditors if any in line with the Group Auditor Independence policy. During FY2016, no non-audit fees had been rendered by external auditors.

f. Recommend to the Board on the re-appointment of external auditor and their remuneration.

Regarding risk management and internal control:

a. Reviewed the progress of Risk Management Committee ("RMC") in its on-going identification and monitoring of key risks and the controls and processes implemented in managing these risks.

b. Reviewed the risk assessment results and the mitigation actions reported by RMC and regularly review the update on the action plans to ensure significant internal controls are promptly implemented to mitigate the risks identified.

c. Evaluated, together with Group CEO and Group CFO, the overall adequacy and effectiveness of the system of internal controls during the financial year through a review of the results of work performed by internal and external auditors and the RMC.

d. Continuously monitored whistleblowing program and procedures as part of the risk management structure and good corporate governance practice.

Regarding internal audit:

a. Reviewed the adequacy of resources and reporting structure of GIA to execute the audit plan effectively and independently.

b. Approved the annual internal audit plan for the financial year and reviewed the plan each quarter to identify any requirement of changes; that commensurate with the evolving risk landscape of the organisation.

c. Reviewed internal audit findings arising from the work carried out by the GIA and other outsourced service providers for special engagements. The ARC also sought Management's commitment for corrective actions as recommended in internal audit reports.

d. Reviewed the status of audit findings in ensuring appropriate action plans are implemented by the Management; with no audit issues left unaddressed.

Regarding related party transaction:

a. Reviewed annually the related party transactions and recurrent related party transactions undertaken by the Group for compliance with the MMLR and the appropriateness of such transactions entered into by the Company and its subsidiaries to avoid potential or actual conflict of interest to ensure the decisions are based on the best interest of the Company and its shareholders.

b. Reviewed the procedures for securing the shareholders' mandate for recurrent related party transactions.

AUDIT AND RISK COMMITTEE REPORT
(cont'd)

Other activities:

a. Members of the Committee attended various seminars and conferences to enhance and update their knowledge as part of discharging their duties as ARC members and as a director of the Group. The seminars and conferences attended by the Committee members during FY 2016 are reported under the Statement on Corporate Governance.

b. Reviewed the Statement of Risk Management and Internal Control and Corporate Governance Statement prior to their inclusion in the Company's Annual Report for FY 2016.

c. Reviewed a revised delegation of authority proposed by the Management to ensure completeness of business decisions listed and the reasonableness of the spending approval thresholds; prior to recommending to the Board for approval.

d. Reviewed a revised bank signatory proposed by the Management to ensure reasonableness of the payment approval thresholds; prior to recommending to the Board for approval.

e. Conducted a self-assessment to evaluate the Committee's overall effectiveness in discharging its responsibilities.

f. Obtained update on Executives Share Scheme ("ESS") from ESS Committee and verified allocation of ESS to executives during FY 2016, as being in compliance with the ESS By-Law 5.2.

INTERNAL AUDIT FUNCTION

The Group has established an internal audit function as a key component of its internal control appraisal process. The Group Internal Audit ("GIA") reports independently to the ARC and is guided by a formalised Internal Audit Charter.

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

- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations;
- Safeguarding of assets; and
- Compliance with applicable laws, and regulations

In attaining this, the GIA undertakes Internal Audit reviews for the Group based on an annual internal audit plan approved by the ARC. The GIA has also incorporated a structured internal audit rating methodology that appraises an overall rating of an audit report by a scoring system. The said system provides the Management and the ARC a consistent and concise assessment of the risks posed by the area or function being reviewed.

The major activities undertaken by the internal audit function were as follows:

- Developed an annual internal audit plan.
- Continuous monitoring of the Group's compliance with the MCCG Guide, Listing Requirements, rules and regulations.
- Reviewed the adequacy and effectiveness of internal controls pertaining to key business processes of the Group's subsidiaries.
- Undertake follow up audits on the implementation of action plans committed by Management to ensure all previous audit findings highlighted are adequately addressed.
- Identification of areas of opportunities to improve operations and process.
- Assisted the Committee and RMC in risk management function and facilitated the risk assessment of the Group.

AUDIT AND RISK COMMITTEE REPORT
(cont'd)

INTERNAL AUDIT FUNCTION *(cont'd)*

During the FY 2016, the GIA had conducted independent reviews on internal control and compliance for the following areas as per Internal Audit Plan approved by ARC:-

- Fixed Assets Management.
- Sales Process.
- Policy and Procedure Review.
- Group's compliance with the proposed 2016 MCCG Guide, Listing Requirements and Payment Card Reform Framework by Bank Negara Malaysia.

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

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

The total cost incurred by GIA in discharging its functions and responsibilities, in respect of the financial year was approximately MYR 238,600.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

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

RESPONSIBILITY OF THE BOARD

The Board assumes the responsibility for effective and adequacy of the Group's risk management and internal control system and has established term of reference to assist in discharging of this responsibility.

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

The Boards' risk management approach has continued to evolve in line with the Group's expanding activities. In recent years, the Group's business has rapidly expanded beyond its traditional Shared Services segment into areas such as Solutions and Transaction Payment Acquisition ("TPA") which are expected to contribute significantly to the Group's business in the coming years. The Group is also committed to grow its overseas markets and to identify suitable Merger and Acquisition ("M&A") opportunities in ASEAN.

The Board is aware that expansion into new areas of business, operating in different countries and M&A activity can involve new and different risk considerations. Whenever these events occur, the Board will, in addition to its normal risk management process, pay particular attention to whether the overall risk profile of the Group has been impacted and whether existing internal controls are sufficient to address additional risks, if any. The Board has during FY 2016, continued to strengthened the Groups' governance and risk management framework to identify, assess, mitigate, report and monitor significant risks in an effective manner.

The Board recognises the integral role of key management in the risk management and internal control process. The Board had established the Risk Management Committee ("RMC") comprising senior management to identify and assess the Group's risks and thereafter to design, implement and monitor appropriate risk management processes and internal controls to address and mitigate such risks.

KEY INTERNAL CONTROL PROCESSES

The Groups' internal control system comprises the following key processes:

1. **Authority and Responsibility**

    a) **Board Committees**

    Board Committees are established and operate under clearly defined Terms of Reference, which are reviewed regularly, to objectively and independently focus on certain responsibilities delegated by the Board.

    b) **Delegation of Authority**

    In the financial year 2015, the Management has implemented a revised Delegation of Authority, which is in line with the growth of the business of the organisation. The revised delegation of authority clearly defines the authority and authorisation limits of the Management in all aspects of the Company's key business decisions.

STATEMENT ON
RISK MANAGEMENT AND INTERNAL CONTROL
(cont'd)

KEY INTERNAL CONTROL PROCESSES *(cont'd)*

2. Monitoring and Reporting

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

3. Policies and Procedures

The Group has defined and documented internal policies and standard operating procedures to ensure inter alia sound internal controls are implemented and compliance with applicable laws and regulations. The policies and procedures are also being reviewed on a regular basis to ensure its relevance and effectiveness; in which Internal Audit function carried out a review policy and procedure on the Group operations.

4. Internal Audit Function

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

Acting as the third layer of defence in internal control, the *GIA* undertakes Internal Audit reviews for the Group based on an annual internal audit plan approved by the ARC. The results of all internal audit reviews, together with the findings and recommendations, are presented to Management for discussion and formulation of the necessary corrective action plans prior to finalisation of the internal audit reports. At each ARC meeting, the Head of Internal Audit updates the ARC of all the status of ongoing audits as and when appropriate. Relevant parties are invited to be present during such presentations.

5. Risk Management

a. Risk Management Committee ("RMC")

The RMC was established by the Board in 2012 as a key component of the Risk Management Framework. The RMC, which is headed by the Group's Chief Executive Officer ("CEO"), comprises the Group's Chief Financial Officer ("CFO") and country heads and financial controllers from each country. The responsibilities of RMC are as follows:

- To identify and assess on an ongoing basis, the risks faced by the Group and thereafter to design and implement appropriate risk management processes and internal controls to address or mitigate such risks in an effective manner;
- To periodically assess and review the continued effectiveness and appropriateness of risk management processes;
- To determine and recommend to the Board the Group's risk appetite and tolerance;
- To continuously promote an effective risk awareness culture throughout the Group with written policies and other forms of communication to employees and stakeholders;
- To be accountable and periodically report to the Board, through the ARC, for the design, implementing and monitoring of the risk management system.

The Head of Internal Audit was invited to attend meetings of the RMC as an observer and provides the ARC with an independent assessment of the adequacy and reliability of the risk management processes and compliance with risk policies.

The RMC met twice a year to conduct a formalised half-yearly risk assessment and reported the findings to the ARC. On a quarterly basis, the RMC Chairman, i.e. Group CEO and the Group CFO are invited to the ARC meeting to formally brief the ARC of any risks related events and/or new risks faced by the Group and the corresponding action plans taken to mitigate the risks.

STATEMENT ON
RISK MANAGEMENT AND INTERNAL CONTROL
(cont'd)

KEY INTERNAL CONTROL PROCESSES *(cont'd)*

5. **Risk Management** *(cont'd)*

   b. **Risk Department**

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

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

6. **Information Technology Controls and Security**

   a. **Disaster Recovery Backup Plan**

   A Disaster Recovery ("DR") backup policy and procedure has been established group wide in order to ensure continuity of the business operations in the event of IT-disabling disaster strikes. DR drills are conducted by the technology division together with external service provider at least once a year with continuous effort to enhance the DR capability to cover all key aspects of the businesses.

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

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

   - Building and maintaining a secure network and systems
   - Protect cardholder data
   - Maintaining a vulnerability management program
   - Implementation of strong access control measures
   - Regularly monitor and test networks
   - Maintain an information security policy

   The Malaysian operations obtained its first Certificate of PCIDSS compliance in 2012 by meeting all the requirements set by the standards. During the year, the Company was reassessed by a qualified security assessor from PCISSC; as part of the annual certification exercises and continues to be PCIDSS compliant on the latest 3.1 version. During the year, the Company's overseas subsidiaries in the Philippines and Thailand were both certified PCIDSS version 3.1 compliant. The Company acknowledges that maintaining high information technology security controls is critical to its business operations and will continue to implement best practices embedded within the security standards.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(cont'd)

KEY INTERNAL CONTROL PROCESSES *(cont'd)*

7. **Human Capital**

   a. **Performance Appraisal & Employee Trainings**
   Annual appraisal systems are implemented for the employees at all levels within the Group, enforcing dialogue between management and subordinates for continuous improvement on employees' performance. Arising from this appraisal, training need analysis is performed to identify the required training for employees to address the areas of improvement identified.

   b. **Code of Ethics**

   A set of code of ethics setting out expected ethical standards and code of conduct has been established, which is binding on all employees in the Group.

   c. **Whistleblowing Policy**

   The Group has implemented a whistleblowing policy to provide an avenue for employees; to report any suspected acts that are in breach of the Group's code of ethics, internal policy and applicable laws or regulations in a confidential manner.

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

   d. **Fraud Policy**

   The Group has implemented a policy on acts of Fraud, Misconduct and Dishonesty, which provides the specific procedures or instructions regarding the appropriate actions needed to be undertaken in cases of suspected violations.

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

BOARD ASSESSMENT

The Board is of the view that the Group's overall risk management and internal control system was adequate and effective in all material aspects during 2016. Both the Group CEO and Group CFO have given the same assurance to the Board. The Board however recognises that risk management is an evolving process in a changing business environment and is committed to continuously monitor the adequacy and effectiveness of and, where appropriate, enhancing the Group's risk management framework and internal control system.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
(cont'd)

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. As set out in their terms of engagement, the said review procedures were performed in accordance with the Recommended Practice Guide 5 (Revised 2015): Guidance for Auditors On Engagements To Report On The Statement On Risk Management and Internal Control Included in the Annual Report ("RPG 5") issued by the Malaysian Institute of Accountants. RPG 5 does not require the external auditors to consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system. RPG 5 also does not require the external auditors to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in this Annual Report will, in fact, remedy the problems.

Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is not prepared in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is factually inaccurate.

This statement is approved by the Board of Directors on 29 March 2017

ADDITIONAL COMPLIANCE TO BURSA LISTING REQUIREMENTS

1. **SHARE BUYBACK**

   The Group has not purchased any of its own shares during FY 2016.

2. **MATERIAL CONTRACT**

   No material contract has been entered into by the Group which involved Directors' and/or substantial shareholders' interest at during FY 2016 or if not then subsisting, entered into since the end of previous financial year.

3. **AMERICAN DEPOSIT RECEIPT ("ADR") OR GLOBAL DEPOSITORY RECEIPT ("GDR")**

   The Group has not sponsored any ADR or GDR during FY 2016.

4. **IMPOSITION OF SANCTIONS AND/OR PENALTIES**

   Subsidiaries of the Group were levied a penalty of RM210,606.30 during FY 2016 as a result of understatement of income for the years of assessment 2009 to 2015 by Inland Revenue Board of Malaysia.

5. **PROFIT GURANTEES**

   During FY 2016, there were no profit guarantees given by the Group.

6. **UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS**

   No proceeds were raised during FY 2016.

7. **OPTIONS, WARRANTS OR CONVERTIBLES SECURITIES**

   There were no options, warrants or convertibles securities raised during FY 2016.

8. **VARIANCE IN RESULTS**

   No material variance between the result of the financial year and the unaudited financial results previously announced.

9. **RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

   The details of the related party transactions are set out in page 126 to 128 of the notes to the financial statements in which the transactions were carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties.

NOMINATION AND REMUNERATION COMMITTEE REPORT

The Nomination and Remuneration Committee Report provides information on the manner in which the Nomination and Remuneration Committee has carried out its duties and responsibilities for the Group in Financial Year 2016 ("FY 2016") and also a summary of its various activities.

FORMATION

The first Nomination Committee meeting of GHL Systems Bhd was held on February 2003.

On 8 April 2013, the Board of Directors resolved that the Nomination Committee and Remuneration Committee be combined and renamed as the Nomination and Remuneration Committee ("NRC" or "the Committee").

COMPOSITION

The NRC comprises of three members who are exclusively Non-Executive Directors, during FY 2016 as follows:

1. FONG SEOW KEE (appointed as Chairman on 21st February 2013)
   (Senior Independent Non-Executive Director)

2. DATUK KAMARUDDIN BIN TAIB
   (Independent Non-Executive Director)

3. BRAHMAL a/l VASUDEVAN
   (Non-Independent Non-Executive Director)

TERMS OF REFERENCE

The Terms of Reference for NRC is accessible to the public on the Company's official website at www.ghl.com and any update thereof will be uploaded to the website accordingly.

ATTENDANCE OF MEETINGS

The NRC held two (2) meetings during FY 2016. The details of attendance of the NRC members are as follows:

Name Of The Committee Member	Total Attendance Of Meetings
Fong Seow Kee	2/2
Datuk Kamaruddin Bin Taib	2/2
Brahmal a/l Vasudevan	2/2

NOMINATION AND REMUNERATION COMMITTEE REPORT
(cont'd)

SUMMARY OF ACTIVITIES DURING FINANCIAL YEAR ENDED 31 DECEMBER 2016

The Committee reports regularly to the Board on its activities, deliberations and recommendations in the discharge of its duties and responsibilities as set out in its terms of reference.

The main activities undertaken by the Committee during the year are as below:

1. Review terms of reference of the Committee

The Terms of reference was reviewed to ensure it is still in line with the recommendations of the MCCG and remain consistent with the Committee's objectives and responsibilities.

2. Review size, structure and composition of Board and Board Committees

The Committee carried out a review on the size, structure and composition of Board and Board committees based on the following criteria:

- The Chairman of the Board should be an Independent Non-Executive Director.
- There is a Senior Independent Non-Executive Director.
- There is balance and diversity of gender as well as skills, experience and knowledge on business/management, industry, overseas market, strategic planning, sales, marketing and customer, production and quality assurance, legal, finance and accounting, information technology, human resources management, corporate governance and risk management and internal control.
- MMLR's rules and MCCG's recommendation and best practices are adhered to.

Based on the evaluation of a matrix of skill sets, the Committee recommended strengthening the Board composition with a new member who is experienced in Information Technology (IT). Overall, the Committee was satisfied with the current size of the Group's Board and that there was an appropriate mix of knowledge, skills, attributes and core competencies in the Board's composition.

3. Facilitate Board, Board Committee and Directors assessment and review the results

The Committee carried out an annual assessment of the Board and Board Committees as a whole and of each Director. Assessment of the Board as a whole and Board Committees covered four main areas, namely structure, roles and responsibilities, risk management and standard of conduct. Assessment of each individual Director included their respective skills and knowledge, contribution to business strategies and Group's performance, contribution to Board processes, time commitment and standard of conduct. In addition for Non-Executive Directors, independence was assessed based on their annual declaration and other requirements stated in MMLR.

The FY2016 assessments were considered to be satisfactory.

4. Facilitate Board discussion on key management's annual appraisal results

In 2016, the NRC considered and recommended to the Board, the renewal of service contracts of the CEO. In facilitating this, the NRC considered the CEO's, contributions, achievements and deliverables for the past year. In accordance with its TOR, the NRC would also consider and recommend to the Board of the remuneration packages, together with the detailed fringe benefits and Executive Share Scheme ("ESS").

5. Review Board's service contract and succession plan

The Committee reviewed each Executive Directors' service contract based on the Board Charter's guideline and their respective contribution to the Group. The tenure of each contract is for a maximum continuous period of three years, consistent with the Board Charter.

The Committee also reviewed the succession plan of key management based on the individual's willingness to continue and necessity. The Committee was satisfied with current succession planning.

NOMINATION AND REMUNERATION COMMITTEE REPORT
(cont'd)

SUMMARY OF ACTIVITIES DURING FINANCIAL YEAR ENDED 31 DECEMBER 2016 *(cont'd)*

6. Review induction and training needs of directors

The Committee reviewed and recommended the necessary training suitable for individual Director based on annual assessment result, skill sets and past training record. The Committee concluded that all Directors have received sufficient and appropriate training during FY 2016 that is relevant and would serve to enhance their effectiveness in the Board and the Board Committees. The details of the Directors' training are set out on page 36.

7. Review nomination and election process

The Committee has reviewed the nomination and election process and established a clear and transparent nomination and election policy:

- The Committee could outsource Director candidate search to professional firms to ensure that a diverse range of candidates are considered or accept recommendations by any Board member but the Committee should not be influenced by major controlling/dominant shareholders or the CEO/Executive Directors.
- The Director candidate should be interviewed by the Board Chairman and the NRC Chairman, and should meet all Board members.
- The number of director candidates recommended by the nominating committee should be greater than the available board seats, where possible.
- Newly appointed Directors are subject to election by shareholders at the first Annual General Meeting ("AGM") after their appointment.
- At least one-third (1/3) of the remaining Directors be subject to re-election by rotation at each AGM and all Directors shall retire from office at least once every three (3) years. The Directors retiring from office shall be eligible for re-election by the shareholders.
- An Independent Director who had served on the Board for a period of nine years or more shall submit a Declaration of Independence if she or he wishes to continue to serve as an Independent Director. NRC shall consider the re-appointment based on the Declaration of Independence, assessment criteria and guidelines set out in the policy and make the appropriate recommendation to the Board. This is also subject to re-election by shareholder in the next AGM.

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	18,157,640	3,827,707
Profit attributable to:		
Owners of the parent	18,123,661	3,827,707
Non-controlling interests	33,979	-
	18,157,640	3,827,707

DIVIDENDS

On 20 February 2017, the Directors declared an interim single-tier dividend of 0.50% for each ordinary share of RM0.20 each of the Company for the financial year ended 31 December 2016. The total estimated dividend payable amounted to approximately RM3,266,545. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2017.

The Directors do not recommend the payment of any final dividend for the financial year ended 31 December 2016.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

DIRECTORS

The Directors of the Company who have held office since the date of the last report are:

Loh Wee Hian
Fong Seow Kee
Kanagaraj Lorenz
Datuk Kamaruddin Bin Taib
Brahmal A/L Vasudevan
Lim Sze Mei (resigned on 25 August 2016)

DIRECTORS' REPORT
(cont'd)

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than those as disclosed in Note 29 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except for the share options granted pursuant to the Executives' Share Scheme ("ESS") disclosed in Note 21 to the financial statements.

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2016 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia were as follows:

	Number of ordinary shares of RM0.20 each			
	Balance as at 1.1.2016	Bought	Sold	Balance as at 31.12.2016
Shares in the Company				
Direct interests:				
Loh Wee Hian (1)	84,471,184	900,000	-	85,371,184
Kanagaraj Lorenz	5,295,900	-	-	5,295,900
Fong Seow Kee	1,861,950	-	-	1,861,950
Indirect interests:				
Loh Wee Hian (1)	150,776,491	-	-	150,776,491
Fong Seow Kee	635,175	-	-	635,175

	Number of options over ordinary shares of RM0.20 each			
	Balance as at 1.1.2016	Granted	Exercised	Balance as at 31.12.2016
Share options in the Company				
Loh Wee Hian	900,000	-	(900,000)	-
Kanagaraj Lorenz	1,800,000	-	-	1,800,000

DIRECTORS' REPORT
(cont'd)

DIRECTORS' INTERESTS (continued)

	Number of ordinary shares of PHP100 each			
	Balance as at 1.1.2016	Bought	Sold	Balance as at 31.12.2016
Shares in a subsidiary, GHL Systems Philippines, Inc.				
Loh Wee Hian	1	-	-	1
Kanagaraj Lorenz	1	-	-	1

[(1)] *The disclosure of Loh Wee Hian's interests as at 1 January 2016 was adjusted to reflect his actual shareholdings due to inadvertent disclosure of his interests in 2015.*

By virtue of his interest in the shares of the Company, Loh Wee Hian is also deemed to be interested in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and fully paid-up share capital of the Company has been increased by way of issuance of 4,877,800 new ordinary shares of RM0.20 each for cash pursuant to the exercise of ESS.

The newly issued shares rank pari passu in all respects with the existing shares of the Company. There were no other issues of shares during the financial year.

There were no issues of debentures during the financial year.

TREASURY SHARES

At the Annual General Meeting held on 29 June 2016, the shareholders of the Company by an ordinary resolution renewed the mandate given to the Company to repurchase its own shares based, amongst others, on the following terms:

(a) the aggregate number of shares purchased does not exceed ten percent (10%) of the total issued and paid-up share capital of the Company as quoted on Bursa Malaysia Securities Berhad ("Bursa Securities") as at the point of purchase;

(b) the maximum funds to be allocated by the Company for the purpose of purchasing its shares shall not exceed the total retained profits and/or share premium account of the Company based on the latest audited financial statement and/or the latest management accounts of the Company (where applicable) available at the time of the purchase(s);

(c) the Directors of the Company may decide to:

   (i) retain the shares purchased as treasury shares for distribution as dividend to the shareholders; and/or;

   (ii) resale on the market of Bursa Securities and/or for cancellation subsequently; and/or

   (iii) cancel the shares so purchased; and/or

   (iv) retain part of the shares so purchased as treasury shares and cancel the remainder.

DIRECTORS' REPORT
(cont'd)

TREASURY SHARES (continued)

The Company has the right to retain, cancel, resell the shares it purchased and/or distribute these shares as dividends. As treasury shares, the rights attached to them as to voting, dividends and participation in any other distributions or otherwise are suspended. Of the total 654,724,992 (2015: 649,847,192) issued and fully paid ordinary shares of RM0.20 each as at 31 December 2016, 1,415,901 (2015: 1,415,901) ordinary shares amounting to RM638,221 (2015: RM638,221) are held as treasury shares by the Company.

The number of outstanding ordinary shares of RM0.20 each in issue after deducting the treasury shares is 653,309,091 (2015: 648,431,291) as at 31 December 2016.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year apart from the issue of options pursuant to the ESS.

The ESS of the Company came into effect on 30 August 2013. The ESS shall be in force for a period of five (5) years until 29 August 2018 ("the scheme period"). The main features of the ESS are as follows:

(a) Eligible Executive Directors and executives are those who meet the following criteria:

  (i) if he has attained the age eighteen (18) years of age and is not an undischarged bankrupt;

  (ii) if he is employed on a full time basis and is on the payroll of any corporation in the Group and has not served a notice to resign or received a notice of termination;

  (iii) if his employment has been confirmed in writing;

  (iv) if he is an Executive Director of the Company, the specific allocation of Scheme Shares and Options granted by the Company to him in his capacity as an Executive Director of the Company under the Scheme has been approved by the shareholders of the Company at a general meeting;

  (v) if he is serving in a specific designation under an employment contract for a fixed duration but not if he is merely employed for a specific project; and

  (vi) if he fulfils any other criteria and/or falls within such category as may be set by ESS Committee from time to time.

(b) The maximum number of options to be offered under the ESS based on the issued and paid-up ordinary share capital as at 31 December 2016, excluding treasury shares held, is 97,996,364 (2015: 97,264,694);

(c) The options granted may be exercised any time upon the satisfaction of vesting conditions of each tranche;

(d) The option price of a new ordinary share under the ESS shall be at a discount of not more than ten percent (10%) of the five (5)-days weighted average market price of the shares as quoted in the Daily Official List issued by Bursa Securities immediately preceding the date of offer, or at the par value of the ordinary shares of RM0.20 each, whichever is higher;

(e) Upon exercise of the options, the shares issued rank pari passu in all respects with the then existing ordinary shares of the Company;

(f) The employees and Directors to whom the options have been granted have no right to participate, by virtue of these options, in any ordinary share issue of any other company; and

(g) The option price and the number of ordinary shares comprised in the ESS options are subject to adjustment in the event of any alteration in the capital structure of the Company during the scheme period in accordance with the provisions in the ESS By-Laws ("By-Laws"), subject to the determination by ESS Committee.

DIRECTORS' REPORT
(cont'd)

OPTIONS GRANTED OVER UNISSUED SHARES (continued)

The details of the options over the ordinary shares of the Company are as follows:

	Option price	Number of options over ordinary shares of RM0.20 each					
		Outstanding as at	Movements during the financial year			Outstanding as at	Exercisable as at
			Granted	Exercised	Forfeited *		
	RM	1.1.2016				31.12.2016	31.12.2016
Date of offer							
3 September 2013							
- first tranche	0.227	-	-	-	-	-	-
- second tranche	0.227	500,097	-	(500,097)	-	-	-
- third tranche	0.227	1,947,803	-	(1,797,702)	(150,101)	-	-
		2,447,900	-	(2,297,799)	(150,101)	-	-
20 June 2014							
- first tranche	0.574	1,500,001	-	(1,500,001)	-	-	-
- second tranche	0.574	2,000,001	-	(580,000)	-	1,420,001	1,420,001
- third tranche	0.574	1,999,998	-	(500,000)	-	1,499,998	-
		5,500,000	-	(2,580,001)	-	2,919,999	1,420,001
8 September 2015							
- first tranche	0.860	600,000	-	-	-	600,000	600,000
- second tranche	0.860	600,000	-	-	-	600,000	600,000
- third tranche	0.860	600,000	-	-	-	600,000	-
		1,800,000	-	-	-	1,800,000	1,200,000

* Forfeited due to resignation.

The Company has been granted exemption by the Companies Commission of Malaysia vide its letter dated 30 December 2016 from having to disclose the list of option holders to whom options have been granted during the financial year and details of their holdings pursuant to Section 169(11) of the Companies Act, 1965 in Malaysia except for information of executives who were granted 1,000,000 options and above.

Other than the Directors' options disclosed under the Directors' interests, the following executives were granted 1,000,000 options and above under the ESS during the financial year:

	Number of options over ordinary shares of RM0.20 each			
	Balance as at 1.1.2016	Granted	Exercised	Balance as at 31.12.2016
Leong Kah Chern	3,000,000	-	(1,000,000)	2,000,000
Tham Kah Fook	1,500,000	-	(1,500,000)	-
Rey Maria R. Chumacera	1,000,000	-	(1,000,000)	-
Sam Eng Sun	1,000,000	-	(80,000)	920,000

DIRECTORS' REPORT
(cont'd)

OTHER STATUTORY INFORMATION

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

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

(c) The Directors are not aware of any circumstances:

(i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) In the opinion of the Directors:

(i) there has not arisen in any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and

(ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

The details of event subsequent to the end of the reporting period are disclosed in Note 30 to the financial statements.

DIRECTORS' REPORT
(cont'd)

AUDITORS

The auditors, BDO, have expressed their willingness to continue in office.

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

Loh Wee Hian Director	**Kanagaraj Lorenz** Director

Kuala Lumpur
29 March 2017

STATEMENT BY DIRECTORS

We, Loh Wee Hian and Kanagaraj Lorenz, being two of the Directors of GHL Systems Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 64 to 130 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In the opinion of the Directors, the information set out in Note 32 to the financial statements on page 131 has been compiled in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

Loh Wee Hian
Director

Kanagaraj Lorenz
Director

Kuala Lumpur

STATUTORY DECLARATION

I, Kam Wai Peng, being the officer primarily responsible for the financial management of GHL Systems Berhad, do solemnly and sincerely declare that the financial statements set out on pages 64 to 131 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed at)
Kuala Lumpur on 29 March 2017)
)

Kam Wai Peng

Before me:

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF GHL SYSTEMS BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of GHL Systems Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 64 to 130.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Impairment assessment of the carrying amount of goodwill

The carrying amount of goodwill of the Group amounted to RM105,629,787 as disclosed in Note 13 to the financial statements.

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

Audit response

Our audit procedures included the following:

(a) Assessed the historical reliability of management's projections by comparing prior period projections to actual results;

(b) Verified the discount rate by comparison to market data, the weighted average cost of capital of the Group and relevant risk factors;

(c) Compared projected growth rates, operating profit margins and terminal values by assessing evidences available to support these assumptions; and

(d) Performed sensitivity analysis to stress test the key assumptions used in the impairment assessment.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF GHL SYSTEMS BERHAD
(cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, IFRSs, and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF GHL SYSTEMS BERHAD
(cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or of the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 14 to the financial statements.

(c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF GHL SYSTEMS BERHAD
(cont'd)

Other Reporting Responsibilities

The supplementary information set out in Note 32 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO
AF : 0206
Chartered Accountants

Rejeesh A/L Balasubramaniam
02895/08/2018 J
Chartered Accountant

29 March 2017
Kuala Lumpur

STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Revenue	5	245,923,356	211,379,867	14,836,953	13,066,525
Cost of sales		(150,613,024)	(128,593,980)	(3,766,117)	(4,095,434)
Gross profit		95,310,332	82,785,887	11,070,836	8,971,091
Other operating income		7,313,361	4,286,955	9,568,104	19,917,343
Administrative expenses		(43,689,557)	(40,151,527)	(8,729,525)	(8,824,637)
Distribution expenses		(21,692,747)	(18,384,725)	(545,082)	(645,106)
Other operating expenses		(10,264,711)	(9,448,876)	(7,163,719)	(150,270,239)
Finance costs		(2,071,227)	(2,910,719)	(72,874)	(187,103)
Share of loss of joint ventures		(142,889)	(59,503)	-	-
Profit/(Loss) before tax	6	24,762,562	16,117,492	4,127,739	(131,038,651)
Tax expense	8	(6,604,922)	(5,875,129)	(300,032)	(33,273)
Profit/(Loss) for the financial year		18,157,640	10,242,363	3,827,707	(131,071,924)
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translations		1,678,276	1,426,326	-	-
Total other comprehensive income, net of tax		1,678,276	1,426,326	-	-
Total comprehensive income/(loss)		19,835,916	11,668,689	3,827,707	(131,071,924)
Profit/(Loss) attributable to:					
Owners of the parent		18,123,661	10,339,648	3,827,707	(131,071,924)
Non-controlling interests		33,979	(97,285)	-	-
		18,157,640	10,242,363	3,827,707	(131,071,924)
Total comprehensive income/(loss) attributable to:					
Owners of the parent		19,801,937	11,760,020	3,827,707	(131,071,924)
Non-controlling interests		33,979	(91,331)	-	-
		19,835,916	11,668,689	3,827,707	(131,071,924)
Earnings per ordinary share attributable to equity holders of the Company (sen):					
Basic	9	2.79	1.61		
Diluted	9	2.78	1.59		

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
ASSETS					
Non-current assets					
Property, plant and equipment	11	59,567,866	56,796,646	5,582,314	5,605,880
Intangible assets	12	2,404,929	3,351,224	240,690	850,405
Goodwill	13	105,629,787	105,629,787	-	-
Investments in subsidiaries	14	-	-	22,471,512	7,041,895
Investments in joint ventures	15	113,968	71,457	-	-
Available-for-sale investments	16	8,000,000	8,000,000	-	-
Deferred tax assets	17	1,206,797	1,156,306	-	-
		176,923,347	175,005,420	28,294,516	13,498,180
Current assets					
Inventories	18	83,494,026	62,781,739	874,320	1,228,750
Trade and other receivables	19	51,616,865	69,035,477	53,635,033	57,865,229
Current tax assets		1,320,791	1,241,934	-	288,390
Cash and bank balances	20	83,863,854	59,103,983	8,910,398	4,444,483
		220,295,536	192,163,133	63,419,751	63,826,852
TOTAL ASSETS		397,218,883	367,168,553	91,714,267	77,325,032
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	21	130,944,998	129,969,438	130,944,998	129,969,438
Treasury shares		(638,221)	(638,221)	(638,221)	(638,221)
Reserves	22	75,711,950	72,615,686	72,986,965	71,568,977
Retained earnings/(Accumulated losses)		53,126,484	34,993,442	(127,732,764)	(131,569,852)
		259,145,211	236,940,345	75,560,978	69,330,342
Non-controlling interests		75,605	41,626	-	-
TOTAL EQUITY		259,220,816	236,981,971	75,560,978	69,330,342

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016
(cont'd)

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
LIABILITIES					
Non-current liabilities					
Borrowings	23	17,680,215	18,004,775	3,717	102,369
Deferred tax liabilities	17	2,134,975	807,498	-	-
Deferred income	25	-	184,188	-	-
		19,815,190	18,996,461	3,717	102,369
Current liabilities					
Borrowings	23	20,443,509	28,508,028	98,652	4,406,032
Deferred income	25	619,469	255,371	239,680	67,780
Trade and other payables	26	95,838,711	78,689,295	15,651,956	3,418,509
Current tax liabilities		1,281,188	3,737,427	159,284	-
		118,182,877	111,190,121	16,149,572	7,892,321
TOTAL LIABILITIES		137,998,067	130,186,582	16,153,289	7,994,690
TOTAL EQUITY AND LIABILITIES		397,218,883	367,168,553	91,714,267	77,325,032

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

Group	Note	Share capital RM	Treasury shares RM	Share premium RM	Exchange translation reserve RM	Share options reserve RM	Retained earnings RM	Total attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
Balance as at 1 January 2015		128,317,898	(638,221)	70,155,741	(373,663)	544,131	24,652,474	222,658,360	132,957	222,791,317
Profit for the financial year		-	-	-	-	-	10,339,648	10,339,648	(97,285)	10,242,363
Foreign currency translations, net of tax		-	-	-	1,420,372	-	-	1,420,372	5,954	1,426,326
Total comprehensive income		-	-	-	1,420,372	-	10,339,648	11,760,020	(91,331)	11,668,689
Transactions with owners:										
Share options granted under ESS	21	-	-	-	-	473,967	-	473,967	-	473,967
ESS forfeited		-	-	-	-	(1,320)	1,320	-	-	-
Ordinary shares issued pursuant to ESS	21	1,651,540	-	921,412	-	(524,954)	-	2,047,998	-	2,047,998
Total transactions with owners		1,651,540	-	921,412	-	(52,307)	1,320	2,521,965	-	2,521,965
Balance as at 31 December 2015		129,969,438	(638,221)	71,077,153	1,046,709	491,824	34,993,442	236,940,345	41,626	236,981,971

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016
(cont'd)

Group	Note	Share capital RM	Treasury shares RM	Share premium RM	Exchange translation reserve RM	Share options reserve RM	Retained earnings RM	Total attributable to owners of the parent RM	Non-controlling interests RM	Total equity RM
Balance as at 1 January 2016		129,969,438	(638,221)	71,077,153	1,046,709	491,824	34,993,442	236,940,345	41,626	236,981,971
Profit for the financial year		-	-	-	-	-	18,123,661	18,123,661	33,979	18,157,640
Foreign currency translations, net of tax		-	-	-	1,678,276	-	-	1,678,276	-	1,678,276
Total comprehensive income		-	-	-	1,678,276	-	18,123,661	19,801,937	33,979	19,835,916
Transactions with owners:										
Share options granted under ESS	21	-	-	-	-	400,408	-	400,408	-	400,408
ESS forfeited		-	-	-	-	(9,381)	9,381	-	-	-
Ordinary shares issued pursuant to ESS	21	975,560	-	1,747,576	-	(720,615)	-	2,002,521	-	2,002,521
Total transactions with owners		975,560	-	1,747,576	-	(329,588)	9,381	2,402,929	-	2,402,929
Balance as at 31 December 2016		130,944,998	(638,221)	72,824,729	2,724,985	162,236	53,126,484	259,145,211	75,605	259,220,816

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016
(cont'd)

Company	Note	Share capital RM	Treasury shares RM	Share premium RM	Share options reserves RM	Accumulated losses RM	Total equity RM
Balance as at 1 January 2015		128,317,898	(638,221)	70,155,741	544,131	(499,248)	197,880,301
Loss for the financial year		-	-	-	-	(131,071,924)	(131,071,924)
Other comprehensive income, net of tax		-	-	-	-	-	-
Total comprehensive loss		-	-	-	-	(131,071,924)	(131,071,924)
Transactions with owners:							
Share options granted under ESS	21	-	-	-	473,967	-	473,967
ESS forfeited		-	-	-	(1,320)	1,320	-
Ordinary shares issued pursuant to ESS	21	1,651,540	-	921,412	(524,954)	-	2,047,998
Total transactions with owners		1,651,540	-	921,412	(52,307)	1,320	2,521,965
Balance as at 31 December 2015		129,969,438	(638,221)	71,077,153	491,824	(131,569,852)	69,330,342

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016
(cont'd)

Company	Note	Share capital RM	Treasury shares RM	Share premium RM	Share options reserves RM	Accumulated losses RM	Total equity RM
Balance as at 1 January 2016		129,969,438	(638,221)	71,077,153	491,824	(131,569,852)	69,330,342
Profit for the financial year		-	-	-	-	3,827,707	3,827,707
Other comprehensive income, net of tax		-	-	-	-	-	-
Total comprehensive income		-	-	-	-	3,827,707	3,827,707
Transactions with owners:							
Share options granted under ESS	21	-	-	-	400,408	-	400,408
ESS forfeited		-	-	-	(9,381)	9,381	-
Ordinary shares issued pursuant to ESS	21	975,560	-	1,747,576	(720,615)	-	2,002,521
Total transactions with owners		975,560	-	1,747,576	(329,588)	9,381	2,402,929
Balance as at 31 December 2016		130,944,998	(638,221)	72,824,729	162,236	(127,732,764)	75,560,978

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

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax		24,762,562	16,117,492	4,127,739	(131,038,651)
Adjustments for:					
Amortisation of:					
- intangible assets	12	697,042	1,065,472	452,483	827,683
- deferred income	25	(1,147,354)	(661,091)	(687,799)	(253,782)
Bad debts written off		23,032	44,346	20,800	-
Depreciation of property, plant and equipment	11	18,518,472	15,965,653	603,317	873,147
Dividend income		-	-	(3,500,000)	(6,200,000)
Impairment losses on:					
- trade and other receivables		1,811,492	1,120,739	5,070,709	24,504,463
- investment in a subsidiary	14	-	-	-	123,102,509
Intangible assets written off	12	314,249	271,855	222,228	-
Interest expense		1,771,247	2,647,150	72,874	187,103
Interest income		(359,800)	(1,153,338)	(76,950)	(575,732)
Inventories written off	18	473,428	339,917	364,890	296,625
(Gain)/Loss on disposal of property, plant and equipment		(144,171)	(222,571)	(49,742)	835
Unrealised (gain)/loss on foreign exchange		(1,365,394)	1,322,651	(2,234,840)	(8,742,785)
Property, plant and equipment written off	11	584,115	564,133	2	2,940
Reversal of impairment losses on:					
- trade and other receivables	19	(187,459)	(182,007)	(119,657)	(4,109,522)
- investment in a joint venture		(38,400)	-	-	-
- investments in subsidiaries		-	-	(3,576,426)	-
Share options granted under ESS	7	400,408	473,967	93,217	199,521
Share of loss of joint ventures		142,889	59,503	-	-
Operating profit/(loss) before changes in working capital		46,256,358	37,773,871	782,845	(925,646)
Increase in inventories		(40,713,508)	(24,999,457)	(10,460)	(348,336)
Decrease/(Increase) in trade and other receivables		15,791,563	(16,990,196)	(474,379)	(1,278,869)
Increase in trade and other payables		17,149,416	22,419,369	1,288,379	967,784
Advance receipts for deferred income	25	1,327,264	727,365	859,699	321,562
Cash generated from/(used in) operations		39,811,093	18,930,952	2,446,084	(1,263,505)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016
(cont'd)

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
CASH FLOWS FROM OPERATING ACTIVITIES (continued)					
Cash generated from/(used in) operations		39,811,093	18,930,952	2,446,084	(1,263,505)
Dividends received		-	-	8,500,000	1,200,000
Interest received		359,800	1,153,338	76,950	481,733
Interest paid		(1,771,247)	(2,647,150)	(72,874)	(187,103)
Tax paid		(6,591,040)	(2,761,170)	(69,108)	(104,913)
Tax refunded		233,204	491,491	216,750	255,000
Net cash from operating activities		32,041,810	15,167,461	11,097,802	381,212
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of:					
- property, plant and equipment	11	(3,198,708)	(5,640,235)	(586,893)	(419,813)
- intangible assets	12	(64,996)	(800,404)	(64,996)	(10,546)
Proceeds from disposal of:					
- available-for-sale investments		-	-	-	-
- property, plant and equipment		760,355	280,250	56,882	376
Acquisitions of:					
- additional interests in subsidiaries	14	-	-	(5,000,000)	-
- additional interests in joint ventures		(147,000)	-	-	-
(Placement)/Withdrawal in deposits pledged		(177,498)	(913,490)	-	100,000
Repayment from/(Advances to) subsidiaries		-	-	761,043	(16,671,487)
Net cash (used in)/from investing activities		(2,827,847)	(7,073,879)	(4,833,964)	(17,001,470)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016
(cont'd)

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Drawdown of:					
- term loans		1,000,000	12,410,283	-	3,703,500
- Islamic facility		8,000,000	2,500,000	-	-
Proceeds from issuance of ordinary shares pursuant to ESS		2,002,521	2,047,998	2,002,521	2,047,998
Repayments of:					
- term loans		(1,144,182)	(9,314,351)	(3,703,500)	-
- hire purchase creditors		(1,347,772)	(1,963,993)	(112,532)	(107,614)
- bankers' acceptance		(15,000,000)	-	-	-
Net cash (used in)/from financing activities		(6,489,433)	5,679,937	(1,813,511)	5,643,884
Net increase/(decrease) in cash and cash equivalents		22,724,530	13,773,519	4,450,327	(10,976,374)
Effect of exchange rate changes on cash and cash equivalents		1,857,843	(910,348)	15,588	-
Cash and cash equivalents at beginning of financial year		52,304,729	39,441,558	4,444,483	15,420,857
Cash and cash equivalents at end of financial year	20	76,887,102	52,304,729	8,910,398	4,444,483

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016

1. CORPORATE INFORMATION

GHL Systems Berhad is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur. The principal place of business of the Company is located at C-G-15, Block C, Jalan Dataran SD 1, Dataran SD PJU 9, Bandar Sri Damansara, 52200 Kuala Lumpur.

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

The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 29 March 2017.

2. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out on pages 64 to 130 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the provisions of the Companies Act, 1965 in Malaysia. However, Note 32 to the financial statements set out on page 131 has been prepared in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad.

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

The consolidated financial statements for the financial year ended 31 December 2016 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company.

3. SEGMENT INFORMATION

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

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

(a) Malaysia
(b) Philippines
(c) Thailand
(d) Australia

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016
(cont'd)

3. SEGMENT INFORMATION (continued)

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

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

2016	Malaysia	Philippines	Thailand	Australia	Total for reportable segments	Adjustment and elimination	Per consolidated financial statements
	RM	RM	RM	RM	RM	RM	RM
REVENUE							
External sales							
Shared services	32,589,171	18,052,474	4,261,280	-	54,902,925	-	54,902,925
Solution services	7,152,078	3,217,500	2,405,813	1,001,160	13,776,551	-	13,776,551
Transaction payment acquisition	170,656,794	5,165,091	1,421,995	-	177,243,880	-	177,243,880
Inter-segment sales	21,791,961	-	-	-	21,791,961	(21,791,961)	-
Total revenue	232,190,004	26,435,065	8,089,088	1,001,160	267,715,317	(21,791,961)	245,923,356
RESULTS							
Segment results	54,489,787	1,458,292	571,202	308,676	56,827,957	(30,353,968)	26,473,989
Interest income							359,800
Finance costs							(2,071,227)
Profit before taxation							24,762,562
Tax expense							(6,604,922)
Profit for the financial year							18,157,640
Assets							
Segment assets	356,926,189	43,705,756	13,220,296	618,393	414,470,634	(17,251,751)	397,218,883
Liabilities							
Segment liabilities	217,359,682	25,243,205	14,444,371	1,365,193	258,412,451	(120,414,384)	137,998,067

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016
(cont'd)

3. SEGMENT INFORMATION (continued)

2016	Malaysia RM	Philippines RM	Thailand RM	Australia RM	Total for reportable segments RM	Adjustment and elimination RM	Per consolidated financial statements RM
OTHER MATERIAL NON-CASH ITEMS							
Amortisation of intangible assets	697,042	-	-	-	697,042	-	697,042
Bad debts written off	23,032	-	-	-	23,032	-	23,032
Depreciation of property, plant and equipment	9,706,468	7,174,748	1,633,882	3,374	18,518,472	-	18,518,472
Gain on disposal of property, plant and equipment	(144,171)	-	-	-	(144,171)	-	(144,171)
Impairment losses on trade and other receivables	1,005,430	787,960	18,102	-	1,811,492	-	1,811,492
Intangible assets written off	314,249	-	-	-	314,249	-	314,249
Inventories written off	435,865	-	37,563	-	473,428	-	473,428
Property, plant and equipment written off	419,986	-	164,129	-	584,115	-	584,115
Reversal of impairment losses on trade and other receivables	187,459	-	-	-	187,459	-	187,459
Share options granted under ESS	400,408	-	-	-	400,408	-	400,408
Unrealised (gain)/loss on foreign exchange	(2,215,644)	729,655	(232,608)	-	(1,718,597)	353,203	(1,365,394)

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016
(cont'd)

3. SEGMENT INFORMATION (continued)

2015	Malaysia RM	Philippines RM	Thailand RM	Australia RM	Total for reportable segments RM	Adjustment and elimination RM	Per consolidated financial statements RM
REVENUE							
External sales							
Shared services	21,641,187	17,466,488	3,869,957	-	42,977,632	-	42,977,632
Solution services	5,902,110	3,767,395	428,305	1,050,973	11,148,783	-	11,148,783
Transaction payment acquisition	150,674,491	4,681,594	1,897,367	-	157,253,452	-	157,253,452
Inter-segment sales	21,999,000	-	-	-	21,999,000	(21,999,000)	-
Total revenue	200,216,788	25,915,477	6,195,629	1,050,973	233,378,867	(21,999,000)	211,379,867
RESULTS							
Segment results	14,891,514	3,193,680	(2,182,649)	214,948	16,117,493	1,757,380	17,874,873
Interest income							1,153,338
Finance costs							(2,910,719)
Profit before taxation							16,117,492
Tax expense							(5,875,129)
Profit for the financial year							10,242,363
Assets							
Segment assets	292,564,015	43,772,376	12,211,434	310,836	348,858,661	18,309,892	367,168,553
Liabilities							
Segment liabilities	209,590,682	25,671,621	14,075,161	1,350,492	250,687,956	(120,501,374)	130,186,582

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016
(cont'd)

3. SEGMENT INFORMATION (continued)

2015	Malaysia RM	Philippines RM	Thailand RM	Australia RM	Total for reportable segments RM	Adjustment and elimination RM	Per consolidated financial statements RM
OTHER MATERIAL NON-CASH ITEMS							
Amortisation of intangible assets	1,065,472	-	-	-	1,065,472	-	1,065,472
Bad debts written off	44,346	-	-	-	44,346	-	44,346
Depreciation of property, plant and equipment	8,024,917	6,666,491	1,270,059	4,186	15,965,653	-	15,965,653
Gain on disposal of property, plant and equipment	(149,961)	(4,616)	(67,994)	-	(222,571)	-	(222,571)
Impairment losses on trade and other receivables	887,762	-	232,977	-	1,120,739	-	1,120,739
Intangible assets written off	271,855	-	-	-	271,855	-	271,855
Inventories written off	296,625	-	43,292	-	339,917	-	339,917
Property, plant and equipment written off	457,576	-	106,557	-	564,133	-	564,133
Reversal of impairment losses on trade and other receivables	(182,007)	-	-	-	(182,007)	-	(182,007)
Share options granted under ESS	444,153	14,410	9,441	5,963	473,967	-	473,967
Unrealised (gain)/loss on foreign exchange	(3,313,475)	378,134	796,318	(5,157)	(2,144,180)	3,466,831	1,322,651

Major customers

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

4. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The primary objective of the capital management of the Group is to maintain a strong capital base and safeguard the ability of the Group to continue as a going concern whilst maintaining an optimal capital structure, so as to maximise shareholders value. The management reviews the capital structure by considering the cost of capital and the risks associated with the capital. The overall strategy of the Group remains unchanged from that in the previous financial year.

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016
(cont'd)

4. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(a) Capital management (continued)

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

The gearing ratios are as follows:

	Group	
	2016	2015
	RM	RM
Total borrowings	38,123,724	46,512,803
Less: Cash and cash equivalents	(76,887,102)	(52,304,729)
Net cash	(38,763,378)	(5,791,926)
Total equity	259,145,211	236,940,345
Gearing ratio	-	-

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the twenty-five percent (25%) of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement for the financial year ended 31 December 2016.

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

(b) Financial risk management

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

(i) Credit risk

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

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

The credit risk concentration profile has been disclosed in Note 19 to the financial statements.

(ii) Liquidity and cash flow risk

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

The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016
(cont'd)

4. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(b) Financial risk management (continued)

(ii) Liquidity and cash flow risk (continued)

The analysis of financial instruments by remaining contractual maturities has been disclosed in Notes 23 and 26 to the financial statements respectively.

(iii) Interest rate risk

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

(iv) Foreign currency risk

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

The sensitivity analysis for foreign currency risk has been disclosed in Notes 19, 20, 23 and 26 to the financial statements respectively.

5. REVENUE

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Rental of EDC equipment	46,035,910	41,145,191	152,542	174,250
Sales of value-added solutions	20,400,629	26,924,328	6,470,501	7,676,757
Sales of goods	35,508,687	11,000,168	3,261,842	2,670,873
Sales of prepaid air-time top-ups	143,978,130	132,310,180	-	-
Management fees	-	-	4,952,068	2,544,645
	245,923,356	211,379,867	14,836,953	13,066,525

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

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

(a) Sale of goods

Revenue from sale of goods is recognised when significant risk and rewards of ownership of the goods has been transferred to the customer and where the Group does not have continuing managerial involvement over the goods, which coincides with the delivery of goods and acceptance by customers.

The Group, being a distributor in the sales of prepaid airtime top-ups, is in substance acting as an agent for the operators. The revenue associated with the sales of prepaid airtime top-ups to end-users is recognised on a net basis, which represents the margin earned.

5. REVENUE (continued)

(b) Services rendered

Revenue in respect of the rendering of services is recognised when the stage of completion at the end of each reporting period and the cost incurred can be reliably measured. The stage of completion is determined by the services performed to date as a percentage of total services to be performed.

(c) Rental income

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

6. PROFIT/(LOSS) BEFORE TAX

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Profit/(Loss) before tax is arrived after charging:					
Amortisation of intangible assets	12	697,042	1,065,472	452,483	827,683
Auditors' remuneration					
- statutory audit		383,132	357,309	97,000	85,100
- non-audit services		21,000	21,000	21,000	21,000
Bad debts written-off		23,032	44,346	20,800	-
Directors' fees paid and payable to the Directors of the Company		228,000	200,086	228,000	200,086
Directors' other emoluments paid and payable to the Directors of the Company		1,447,803	1,417,908	1,447,803	1,417,908
Depreciation of property, plant and equipment	11	18,518,472	15,965,653	603,317	873,147
Impairment losses on:					
- trade and other receivables		1,811,492	1,120,739	5,070,709	24,504,463
- investment in a subsidiary	14	-	-	-	123,102,509
Interest expense on:					
- hire purchase creditors		35,464	40,135	6,976	11,894
- term loans		1,023,293	1,439,601	65,898	175,209
- bankers' acceptance		712,490	1,167,414	-	-
Inventories written off	18	473,428	339,917	364,890	296,625
Intangible assets written off	12	314,249	271,855	222,228	-
Loss on foreign exchange:					
- realised		83,607	1,333,069	413,652	372,692
- unrealised		-	1,322,651	-	-
Loss on disposal of property, plant and equipment		-	-	-	835
Property, plant and equipment written off	11	584,115	564,133	2	2,940
Rental of premises		497,775	1,338,566	11,277	40,442

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016
(cont'd)

6. PROFIT/(LOSS) BEFORE TAX (continued)

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
And crediting:					
Dividend income from a subsidiary		-	-	3,500,000	6,200,000
Gain on disposal of property, plant and equipment		144,171	222,571	49,742	-
Unrealised gain on foreign exchange		1,365,394	-	2,234,840	8,742,785
Interest income from:					
- deposits with licensed banks		359,800	1,153,338	76,950	481,733
- advances to subsidiaries		-	-	-	93,999
Reversal of impairment losses on:					
- trade and other receivables	14	187,459	182,007	119,657	4,109,522
- investments in subsidiaries		-	-	3,576,426	-
- investments in joint ventures		38,400	-	-	-

7. EMPLOYEE BENEFITS

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Salaries and bonuses	41,162,283	33,566,949	5,599,540	5,580,760
Contributions to defined contribution plan	2,282,982	3,571,321	635,026	661,203
Social security contributions	350,671	395,130	27,443	24,617
Share options granted under ESS	400,408	473,967	93,217	199,521
Other benefits	3,143,840	5,146,972	641,382	692,489
	47,340,184	43,154,339	6,996,608	7,158,590

Included in the employee benefits of the Group and of the Company are Executive Directors' remuneration is an amount of RM1,408,803 (2015: RM1,244,589).

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016
(cont'd)

8. TAX EXPENSE

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Current tax expense based on profit/(loss) for the financial year:					
Malaysia income tax		3,641,272	3,633,726	281,110	-
Foreign income tax		735,888	1,194,049	8,214	32,512
Under provision in prior years		846,061	463,690	10,708	-
		5,223,221	5,291,465	300,032	32,512
Withholding tax		-	761	-	761
Deferred tax:	17				
Relating to origination and reversal of temporary differences		1,381,701	970,438	-	-
Over provision in prior years		-	(387,535)	-	-
		1,381,701	582,903	-	-
Tax expense for the financial year		6,604,922	5,875,129	300,032	33,273

(a) The Malaysian income tax is calculated at the statutory tax rate of twenty-four percent (24%) (2015: 25%) of the estimated taxable profits for the fiscal year.

(b) Taxation for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016
(cont'd)

8. TAX EXPENSE (continued)

(c) The numerical reconciliation between the tax expense and the product of accounting profit/(loss) multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Tax at Malaysian statutory tax rate of 24% (2015: 25%)	5,943,015	4,029,373	990,657	(32,759,663)
Tax effects in respect of:				
Non-allowable expenses	2,222,967	2,649,012	1,587,868	37,529,016
Non-taxable income	(1,615,596)	(1,640,240)	(2,131,738)	(4,940,736)
Deferred tax assets not recognised	770,237	596,784	-	200,125
Different tax rate in foreign jurisdictions	54,758	159,705	-	-
Reduction in deferred taxes as a result of reduction in tax rate	-	4,340	-	4,531
Utilisation of previously unrecognised deferred tax assets	(1,616,520)	-	(157,463)	-
	5,758,861	5,798,974	289,324	33,273
Under provision of income tax expense in prior years	846,061	463,690	10,708	-
Over provision of deferred tax in prior years	-	(387,535)	-	-
Tax expense for the financial year	6,604,922	5,875,129	300,032	33,273

(d) Tax savings of the Group and the Company are as follows:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Arising from utilisation of current year tax losses	-	23,754	-	-
Arising from utilisation of previously unrecognised deferred tax assets	1,616,520	-	157,463	-

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

	Group					
	2016			2015		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
	RM	RM	RM	RM	RM	RM
Foreign currency translations	1,678,276	-	1,678,276	1,426,326	-	1,426,326

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016
(cont'd)

9. EARNINGS PER SHARE

(a) Basic

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

	Group 2016	Group 2015
Profit attributable to equity holders of the parent (RM)	18,123,661	10,339,648
Weighted average number of ordinary shares in issue	650,141,395	644,157,562
Basic earnings per ordinary share for profit for the financial year (sen)	2.79	1.61

(b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding (excluding treasury shares) during the financial year adjusted for the effects of dilutive potential ordinary shares.

	Group 2016	Group 2015
Profit attributable to equity holders of the parent (RM)	18,123,661	10,339,648
Weighted average number of ordinary shares in issue applicable to basic earnings per ordinary share	650,141,395	644,157,562
Effect of dilution:		
- ESS	1,113,057	4,372,256
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share	651,254,452	648,529,818
Diluted earnings per ordinary share for profit for the financial year (sen)	2.78	1.59

10. DIVIDENDS

	Group 2016 RM	Group 2015 RM
Dividends declared on ordinary shares but not recognised at end of the financial year:		
Interim single-tier dividend for 2016: 0.50% per share (2015: Nil)	3,266,545	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016
(cont'd)

11. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.1.2016 RM	Additions RM	Transferred from inventories (Note 18) RM	Written back/(off) RM	Disposals RM	Depreciation charges for the financial year RM	Reclassification RM	Exchange differences RM	Balance as at 31.12.2016 RM
Carrying amount									
Long term leasehold land	1,460,857	-	-	-	-	(16,414)	-	-	1,444,443
Buildings	7,322,160	50,633	-	-	-	(158,428)	-	(57,869)	7,156,496
Computer equipment	2,725,342	1,665,818	-	775	(29)	(1,637,140)	-	(9,613)	2,745,153
EDC equipment	40,376,339	169,879	19,527,793	(583,912)	(534,019)	(15,129,257)	(143,709)	(575,558)	43,107,556
Computer software	1,454,645	653,123	-	-	-	(461,925)	-	(1,401)	1,644,442
Motor vehicles	841,799	529,184	-	-	(82,136)	(394,678)	-	(2,674)	891,495
Furniture, fittings and office equipment	1,284,396	491,421	-	(90)	-	(343,279)	-	(1,177)	1,431,271
Renovation	1,331,108	85,150	-	(888)	-	(377,351)	143,709	(34,718)	1,147,010
	56,796,646	3,645,208	19,527,793	(584,115)	(616,184)	(18,518,472)	-	(683,010)	59,567,866

	At 31.12.2016			
Group	Cost RM	Accumulated depreciation RM	Accumulated impairment losses RM	Carrying amount RM
Long term leasehold land	1,625,000	(180,557)	-	1,444,443
Buildings	7,849,965	(693,469)	-	7,156,496
Computer equipment	21,505,639	(18,760,486)	-	2,745,153
EDC equipment	108,568,893	(54,562,727)	(10,898,610)	43,107,556
Computer software	5,415,508	(3,426,163)	(344,903)	1,644,442
Motor vehicles	2,321,606	(1,236,223)	(193,888)	891,495
Furniture, fittings and office equipment	5,959,405	(4,528,134)	-	1,431,271
Renovation	2,908,547	(1,761,537)	-	1,147,010
Total	156,154,563	(85,149,296)	(11,437,401)	59,567,866

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016
(cont'd)

11. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Balance as at 1.1.2015 RM	Additions RM	Transferred from inventories (Note 18) RM	Written off RM	Disposals RM	Depreciation charges for the financial year RM	Exchange differences RM	Balance as at 31.12.2015 RM
Carrying amount								
Long term leasehold land	1,477,271	-	-	-	-	(16,414)	-	1,460,857
Buildings	6,803,733	-	-	-	-	(156,911)	675,338	7,322,160
Computer equipment	1,813,588	2,254,104	-	-	(3,928)	(1,423,887)	85,465	2,725,342
EDC equipment	35,911,868	567,310	14,254,794	(560,725)	(51,885)	(12,829,261)	3,084,238	40,376,339
Computer software	1,021,880	766,403	-	-	-	(366,987)	33,349	1,454,645
Motor vehicles	1,155,584	113,270	-	-	-	(445,009)	17,954	841,799
Furniture, fittings and office equipment	1,082,827	596,064	-	(3,408)	(1,866)	(413,391)	24,170	1,284,396
Renovation	182,382	1,456,354	-	-	-	(313,793)	6,165	1,331,108
	49,449,133	5,753,505	14,254,794	(564,133)	(57,679)	(15,965,653)	3,926,679	56,796,646

	At 31.12.2015			
Group	**Cost RM**	**Accumulated depreciation RM**	**Accumulated impairment losses RM**	**Carrying amount RM**
Long term leasehold land	1,625,000	(164,143)	-	1,460,857
Buildings	7,854,763	(532,603)	-	7,322,160
Computer equipment	19,853,860	(17,128,518)	-	2,725,342
EDC equipment	92,784,655	(41,480,856)	(10,927,460)	40,376,339
Computer software	4,734,986	(2,951,888)	(328,453)	1,454,645
Motor vehicles	2,514,790	(1,479,103)	(193,888)	841,799
Furniture, fittings and office equipment	5,478,980	(4,194,584)	-	1,284,396
Renovation	2,962,583	(1,631,475)	-	1,331,108
Total	137,809,617	(69,563,170)	(11,449,801)	56,796,646

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11. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Balance as at 1.1.2016 RM	Additions RM	Written off RM	Disposals RM	Depreciation charges for the financial year RM	Balance as at 31.12.2016 RM
Carrying amount						
Long term leasehold land	1,460,858	-	-	-	(16,414)	1,444,444
Buildings	2,809,491	-	-	-	(70,238)	2,739,253
Computer equipment	423,070	161,652	-	(2)	(217,700)	367,020
Computer software	346,474	351,298	-	-	(116,157)	581,615
Motor vehicles	167,155	-	-	(7,138)	(100,752)	59,265
Furniture, fittings and office equipment	389,816	73,943	(2)	-	(74,991)	388,766
Renovation	9,016	-	-	-	(7,065)	1,951
	5,605,880	586,893	(2)	(7,140)	(603,317)	5,582,314

Company	At 31.12.2016 Cost RM	Accumulated depreciation RM	Accumulated impairment losses RM	Carrying amount RM
Long term leasehold land	1,625,000	(180,556)	-	1,444,444
Buildings	3,250,000	(510,747)	-	2,739,253
Computer equipment	4,342,051	(3,975,031)	-	367,020
Computer software	1,783,998	(1,202,383)	-	581,615
Motor vehicles	638,168	(385,015)	(193,888)	59,265
Furniture, fittings and office equipment	2,196,308	(1,807,542)	-	388,766
Renovation	693,408	(691,457)	-	1,951
Total	14,528,933	(8,752,731)	(193,888)	5,582,314

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11. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Balance as at 1.1.2015 RM	Additions RM	Written off RM	Disposals RM	Depreciation charges for the financial year RM	Balance as at 31.12.2015 RM
Carrying amount						
Long term leasehold land	1,477,272	-	-	-	(16,414)	1,460,858
Buildings	2,879,729	-	-	-	(70,238)	2,809,491
Computer equipment	411,153	316,195	-	(907)	(303,371)	423,070
Computer software	436,842	37,448	-	-	(127,816)	346,474
Motor vehicles	284,562	-	-	-	(117,407)	167,155
Furniture, fittings and office equipment	526,047	57,376	(2,940)	(304)	(190,363)	389,816
Renovation	47,760	8,794	-	-	(47,538)	9,016
	6,063,365	419,813	(2,940)	(1,211)	(873,147)	5,605,880

Company	At 31.12.2015 Cost RM	Accumulated depreciation RM	Accumulated impairment losses RM	Carrying amount RM
Long term leasehold land	1,625,000	(164,142)	-	1,460,858
Buildings	3,250,000	(440,509)	-	2,809,491
Computer equipment	4,199,072	(3,776,002)	-	423,070
Computer software	1,432,700	(1,086,226)	-	346,474
Motor vehicles	780,923	(419,880)	(193,888)	167,155
Furniture, fittings and office equipment	2,142,262	(1,752,446)	-	389,816
Renovation	693,408	(684,392)	-	9,016
Total	14,123,365	(8,323,597)	(193,888)	5,605,880

(a) Property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

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

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

NOTES TO THE FINANCIAL STATEMENTS
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11. PROPERTY, PLANT AND EQUIPMENT (continued)

(b) The carrying amounts of the property, plant and equipment of the Group and of the Company under hire purchase arrangements as at the end of the reporting period are as follows:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Motor vehicles	742,374	841,799	59,265	148,119
EDC equipment	1,476,251	5,750,578	-	-
	2,218,625	6,592,377	59,265	148,119

Details of the hire purchase arrangements are disclosed in Note 24 to the financial statements.

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

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Purchases of property, plant and equipment	3,645,208	5,753,505	586,893	419,813
Financed by hire purchase arrangements	(446,500)	(113,270)	-	-
Cash payments on purchases of property, plant and equipment	3,198,708	5,640,235	586,893	419,813

(d) As at the end of the reporting period, long term leasehold land and buildings with the carrying amount of RM7,035,561 (2015: RM5,936,118) have been charged to a bank for credit facilities to the Group as disclosed in Note 23 to the financial statements.

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12. INTANGIBLE ASSETS

Group	Balance as at 1.1.2016 RM	Additions RM	Written off RM	Amortisation charge for the financial year RM	Balance as at 31.12.2016 RM
Carrying amount					
Completed development costs	3,351,224	-	(314,249)	(697,042)	2,339,933
Development-in-progress	-	64,996	-	-	64,996
	3,351,224	64,996	(314,249)	(697,042)	2,404,929

Group	As at 31.12.2016 Cost RM	Accumulated amortisation RM	Carrying amount RM
Completed development costs	15,609,743	(13,269,810)	2,339,933
Development-in-progress	64,996	-	64,996
	15,674,739	(13,269,810)	2,404,929

Group	Balance as at 1.1.2015 RM	Additions RM	Written off RM	Reclassification RM	Amortisation charge for the financial year RM	Balance as at 31.12.2015 RM
Carrying amount						
Completed development costs	2,021,830	148,036	-	2,246,830	(1,065,472)	3,351,224
Development-in-progress	1,866,317	652,368	(271,855)	(2,246,830)	-	-
	3,888,147	800,404	(271,855)	-	(1,065,472)	3,351,224

Group	As at 31.12.2015 Cost RM	Accumulated amortisation RM	Carrying amount RM
Completed development costs	18,374,053	(15,022,829)	3,351,224
Development-in-progress	-	-	-
	18,374,053	(15,022,829)	3,351,224

NOTES TO THE FINANCIAL STATEMENTS
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12. INTANGIBLE ASSETS (continued)

Company	Balance as at 1.1.2016 RM	Additions RM	Written off RM	Amortisation charge for the financial year RM	Balance as at 31.12.2016 RM
Carrying amount					
Completed development costs	850,405	-	(222,228)	(452,483)	175,694
Development-in-progress	-	64,996	-	-	64,996
	850,405	64,996	(222,228)	(452,483)	240,690

Company	As at 31.12.2016 Cost RM	Accumulated amortisation RM	Carrying amount RM
Completed development costs	13,047,410	(12,871,716)	175,694
Development-in-progress	64,996	-	64,996
	13,112,406	(12,871,716)	240,690

Company	Balance as at 1.1.2015 RM	Additions RM	Reclassification RM	Amortisation charge for the financial year RM	Balance as at 31.12.2015 RM
Carrying amount					
Completed development costs	1,396,420	-	281,668	(827,683)	850,405
Development-in-progress	271,122	10,546	(281,668)	-	-
	1,667,542	10,546	-	(827,683)	850,405

Company	As at 31.12.2015 Cost RM	Accumulated amortisation RM	Carrying amount RM
Completed development costs	13,329,078	(12,478,673)	850,405
Development-in-progress	-	-	-
	13,329,078	(12,478,673)	850,405

12. INTANGIBLE ASSETS (continued)

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

(b) Included in the additions of intangible assets of the Group and of the Company are employee benefits capitalised amounting to RM64,996 (2015: RM652,368) and RM64,996 (2015: RM10,546) respectively.

13. GOODWILL

	Group	
	2016	**2015**
	RM	**RM**
Cost		
At beginning/end of financial year	108,597,816	108,597,816
Accumulated impairment losses		
At beginning/end of financial year	(2,968,029)	(2,968,029)
Net carrying amount	105,629,787	105,629,787

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the subsidiaries to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the subsidiaries and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Allocation of goodwill

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

	Group	
	2016	**2015**
	RM	**RM**
e-pay group of companies	105,629,787	105,629,787

e-pay group of companies represents all subsidiaries of EPY Capital Holdings Limited.

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

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13. GOODWILL (continued)

Key assumptions used in value-in-use calculations

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

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

(a) Growth rate

The anticipated annual revenue growth rates used in the cash flows are 3.0% (2015: 3.0%) for the financial budget period.

(b) Pre-tax discount rate

Discount rates reflect the current market assessment of the risks specific to the Group. Discount rate of 10.5% (2015: 10.5%) used for cash flows discounting purpose is the Group's weighted average cost of capital. This is the benchmark used by management to assess the operating performance of the Group and to evaluate future investment proposals.

(c) Terminal value

Terminal growth rate of 3.0% (2015: 3.0%).

Based on the annual impairment testing undertaken by the Group, no impairment loss is required for the carrying amount of the remaining goodwill assessed as at 31 December 2016 as its recoverable amount is in excess of its carrying amount.

Sensitivity to changes in assumptions

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

14. INVESTMENTS IN SUBSIDIARIES

	Company	
	2016 RM	2015 RM
Unquoted shares, at cost	156,018,627	144,472,627
Equity contributions in subsidiaries in respect of ESS	1,818,965	1,511,774
	157,837,592	145,984,401
Less: Accumulated impairment losses	(135,366,080)	(138,942,506)
	22,471,512	7,041,895

Investments in subsidiaries are stated at cost less any impairment losses.

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14. INVESTMENTS IN SUBSIDIARIES (continued)

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

Name of company	Country of incorporation	Effective interest in equity 2016 %	2015 %	Principal activities
GHL Transact Sdn. Bhd. #	Malaysia	100.00	100.00	Sales and rental of EDC equipment and its related software and services, inclusive of installation, training and maintenance.
GHL Payments Sdn. Bhd. #	Malaysia	100.00	100.00	Sales and rental of EDC equipment and its related software and services, inclusive of installation, training and maintenance.
GHL EFTPOS Sdn. Bhd. #	Malaysia	100.00	100.00	Sales and rental of EDC equipment and its related software and services, inclusive of installation, training and maintenance.
GHL CardPay Sdn. Bhd. #	Malaysia	100.00	100.00	Issuing and/or acquiring all credit card, debit card, prepaid card, loyalty card and electronic cash transactions carried out by the card holders at acquired merchants on behalf of the card issuer and for that purpose to provide the necessary facilities and infrastructure that facilitates the transactions electronically.
GHL International Sdn. Bhd. #	Malaysia	100.00	100.00	Dormant.
GHL Asia Pacific Limited #	Labuan, Malaysia	100.00	100.00	Investment holding.
GHL Global Sdn. Bhd. #	Malaysia	100.00	100.00	Developing and selling of Net. Point software solution; software programmes and other related products and services.
GHL Loyalty Sdn. Bhd. #	Malaysia	100.00	100.00	Dormant.
GHL BPO1 Sdn. Bhd. #	Malaysia	100.00	100.00	Provide card-related outsourcing services for all business processes, sub-processes, transactions, activities and all other card related works performed by business in various industries.
GHL ePayments Sdn. Bhd. #	Malaysia	100.00	100.00	Provide electronic payment services and online and mobile merchant acquisition as well as other related activities.

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14. INVESTMENTS IN SUBSIDIARIES (continued)

(a) The details of the subsidiaries are as follows: (continued)

Name of company	Country of incorporation	Effective interest in equity 2016 %	2015 %	Principal activities
GHL Payment Services Sdn. Bhd. #	Malaysia	100.00	100.00	Dormant.
PT. Spotpay Indonesia ^	Indonesia	1.00	1.00	Dormant.
e-pay Asia Pty. Ltd. &	Australia	100.00	100.00	Dormant.
EPY Capital Holdings Limited	British Virgin Islands	100.00	100.00	Investment holding.
Mobiepay Sdn. Bhd. #	Malaysia	100.00	100.00	Engaged in the business of developing and selling software.
Sentripay Sdn. Bhd. #	Malaysia	100.00	100.00	Developing and selling software.
S Capital Sdn. Bhd. #	Malaysia	100.00	100.00	Investment holding.
Subsidiaries of GHL Asia Pacific Limited				
GHL Systems Philippines, Inc.	Philippines	99.99	99.99	Provision of end-to-end payment services and solutions through the deployment of payment infrastructure, technology and services.
GHL Systems Australia Pty. Ltd.	Australia	100.00	100.00	Sales of hardware, software and professional services.
GHL (Thailand) Co., Ltd.	Thailand	95.45	95.45	Sale, maintenance, installation and rental of card and non-card based payment processing systems and services, and relevant infrastructure including hardware and software for all kinds of payment solution systems.
PT. Spotpay Indonesia ^	Indonesia	99.00	99.00	Dormant.
Subsidiaries of GHL ePayments Sdn. Bhd.				
GHL ePayments Co. Ltd.	Thailand	99.99	99.99	Sale, maintenance, installation and rental of card and non-card based payment processing systems including hardware and software for all kinds of payment solution systems.
GHL ePayments Philippines, Inc.	Philippines	99.99	99.99	Dormant.

NOTES TO THE FINANCIAL STATEMENTS
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14. INVESTMENTS IN SUBSIDIARIES (continued)

(a) The details of the subsidiaries are as follows: (continued)

Name of company	Country of incorporation	Effective interest in equity 2016 %	2015 %	Principal activities
Subsidiary of GHL Systems Philippines, Inc.				
Pinoytek Solusyen, Inc. @	Philippines	40.00	40.00	Dormant.
Subsidiary of GHL (Thailand) Co., Ltd.				
Conscious Object Development Co. Ltd.	Thailand	95.45	95.45	Dormant.
Subsidiaries of EPY Capital Holdings Limited				
e-pay (M) Sdn. Bhd. #	Malaysia	100.00	100.00	Sales and solution provision of vouchers bearing prepaid airtime personal identification numbers (PINS) and on-line top-ups for various prepaid services in Malaysia and investment holding.
PT e-pay Indonesia *	Indonesia	21.20	21.20	Dormant.
Subsidiaries of e-pay (M) Sdn. Bhd.				
PT e-pay Indonesia *	Indonesia	78.80	78.80	Dormant.
e-pay Thailand Co. Limited	Thailand	49.50	49.50	Dormant.
Subsidiaries of Mobiepay Sdn. Bhd.				
Pay Here Sdn. Bhd. #	Malaysia	100.00	100.00	Engaged in the business of developing and selling software.
PT Pembayaran Elektronik Indonesia	Indonesia	100.00	100.00	Engaged in the business of developing and selling software.

Subsidiaries audited by BDO in Malaysia.

^ *Effective interest of the Group in PT. Spotpay Indonesia ("Spotpay") is 100% taking into account 99% interest in equity of Spotpay held by a wholly-owned subsidiary of the Company, GHL Asia Pacific Limited.*

@ *The Group controls Pinoytek Solusyen, Inc. ("Pinoytek") and e-pay Thailand Co. Limited ("e-pay Thailand") even though it owns less than fifty percent (50%) of the voting rights. This is due to the key management personnel of Pinoytek and e-pay Thailand, who have the ability to direct the relevant activities, are employees of the Group. Furthermore, a significant portion of Pinoytek's and e-pay Thailand's activities are conducted on behalf of the Group.*

* *Effective interest of the Group in PT e-pay Indonesia ("e-pay Indo") is 100% taking into account 22% interest in equity of e-pay Indo held by a wholly-owned subsidiary of the Company, EPY Capital Holdings Limited and 78% interest in equity of e-pay Indo held by an indirect subsidiary of the Company, e-pay (M) Sdn. Bhd.*

& *Subsidiary is in the process of de-registration from the Australian Securities & Investments Commission.*

NOTES TO THE FINANCIAL STATEMENTS
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14. INVESTMENTS IN SUBSIDIARIES (continued)

(b) In the previous financial year, impairment loss on investments in subsidiaries amounting to RM123,102,509 relating to a subsidiary, e-pay Asia Pty. Ltd., was recognised due to cessation of its operating activities.

(c) During the financial year, the Group recognised share options granted under shares options scheme of RM400,408 (2015: RM473,967) in profit or loss, out of which an amount of RM307,191 (2015: RM274,446) was in respect of employees of subsidiaries. At Company level, the amount of RM307,191 (2015: RM274,446) was recorded as an increase in investments in subsidiaries with a corresponding credit to equity as disclosed in Note 21 to the financial statements.

(d) During the financial year, the Company subscribed for additional ordinary shares in the following wholly-owned subsidiaries:

(i) 5,000,000 ordinary shares of RM1.00 each in GHL CardPay Sdn. Bhd. ("GHLCP"), for total cash consideration of RM5,000,000.
(ii) 1,746,000 ordinary shares of RM1.00 each in GHL Transact Sdn. Bhd., for a consideration of RM1,746,000.
(iii) 4,800,000 ordinary shares of RM1.00 each in GHL ePayments Sdn. Bhd., for a consideration of RM4,800,000.

(e) During the financial year, reversal of impairment losses on investments in subsidiaries amounting to RM3,576,426 (2015: RM Nil) in respect of certain subsidiaries have been recognised due to their improving financial performance and financial position.

(f) Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

The Group does not have any subsidiary that has non-controlling interests, which is individually material to the Group for both financial years ended 31 December 2015 and 31 December 2016.

15. INVESTMENTS IN JOINT VENTURES

	Group	
	2016	**2015**
	RM	**RM**
Unquoted equity shares, at cost	2,164,542	2,017,542
Share of post-acquisition reserves	(1,217,080)	(1,074,191)
Foreign exchange reserve	(46,900)	(46,900)
Accumulated impairment losses	(786,594)	(824,994)
	113,968	71,457

NOTES TO THE FINANCIAL STATEMENTS
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15. INVESTMENTS IN JOINT VENTURES (continued)

Investments in joint ventures are stated in the separate financial statements at cost.

(a) The details of the joint ventures are as follows:

Name of company	Country of incorporation	Effective interest in equity 2016 %	2015 %	Principal activities
MRuncit Commerce Sdn. Bhd.#	Malaysia	49	49	Engaged in the business of developing and selling software and e-commerce.
e-pay Pakistan (Private) Limited^	Pakistan	50	50	Dormant.
Electronic Payment Network (Thailand) Co. Limited^	Thailand	16	16	Dormant.

\# *Joint venture audited by BDO in Malaysia.*

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

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

(b) During the financial year, the Group acquired an additional of 147,000 ordinary shares of RM1.00 each in MRuncit Commerce Sdn. Bhd. for total cash consideration of RM147,000.

(c) The Group does not have any joint venture, which is individually material to the Group for both financial years ended 31 December 2015 and 31 December 2016.

16. AVAILABLE-FOR-SALE INVESTMENTS

	Group 2016 RM	2015 RM
Available-for-sale financial assets	8,000,000	8,000,000

The fair value of the available-for-sale investments are determined by reference to the exchange quoted market bid price at the close of the business at the end of the reporting period.

The fair values of available-for-sale investments are categorised into Level 2 of the fair value hierarchy. There were no transfers between Level 1 and Level 2 fair value measurement during the financial year.

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17. DEFERRED TAX

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

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Balance as at 1 January		(348,808)	(893,238)	-	-
Recognised in profit or loss	8	1,381,701	582,903	-	-
Exchange differences		(104,715)	(38,473)	-	-
Balance as at 31 December		928,178	(348,808)	-	-
Presented after appropriate offsetting:					
Deferred tax assets, net		(1,206,797)	(1,156,306)	-	-
Deferred tax liabilities, net		2,134,975	807,498	-	-
		928,178	(348,808)	-	-

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

Deferred tax liabilities of the Group

	Property, plant and equipment	Intangible assets	Others	Total
	RM	RM	RM	RM
Balance as at 1 January 2016	5,512,121	169,012	183,646	5,864,779
Recognised in profit or loss	1,480,533	-	(71,828)	1,408,705
Balance as at 31 December 2016 (before offsetting)	6,992,654	169,012	111,818	7,273,484
Offsetting	(4,857,679)	(169,012)	(111,818)	(5,138,509)
Balance as at 31 December 2016 (after offsetting)	2,134,975	-	-	2,134,975

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17. DEFERRED TAX (continued)

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

Deferred tax liabilities of the Group (continued)

	Property, plant and equipment RM	Intangible assets RM	Others RM	Total RM
Balance as at 1 January 2015	4,026,806	443,970	47,085	4,517,861
Recognised in profit or loss	1,485,315	(274,958)	136,561	1,346,918
Balance as at 31 December 2015 (before offsetting)	5,512,121	169,012	183,646	5,864,779
Offsetting	(4,704,623)	(169,012)	(183,646)	(5,057,281)
Balance as at 31 December 2015 (after offsetting)	807,498	-	-	807,498

Deferred tax assets of the Group

	Unabsorbed capital allowances RM	Unused tax losses RM	Others RM	Total RM
Balance as at 1 January 2016	(4,203,844)	(958,363)	(1,051,380)	(6,213,587)
Recognised in profit or loss	489,128	35,836	(551,968)	(27,004)
Exchange differences	-	-	(104,715)	(104,715)
Balance as at 31 December 2016 (before offsetting)	(3,714,716)	(922,527)	(1,708,063)	(6,345,306)
Offsetting	3,673,502	140,229	1,324,778	5,138,509
Balance as at 31 December 2016 (after offsetting)	(41,214)	(782,298)	(383,285)	(1,206,797)
Balance as at 1 January 2015	(4,063,642)	(604,398)	(743,059)	(5,411,099)
Recognised in profit or loss	(140,202)	(353,965)	(269,848)	(764,015)
Exchange differences	-	-	(38,473)	(38,473)
Balance as at 31 December 2015 (before offsetting)	(4,203,844)	(958,363)	(1,051,380)	(6,213,587)
Offsetting	4,161,025	109,390	786,866	5,057,281
Balance as at 31 December 2015 (after offsetting)	(42,819)	(848,973)	(264,514)	(1,156,306)

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17. DEFERRED TAX (continued)

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

Deferred tax liabilities of the Company

	Property, plant and equipment RM	Intangible assets RM	Others RM	Total RM
Balance as at 1 January 2016	145,681	118,438	4,531	268,650
Recognised in profit or loss	905	(110,321)	(4,531)	(113,947)
Balance as at 31 December 2016 (before offsetting)	146,586	8,117	-	154,703
Offsetting	(146,586)	(8,117)	-	(154,703)
Balance as at 31 December 2016 (after offsetting)	-	-	-	-
Balance as at 1 January 2015	217,079	315,938	43,221	576,238
Recognised in profit or loss	(71,398)	(197,500)	(38,690)	(307,588)
Balance as at 31 December 2015 (before offsetting)	145,681	118,438	4,531	268,650
Offsetting	(145,681)	(118,438)	(4,531)	(268,650)
Balance as at 31 December 2015 (after offsetting)	-	-	-	-

Deferred tax assets of the Company

	Unabsorbed capital allowances RM	Unused tax losses RM	Others RM	Total RM
Balance as at 1 January 2016	(22,211)	(61,604)	(184,835)	(268,650)
Recognised in profit or loss	22,211	61,604	30,132	113,947
Balance as at 31 December 2016 (before offsetting)	-	-	(154,703)	(154,703)
Offsetting	-	-	154,703	154,703
Balance as at 31 December 2016 (after offsetting)	-	-	-	-

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17. DEFERRED TAX (continued)

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

Deferred tax assets of the Company (continued)

	Unabsorbed capital allowances RM	Unused tax losses RM	Others RM	Total RM
Balance as at 1 January 2015	(228,378)	(172,302)	(175,558)	(576,238)
Recognised in profit or loss	206,167	110,698	(9,277)	307,588
Balance as at 31 December 2015 (before offsetting)	(22,211)	(61,604)	(184,835)	(268,650)
Offsetting	22,211	61,604	184,835	268,650
Balance as at 31 December 2015 (after offsetting)	-	-	-	-

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Unused tax losses	12,392,409	12,918,021	-	-
Unabsorbed capital allowances	1,043,492	1,699,588	512,684	1,168,780
Other deductible temporary differences	644,935	2,989,406	-	-
	14,080,836	17,607,015	512,684	1,168,780

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

18. INVENTORIES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
At cost				
EDC equipment	7,642,972	7,451,032	-	-
Prepaid airtime PINS	72,861,768	51,498,693	-	-
Others	2,989,286	3,832,014	874,320	1,228,750
	83,494,026	62,781,739	874,320	1,228,750

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18. INVENTORIES (continued)

(a) Cost of inventories is determined using the first-in, first-out formula.

(b) During the financial year, inventories of the Group and of the Company other than prepaid airtime PINS recognised as cost of sales amounted to RM12,017,866 and RM412,196 (2015: RM7,756,782 and RM1,205,480) respectively.

(c) In addition, the amounts recognised in the other operating expenses include the following:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Inventories written off	473,428	339,917	364,890	296,625

(d) During the financial year, inventories of the Group amounting to RM19,527,793 (2015: RM14,254,794) have been capitalised as property, plant and equipment as disclosed in Note 11 to the financial statements as the inventories are no longer held for sale.

19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Trade receivables				
Third parties	40,294,237	41,192,459	3,842,435	3,409,254
Subsidiaries	-	-	11,907,569	6,035,041
	40,294,237	41,192,459	15,750,004	9,444,295
Accumulated impairment losses				
- third parties	(8,686,814)	(7,113,435)	(1,254,871)	(1,303,180)
- subsidiaries	-	-	(5,017,963)	(3,182,858)
	(8,686,814)	(7,113,435)	(6,272,834)	(4,486,038)
	31,607,423	34,079,024	9,477,170	4,958,257

19. TRADE AND OTHER RECEIVABLES (continued)

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Other receivables				
Other receivables	16,245,739	7,951,434	349,470	408,168
Amounts owing by subsidiaries	-	-	69,951,265	99,551,310
Deposits	2,149,957	2,231,503	84,409	155,940
	18,395,696	10,182,937	70,385,144	100,115,418
Accumulated impairment losses				
- other receivables	(230,436)	(159,766)	(158,866)	(158,866)
- amounts owing by subsidiaries	-	-	(26,722,613)	(47,553,061)
	(230,436)	(159,766)	(26,881,479)	(47,711,927)
	18,165,260	10,023,171	43,503,665	52,403,491
Loans and receivables	49,772,683	44,102,195	52,980,835	57,361,748
Prepayments	1,844,182	24,933,282	654,198	503,481
	51,616,865	69,035,477	53,635,033	57,865,229

(a) Financial assets classified as loans and receivables are measured at amortised cost using the effective interest method.

(b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group and the Company ranges from 30 to 180 days (2015: 30 to 180 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

(c) Amounts owing by subsidiaries are unsecured, payable upon demand in cash and cash equivalents and interest-free.

(d) Included in amounts owing by subsidiaries in the previous financial year were dividend receivable from a subsidiary, which amounted to RM5,000,000.

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19. TRADE AND OTHER RECEIVABLES (continued)

(e) The ageing analysis of trade receivables of the Group and of the Company are as follows:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Neither past due nor impaired	13,048,339	18,170,745	1,840,348	614,670
Past due not impaired:				
Less than 30 days	6,596,592	4,945,496	1,342,990	705,642
31 to 60 days	544,741	921,160	95,226	-
61 to 90 days	1,524,683	2,563,305	997,081	651,250
More than 90 days	5,925,884	4,239,093	387,184	-
	14,591,900	12,669,054	2,822,481	1,356,892
	27,640,239	30,839,799	4,662,829	1,971,562
Past due and impaired	12,653,998	10,352,660	11,087,175	7,472,733
	40,294,237	41,192,459	15,750,004	9,444,295

<u>Receivables that are neither past due nor impaired</u>

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company. None of the trade receivables of the Group and of the Company that are neither past due not impaired have been renegotiated during the financial year.

<u>Receivables that are past due but not impaired</u>

Trade receivables that are past due but not impaired relate to a number of third party customers with no recent history of default.

<u>Receivables that are past due and impaired</u>

Trade receivables of the Group and of the Company that are past due and impaired at the end of each reporting period are as follows:

	Collectively impaired		Individually impaired	
	2016	2015	2016	2015
	RM	RM	RM	RM
Group				
Trade receivables, gross	4,797,565	3,762,638	7,856,433	6,590,022
Less: Accumulated impairment losses	(830,381)	(523,413)	(7,856,433)	(6,590,022)
	3,967,184	3,239,225	-	-
Company				
Trade receivables, gross	8,408,886	6,234,805	2,678,289	1,237,928
Less: Accumulated impairment losses	(3,594,545)	(3,248,110)	(2,678,289)	(1,237,928)
	4,814,341	2,986,695	-	-

19. TRADE AND OTHER RECEIVABLES (continued)

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

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Trade receivables				
At 1 January	7,113,435	6,876,391	4,486,038	6,634,562
Charge for the financial year	1,740,822	1,120,739	1,835,105	438,411
Reversal of impairment losses	(187,459)	(182,007)	(48,309)	(1,844,578)
Written off	-	(917,863)	-	(742,357)
Exchange differences	20,016	216,175	-	-
At 31 December	8,686,814	7,113,435	6,272,834	4,486,038
Other receivables				
At 1 January	159,766	509,444	47,711,927	25,910,819
Charge for the financial year	70,670	-	3,235,604	24,066,052
Reversal of impairment losses	-	-	(71,348)	(2,264,944)
Written off	-	(349,678)	(23,994,704)	-
At 31 December	230,436	159,766	26,881,479	47,711,927
	8,917,250	7,273,201	33,154,313	52,197,965

Trade and other receivables that are collectively determined to be impaired at the end of each reporting period relate to those debtors that are not individually assessed for impairment and share similar credit risk characteristics. These receivables are not secured by any collateral or credit enhancements.

The Group makes impairment of receivables based on an assessment of the recoverability of receivables. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. Management specifically analyses historical bad debt, customer concentration, customer creditworthiness, current economic trends and changes in customer payment terms when making a judgement to evaluate the adequacy of impairment of receivables. Where expectations differ from the original estimates, the differences would impact the carrying amount of receivables.

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

	2016		2015	
	RM	% of total	RM	% of total
By country				
Malaysia	17,970,036	57	23,193,725	68
Philippines	11,096,848	35	8,679,621	25
Thailand	2,467,766	7	2,078,644	6
Australia	72,773	1	127,034	1
	31,607,423	100	34,079,024	100

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19. TRADE AND OTHER RECEIVABLES (continued)

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

At the end of each reporting period, approximately forty-three percent (43%) (2015: 21%) of the trade receivables of the Group were due from five (5) (2015: 5) customers.

At the end of each reporting period, the Company does not have significant concentration of credit risk other than amounts owing by subsidiaries of RM50,118,258 (2015: RM54,850,432), which contributes 93% (2015: 95%) of total receivables of the Company.

(h) The currency exposure profiles of loans and receivables are as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Ringgit Malaysia	32,963,549	30,076,698	38,373,492	44,222,588
Philippines Peso ("PHP")	13,183,462	10,669,959	-	-
Thai Baht ("THB")	3,551,436	3,238,625	291,250	-
Australian Dollar ("AUD")	73,005	116,593	302,133	153,313
United States Dollar ("USD")	1,231	320	14,013,960	12,985,847
	49,772,683	44,102,195	52,980,835	57,361,748

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

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Profit after tax				
PHP/RM - strengthen by 10% (2015: 10%)	1,001,943	800,247	-	-
PHP/RM - weaken by 10% (2015: 10%)	(1,001,943)	(800,247)	-	-
THB/RM - strengthen by 10% (2015: 10%)	268,928	242,897	22,135	-
THB/RM - weaken by 10% (2015: 10%)	(268,928)	(242,897)	(22,135)	-
AUD/RM - strengthen by 10% (2015: 10%)	6,475	8,744	22,962	11,498
AUD/RM - weaken by 10% (2015: 10%)	(6,475)	(8,744)	(22,962)	(11,498)
USD/RM - strengthen by 10% (2015: 10%)	25	24	1,065,061	973,939
USD/RM - weaken by 10% (2015: 10%)	(25)	(24)	(1,065,061)	(973,939)

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20. CASH AND BANK BALANCES

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Cash and bank balances	70,859,895	52,256,435	8,910,398	4,444,483
Deposits with licensed banks	13,003,959	6,847,548	-	-
	83,863,854	59,103,983	8,910,398	4,444,483

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

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Philippines Peso ("PHP")	5,763,268	4,209,837	-	-
United States Dollar ("USD")	3,941,858	2,138,853	58,167	1,213,141
Thai Baht ("THB")	3,413,893	2,096,898	-	-
Australian Dollar ("AUD")	1,359,576	1,824,733	825,905	975,236
Singapore Dollar ("SGD")	372,617	337,928	-	-
Indonesian Rupiah ("IDR")	2,959	4,890	-	-
	14,854,171	10,613,139	884,072	2,188,377

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

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Profit after tax				
PHP/RM - strengthen by 10% (2015: 10%)	438,009	315,738	-	-
PHP/RM - weaken by 10% (2015: 10%)	(438,009)	(315,738)	-	-
USD/RM - strengthen by 10% (2015: 10%)	299,581	160,414	4,421	90,986
USD/RM - weaken by 10% (2015: 10%)	(299,581)	(160,414)	(4,421)	(90,986)
THB/RM - strengthen by 10% (2015: 10%)	259,456	157,268	-	-
THB/RM - weaken by 10% (2015: 10%)	(259,456)	(157,268)	-	-
AUD/RM - strengthen by 10% (2015: 10%)	103,228	136,855	62,769	73,143
AUD/RM - weaken by 10% (2015: 10%)	(103,228)	(136,855)	(62,769)	(73,143)
SGD/RM - strengthen by 10% (2015: 10%)	28,319	25,345	-	-
SGD/RM - weaken by 10% (2015: 10%)	(28,319)	(25,345)	-	-
IDR/RM - strengthen by 10% (2015: 10%)	3,853	367	-	-
IDR/RM - weaken by 10% (2015: 10%)	(3,853)	(367)	-	-

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20. CASH AND BANK BALANCES (continued)

(c) The weighted average effective interest rate of deposits with licensed banks of the Group is 2.49% (2015: 3.12%) per annum. The average maturity days are 104 days (2015: 189 days) per annum.

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

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Cash and bank balances	70,859,895	52,256,435	8,910,398	4,444,483
Deposits with licensed banks				
- not more than three months	6,027,207	48,294	-	-
- more than three months	6,976,752	6,799,254	-	-
	83,863,854	59,103,983	8,910,398	4,444,483
Less: Deposits pledged to licensed banks	(6,976,752)	(6,799,254)	-	-
	76,887,102	52,304,729	8,910,398	4,444,483

(e) Included in the deposits of the Group is an amount of RM6,976,752 (2015: RM6,799,254) pledged to licensed banks as securities for credit facilities granted to one (1) subsidiary as disclosed in Note 23 to the financial statements.

(f) At the end of the reporting period, the interest rate profile of the deposits with licensed banks was:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Fixed rate	13,003,959	6,847,548	-	-

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

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21. SHARE CAPITAL

		Group and Company			
		2016		2015	
	Note	Number of shares	RM	Number of shares	RM
Ordinary shares of RM0.20 each:					
Authorised					
Balance as at 1 January/31 December		2,500,000,000	500,000,000	2,500,000,000	500,000,000
Issued and fully paid					
Balance as at 1 January		649,847,192	129,969,438	641,589,492	128,317,898
Issuance of ordinary shares pursuant to ESS	(a)	4,877,800	975,560	8,257,700	1,651,540
Balance as at 31 December		654,724,992	130,944,998	649,847,192	129,969,438

(a) During the financial year, the issued and fully paid-up ordinary share capital of the Company was increased by way of issuance of 4,877,800 (2015: 8,257,700) new ordinary shares of RM0.20 each for cash pursuant to the exercise of Executives' Share Scheme ("ESS").

(b) Repurchased shares were held as treasury shares in accordance with the requirement of Section 67A of the Companies Act, 1965 in Malaysia and none of the treasury shares were re-sold or cancelled during the financial year.

(c) Of the total 654,724,992 (2015: 649,847,192) issued and fully paid ordinary shares of RM0.20 each as at 31 December 2016, 1,415,901 (2015: 1,415,901) ordinary shares amounting to RM638,221 (2015: RM638,221) are held as treasury shares by the Company. The number of outstanding ordinary shares of RM0.20 each in issue after deducting the treasury shares is 653,309,091 (2015: 648,431,291) ordinary shares as at 31 December 2016.

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

(e) The ESS of the Company came into effect on 30 August 2013. The ESS shall be in force for a period of five (5) years until 29 August 2018 ("the scheme period"). The main features of the ESS are as follows:

(i) Eligible Executive Directors and executives are those who meet the following criteria:

- if he has attained the age eighteen (18) years of age and is not an undischarged bankrupt;
- if he is employed on a full time basis and is on the payroll of any corporation in the Group and has not served a notice to resign or received a notice of termination;
- if his employment has been confirmed in writing;
- if he is an Executive Director of the Company, the specific allocation of Scheme Shares and Options granted by the Company to him in his capacity as an Executive Director of the Company under the Scheme has been approved by the shareholders of the Company at a general meeting;
- if he is serving in a specific designation under an employment contract for a fixed duration but not if he is merely employed for a specific project; and
- if he fulfils any other criteria and/or falls within such category as may be set by ESS Committee from time to time.

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21. SHARE CAPITAL (continued)

(e) The ESS of the Company came into effect on 30 August 2013. The ESS shall be in force for a period of five (5) years until 29 August 2018 ("the scheme period"). The main features of the ESS are as follows (continued):

(ii) The maximum number of options to be offered under the ESS based on the issued and paid-up ordinary share capital as at 31 December 2016, excluding treasury shares held, is 97,996,364 (2015: 97,264,694);

(iii) The options granted may be exercised any time upon the satisfaction of vesting conditions of each tranche;

(iv) The option price of a new ordinary share under the ESS shall be at a discount of not more than ten percent (10%) of the five (5)-days weighted average market price of the shares as quoted in the Daily Official List issued by Bursa Malaysia Securities Berhad immediately preceding the date of offer, or at the par value of the ordinary shares of RM0.20 each, whichever is higher;

(v) Upon exercise of the options, the shares issued rank pari passu in all respects with the then existing ordinary shares of the Company;

(vi) The employees and Directors to whom the options have been granted have no right to participate, by virtue of these options, in any ordinary share issue of any other company; and

(vii) The option price and the number of ordinary shares comprised in the ESS options are subject to adjustment in the event of any alteration in the capital structure of the Company during the scheme period in accordance with the provisions in the ESS By-Laws ("By-Laws"), subject to the determination by ESS Committee.

The details of the options over ordinary shares of the Company are as follows:

	Number of options over ordinary shares of RM0.20 each					
		Movements during the financial year				
	Outstanding as at 1.1.2016	Granted	Exercised	Forfeited	Outstanding as at 31.12.2016	Exercisable as at 31.12.2016
2016						
3 September 2013						
- first tranche	-	-	-	-	-	-
- second tranche	500,097	-	(500,097)	-	-	-
- third tranche	1,947,803	-	(1,797,702)	(150,101)	-	-
	2,447,900	-	(2,297,799)	(150,101)	-	-
Weighted average exercise prices (RM)	0.23	-	0.23	0.23	-	-
Weighted average remaining contractual life (months)	8					-

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21. SHARE CAPITAL (continued)

The details of the options over ordinary shares of the Company are as follows (continued):

	Number of options over ordinary shares of RM0.20 each					
	Outstanding as at 1.1.2016	Movements during the financial year: Granted	Exercised	Forfeited	Outstanding as at 31.12.2016	Exercisable as at 31.12.2016
2016						
20 June 2014						
- first tranche	1,500,001	-	(1,500,001)	-	-	-
- second tranche	2,000,001	-	(580,000)	-	1,420,001	1,420,001
- third tranche	1,999,998	-	(500,000)	-	1,499,998	-
	5,500,000	-	(2,580,001)	-	2,919,999	1,420,001
Weighted average exercise prices (RM)	0.57	-	0.57	-	0.57	0.57
Weighted average remaining contractual life (months)	18					6
8 September 2015						
- first tranche	600,000	-	-	-	600,000	600,000
- second tranche	600,000	-	-	-	600,000	600,000
- third tranche	600,000	-	-	-	600,000	-
	1,800,000	-	-	-	1,800,000	1,200,000
Weighted average exercise prices (RM)	0.86	-	-	-	0.86	0.86
Weighted average remaining contractual life (months)	32					20

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016
(cont'd)

21. SHARE CAPITAL (continued)

The details of the options over ordinary shares of the Company are as follows (continued):

	Number of options over ordinary shares of RM0.20 each					
		Movements during the financial year				
	Outstanding as at 1.1.2015	Granted	Exercised	Forfeited	Outstanding as at 31.12.2015	Exercisable as at 31.12.2015
2015						
3 September 2013						
- first tranche	1,566,066	-	(1,516,059)	(50,007)	-	-
- second tranche	1,641,625	-	(1,089,421)	(52,107)	500,097	500,097
- third tranche	7,450,009	-	(5,152,220)	(349,986)	1,947,803	1,947,803
	10,657,700	-	(7,757,700)	(452,100)	2,447,900	2,447,900
Weighted average exercise prices (RM)	0.23	-	0.23	0.23	0.23	0.23
Weighted average remaining contractual life (months)	20					8
20 June 2014						
- first tranche	2,000,001	-	(500,000)	-	1,500,001	1,500,001
- second tranche	2,000,001	-	-	-	2,000,001	-
- third tranche	1,999,998	-	-	-	1,999,998	-
	6,000,000	-	(500,000)	-	5,500,000	1,500,001
Weighted average exercise prices (RM)	0.57	-	0.57	-	0.57	0.57
Weighted average remaining contractual life (months)	30					18

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(cont'd)

21. SHARE CAPITAL (continued)

The details of the options over ordinary shares of the Company are as follows (continued):

	Number of options over ordinary shares of RM0.20 each					
		Movements during the financial year				
	Outstanding as at 1.1.2015	Granted	Exercised	Forfeited	Outstanding as at 31.12.2015	Exercisable as at 31.12.2015
2015						
8 September 2015						
- first tranche	-	600,000	-	-	600,000	600,000
- second tranche	-	600,000	-	-	600,000	-
- third tranche	-	600,000	-	-	600,000	-
	-	1,800,000	-	-	1,800,000	600,000
Weighted average exercise prices (RM)	-	0.86	-	-	0.86	0.86
Weighted average remaining contractual life (months)	-					32

During the financial year, the Group recognised share options granted under shares options scheme of RM400,408 (2015: RM473,967) in profit or loss, out of which an amount of RM307,191 (2015: RM274,446) was in respect of employees of subsidiaries. At Company level, the amount of RM307,191 (2015: RM274,446) was recorded as an increase in investments in subsidiaries (Note 14) with a corresponding credit to equity.

The details of share options outstanding at the end of the reporting period are as follows:

	Weighted average exercise price		Exercise period
	2016	2015	
Offer date	**RM**	**RM**	
3 September 2013			
- first tranche	0.23	0.23	3.9.2013 - 2.9.2016
- second tranche	0.23	0.23	3.9.2014 - 2.9.2016
- third tranche	0.23	0.23	3.9.2015 - 2.9.2016
20 June 2014			
- first tranche	0.57	0.57	20.6.2014 - 19.6.2017
- second tranche	0.57	0.57	2.1.2016 - 19.6.2017
- third tranche	0.57	0.57	2.1.2017 - 19.6.2017
8 September 2015			
- first tranche	0.86	0.86	8.9.2015 - 2.9.2018
- second tranche	0.86	0.86	8.9.2016 - 2.9.2018
- third tranche	0.86	0.86	6.8.2017 - 2.9.2018

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016
(cont'd)

21. SHARE CAPITAL (continued)

Share options exercised during the financial year resulted in the issuance of 4,877,800 (2015: 8,257,700) ordinary shares at an average price of RM0.411 (2015: RM0.248) each. The related weighted average ordinary share price at the date of exercise was RM1.00 (2015: RM1.00).

The fair values of share options granted were estimated by using the Trinomial option pricing model, taking into account the terms and conditions upon which the options were granted. The risk-free rate is based on Malaysian Government Securities ("MGSs"). The fair values of share options measured at grant date and the assumptions are as follows:

		ESS Grant date	
	8.9.2015	20.6.2014	3.9.2013
Fair value of share options at the following grant dates (RM):			
3 September 2013			
- first tranche	-	-	0.10
- second tranche	-	-	0.08
- third tranche	-	-	0.06
20 June 2014			
- first tranche	-	0.26	-
- second tranche	-	0.19	-
- third tranche	-	0.13	-
8 September 2015			
- first tranche	0.21	-	-
- second tranche	0.16	-	-
- third tranche	0.09	-	-
Weighted average share price (RM)	0.95	0.95	0.38
Weighted adjusted average exercise price (RM)	0.86	0.57	0.23
Expected volatility (%)	25	25	25
Expected life (years)	3	3	3
Risk free rate (%)	3.29	3.88	3.29
Expected dividend yield (%)	Nil	Nil	Nil

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016
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22. RESERVES

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Non-distributable				
Share premium	72,824,729	71,077,153	72,824,729	71,077,153
Exchange translation reserve	2,724,985	1,046,709	-	-
Share options reserve	162,236	491,824	162,236	491,824
	75,711,950	72,615,686	72,986,965	71,568,977

The nature of each category of reserves is as follows:

(a) Share premium

The share premium is not distributable by way of cash dividends and may be utilised in the manner as set out in Section 60(3) of the Companies Act, 1965 in Malaysia.

(b) Exchange translation reserve

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

(c) Share options reserve

The share options reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on the grant date of share options.

23. BORROWINGS

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Non-current liabilities					
Term loans		12,214,210	8,245,827	-	-
Hire purchase creditors	24	966,005	3,258,948	3,717	102,369
Bankers' acceptance		-	-	-	-
Islamic facility		4,500,000	6,500,000	-	-
		17,680,215	18,004,775	3,717	102,369

NOTES TO THE FINANCIAL STATEMENTS
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(cont'd)

23. BORROWINGS (continued)

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Current liabilities					
Term loans		4,998,563	9,357,765	-	4,293,500
Hire purchase creditors	24	3,444,946	2,150,263	98,652	112,532
Bankers' acceptance		-	15,000,000	-	-
Islamic facility		12,000,000	2,000,000	-	-
		20,443,509	28,508,028	98,652	4,406,032
Total borrowings					
Term loans		17,212,773	17,603,592	-	4,293,500
Hire purchase creditors	24	4,410,951	5,409,211	102,369	214,901
Bankers' acceptance		-	15,000,000	-	-
Islamic facility		16,500,000	8,500,000	-	-
		38,123,724	46,512,803	102,369	4,508,401

(a) Borrowings are classified as other financial liabilities, and measured at amortised cost using the effective interest method.

(b) The fair value of term loans, hire purchase creditors, bankers' acceptance and Islamic facility are estimated by discounting expected future cash flows at current market interest rates available for similar financial instruments and of the same remaining maturities. The carrying values of these financial instruments approximate their fair values.

The fair values of borrowings are categorised into Level 2 of the fair value hierarchy. There were no transfers between Level 1 and Level 2 fair value measurement during the financial year.

(c) The weighted average effective interest rates of borrowings as at the end of each reporting period are as follows:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Term loans	6.31%	5.10%	-	3.53%
Hire purchase creditors	5.63%	5.50%	4.45%	4.45%
Bankers' acceptance	-	3.56%	-	-
Islamic facility	5.80%	5.80%	-	-

NOTES TO THE FINANCIAL STATEMENTS
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23. BORROWINGS (continued)

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

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Fixed rates	37,520,764	40,998,689	102,369	214,901
Floating rates	602,960	5,514,114	-	4,293,500

The exposure to interest rate risk of the Group and of the Company is not significant and therefore, sensitivity analysis is not presented.

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

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Ringgit Malaysia	31,639,890	33,658,105	102,369	214,901
Philippines Peso ("PHP")	6,483,834	8,561,198	-	-
United States Dollar ("USD")	-	4,293,500	-	4,293,500
	38,123,724	46,512,803	102,369	4,508,401

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

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Profit after tax				
PHP/RM - strengthen by 10% (2015: 10%)	(492,771)	(642,090)	-	-
PHP/RM - weaken by 10% (2015: 10%)	492,771	642,090	-	-
USD/RM - strengthen by 10% (2015: 10%)	-	(322,013)	-	(322,013)
USD/RM - weaken by 10% (2015: 10%)	-	322,013	-	322,013

NOTES TO THE FINANCIAL STATEMENTS
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23. BORROWINGS (continued)

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

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Not later than 1 year	4,998,563	9,357,765	-	4,293,500
Later than 1 year and not later than 2 years	2,656,779	5,010,730	-	-
Later than 2 years and not later than 3 years	4,307,431	1,911,736	-	-
Later than 3 years and not later than 4 years	3,000,000	1,323,361	-	-
Later than 4 years and not later than 5 years	2,250,000	-	-	-
	17,212,773	17,603,592	-	4,293,500

(h) The maturity of the bankers' acceptance is as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Not later than 1 year	-	15,000,000	-	-
	-	15,000,000	-	-

(i) The maturity of the Islamic facility is as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Not later than 1 year	16,500,000	8,500,000	-	-
	16,500,000	8,500,000	-	-

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016
(cont'd)

23. BORROWINGS (continued)

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

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group				
As at 31 December 2016				
Borrowings/Total undiscounted financial liabilities	20,665,615	17,753,194	7,150	38,425,959
As at 31 December 2015				
Borrowings/Total undiscounted financial liabilities	28,883,028	18,152,975	-	47,036,003
Company				
As at 31 December 2016				
Borrowings/Total undiscounted financial liabilities	100,774	3,730	-	104,504
As at 31 December 2015				
Borrowings/Total undiscounted financial liabilities	4,413,007	104,504	-	4,517,511

(k) The secured borrowings of the Group are secured by property, plant and equipment and deposits with licensed banks as disclosed in Notes 11 and 20 to the financial statements.

In addition, the term loans are guaranteed by the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2016
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24. HIRE PURCHASE CREDITORS

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Minimum hire purchase payments				
- not later than one (1) year	3,667,052	2,525,263	100,774	119,507
- later than one (1) but not later than five (5) years	1,038,984	3,407,148	3,730	104,504
- later than five (5) years	7,150	-	-	-
Total minimum hire purchase payments	4,713,186	5,932,411	104,504	224,011
Less: Future interest charges	(302,235)	(523,200)	(2,135)	(9,110)
Present value of hire purchase payments	4,410,951	5,409,211	102,369	214,901
Repayable as follows:				
Current liabilities:				
- not later than one (1) year	3,444,946	2,150,263	98,652	112,532
Non-current liabilities				
- later than one (1) year and not later than five (5) years	958,946	3,258,948	3,717	102,369
- later than five (5) years	7,059	-	-	-
	4,410,951	5,409,211	102,369	214,901

The hire purchase of the Group attract interest at rates ranging from 4.76% to 6.76% (2015: 4.77% to 6.45%) per annum.

25. DEFERRED INCOME

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Non-current portion	-	184,188	-	-
Current portion	619,469	255,371	239,680	67,780
	619,469	439,559	239,680	67,780

(a) Deferred income represents advance receipts from NetAccess maintenance arrangements. These arrangements ranged from one (1) month to two (2) years (2015: 1 month to 2 years) for the Group and the Company. Deferred income is recognised in profit or loss upon the commencement of the arrangement and is amortised on a straight line basis over the arrangement period.

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25. DEFERRED INCOME (continued)

(b) Movements of deferred income during the financial year are as follows:

	Group RM	Company RM
At 1 January 2015	373,285	-
Advance receipts during the financial year	727,365	321,562
Recognised in profit or loss	(661,091)	(253,782)
At 31 December 2015	439,559	67,780
Advance receipts during the financial year	1,327,264	859,699
Recognised in profit or loss	(1,147,354)	(687,799)
At 31 December 2016	619,469	239,680

26. TRADE AND OTHER PAYABLES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Trade payables				
Third parties	16,641,125	11,818,704	144,129	226,663
Other payables				
Other payables	61,614,267	50,034,373	1,201,602	632,560
Amounts owing to subsidiaries	-	-	12,719,026	1,773,958
Deposits	10,504,732	12,398,494	601,879	151,879
Accruals	7,078,587	4,437,724	985,320	633,449
	79,197,586	66,870,591	15,507,827	3,191,846
	95,838,711	78,689,295	15,651,956	3,418,509

(a) Trade and other payables are classified as other financial liabilities, and measured at amortised cost using the effective interest method.

(b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company range from 1 to 90 days and 30 to 60 days (2015: 1 to 90 days and 30 to 60 days) respectively.

(c) Amounts owing to subsidiaries represent payments on behalf are unsecured, interest free and payable upon demand in cash and cash equivalents.

(d) The maturity profile of trade and other payables of the Group and of the Company at the reporting date based on contractual undiscounted repayment obligations is repayable on demand or within one year.

NOTES TO THE FINANCIAL STATEMENTS

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26. TRADE AND OTHER PAYABLES (continued)

(e) The currency exposure profiles of trade and other payables are as follows:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Ringgit Malaysia	79,654,800	67,347,264	15,651,956	3,418,509
Philippines Peso ("PHP")	5,501,058	4,200,573	-	-
Thai Baht ("THB")	6,198,259	1,770,398	-	-
Australian Dollar ("AUD")	419,916	1,192,892	-	-
Indonesian Rupiah ("IDR")	245,963	-	-	-
Great Britain Pound ("GBP")	-	4,000	-	-
United States Dollar ("USD")	3,818,715	4,174,168	-	-
	95,838,711	78,689,295	15,651,956	3,418,509

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

	Group	
	2016	2015
	RM	RM
Profit after tax		
PHP/RM - strengthen by 10% (2015: 10%)	(418,080)	(315,043)
PHP/RM - weaken by 10% (2015: 10%)	418,080	315,043
THB/RM - strengthen by 10% (2015: 10%)	(471,068)	(132,780)
THB/RM - weaken by 10% (2015: 10%)	471,068	132,780
AUD/RM - strengthen by 10% (2015: 10%)	(31,914)	(89,467)
AUD/RM - weaken by 10% (2015: 10%)	31,914	89,467
IDR/RM - strengthen by 10% (2015: 10%)	(18,693)	-
IDR/RM - weaken by 10% (2015: 10%)	18,693	-
GBP/RM - strengthen by 10% (2015: 10%)	-	(300)
GBP/RM - weaken by 10% (2015: 10%)	-	300
USD/RM - strengthen by 10% (2015: 10%)	(290,223)	(313,063)
USD/RM - weaken by 10% (2015: 10%)	290,223	313,063

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27. CONTINGENT LIABILITIES

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Unsecured				
Corporate guarantee given to banks for credit facilities granted to subsidiaries	-	-	88,950,000	90,500,000
Guarantees given to a third party in respect of trade and contract	23,140,959	24,000,000	3,246,950	24,000,000
	23,140,959	24,000,000	92,196,950	114,500,000

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and reliable estimate can be made of the amount of the obligation.

At the end of the reporting period, the Group assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote.

28. OPERATING LEASE COMMITMENTS

(a) The Group as a lessee

The Group had entered into lease agreements for premises.

	Group	
	2016	2015
	RM	RM
Not later than one (1) year	1,016,526	1,024,589
Later than one (1) year and not later than five (5) years	2,318,495	654,826
More than five (5) years	90,000	-
	3,425,021	1,679,415

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28. OPERATING LEASE COMMITMENTS (continued)

(b) The Group as a lessor

The Group has entered into lease arrangements on EDC equipment.

The Group has aggregate future minimum lease receivables as at the end of each reporting period as follows:

	Group	
	2016	2015
	RM	RM
Not later than one (1) year	13,048,002	18,887,220
Later than one (1) year and not later than five (5) years	17,723,895	16,564,898
	30,771,897	35,452,118

29. RELATED PARTIES DISCLOSURES

(a) Identities of related parties

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

Related parties of the Group include:

(i) Direct and indirect subsidiaries as disclosed in Note 14 to the financial statements;

(ii) Direct and indirect joint ventures as disclosed in Note 15 to the financial statements;

(iii) Key management personnel are defined as those persons having the authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Company, and certain members of senior management of the Group; and

(iv) Microtree Sdn. Bhd. ("Microtree") whereby a substantial shareholder of the Company, Goh Kuan Ho, is also the General Manager of Microtree.

(v) Telemas Corporation Sdn Bhd. ("Telemas") whereby a Director of the Company, Loh Wee Hian is also the Director of Telemas.

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29. RELATED PARTIES DISCLOSURES (continued)

(b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Subsidiaries:				
Sales of other hardware	-	-	1,635,379	1,491,106
Rental and license fees	-	-	2,494,493	3,821,020
Hosting services	-	-	402,000	402,000
Purchase of goods and services	-	-	1,210,113	1,318,386
Management fees	-	-	4,952,068	2,544,645
Share options granted under ESS	-	-	17,429	274,446
Related parties:				
Purchase of EuroPay chip-based cards and/or date preparation and personalisation of chip-based cards; purchase of computer hardware and software; sales of payment solutions; sales and rental of EDC terminals and other related services	-	24,666	-	24,666
Rental expenses	494,736	438,000	-	-

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

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and the Company.

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

	Group and Company	
	2016	2015
	RM	RM
Short term employee benefits	2,148,750	1,494,133
Contributions to defined contribution plans	260,731	191,273
Share options granted under ESS	101,153	163,561
	2,510,634	1,848,967

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29. RELATED PARTIES DISCLOSURES (continued)

(c) Compensation of key management personnel (continued)

Executive Directors of the Group and of the Company and other key management personnel have been granted the following number of options under the Executives' Share Scheme ("ESS") during the financial year:

	Group and Company	
	2016	**2015**
As at 1 January	5,900,000	6,202,500
Granted	-	1,800,000
Exercised	(2,100,000)	(2,102,500)
As at 31 December	3,800,000	5,900,000

The terms and conditions of the share options are detailed in Note 21 to the financial statements.

30. EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Companies Act 2016

The Companies Act 2016 ("CA2016") was passed on 4 April 2016 by the Dewan Rakyat (House of Representative) and gazetted on 15 September 2016 to replace the Companies Act 1965. On 26 January 2017, the Minister of Domestic Trade, Co-operatives and Consumerism has appointed 31 January 2017 as the date on which CA2016 comes into operation except Section 241 and Division 8 of Part III of CA2016.

The main changes in CA2016 that will affect the financial statements of the Group and the Company upon the commencement of CA2016 on 31 January 2017 are:

(i) Removal of the authorised share capital; and
(ii) Shares of the Company will cease to have par or nominal value.

The adoption of CA2016 does not have any material financial impact on the Group and the Company for the financial year ended 31 December 2016 as any accounting implications will only be applied prospectively. The effect of adoption mainly will be on disclosures to the financial statements for the financial year ending 31 December 2017.

31. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs

(a) New MFRSs adopted during the financial year

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

Title	Effective Date
MFRS 14 *Regulatory Deferral Accounts*	1 January 2016
Amendments to MFRS 10, MFRS 12, MFRS 128 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to MFRS 101 *Disclosure Initiative*	1 January 2016
Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to MFRS 116 and MFRS 141 *Agriculture: Bearer Plants*	1 January 2016
Amendments to MFRS 127 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to MFRSs *Annual Improvements to MFRSs 2012 - 2014 Cycle*	1 January 2016

There is no material impact upon the adoption of these Standard and Amendments during the financial year, other than the adoption of Amendments to MFRS 101 *Disclosure Initiative*, which resulted in the following:

(a) Grouping together supporting information for items presented in the statements of financial position, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows, in the order in which each statement and each line item is presented.

(b) Disclosures of only significant accounting policies comprising the measurement bases used in preparing the financial statements and other accounting policies that are relevant to the financial statements.

(b) New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2017

The Standards that are issued but not yet effective up to the date of issuance of financial statements of the Group and of the Company are disclosed below. The Group and the Company intend to adopt these Standards, if applicable, when they become effective.

Title	Effective Date
Amendments to MFRS 12 *Annual Improvements to MFRS Standards 2014 – 2016 Cycle*	1 January 2017
Amendments to MFRS 107 *Disclosure Initiative*	1 January 2017
Amendments to MFRS 112 *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
Amendments to MFRS 1 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle*	1 January 2018
MFRS 9 *Financial Instruments (IFRS 9 as issued by IASB in July 2014)*	1 January 2018
MFRS 15 *Revenue from Contracts with Customers*	1 January 2018

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016
(cont'd)

31. ADOPTION OF NEW MFRSs AND AMENDMENT TO MFRSs (continued)

(b) New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2017 (continued)

The Standards that are issued but not yet effective up to the date of issuance of financial statements of the Group and of the Company are disclosed below. The Group and the Company intend to adopt these Standards, if applicable, when they become effective. (continued)

Title	Effective Date
Clarifications to MFRS 15	1 January 2018
Amendments to MFRS 2 *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
Amendments to MFRS 128 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle*	1 January 2018
Amendments to MFRS 140 *Transfers of Investment Property*	1 January 2018
IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
Amendments to MFRS 4 *Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*	See MFRS 4 Paragraphs 46 and 48
MFRS 16 *Leases*	1 January 2019
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associates or Joint Venture*	Deferred

The Group and the Company is in the process of assessing the impact of implementing these accounting standards and amendments, since the effects would only be observable for the future financial years.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2016
(cont'd)

32. SUPPLEMENTARY INFORMATION ON REALISED AND UNREALISED PROFITS OR LOSSES

The retained earnings/(accumulated losses) as at the end of each reporting period may be analysed as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Total retained earnings/(accumulated losses) of the Company and its subsidiaries:				
- Realised	(132,562,279)	(181,596,942)	(125,805,115)	(122,827,067)
- Unrealised	(2,293,572)	1,671,459	(2,234,840)	(8,742,785)
	(134,855,851)	(179,925,483)	(128,039,955)	(131,569,852)
Less: Consolidation adjustments	187,982,335	214,918,925	-	-
Total retained earnings/(accumulated losses) as per Consolidated/Company financial statements	53,126,484	34,993,442	(128,039,955)	(131,569,852)

LIST OF PROPERTIES

Title/Location	Description/ Existing Use	Registered Owner	Age of Building (Years)	Land Area	Tenure	Net Book Value as at 31.12.2016 (RM)	Date of Acquisition
4 1/2-storey shop office at Unit L 7, 8 & 9, C-G-13, C-G-15 & C-G-17, Block C, Jalan Dataran SD1, Dataran SD PJU 9, Bandar Sri Damansara, 52200 Kuala Lumpur	Office space	GHL Systems Berhad	11	570 square meters	Leasehold Expired on 27 August 2102	4,183,696	1.7.2005
One (1) Floor Office Space (6 Condominium units) at 6th Floor One Corporate Plaza, 845 Arnaiz Avenue, Legaspi Village, Makati City, Philippines	Office Space	GHL Systems Philippines, Inc.	25	979 square meters	Freehold	4,417,243	25.11.2014

SHAREHOLDINGS STATISTICS
AS AT 29 MARCH 2017

Total Number of Issued Shares	654,159,091
Class of Shares	Ordinary shares
Voting Rights	One vote per ordinary share

BREAKDOWN OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Issued shares held	% of Issued Shares
Less than 100	1,721	26.41	66,216	0.01
100 - 1,000 shares	1,075	16.50	478,555	0.07
1001 - 10,000 shares	2,475	37.98	11,895,942	1.82
10,001 - 100,000 shares	1,062	16.30	33,167,755	5.07
100,001 to less than 5% of issued shares	179	2.74	182,981,880	27.97
5% and above of issued shares	5	0.07	425,568,743	65.06
Total	**6,517**	**100**	**654,159,091**	**100**

Note:
Excluding 1,415,901 shares bought back and retained by the Company as treasury shares

SUBSTANTIAL SHAREHOLDERS AS AT 29 March 2017

	No. of Shares Held			
Substantial Shareholders	Direct Interest	%	Indirect Interest	%
CIMB GROUP NOMINEES (ASING) SDN BHD CYCAS	185,239,518	28.32	-	-
HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	144,987,141	22.16	-	-
CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR LOH WEE HIAN (PBCL-0G0040)	45,000,000	6.88	-	-
CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LOH WEE HIAN (PB)	40,371,184	6.17	6,110,250	0.93

DIRECTORS' SHAREHOLDINGS AS AT 29 March 2017

		No. of shares Held			
Name of Directors	Note	Direct Interest	%	Indirect Interest	%
Loh Wee Hian	1	85,371,184	13.05	150,776,491	23.05
Kanagaraj Lorenz		5,295,900	0.81	-	-
Fong Seow Kee		1,861,950	0.28	635,175	0.10

Notes:
1) *85,371,184 held under CIMSEC Nominees (Tempatan) Sdn. Bhd.*

SHAREHOLDINGS STATISTICS

AS AT 29 MARCH 2017
(cont'd)

CHIEF EXECUTIVES' SHAREHOLDINGS AS AT 29 March 2017

		No. of shares Held			
Name of Executives	Note	Direct Interest	%	Indirect Interest	%
Leong Kah Chern	1	1,935,000	0.30	-	-
Yap Chih Ming		4,770,049	0.73	-	-

Notes:
1) *85,000 held under CIMB Group Nominees (Tempatan) Sdn. Bhd. Exempt An for Fortress Capital Asset Management (M) Sdn. Bhd.*

THIRTY LARGEST REGISTERED SHAREHOLDERS AS AT 29 March 2017

No	Shareholders	Holdings	%
1	CIMB GROUP NOMINEES (ASING) SDN. BHD. *CREADOR II, LLC FOR CYCAS*	161,039,518	24.62%
2	HSBC NOMINEES (ASING) SDN BHD *EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)*	144,987,141	22.16%
3	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB BANK FOR LOH WEE HIAN (PBCL-0G0040)*	45,000,000	6.88%
4	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB FOR LOH WEE HIAN (PB)*	40,371,184	6.17%
5	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	34,170,900	5.22%
6	CIMB GROUP NOMINEES (ASING) SDN. BHD. *PLEDGED SECURITIES ACCOUNT FOR CYCAS (APSB-CBD4-ACPE)*	24,200,000	3.70%
7	AMANAHRAYA TRUSTEES BERHAD *PUBLIC ISLAMIC OPPORTUNITIES FUND*	15,702,900	2.40%
8	GOH HENG LOO	13,001,370	1.99%
9	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EMPLOYEES PROVIDENT FUND BOARD (RHBISLAMIC)*	8,400,000	1.28%
10	CITIGROUP NOMINEES (ASING) SDN BHD *EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)*	7,467,500	1.14%
11	CARTABAN NOMINEES (TEMPATAN) SDN BHD *RHB TRUSTEES BERHAD FOR MANULIFE INVESTMENT SHARIAH PROGRESS FUND*	6,812,000	1.04%
12	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB FOR LOH HIN YAW (PB)*	6,110,250	0.93%
13	GOH KUAN HO	5,877,150	0.90%
14	AMANAHRAYA TRUSTEES BERHAD *PUBLIC ISLAMIC SELECT TREASURES FUND*	5,600,500	0.86%
15	KANAGARAJ LORENZ	5,295,900	0.81%
16	YAP CHIH MING	4,770,049	0.73%
17	HSBC NOMINEES (TEMPATAN) SDN BHD *HSBC (M) TRUSTEE BHD FOR SINGULAR VALUE FUND*	4,410,400	0.67%
18	CITIGROUP NOMINEES (ASING) SDN BHD *UBS AG*	3,900,000	0.60%
19	AMANAHRAYA TRUSTEES BERHAD *PUBLIC ISLAMIC TREASURES GROWTH FUND*	3,746,500	0.57%

SHAREHOLDINGS STATISTICS
AS AT 29 MARCH 2017
(cont'd)

THIRTY LARGEST REGISTERED SHAREHOLDERS AS AT 29 March 2017 (continued)

No	Shareholders	Holdings	%
20	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *EMPLOYEES PROVIDENT FUND BOARD*	2,991,300	0.46%
21	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD *EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)*	1,997,500	0.31%
22	RHB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR FONG SEOW KEE*	1,861,950	0.28%
23	LEONG KAH CHERN	1,850,000	0.28%
24	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB FOR GOH HENG LOO (PB)*	1,750,000	0.27%
25	REY MARIA RECENO CHUMACERA	1,698,000	0.26%
26	HSBC NOMINEES (TEMPATAN) SDN BHD *HSBC (M) TRUSTEE BHD FOR MALAYSIAN AGENTS PROVIDENT FUND (SAM AIA-031)*	1,580,600	0.24%
27	DB (MALAYSIA) NOMINEE (ASING) SDN BHD *SSBT FUND AJEG FOR FUH HWA RISING ASEAN FUND*	1,580,000	0.24%
28	AMANAHRAYA TRUSTEES BERHAD *PUBLIC MUTUAL PRS GROWTH FUND*	1,413,100	0.22%
29	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AFFIN HWNG SM CF)*	1,290,000	0.20%
30	UOB KAY HIAN NOMINEES (ASING) SDN BHD *EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)*	1,279,595	0.20%

NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Third Annual General Meeting of GHL Systems Berhad ("GHL" or "the Company") will be held at Function Room 1 and 2, 1st Floor, TPC Kuala Lumpur, 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on Friday, 26 May 2017 at 10.00 a.m. for the following purposes:-

AGENDA

A. Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2016 together with the Reports of the Directors and Auditors thereon. **(Please see Note 2)**

2. To re-elect Mr Fong Seow Kee who is retiring in accordance with Article 127 of the Constitution of the Company. (Ordinary Resolution 1)

   Mr Kanagaraj Lorenz, who is retiring pursuant to Article 127 of the Constitution of the Company, will be retiring at the conclusion of this Twenty-Third Annual General Meeting. **[Please see Note 3(i)]**

3. To approve the payment of Directors' fees of RM228,000.00 for the financial year ending 31 December 2017. (Ordinary Resolution 2)

4. To approve the payment of Special Directors' fees of RM100,000.00 to Independent Directors for the financial year ending 31 December 2017. **[Please see Note 3(ii)]** (Ordinary Resolution 3)

5. To re-appoint Messrs. BDO as Auditors of the Company and to authorise the Directors to fix their remuneration for the ensuing year. (Ordinary Resolution 4)

B. Special Business

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

6. **AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** (Ordinary Resolution 5)

   [Please see Note 4(i)]

   "THAT, pursuant to Sections 75 and 76 of the Companies Act 2016 ("the Act") and the Constitution of the Company and subject to the approvals from Bursa Malaysia Securities Berhad and other relevant government/regulatory authorities, where such approval is necessary, the Directors of the Company be and are hereby empowered pursuant to Sections 75 and 76 of the Act to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Board of Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued during the preceding 12 months does not exceed 10% of the total number of the issued shares (excluding treasury shares) of the Company for the time being AND THAT the Board of Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad."

NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING
(cont'd)

7. **PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES OF THE COMPANY ("Proposed Renewal of Share Buy-Back Authority")** (Ordinary Resolution 6)

[Please see Note 4(ii)]

"THAT, subject always to the Companies Act 2016 ("the Act"), the provisions of the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

(a) the aggregate number of shares purchased does not exceed ten percent (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase;

(b) the maximum funds to be allocated by the Company for the purpose of purchasing its shares shall not exceed the total retained earnings of the Company at the time of the purchase(s); and

(c) the Directors of the Company may decide to:-

   i. retain the shares purchased as treasury shares for distribution as dividend to the shareholders and/or resale on the market of Bursa Securities and/or for cancellation subsequently; and/or

   ii. cancel the shares so purchased; and/or

   iii. retain part of the shares so purchased as treasury shares and cancel the remainder in the manner as allowed by the Act.

THAT such authority shall commence upon passing of this resolution and shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting of the Company following the forthcoming Annual General Meeting at which such resolution was passed at which time it will lapse, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

(b) the expiration of the period within which the next Annual General Meeting of the Company after the date is required by law to be held; or

(c) revoked or varied by ordinary resolution passed by the shareholders in general meeting;

NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING
(cont'd)

whichever occurs first.

AND THAT authority be and is hereby given unconditionally and generally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act, 1991, and the entering into of all other agreements, arrangements and guarantee with any party or parties) to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/ or amendments (if any) as may be imposed by the relevant authorities and with the fullest power to do such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the purchased shares) in accordance with the Act, the provisions of the Constitution of the Company and the Main Market Listing Requirements of Bursa Securities and/or guidelines of Bursa Securities and all other relevant governmental and/or regulatory authorities."

C. Other Business

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

By Order of the Board

WONG WAI FOONG (MAICSA 7001358)
LIM POH YEN (MAICSA 7009745)
KUAN HUI FANG (MIA 16876)
Company Secretaries

Kuala Lumpur
27 April 2017

NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING
(cont'd)

NOTES:-

1. Notes on Appointment of Proxy

i. A member entitled to attend and vote at the general meeting is entitled to appoint not more than two (2) proxies to attend and vote in his place. There shall be no restriction as to the qualification of the proxy.

A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.

Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.

ii. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

iii. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

iv. The Proxy Form must be signed by the appointor or his attorney duly authorised in writing or in the case of a corporation, be executed under its common seal or under the hand of its attorney duly authorised in writing.

v. If the Proxy Form is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.

vi. The Proxy Form or other instruments of appointment must be deposited at the Registered Office of the Company at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not later than 48 hours before the time fixed for holding the meeting or any adjournment thereof.

vii. In respect of deposited securities, only members whose names appeared in the Record of Depositors as at 18 May 2017 shall be eligible to attend, speak and vote at the Meeting.

2. Audited Financial Statements for the financial year ended 31 December 2016

The Audited Financial Statements is meant for discussion only as an approval from shareholders is not required pursuant to the provisions of Sections 248(2) and 340(1) of the Companies Act 2016. Hence, this item on the Agenda is not put forward for voting by shareholders of the Company.

3. Explanatory Notes on Ordinary Business:

i. Retirement of Director

Mr Kanagaraj Lorenz, who is retiring pursuant to Article 127 of the Constitution of the Company, has indicated that he does not wish to seek re-election at this Twenty-Third Annual General Meeting of the Company. Hence, he shall cease to be a Director of the Company at the conclusion of the Twenty-Third Annual General Meeting.

ii. Ordinary Resolution 3 – Approval of the payment of Special Directors' Fees to Independent Directors for the Financial Year Ending 31 December 2017

The Board of Directors proposes a one-off special Directors' Fees to be paid to the following Independent Directors for the financial year ending 31 December 2017:

1.	Datuk Kamaruddin bin Taib	RM 60,000.00
2.	Mr Fong Seow Kee	RM 40,000.00

NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING
(cont'd)

4. **Explanatory Notes on Special Business**

   i. Ordinary Resolution 5 - Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016

   The Proposed Ordinary Resolution 5 is a renewal of the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 ("General Mandate") obtained from the shareholders of the Company at the previous Annual General Meeting and, if passed, will empower the Directors of the Company to issue new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being.

   The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

   As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Twenty-Second Annual General Meeting held on 29 June 2016 and which will lapse at the conclusion of the Twenty-Third Annual General Meeting.

   The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding current and/or future investment project(s), working capital, acquisition and/or for issuance of shares as settlement of purchase consideration.

   ii. Ordinary Resolution 6 – Proposed Renewal of Share Buy-Back Authority

   The proposed Ordinary Resolution 6, if passed, will provide a mandate for the Company to purchase its own shares up to 10% of the total number of issued shares of the Company and shall lapse at the conclusion of the next Annual General Meeting unless authority for the approval is obtained from the shareholders of the Company at a general meeting. Please refer to the Statement to Shareholders in relation to the Proposed Renewal of Share Buy-Back Authority attached in the Annual Report 2016 of the Company for further details.

STATEMENT TO SHAREHOLDERS

in relation to the Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares

PROPOSED SHARES BUY-BACK PURSUANT TO PARAGRAPH 12.06(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. Disclaimer Statement

Bursa Malaysia Securities Berhad ("Bursa Securities") takes no responsibility for the contents of this Share Buy-Back Statement ("Statement"), makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of the document.

2. Introduction

2.1 Renewal of Authority for GHL to Purchase its Own Shares (Proposed Shares Buy-Back)

At the last Annual General Meeting of the Company held on 29 June 2016, the Company had obtained the shareholders' approval to purchase its own shares as may be determined by the Board of Directors of the Company from time to time through Bursa Securities, upon such terms and conditions as the Board of Directors may deem fit and expedient in the interest of the Company, provided that the aggregate number of ordinary shares purchased and/or held does not exceed 10% of the total issued and paid-up share capital of the Company at any point in time and an amount not exceeding the total retained profits and/or share premium account. Based on the Audited Financial Statements of the Company for the financial year ended 31 December 2016, the Company's accumulated losses and share premium account were RM127,732,764 and RM72,824,729, respectively.

The authority obtained by the Board of Directors for purchasing the Company's own shares in accordance with the Main Market Listing Requirements of Bursa Securities governing shares buy-back by listed companies, will lapse at the conclusion of the forthcoming 23rd Annual General Meeting to be held on 26 May 2017, unless renewed by an ordinary resolution.

On 29 March 2017, the Company announced its intention to seek shareholders' approval at the forthcoming 23rd Annual General Meeting, for the proposed renewal of the authority for the Company to purchase its own shares.

2.2 Purpose of Statement

The purpose of this Statement is to provide relevant information on the Proposed Shares Buy-Back and to seek your approval for the ordinary resolution to renew the authority for the Company to purchase its own shares, to be tabled at the forthcoming 23rd Annual General Meeting. The notice of Annual General Meeting together with the Proxy Form is set out in this Annual Report.

3. Details of the Proposed Shares Buy-Back

3.1 Details of the Proposed Share Buy-Back

The Board proposes to seek the approval from the shareholders of GHL for the Company to purchase up to ten percent (10%) of its prevailing issued and paid-up ordinary share capital at any time through its appointed stockbroker.

The Proposed Share Buy-Back, once approved by the shareholders of the Company, shall be effective from the date of the passing of the ordinary resolution pertaining to the Proposed Share Buy-Back at the forthcoming 23rd AGM and shall remain in force until:-

(a) the conclusion of the next AGM of GHL following the forthcoming 23rd AGM at which the ordinary resolution for the Proposed Share Buy-Back is passed, at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;

STATEMENT TO SHAREHOLDERS
in relation to the Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares
(cont'd)

3. Details of the Proposed Shares Buy-Back (cont'd)

3.1 Details of the Proposed Share Buy-Back *(cont'd)*

(b) the expiration of the period within which the next AGM after that date is required by law to be held; or

(c) the authority is revoked or varied by ordinary resolution passed by the shareholders of GHL in a general meeting,

whichever occurs first.

The actual number of GHL Shares to be purchased will depend on market conditions and sentiments of Bursa Securities as well as the retained profits, share premium and financial resources available to the Company at the time of the purchase(s).

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

If the Board decides to cancel the purchased GHL Shares, the Company's issued and paid-up share capital shall be diminished by the cancellation of the purchased GHL Shares.

4. Rationale for the Proposed Share Buy-Back

The Proposed Shares Buy-Back will enable GHL to utilise its surplus financial resources to buy-back GHL shares. The increase in Earnings Per Share, if any, arising from the Proposed Shares Buy-Back is expected to benefit the shareholders of the Company.

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

5. Source of Fund

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

6. Potential Advantages and Disadvantages of the Proposed Renewal

The potential advantages of the Proposed Shares Buy-Back are as follows:

(i) the Proposed Share Buy-Back is expected to stabilise the supply and demand as well as the prices of the GHL Shares traded on Bursa Securities and thereby support its fundamental value and to maintain investors' confidence in GHL;

(ii) if the Shares are bought back as treasury shares, it will provide the Directors of GHL an option to sell the purchased GHL Shares at a higher price and generate capital gain for the Company.

(iii) the purchased GHL Shares can be distributed as share dividends to reward its shareholders.

STATEMENT TO SHAREHOLDERS
in relation to the Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares
(cont'd)

6. **Potential Advantages and Disadvantages of the Proposed Renewal** (cont'd)

The potential disadvantages of the Proposed Shares Buy-Back are as follows; *(cont'd)*

(i) The Proposed Renewal can only be made out of retained profits and/or share premium account of the Company resulting in a reduction of the amount available for distribution as dividends and bonus issues to shareholders;

(ii) The Proposed Renewal will reduce the financial resources of the Company which may result in the Company foregoing better investment opportunities that may emerge in the future;

(iii) The cashflow of the Company may be affected if the Company decides to utilise bank borrowings to finance a Share Buy-Back.

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

The effects of the Proposed Shares Buy-Back on the Substantial shareholders' and Directors' shareholdings based on the Register of Substantial Shareholders and the Register of Directors' Shareholdings respectively as at 29 March 2017 are as follow:

Substantial Shareholders	Before the Proposed Shares Buy-Back *(a)				After the Proposed Shares Buy-Back *(b)			
	Direct		Indirect		Direct		Indirect	
	No of shares	%	No of shares	%	No of shares	%	No of shares	%
Loh Wee Hian	85,371,184	13.02	150,776,491	23.00	85,371,184	14.47	150,776,491	25.55
Cycas	185,239,518	28.26	-	-	185,239,518	31.40	-	-

Notes:
**(a) Adjusted for the number of treasury shares held as at 29 March 2017*
**(b) Assuming that 10% of the issued and paid up capital is purchased and retained as treasury shares.*

Directors	Before the Proposed Shares Buy-Back *(a)				After the Proposed Shares Buy-Back *(b)			
	Direct		Indirect		Direct		Indirect	
	No of shares	%	No of shares	%	No of shares	%	No of shares	%
Loh Wee Hian	85,371,184	13.02	150,776,491	23.00	85,371,184	14.47	150,776,491	25.55
Kanagaraj Lorenz	5,295,900	0.81	-	-	5,295,900	0.90	-	-
Fong Seow Kee	1,861,950	0.28	635,175	0.10	1,861,950	0.32	635,175	0.11

Notes:
**(a) Adjusted for the number of treasury shares held as at 29 March 2017*
**(b) Assuming that 10% of the issued and paid up capital is purchased and retained as treasury shares.*

STATEMENT TO SHAREHOLDERS

in relation to the Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares
(cont'd)

8. Effects of Proposed Shares Buy-Back

Assuming that the Company buys back up to 65,557,499 GHL Shares representing 10% of its issued and paid-up share capital as at 29 March 2017 and such shares purchased are cancelled or alternatively be retained as treasury shares or both, the financial effects of the Proposed Share Buy-Back on the share capital of the Company, Net Assets, working capital, earnings and dividends of GHL are as follows:

8.1 Share Capital

In the event that all GHL shares purchased are cancelled, the Proposed Share Buy-Back will result in the issued and paid up share capital of GHL as at 29 March 2017 to be reduced from RM131,432,898 comprising 65,557,499 GHL Shares to RM118,289,608 comprising 590,017,493 GHL Shares. It is not expected to have any effect on the issued and paid up capital if all GHL Shares purchased are to be retained as treasury shares.

The effect of the Proposed Shares Buy-Back on the issued and paid up share capital of GHL are illustrated below:

	No of Shares	RM
Issued and paid up share capital as per audited account as at 31December 2016	654,724,992	130,944,998
Issued and paid up share capital as at 29 March 2017	655,574,992	131,432,898
After share purchase and cancellation	590,017,493	# 118,289,608

Notes:

\# *Assuming up to 10% of the issued and paid up capital of GHL or* 65,557,499 *GHL Shares are purchased and cancelled.*

8.2 Net Assets

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

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

8.3 Working Capital

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

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

STATEMENT TO SHAREHOLDERS

in relation to the Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares
(cont'd)

8. Effects of Proposed Shares Buy-Back *(cont'd)*

8.4 Earnings

The effect of the Proposed Share Buy-Back on the EPS of GHL will depend on, inter-alia, the actual number of purchased GHL Shares and the effective cost of funding to the GHL Group, or any loss in interest income to GHL or opportunity cost in relation to other investment opportunity. However, the Proposed Share Buy-Back, if exercised, is not expected to have any material effect on the EPS of GHL for the financial year ending 31 December 2016.

8.5 Dividends

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

9. Malaysian Code on Take-Overs and Mergers 2010 (CODE)

The Proposed Shares Buy-Back, if carried out in full (whether shares are cancelled or treated as treasury shares) may result in a substantial shareholder and/or parties acting in concert with it incurring a mandatory general offer obligation. In this respect, the Board is mindful of the provisions under Paragraph 10 of Practice Note 9 of the Code.

In the event that GHL decides to purchase its own Shares which will result in Loh Wee Hian's shareholdings in GHL increasing by more than 2% in any period of six (6) months. Loh Wee Hian will seek a waiver from the Securities Commission Malaysia under Paragraph 24 of Practice Note 9 of the Code before the Company purchases its own Shares.

10. Purchases Made in Last Financial Year

The Company did not undertake any Share Buy-Back during the financial year ended 31 December 2016.

11. Public Shareholding Spread

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

As at the 29 March 2017, the public shareholding spread of the Company was 33.25%. In implementing the Proposed Share Buy-Back, the Company will ensure that the minimum public shareholding spread of 25% is complied with.

12. Director Statement and Recommendation

After having considered all aspects of the Proposed Shares Buy-Back, your Board of Directors is of the opinion that the Proposed Shares Buy-Back is in the best interest of the Company. Accordingly, they recommend that you vote in favour of the ordinary resolution for the Proposed Shares Buy-Back to be tabled at the forthcoming 23rd Annual General Meeting.

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GHL

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

FORM OF PROXY

No. of ordinary shares held	CDS Account No.

Telephone no. (During office hours) ______________________

I/We ____ NRIC No ______________________
(PLEASE USE BLOCK CAPITAL)

of ____
(FULL ADDRESS)

being a member(s) of **GHL SYSTEMS BERHAD (293040-D)** hereby appoint* ______________________
(FULL NAME)

NRIC No ______________________ of ______________________________________
(FULL ADDRESS)

______________________ or failing him ______________________ NRIC No ______________________
(FULL NAME)

of ____
(FULL ADDRESS)

or THE CHAIRMAN OF THE MEETING as *my/our proxy/proxies to attend and vote for *me/us on *my/our behalf, at the Twenty-Third Annual General Meeting of the Company to be held at Function Room 1 and 2, 1st Floor, TPC Kuala Lumpur, 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur on **Friday, 26 May 2017** at **10.00 a.m.** and at any adjournment thereof, to vote as indicated below:-

ORDINARY BUSINESS		FOR	AGAINST
Ordinary Resolution 1	Re-election of Mr Fong Seow Kee as Director pursuant to Article 127 of the Constitution of the Company		
Ordinary Resolution 2	Approval of Directors' fees for the financial year ending 31 December 2017		
Ordinary Resolution 3	Approval of Special Directors' fees to Independent Directors for the financial year ending 31 December 2017		
Ordinary Resolution 4	Re-appointment of Messrs BDO as Auditors of the Company and to authorise the Directors to fix their remuneration		
SPECIAL BUSINESS			
Ordinary Resolution 5	Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016		
Ordinary Resolution 6	Proposed Renewal of Share Buy-Back Authority		

(Please indicate with an "X" in the space provided above on how you wish your vote to be cast. If you do not do so, the Proxy will vote or abstain from voting at his/her discretion.)

The proportions of my/our shareholding to be represented by my/our proxy(ies) are as follows:

First named Proxy ______________ %
Second named Proxy ______________ %
100%

Dated this ______________ day of ______________ 2017.

____
Signatureof Member(s) or/Common Seal

Notes:-

i. A member entitled to attend and vote at the general meeting is entitled to appoint not more than two (2) proxies to attend and vote in his place. There shall be no restriction as to the qualification of the proxy.

A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.

Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.

ii. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

iii. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

iv. The Proxy Form must be signed by the appointor or his attorney duly authorised in writing or in the case of a corporation, be executed under its common seal or under the hand of its attorney duly authorised in writing.

v. If the Proxy Form is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.

vi. The Proxy Form or other instruments of appointment must be deposited at the Registered Office of the Company at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not later than 48 hours before the time fixed for holding the meeting or any adjournment thereof.

vii. In respect of deposited securities, only members whose names appeared in the Record of Depositors as at 18 May 2017 shall be eligible to attend, speak and vote at the Meeting

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The Company Secretary

GHL Systems Berhad (Company No. 293040-D)
Unit 30-01, Level 30, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No 8, Jalan Kerinchi
59200 Kuala Lumpur

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