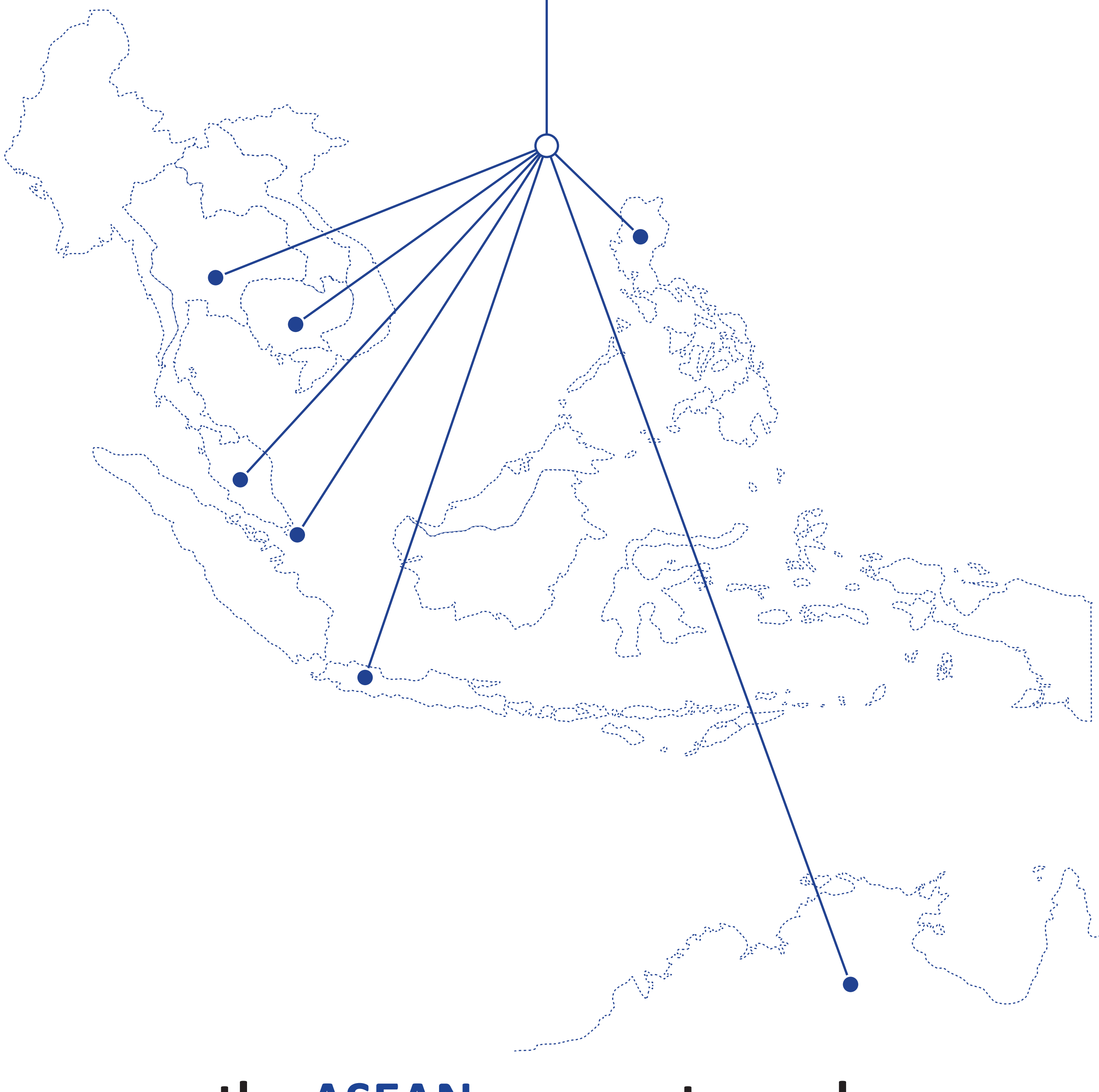
GHL SYSTEMS BERHAD (293040-D)
INCORPORATED IN MALAYSIA

ANNUAL REPORT 2018



the ASEAN payment people

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FINANCIAL STATEMENTS

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 VALUES

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.

CORPORATE PROFILE

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, Cambodia, Indonesia, Singapore and Australia. GHL also has research and development centres in Malaysia, Philippines and Wuhan (China).

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, oil and gas, retail and transportation companies in ASEAN.

GHL manages and oversees more than 360,000 footprints in ASEAN that enable credit card, debit card, e-wallets, 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 RM10 billion of transaction value in 2018.

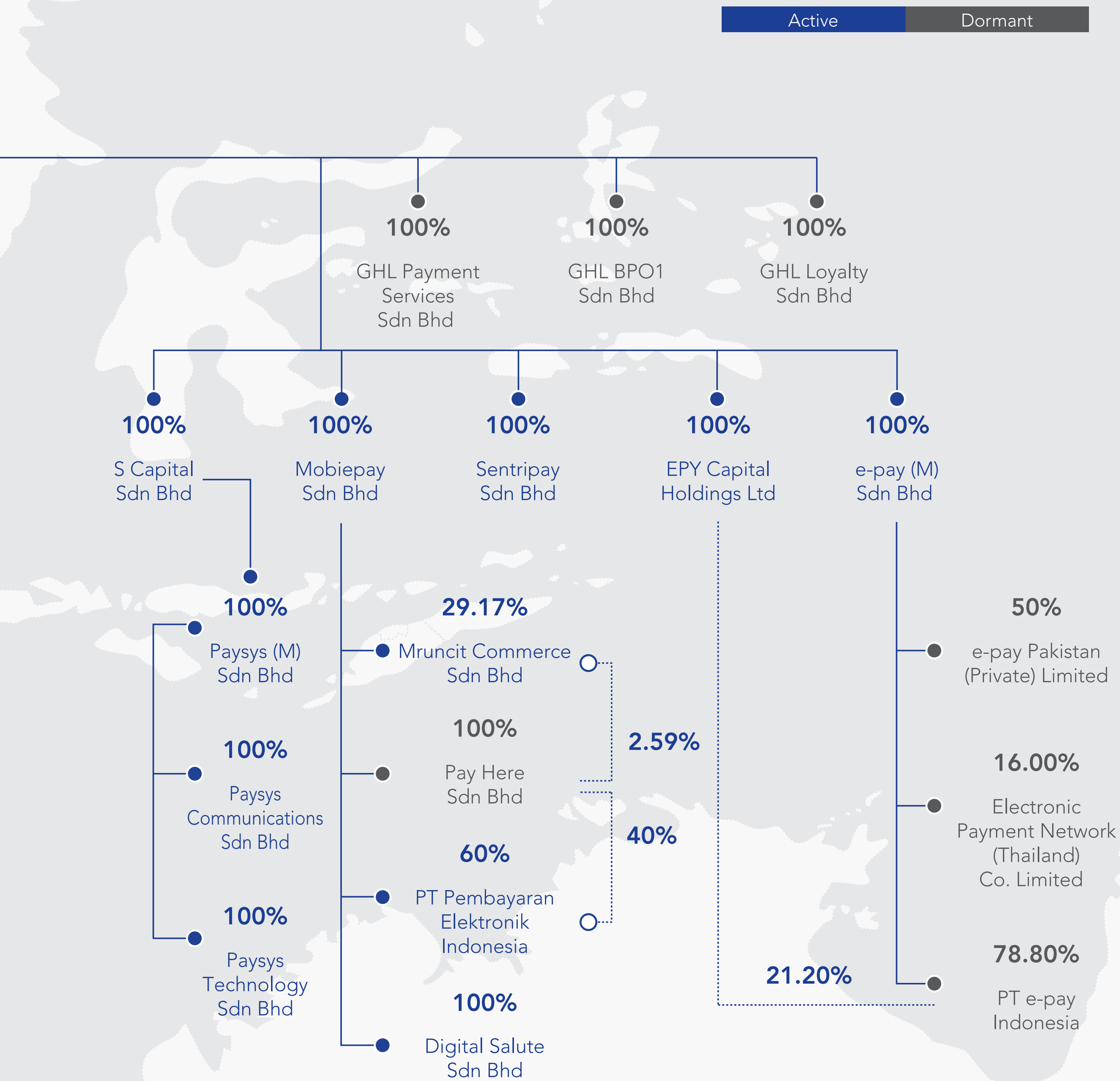
For more information about GHL Group, please visit www.ghl.com.

CORPORATE STRUCTURE

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 Payments Sdn Bhd
- 100% GHL Asia Pacific Limited
  - 100% GHL Systems Australia Pty Ltd
  - 99.99% GHL Systems Philippines, Inc
    - 40% Pinoytek Solusyon, Inc
  - 97.75% GHL (Thailand) Co., Ltd
    - 100% Concious Object Development Co. Ltd.
  - 100% GHL Myanmar Limited
  - 51% Speed Pay Plc
- 100% GHL Global Sdn Bhd
- 100% GHL EFTPOS Sdn Bhd
- 100% GHL ePayments Sdn Bhd
  - 100% GHL ePayments Co. Ltd.
  - 100% GHL ePayments Pte. Ltd.

CORPORATE STRUCTURE
CONT'D



CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Kamaruddin Bin Taib
(Independent Non-Executive Chairman)

Loh Wee Hian
(Executive Vice Chairman)

Hossameldin Abdelhamid Mohamed Aboumoussa
(Non-Independent Non-Executive Director)

Ali Zaynalabidin Haeri Mazanderani
(Non-Independent Non-Executive Director)

Dato' Chan Choy Lin
(Independent Non-Executive Director)
(Appointed on 25 June 2018)

Matteo Stefanel
(Non-Independent Non-Executive Director)
(Appointed on 22 November 2018)

Fong Seow Kee
(Senior Independent Non-Executive Director)
(Resigned on 31 July 2018)

COMPANY SECRETARY

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

AUDIT AND RISK COMMITTEE

Dato' Chan Choy Lin *(Chairperson)*
(Redesignation on 31 July 2018)
Datuk Kamaruddin Bin Taib
Hossameldin Abdelhamid Mohamed Aboumoussa
Fong Seow Kee *(Resigned on 31 July 2018)*

NOMINATION AND REMUNERATION COMMITTEE

Datuk Kamaruddin Bin Taib *(Chairman)*
(Redesignation on 31 July 2018)
Dato' Chan Choy Lin *(Appointed on 25 June 2018)*
Hossameldin Abdelhamid Mohamed Aboumoussa
Fong Seow Kee *(Resigned on 31 July 2018)*

AUDITORS

BDO PLT *(LLP0018825-LCA & AF 0206)*
Level 8
BDO @ Menara CenTARa
360 Jalan Tuanku Abdul Rahman
50100 Kuala Lumpur.

CORPORATE INFORMATION
CONT'D

PRINCIPAL BANKERS

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

REGISTRAR

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Unit 32-01, Level 32, Tower A
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Peti #30, Level 19, West Block
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6805 Ayala Avenue,
1226 Makati City Philippines.

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

STOCK EXCHANGE LISTING

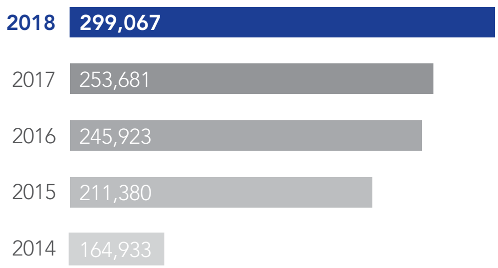
Main Market of Bursa Malaysia Securities Bhd (BMSB)
BMSB Code : 0021
Reuteres Code : GHLS.KL
Bloomberg Code : GHLS MK

WEBSITE

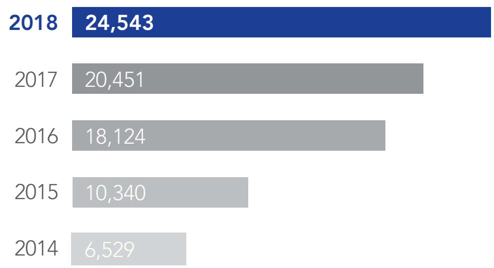
www.ghl.com

FINANCIAL HIGHLIGHTS

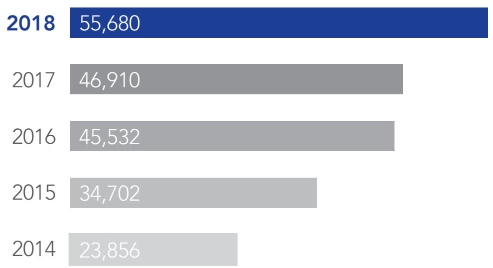
REVENUE
(RM'000)



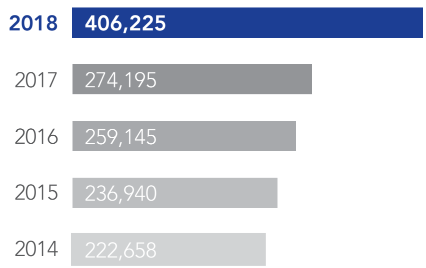
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS
(RM'000)



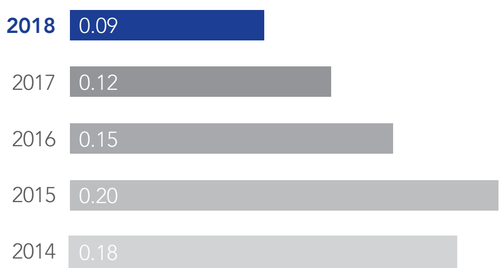
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION & AMORTISATION (EBITDA)
(RM'000)



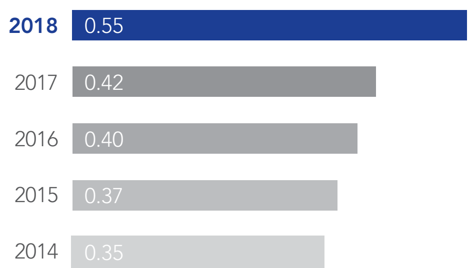
SHAREHOLDERS' EQUITY
(RM'000)



GEARING RATIO
(Times)



NET ASSETS PER SHARE
(RM)



KEY PERFORMANCE INDICATORS

FINANCIAL HIGHLIGHTS		Year				
Financial Year Ended 31 December		**2014**	**2015**	**2016**	**2017**	**2018**
Revenue	RM'000	164,933	211,380	245,923	253,681	**299,067**
Gross Profit	RM'000	67,137	82,786	95,310	105,726	**126,876**
Gross Profit Margin	%	40.71	39.16	38.76	41.68	**42.42**
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)	RM'000	23,856	34,702	45,532	46,910	**55,680**
Profit/(Loss) For The Year Attributable To Equity Holders	RM'000	6,529	10,340	18,124	20,451	**24,543**
Shareholders' Equity	RM'000	222,658	236,940	259,145	274,195	**406,225**
Net Operating Cash Flow	RM'000	-9,487	15,167	32,042	56,372	**2,470**
Net Assets Per Share	RM	0.35	0.37	0.40	0.42	**0.55**
Basic Earnings Per Share	sen	1.19	1.61	2.79	3.12	**3.49**
Total Borrowings	RM'000	40,466	46,513	38,124	34,186	**34,668**
Gearing Ratio	times	0.18	0.20	0.15	0.12	**0.09**
Net Gearing Ratio		Net Cash	Net Cash	Net Cash	Net Cash	**Net Cash**

Note:

* *EBITDA excludes the exceptional items.*

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, Indonesia and Cambodia. The Group provides world-class payment services and solutions encompassing physical, internet and mobile payments and is one of the region's top merchant acquirers. GHL manages and oversees more than 360,000 footprints in ASEAN that enables credit card, debit card, e-wallets, contactless payment, loyalty, prepaid top up and bill collection payment services. The Group has three (3) core business segments, and they are as follow:

1. ***Transaction Payment Acquisition ("TPA")*** comprises mainly of revenue derived from two (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").

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

3. ***Solution Services*** comprises mainly of revenue derived from the sale and maintenance of hardware 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.

The Group's objective is to become ASEAN's largest merchant acquirer by directly contracting with merchants ("merchant acquisition") under its TPA initiative. These businesses 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 +17.9% yoy to RM299.1 million (2017 – RM253.7 million) with growth registered in all three business segments (i.e. TPA, Shared Services and Solutions Services) as well as all geographical markets.

2.2 Net Profit

Pre-tax profits grew at +31.8% to RM33.5 million as compared to RM25.4 million a year ago. Pre-tax margin was improved from +10.0% to +11.2%, in 2018.

Net profit after tax grew +20.0% yoy to RM24.6 million (2017 – RM20.5 million) driven by overall improving gross profit margin and higher volume of transactions and growth in all business segments and geographical markets, particularly in the TPA segment.

2.3 Taxation

The effective tax rate for 2018 was 26.6% (2017 – 19.3%) which was higher than the statutory tax rate mainly due to deferred tax liabilities. Post-tax profit margins were stable at 8.2% in 2018 compared to 8.1% in 2017.

MANAGEMENT DISCUSSION AND ANALYSIS
CONT'D

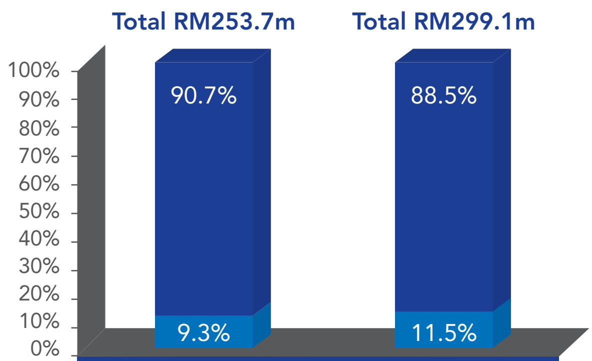
2. DISCUSSION AND ANALYSIS OF THE FINANCIAL RESULTS AND CONDITIONS (cont'd)

2.4 Profit Attributable to Equity Holders of the Group

The profit attributable to equity holders of the Group increased to RM24.5 million, a +20.0% improvement yoy. Fully diluted earnings per ordinary share for the year amounted to 3.47 sen, an improvement of +11.22% yoy. These financial measurements reflect the improvement in the Group's results in 2018.

2.5 Annuity versus Non-Annuity Revenues

Annuity vs Non-Annuity Revenue



	2017 (RM'mil)	2018 (RM'mil)
Annuity	230.1	264.7
Non-annuity	23.6	34.4

The annuity based revenue component within the Group's total revenue remains high at 88.5% in 2018 although this was lower when compared to 90.7% in 2017. Although annuity based income continued to grow yoy, 2018 saw higher hardware sales in the Thailand market. The Group's strategy is to grow the TPA and other businesses that have strong recurring annuity based revenue and to continue to support our main bank customers with their hardware and software requirements. As TPA gathers momentum in all geographical markets, we expect that annuity revenues will grow even stronger.

2.6 Liquidity and Capital Resources

As at 31 December 2018, the Group's Net Cash Position (Note 1) amounted to RM110.5 million (31 December 2017 – RM73.3 million). The key items that impacted the Group's cashflow in 2018 were as follow:-

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

(i) Net cash generated from operating activities decreased to RM2.5 million (2017 – RM56.4 million), mainly due to a) an increase in working capital requirements of RM53.9 million from an increase in receivables (RM39.1 million), and an increase in inventories (RM42.3 million). This was offset by an increase in trade, other payables and advanced payments (RM24.4 million) and increase in operating profit before working capital changes of RM3.8 million and also an increase in tax and interest paid of RM0.2 million.

(ii) An amount of RM22.5 million (2017 – RM28.8 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 RM3.6 million (2017 – RM2.9 million).

(iii) The Group repaid RM89.5 million of its bank borrowings and hire purchase payables in 2018 (2017 – RM19.7 million). The Group also drew-down fresh bank loans in 2018 of RM86.5 million (2017 – RM16.0 million). The net effect of these financing activities increase the Group's overall borrowings by RM85 million (2017: RM4.0 million) in 2018.

MANAGEMENT DISCUSSION AND ANALYSIS
CONT'D

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

2.6 Liquidity and Capital Resources (cont'd)

(iv) The Group increased its share capital by RM106.2 million (2017 – RM4.5 million) due to the issuance of 125,000 (2017 - 4.7 million) shares upon the exercise of Employee Share Scheme ("ESS"), a private placement of 65 million shares, special issue of 13.4 million shares pertaining to the Share Subscription Agreement ("SSA") with Paysys Group Holdings Sdn. Bhd. and Rica Holdings (M) Sdn. Bhd. and the resale of 678,601 (2017 - 737,000) treasury shares.

2.7 Trends and Events

The ASEAN region's central banks and regulators have advocated the move towards greater adoption of e-payments as a means of payment for goods and services. The progress made in different countries have been encouraging given the increasing number of e-payment acceptance points in the key markets that GHL operates in, namely Malaysia, Thailand, Philippines, Indonesia and Cambodia. This push to greater use of non-cash methods to transact sync perfectly with GHL's TPA business strategy in enabling greater proliferation of non-cash acceptance, especially amongst the small merchant and mobile merchant segments. As we acquire more merchant footprints in line with the regulatory environment's push for a greater cashless society, the need for more coverage becomes obvious.

The growing number of debit card/ATM card holders in ASEAN will benefit from the growing number of merchant acceptance points where the former will be able to use their cards. As for the remaining unbanked segment, the emergence of local e-wallets will serve as a temporary bridge to enable the unbanked to participate in the cashless trend, for both online as well as offline purchases. The need to grow acceptance points and payment infrastructure is critical in enabling financial cohesiveness for the fast growing ASEAN consumer market.

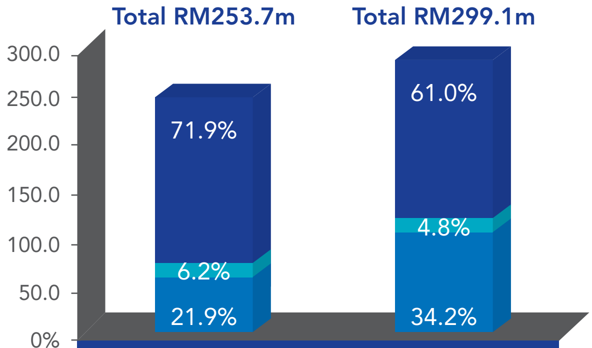
ASEAN central bank initiatives and e-payment promotions are in sync with GHL's objective and is expected to provide a cohesive environment for our sustainable growth, moving forward.

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) Transaction Payment Acquisition ("TPA"); 2) Shared Services; and 3) Solution Services. An analysis of the performance of all three business segments are as per below: -

Revenue By Business Segment



	2017 (RM'mil)	2018 (RM'mil)
TPA	182.3	182.4
Solution Services	15.7	14.6
Shared Services	55.7	102.1

MANAGEMENT DISCUSSION AND ANALYSIS
CONT'D

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

3.1 Performance By Business Segment (cont'd)

a) Transaction Payment Acquisition ("TPA") Segment

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

i) e-pay's direct contractual relationships with merchants to provide Telco prepaid reloads and other top-up facilities as well as, bill collection services for consumers ("reload and collection services") and

ii) GHL's direct contractual relationships with merchants to provide international and domestic card payment and e-wallet services ("electronic payment services").

With both sub-segments combined, the TPA business grew marginally 0.1% to RM182.4 million in 2018 (2017 – RM182.3 million), contributing 61.0% of total revenue in 2018 (2017 – 71.8%). Within this, the e-pay business contributed 68.4% (2017-76.5%) of the total Group TPA revenue. The electronic payments business is smaller in absolute terms but is growing at a much faster rate, especially for Thailand and Philippines. The electronic payments TPA gross revenue grew strongly by +29.2% yoy to RM57.9 million (2017 (restated) – RM44.8million) whereas the e-pay business declined -10.5% to RM124.8 million in 2018 from RM139.4 million in 2017 (restated). Given the considerable untapped opportunity within ASEAN, the TPA business remains the main driver of growth for the Group in the near term.

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

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

e-pay is the largest provider of reload and collection services in Malaysia. It has approximately 38,000 acceptance points nationwide, encompassing all petrol chains, large convenience store chains and over 8,000 general retail stores. The e-pay brand is well known to consumers who use the service. With over 19 years of experience, e-pay is clearly the market leader in Malaysia within this industry segment.

A full year's comparison of key data between 2018 and 2017 relating to the e-pay business is found in Table 1 below. The transaction value processed by e-pay declined 2.1% in 2018. The Gross Revenue/Transaction Value declined by 30 bps in the year due to changes in the product mix as bill collections and non-mobile reloads (which have a lower commission) outpaced growth in prepaid mobile reloads.

Table 1

e-pay *(All stated in RM'millions unless stated otherwise)*	YTD 2017	YTD 2018	% change
Transaction Value Processed	3,763.3	3,684.9	-2.1%
Gross Revenue	139.4	124.8	-10.5%
Gross Revenue / Transaction Value *(Note 1)*	3.7%	3.4%	-8.1%
Gross Profit	45.6	43.9	-3.7%
Gross Profit / Transaction Value *(Note 1)*	1.2%	1.2%	-
Merchant Footprint - e-pay Only (Thousands)	36.4	38.0	4.4%

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

MANAGEMENT DISCUSSION AND ANALYSIS
CONT'D

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

3.1 Performance By Business Segment (cont'd)

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

(ii) GHL (electronic payment services)

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

a) Various MDR revenue sharing arrangements under direct contracts with merchants and banks in Malaysia, Thailand and Philippines.
b) Malaysian domestic debit card ("MyDebit") merchant acquisition.
c) Internet TPA ("eGHL").
d) e-wallet providers.

A summary of key data relating to the electronic payment business is found in Table 2 below. While transaction values processed grew strongly at +44.9%, transaction margin declined YOY due to downtrend of MDR in line with lower interchange fee imposed by regulators and ongoing competition in the market, in terms of monthly rental. Over the longer term, however, margin should stabilise as more merchants are onboard and a larger portfolio is built as our overseas TPA in Philippines and Thailand gather momentum. The introduction of domestic e-wallets in all three markets in 2018 is expected to contribute positively in 2019 and going forward.

Table 2

GHL Electronic payments TPA *(All stated in RM'millions unless stated otherwise)*	**YTD 2017 (Restated)**	**YTD 2018**	**% change**
Transaction Value Processed *(Note 1)*	4,334.2	6,279.9	44.9%
Gross Revenue	44.8	57.9	29.2%
Gross Revenue / Transaction Value *(Note 2)*	1.0%	0.9%	-10.0%
Gross Profit *(Note 3)*	20.9	23.7	13.4%
Gross Profit / Transaction Value *(Note 2)*	0.5%	0.4%	-20.0%
Merchant Footprint - TPA Only (Thousands)	32.9	58.7	78.4%

Note 1 – The 2018 Transaction Value Processed includes transactions relating to Philippine's Bancnet transactions which were previously omitted in 2017 which has been restated. Bancnet inclusion commenced only in 2017 due to regulatory changes.

Note 2 – Gross Revenue or Gross Profit respectively divided by the Transaction Value Processed expressed as a %.

Note 3 – The gross profit has been restated as a result of changes in indirect costs allocation basis due to required improvements to our internal business processes to include certain network service and compliance fees, as well as support expenses relating to the TPA business that were previously included in the administrative operating expenses. This reclassification from operating expenses to cost of goods sold is intended to more accurately reflect the gross margins of this epayment TPA segment.

MANAGEMENT DISCUSSION AND ANALYSIS
CONT'D

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

3.1 Performance By Business Segment (cont'd)

b) Shared Services Segment

Shared services segment revenue grew strongly by +83.3% yoy to RM102.1 million (2017: RM55.7 million) primarily due to the increase in sales of EDC terminals in Malaysia and Thailand.

c) Solutions Services Segment

Solutions services revenue slightly declined -7.6% to RM14.5 million (2017: RM15.7 million) primarily due to lower software and Payment Network solutions sales.

3.2 Performance by Geography

2018 Group turnover grew +17.9% yoy to RM299.1 million (2017 – RM253.7m). Pre-tax profits was up +31.9% yoy to RM33.5 million compared to RM25.4 million a year ago and pre-tax margin increased to 11.2% (2017 - 10.0%).

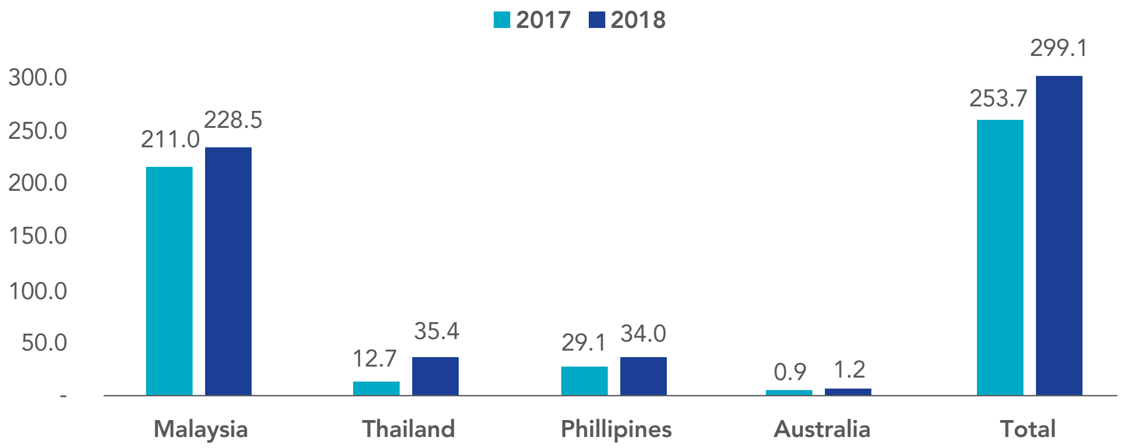
Malaysian operations contributed 76.4% (2017 – 83.2%) of group turnover and the decrease in weighting was due to a better performance from both Thailand and Philippines. EBITDA margin was 16.3% for 2018, a slight increase from 15.6% in 2017.

Philippines' turnover grew +16.8% yoy at RM34.0m (2017 – RM29.1m) with EBITDA margin slightly down at 36.9% from 37.9% over the corresponding period last year. Solutions Services registered yoy decline but Shared Services and TPA saw growth driven by higher rental fees and transaction fees collected.

Thailand recorded a strong growth in topline revenue of +178.7% to RM35.4m (2017 – RM12.7m) due to strong EDC hardware sales from its Shared Services segment. TPA segment also saw strong growth in MDR transaction fee collected and contribution from hardware sales from a network project drove growth at its Solutions Services segment. EBITDA registered strong positive growth at RM6.0m compared to RM3.4m in 2017 with EBITDA margins at 17.2% vs 26.6% in 2017.

Australia remains the smallest contributor to group operations at RM1.2 million compared to 2017 YTD turnover of RM0.9 million. Both years saw positive EBITDA contribution of RM0.5 million and RM97,000 for 2018 and 2017 respectively.

Revenue by Country



MANAGEMENT DISCUSSION AND ANALYSIS
CONT'D

4. KNOWN RISKS

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

a) ***Merchant performance risk*** – In the TPA business, the Group contracts directly with merchants for the provision of electronic payment services based on underlying, back-to-back agreements with the acquiring Banks. In the event a risk arises in that 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 execute its rights to then recover the charged-back transaction from the Group which would then seek to recover it from the merchant. The Group could potentially incur a loss if the merchant was no longer in business or otherwise unable to reimburse the Group for the charge-back.

   The Group has, over the last four (4) years, invested significantly to develop and put in place risk management policies, systems and risk managers with the requisite experience to monitor merchant performance risk. The Group also implemented specific rules and other forms of controls to the merchants to manage performance risks. These strict controls and SOPs 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 2018 amounted to less than RM8,000 with zero nett chargeback loss recorded for Malaysia.

b) ***Operational Risk*** – In the first half of 2018, the Group reported a total of 158 risks of which 141 risks (89%) were classified as minor risk. The remaining 11% were addressed with adequate and appropriate mitigation strategies to ensure that the residual risk is minimised. Operational risk management, which forms part of the Group' Enterprise Risk Management Framework, is a continual process applied by the Group in a half yearly cycle that includes risk assessment, risk decision making and implantation of risk controls, which results in acceptance, mitigation or avoidance of risks.

c) ***Liquidity risk*** – As indicated in Section 2.6, the Group is in a net cash surplus position and therefore has no net gearing. This is primarily due to the private placement made in 2018. 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 long term bank term loans. The Group plans to fund the planned expansion in the TPA business by commensurately increasing its bank term loans and internal generated cash. Given the Group's strong cash flow and lack of net gearing, it is well positioned to do so.

d) ***Foreign currency risk*** – EDC terminals are purchased in USD and therefore can expose the Group to foreign currency risk as the Group's functional currency is in Ringgit Malaysia. The Group minimises exposure to foreign currency risk by purchasing USD spot at the time of recording the vendor liability.

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.

MANAGEMENT DISCUSSION AND ANALYSIS
CONT'D

5. FUTURE PROSPECTS

The Group continues to focus on merchant acquisition across the three markets namely Malaysia, Philippines and Thailand by offering our clients, payments options ranging from credit/debit acceptance, e-wallets, mobile payments as well as internet payments. 2017 saw Malaysia commenced payment acceptance of a China based e-wallet with the Philippines following closely in 2018. The emergence of QR based e-wallets have spurned growth of domestic e-wallet players in all three markets and 2018 saw the launch of several local players in this space. This bodes well for GHL, as it increases our competitive edge in offering our merchants an integrated omni-channel payment solution.

The Group in 2018 partnered with a major Malaysian domestic bank to enable its existing EDC terminal base to capture all six (6) e-wallets that are currently available in the Malaysian market. This trend will be replicated across Philippines and Thailand where similar plans to partner with the domestic banks to enable the same is expected to happen in 2019.

The Group remains optimistic of further developing TPA as a key growth engine for the Group given the changes in the payment landscape as e-payments gain further traction as driven by not only regulatory directives, growing market acceptance, but also positive changes in consumer preferences towards e-payments. However, part of this fast changing landscape also includes competitive pressures which will impact profit margins and hence the group needs to remain agile and adaptable to react quickly.

In 4Q18, the Group expanded to Cambodia with the acquisition of a 51% stake in Speed Pay PLC and this marks the Group's expansion into another ASEAN region. 2019 will also see the Group continuing to explore additional expansion in ASEAN.

Although TPA is a key focus, the Group recognises that the payment infrastructure within the markets it operates in remains under developed. Opportunities remain in the traditional space of EDC hardware sales and payment network infrastructure and GHL remains well positioned to capitalise on this growth area. The growth outlook for 2019 and beyond remains optimistic for e-payments given the high unbanked segment, continued high cash usage and central bank policies which are aligned in promoting greater use of non-cash methods for payments.

DIRECTORS' PROFILE

DATUK KAMARUDDIN BIN TAIB

Independent Non-Executive Chairman
Malaysian, Age 62, Male

Datuk Kamaruddin Bin Taib, was appointed as Independent Non-Executive Director of the Company on 26 April 2012. He is a member of the Audit and Risk Committee and he was designated as Chairman of Nomination and Remuneration Committee on 31 July 2018. He is currently the Chairman of DNV GL Malaysia Sdn Bhd, part of the Global DNV GL Group, a leading technical service provider for the Oil and Gas Industry. He has been with the DNV GL Group since 1995. He holds a Bachelor of Science degree in Mathematics from the University of Salford, United Kingdom.

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

Datuk Kamaruddin is currently the Independent Non-Executive Chairman of HSBC Amanah Malaysia Berhad and Great Eastern Takaful Berhad, as well as Independent Non-Executive Director of Great Eastern General Insurance (Malaysia) Berhad, BFC Exchange Sdn Bhd, Fraser & Neave Holding Bhd, Malaysia Smelting Berhad and FIDE Forum.

He serves as a trustee for the Malaysian Oil & Gas Services Council. Prior to being a trustee, he was an elected executive council member.

He attended all six (6) Board Meetings held during the financial year ended 31 December 2018.

DIRECTORS' PROFILE
CONT'D

MR LOH WEE HIAN, SIMON

Executive Vice Chairman
Malaysian, Age 57, Male

Loh Wee Hian, Simon, was appointed as Non-Independent Non-Executive Director on 28 December 2010. On the 18 January 2011, he was designated to Non-Independent Non-Executive Chairman, and subsequently to Executive Chairman on 3 March 2011. On 1 September 2012, Simon was designated as Executive Vice Chairman, a position that he holds 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 controlled. 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 and bill payments. In the ensuing years, e-pay became a leading electronic top-up processor in South East Asia and subsequently became the largest prepaid top-up network in Malaysia. In 2006, e-pay was listed on the Australian Stock Exchange (ASX) and Simon became its Executive Chairman.

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 all six (6) Board Meetings held during the financial year ended 31 December 2018.

DIRECTORS' PROFILE
CONT'D

DATO' CHAN CHOY LIN

Independent Non-Executive Director
Malaysian, Age 61, Female

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

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

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

Dato' Carol Chan's senior management experience covers the areas of mergers, acquisitions and divestments, corporate secretarial and legal, including corporate governance, risk management, and internal controls. Dato' Carol Chan held several key management positions and was a member of various group committees in a large public listed conglomerate. She was also nominated as a Director on the boards of most group companies of that listed conglomerate.

Dato' Carol Chan is also an Independent Non-Executive Director of Ann Joo Resources Berhad and APM Automotive Holdings Berhad, both listed on Bursa Malaysia Securities Berhad.

She attended two (2) out of two (2) Board Meetings held during the financial year ended 31 December 2018 since her appointment on 25 June 2018.

DIRECTORS' PROFILE
CONT'D

HOSSAMELDIN ABDELHAMID MOHAMED ABOUMOUSSA

Non-Independent Non-Executive Director
Egyptian, Age 41, Male

Mr. Aboumoussa was appointed as Non-Independent and Non-Executive Director of the Company on 26 May 2017. He is a member of the Audit and Risk Committee and Nomination and Remuneration Committee.

Mr. Aboumoussa is a Partner at Actis, the leading growth markets investor. He joined Actis in 2006, taking on responsibility for originating, executing and managing investments in the Financial Services sector across growth market, with a focus on Africa and South and Southeast Asia.

Prior to Actis, he worked at EFG-Hermes Private Equity. Over his 19 years of experience in private equity, Mr. Aboumoussa has held a number of Non-Executive Director roles on various Board of Directors and Boards' Committees including the Board of Directors of Emerging Markets Payments Holdings (EMPH) Mauritius, a leading payments company in Africa and the Middle East; where he also served on the Remuneration and Risk and Audit Committees. He also served as a Director on the Boards of EMPH's subsidiaries in Egypt and Jordan. Mr. Aboumoussa is also an Observer of the Board of Directors of Integrated Diagnostics Holdings (IDH), which is listed on the London Stock Exchange.

Other than the Actis portfolio companies, Mr. Aboumoussa sits on the Board of Egypt Ventures, that supports and seeds Egyptian startups, sits on the Board of Trustees of the CIB Foundation, a leading Egyptian non-profit organization dedicated to enhancing existing health services for underprivileged children in Egypt and is the Treasurer and sits on the Board of Directors of the British International School Society (BISC) in Cairo.

Mr. Aboumoussa holds an MBA from the University of Oxford and a BA in business and finance from the American University in Cairo and is a CFA Charter holder.

He attended all six (6) Board Meetings held during the financial year ended 31 December 2018.

DIRECTORS' PROFILE
CONT'D

ALI ZAYNALABIDIN HAERI MAZANDERANI

Non-Independent Non-Executive Director
British, Age 37, Male

Ali Mazanderani ("Ali") was appointed as Non-Independent Non-Executive Director of the Company on 26 May 2017. He is currently a Partner at Actis. He is responsible for leading financial technology investments for the firm globally and has been instrumental in several transactions including the investments in EMPH, PayCorp, Upstream, Compuscan, StoneCo, Pine Labs and GHL Systems Berhad.

Prior to joining Actis, Ali was Lead Strategy Consultant for First National Bank based in Johannesburg. He had also advised private equity and corporate clients for OC&C Strategy Consultants in London. Ali has a BCom (Hons) degree in Economics from the University of Pretoria, a Masters in Economics for Development from Oxford University, a Masters in Economic History from the London School of Economics, and an MBA from INSEAD.

He has been a Non-Executive Director of several companies including Upstream Systems, Compuscan, PayCorp Investments and StoneCo.

He attended four (4) out of six (6) Board Meetings held during the financial year ended 31 December 2018.

DIRECTORS' PROFILE
CONT'D

MATTEO STEFANEL

Non-Independent Non-Executive Director
Italian, Age 44, Male

Mr. Matteo Stefanel was appointed as Non-Independent Non-Executive Director of the Company on 22 November 2018.

Matteo has spent the entirety of his career focusing on Financial Institutions in Global Growth Markets and in Europe.

For the first decade of his career, he advised leading financial services and technology companies in their M&A and balance sheet restructuring (equity and equity derivatives). He then moved to Private Equity investing, once again focusing on Financial Services across Growth Markets, which he has been doing for over 12 years.

Currently, Matteo lives in London with his wife and three children. He enjoys most outdoor activities, including hiking, skiing, sailing, and scuba diving.

He attended one (1) out of one (1) Board Meeting held during the financial year ended 31 December 2018 since his appointment on 22 November 2018.

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 five (5) years other than traffic offences, if any.

4. ***Public Sanction or Penalties***
   None of the Directors has any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2018.

KEY SENIOR MANAGEMENTS' PROFILE

LEONG KAH CHERN

Group Chief Executive Officer
Malaysian, Age 47, 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's 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 starting up the GHL Indonesia business in March 2016. Danny was appointed as 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 and co-founded 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 2,085,000 ordinary shares in GHL.

YAP CHIH MING

Group Chief Financial Officer
Malaysian, Age 47, 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 as Group COO. On 30 April 2018, Chih Ming was redesignated as Group Chief Financial Officer.

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

Prior to joining GHL, he has already garnered over ten years of experience in the e-payment business. In 1999, he joined e-pay (M) Sdn Bhd 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 2,570,049 shares in GHL Systems Berhad.

KEY SENIOR MANAGEMENTS' PROFILE
CONT'D

DUNSTAN GERALD MAURICE

Group Chief Risk Officer
Malaysian, Age 42, Male

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

He obtained his Bachelors Degree in Business Administration from the Royal Melbourne Institute of Technology (RMIT) in Australia. Prior to joining GHL Systems Berhad, Dunstan was the Vice President - Technology Banking of CIMB Bank Berhad.

In his 21 years of Risk Management experience, Dunstan has held various positions within the following companies - American Express Malaysia, Maybank Berhad and OCBC Bank Berhad, managing a variety of areas namely Cards & Merchant Risk Management, Banking Risk Management, Fraud Risk Compliance, Fraud Management Information System, Audit and Training.

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

SAM ENG SUN

Group Chief Technology Officer
Malaysian, Age 50, Male

Sam joined e-pay (M) Sdn Bhd as IT Manager in December 1999 and was promoted to Chief Technology Officer in April 2012. He was subsequently promoted to Group Chief Technology Officer for GHL Systems Berhad in October 2017.

He holds a Bachelor of Science Major in Microelectronic and Computer Science from Campbell University North Carolina. Prior to joining GHL, he was an IT executive at Bausch & Lomb, under IT regional support team, supporting the South East Asia group of company which include Malaysia, Singapore, Thailand, Indonesia, Australia and India.

Sam holds 353,344 shares in GHL Systems Berhad.

KEY SENIOR MANAGEMENTS' PROFILE

CONT'D

REY MARIA R. CHUMACERA

Chief Executive Officer, GHL Systems Philippines, Inc.
Filipino, Age 52, Male

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

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

Rey holds 198,000 shares in GHL Systems Berhad.

NAPAPORN WILAIKIT

Country Head, GHL (Thailand) Co., Ltd.
Thai, Age 55, 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 has:

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 five (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 2018.*

CORPORATE DIRECTORY

HEADQUARTERS / CORPORATE OFFICE
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HELPDESK (CUSTOMER SERVICE)

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CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

The Board is pleased to report to the shareholders the manner in which GHL has applied the Principles and Recommendations of MCCG and MMLR during the financial year ended 31 December 2018 ("FY 2018") and the details on how GHL has applied each Practice as set out in the MCCG disclosed in the Corporate Governance Report, which is available for viewing on the Company's website at www.ghl.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

1.1 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 periodically to ensure consistency with the Board's objectives and responsibilities and adherence to the relevant rules and regulations as well as the 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.

1.2 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. The Board's core responsibilities are as follows:-

- 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;
- Maintain an effective investor relations programme; and
- 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

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

I. BOARD RESPONSIBILITIES (cont'd)

1.3 Chairman and Chief Executive Officer ("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.

1.4 Company Secretary

The Board is supported by the Company Secretary who facilitates the overall compliance with the MMLR and Companies Act 2016 and other relevant laws and regulations.

The Company Secretary organises and updates Board members and committees the changes, if any, in regards to Board and Committee meetings as well as shareholders meetings. The Company Secretary attends all Board, Board Committees and shareholders meetings to ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly. This responsibility will involve the issuance of proper notices of meetings, circulation of previous meetings' minutes, and that accurate and adequate records of the proceedings of the Board meetings and resolutions passed are taken and maintained in the statutory register of the Company.

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

1.5 Board Committees

The Board delegates certain responsibilities to the dedicated Committees of the Board. Both committees, the Audit and Risk Committee ("ARC") as well as the Nomination and Remuneration Committee ("NRC"), comprise exclusively Non-Executive Directors. These committees operate within the clearly defined Terms of Reference approved by the Board; and have the authority to examine particular issues and report their proceedings, deliberations and, where appropriate, make recommendations to the Board. On Board reserved matters, the Committees shall deliberate and make their recommendations to the Board for its approval thereafter.

During Board meetings, the Chairman of the Committees provides summary reports of the decisions and recommendations made during the respective committee meetings, and highlight to the Board any further deliberation that is required at Board level. Terms of Reference of all Board Committees are available on the Company's official website at www.ghl.com.

1.6 Information for the Board and Committees

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

- Previous minutes of meetings;
- Operational and financial performance reports;
- Details of corporate proposals;
- Quarterly interim financial reports or the annual audited financial statements;
- Internal Audit Reports; and
- Other matters.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

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

I. BOARD RESPONSIBILITIES (cont'd)

1.6 Information for the Board and Committees (cont'd)

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

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

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

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

1.7 Code of Ethics and Conduct

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

In view of this, the Board has formalised ethical standards and systems of compliance through the Company's Code of Ethics and Conduct. These codes are aimed to emphasise the Company's commitment to ethics and compliance with the applicable laws and regulations, use of confidential information and retention of records.The Board shall review and reassess the adequacy of the Code periodically and make such amendments as they may deem appropriate.

The Company's Code of Ethics and Conduct is available on the Company's official website at www.ghl.com.

1.8 Whistle Blowing Policy

The Board reviewed and revised the Policy Statement on Whistle Blowing during FY 2018. The revised Policy would enable any employee and stakeholders to bring to the attention of the Board any concerns regarding integrity and misconduct issues. Procedures are also in place for investigations and appropriate follow-up actions by the Management.

The Company's Policy Statement on Whistle Blowing is available on the Company's official website at www.ghl.com.

1.9 Sustainability Strategies

The Board is mindful of the importance of good corporate governance practices in the application of sustainability practices throughout the Group, communities and environment, the benefits of which are believed to translate into better corporate performance and value creation for its shareholders. The Group's activities which demonstrate its commitment towards creating a better environment, social and sustainability during FY 2018 are disclosed in the Sustainability Statement included in this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

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

II. BOARD COMPOSITION

2.1 Composition

The Board comprises a mixture of Executive and Non-Executive Directors from diverse professional backgrounds with a wealth of experience, skills and expertise to meet the Group's needs. Currently the Board consist of six (6) members, comprising one (1) Executive Director and five (5) Non-Executive Directors, of which two (2) are Independent Non-Executive Directors including the Chairman. During the financial year, one member of the Board, Mr. Fong Seow Kee resigned from his position as Senior Independent Non-Executive Director with effect from 31 July 2018.

During the year under review, Dato' Chan Choy Lin was appointed as an Independent Non-Executive Director with effect from 25 June 2018. She was subsequently appointed as Chairperson of the Audit and Risk Committee with effect from 31 July 2018. In addition, Mr. Matteo Stefanel, a representative from APIS Partners LLP, was appointed as a Non-Independent Non-Executive Director of the Company with effect from 22 November 2018.

The current Board composition complies with the MMLR of Bursa Malaysia that requires a minimum of two (2) Directors or one-third (1/3) of the Board, whichever is higher, to be Independent Directors.

Practice 4.1 of the MCCG states that at least half of the Board comprise Independent Directors. The Board is aware that its current composition is not in line with the desired practice and believes that the independence and objectivity is not compromised as a result of such composition. Independence and objectivity are present and preserved with the current composition in view of the weight given to the opinions of its two (2) Independent Non-Executive Directors which brings balance into its overall decisions. Nevertheless, the Board remains guided by the Principles and Practices of the MCCG in adhering to the best corporate governance practices.

The Board is satisfied with the current composition which brings with it a broad range of business, financial and technical background. This balance facilitates the Board to provide clear and effective leadership to the Group and bring informed and independent judgement to many aspects of the Group's strategy and performance.

Notwithstanding the above, the Board functions in a manner that promotes an open environment where the Directors are able to exercise independent judgement and the interests of shareholders are always at the forefront when important decisions are made by the Board. The Board will review the Board composition periodically as when needed during the NRC meeting.

2.2 Tenure of Independence Director

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

2.3 Gender Diversity

The Board is cognisant of the recommendation on boardroom diversity in the MCCG. Although the Company does not have any boardroom diversity policy, the Board believes that appointment 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. The Board currently has a female Director with the appointment of Dato' Chan to the Board effective from 25 June 2018.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

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

II. BOARD COMPOSITION (cont'd)

2.4 Nomination and Remuneration Committee

The Board had previously resolved on 8 April 2013 to combine the Nomination Committee with the Remuneration Committee to form the Nomination and Remuneration Committee ("NRC" or the Committee).

NRC reports regularly to the Board on its activities, deliberations and recommendations in the discharge of its duties and responsibilities as set out in its Terms of Reference available on the Company's official website at www.ghl.com.

In February 2018, a peer assessment on the Board's performance as a whole, its Committees and their individual Directors, was facilitated by the NRC and led by the Chairman of 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.

Arising from the assessment, the NRC was satisfied with the existing Board composition and concluded that each Director has the requisite competence and capability to serve on the Board and had demonstrated their commitment to the Group in terms of time and participation during the year under review, and recommended to the Board for the re-election of the retiring Directors at the Company's forthcoming Annual General Meeting ("AGM").

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

I. Reviewed the size, structure and composition of Board and Board Committees based on the required skill, knowledge and diversity;
II. Facilitated Board, Board Committees and Directors assessment and reviewed the results;
III. Facilitated Board discussion on key management's annual appraisal results;
IV. Reviewed Executive Director's service contract;
V. Reviewed the training needs of Directors;
VI. Reviewed and recommended appointment and re-election of Directors; and
VII. Reviewed the Executive's Share Scheme.

2.5 Time Commitment

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. During the end of each calendar year, the Company Secretary would draw a proposed timetable of all Board and Board Committees meetings to be held in the next calendar year, including the AGM, to assist the Directors in planning their attendances at the Board and Committees meetings. Reminders are sent to the Directors prior to each Board and Committee meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

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

II. BOARD COMPOSITION (cont'd)

2.5 Time Commitment (cont'd)

During the financial year ended 31 December 2018, six (6) Board meetings were convened and the attendance of the individual Directors at the Board meetings are as follows:-

Name of Directors	Designation	Attendance
Datuk Kamaruddin Bin Taib	Independent Non-Executive Chairman	6/6
Loh Wee Hian	Executive Vice Chairman	6/6
Dato' Chan Choy Lin *(appointed wef. 25 June 2018)*	Independent Non-Executive Director	2/2
Fong Seow Kee *(resigned wef. 31 July 2018)*	Senior Independent Non-Executive Director	4/4
Ali Zaynalabidin Haeri Mazanderani	Non-Independent Non-Executive Director	4/6
Hossameldin Abdelhamid Mohamed Aboumoussa	Non-Independent Non-Executive Director	6/6
Matteo Stefanel *(appointed wef. 22 November 2018)*	Non-Independent Non-Executive Director	1/1

2.6 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 encourages and supports the Directors to continuously develop and refresh their knowledge and skills, and to update themselves on developments in the financial and business landscape both domestically and internationally.

The Board, via the NRC on a continuous basis, evaluates and determines 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

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

II. BOARD COMPOSITION (cont'd)

2.6 Directors' Training (cont'd)

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

Director	Training Programme / Conference Seminar
Datuk Kamaruddin Bin Taib	- FIDE Forum 1st Board Leadership Series Navigating the VUCA World - Bank Negara Malaysia Workshop on Development of Environmental and Social Impact Assessment - FIDE Elective Programme: Understanding Liquidity Risk Management in Banking - Annual Dialogue with the Deputy Governor of Bank Negara Malaysia - FIDE Elective Programme: Understanding Fintech and Its Implications for Banks - IBM Think Malaysia (1) The Human Machine InterChange (2) CyberCrime & Defence Technology - ICDM PowerTalk: Would a business judgement rule help Directors sleep better at night? - Personal Data Protection Act 2010 - Malaysian Code on Corporate Governance
Loh Wee Hian	- Personal Data Protection Act 2010 - Malaysian Code on Corporate Governance
Dato' Chan Choy Lin	- Mandatory Accreditation Programme - Case Study Workshop For Independent Directors - Bursa Breakfast Series For Directors Of Public Listed Companies - Non Financials - Does It Matter? - Bursa Breakfast Series For Directors Of Public Listed Companies - Companies Of The Future - The Role For Boards. - Business Transformation Challenges - Shaping High Performance Organisations - Audit Committee Institute (ACI) Breakfast Roundtable 2018 - Fide Forum - Win The Innovation Race: Unlocking The Creative Power Of Asians
Ali Zaynalabidin Haeri Mazanderani	- Anti-Money Laundering training by EUKLEIA - Anti-Bribery & Corruption training by EUKLEIA - Personal Data Protection Act 2010 - Malaysian Code on Corporate Governance - UK Anti Money Laundering Act
Hossameldin Abdelhamid Mohamed Aboumoussa	- Anti-Money Laundering training by EUKLEIA - Anti-Bribery & Corruption training by EUKLEIA - Seamless North Africa Conference 2018, Cairo Egypt - Business for Africa & the World Forum 2018, Sharm El-Sheikh, Egypt - Personal Data Protection Act 2010 - Malaysian Code on Corporate Governance - UK Anti Money Laundering Act
Matteo Stefanel	- Annual Apis Fintech Conference - Asia Venture Capital Journal Article - Board of Trustees of Positive Planet

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

II. BOARD COMPOSITION (cont'd)

2.6 Directors' Training (cont'd)

In addition, all Directors are, from time to time, provided with reading materials and internal briefings pertaining to the latest developments in areas relating to the Directors' roles and responsibilities by the 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.

III. REMUNERATION

3.1 Directors' Remuneration

The Company has in place a fair and competitive remuneration package for each of its Directors in order to attract and retain Directors of an appropriate calibre.

The NRC's recommended remuneration for Directors is guided by market norms and industry practices. The recommendations for the compensation and benefits of Directors are subject to Board's approval as it is the ultimate responsibility of the Board to approve the remuneration of the Directors.

The aggregate remuneration of Directors received from the Company and on Group basis for the financial year ended 31 December 2018, with its breakdown, are as follows:-

Directors By Company	Salary (RM)	Fees (RM)	Other Emoluments (RM)	Grand Total (RM)
Executive Director:				
Loh Wee Hian	1,143,323	-	-	1,143,323
Non-Executive Directors:				
Datuk Kamaruddin Bin Taib	-	150,000	53,970	203,970
Dato' Chan Choy Lin *(appointed wef. 25 June 2018)*	-	37,200	9,000	46,200
Fong Seow Kee *(resigned wef. 31 July 2018)*	-	63,000	15,000	78,000
Ali Zaynalabidin Haeri Mazanderani	-	-	4	4
Hossameldin Abdelhamid Mohamed Aboumoussa	-	-	16	16
Matteo Stefanel *(appointed wef. 22 November 2018)*	-	-	-	-
Total	1,143,323	250,200	77,990	1,471,513
By Group				
Executive Director:				
Loh Wee Hian	1,143,323	-	-	1,143,323
Non-Executive Directors:				
Datuk Kamaruddin Bin Taib	-	150,000	53,970	203,970
Dato' Chan Choy Lin *(appointed wef. 25 June 2018)*	-	37,200	9,000	46,200
Fong Seow Kee *(resigned wef. 31 July 2018)*	-	63,000	15,000	78,000
Ali Zaynalabidin Haeri Mazanderani	-	-	4	4
Hossameldin Abdelhamid Mohamed Aboumoussa	-	-	16	16
Matteo Stefanel *(appointed wef. 22 November 2018)*	-	-	-	-
Total	1,143,323	250,200	77,990	1,471,513

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

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

III. REMUNERATION (cont'd)

3.2 Senior Management's Remuneration

The remuneration of key management personnel comprises primarily a basic salary component and a variable component, which includes bonuses rewarded based on the performance of the Company, the Group as a whole, and individual performance. The Company currently does not have any long-term incentive scheme(s) or contractual provisions to reclaim incentive components of remuneration to key management personnel.

Practice 7.2 of the MCCG recommends that companies disclose the name and remuneration of at least the top five (5) Senior Management personnel. As best practice, companies are encouraged to fully disclose the remuneration of the said top five (5) Senior Management personnel. In addition, companies should also disclose the aggregate of the total remuneration paid or payable to the top five (5) key management personnel.

Due to the existing industry competition to retain and recruit key talents, the Board is of the opinion that it is in the best interest of the Company to disclose the Company's top six (6) Senior Management personnel's remuneration for FY 2018 in bands of RM300,000 as follows:-

Senior Management	Salary and Other Emoluments	Fees	EPF & Socso	Total Remuneration	
	%	%	%	%	Band
Leong Kah Chern	89	-	11	100	III
Yap Chih Ming	89	-	11	100	II
Dunstan Gerald Maurice	89	-	11	100	II
Sam Eng Sun	89	-	11	100	II
Chumacera, Rey Maria Receno*	99	-	1	100	II
Napaporn Wilaikit*	94	-	6	100	II

Note:
Band I: Remuneration up to MYR300,000 per annum
Band II: Remuneration between MYR300,001 and MYR600,000 per annum
Band III: Remuneration between MYR600,001 and MYR900,000 per annum
**Foreign Provident Fund Rate in Thailand or Philippines*

	MYR
Aggregate of the total remuneration paid or payable to the top six (6) key management personnel	2,766,287

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

IV. AUDIT COMMITTEE

4.1 Audit and Risk Committee

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

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

4.2 Compliance to Applicable Financial Reporting Standards

The Board is committed to provide a balanced, clear and comprehensive assessment of the financial performance and prospects in all the disclosures 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 and International Financial Reporting Standards.

4.3 External Auditors

The Board has adopted a Policy Statement on Auditor Independence on 28 November 2016 which delegates the responsibility to assess the suitability, objectivity and independence of the External Auditor to the Audit and Risk Committee.

The Company's Policy Statement on Auditor Independence is available on the Company's official website at www.ghl.com.

Through the 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.

V. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

5.1 Risk Management and Internal Control

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

The Board has delegated to the 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. This system, by its nature, can however only provide reasonable but not absolute assurance against misstatement, fraud or loss.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT
CONT'D

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

VI. COMMUNICATION WITH STAKEHOLDERS

The Company values dialogue with investors and recognises the importance of being transparent and accountable to its shareholders. Effective communication with stakeholders 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 official website at www.ghl.com.

Regular briefings to fund managers and analysts were also carried out during the financial year to facilitate better understanding of the operation and financial performance of the Group.

Dato' Chan Choy Lin, the Chairperson of Audit and Risk Committee, is available to stakeholders who have concerns that cannot be addressed through the Chairman and CEO.

VII. CONDUCT OF GENERAL MEETINGS

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, the Group CEO and Group CFO 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.

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

This statement is approved by the Board of Directors on 27 March 2019.

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 the financial year ended 31 December 2018 ("FY 2018") 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 Berhad on 11 February 2003.

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

COMPOSITION AND MEETINGS

The ARC comprises three members, all of whom are Non-Executive Directors with the majority being independent. All members of ARC are financially literate, with a Director being a member of the Malaysian Institute of Accountant, and have sufficient understanding of the Company's business.

Practice 8.4 of the Malaysian Code on Corporate Governance ("MCCG") states that, the Audit Committee shall comprise solely Independent Directors. The Board is aware that the current composition is not in line with the desire practice and believes that the current Audit Committee is sufficient to exercise their judgment in an informed and impartial manner to fulfil the Audit Committee's responsibilities, especially in overseeing the areas of financial reporting, related party transactions as well as conflicts of interest, internal control environment, internal audit and external audit processes.

The ARC held five (5) meetings during FY 2018. The Company Secretary is responsible for distributing the notice of the meetings to the Committee members prior to each meetings and recording the proceedings of the meetings thereat.

The ARC comprises the following Directors and their attendances at the five (5) meetings held during FY 2018 are as follows:-

Name of The Committee Member	Attendance
Dato' Chan Choy Lin *(appointed wef. 25 June 2018)* *Chairperson* *Independent Non-Executive Director*	2/2
Datuk Kamaruddin Bin Taib *Member* *Independent Non-Executive Director*	5/5
Hossameldin Abdelhamid Mohamed Aboumoussa *Member* *Non-Independent Non-Executive Director*	5/5
Fong Seow Kee *(resigned wef. 31 July 2018)* *Former Chairman* *Senior Independent Non-Executive Director*	3/3

The Group Chief Financial Officer ("CFO") was invited to all ARC meetings to facilitate direct communication in relation to the Group's 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 the 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 or matters.

AUDIT AND RISK COMMITTEE REPORT

CONT'D

COMPOSITION AND MEETINGS (cont'd)

The ARC held two private meetings with the External Auditors in FY 2018 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 ("MFRS"). The ARC Chairperson also permitted the External Auditors to contact her at any time that they became aware of incidents or matters in the course of their audits or reviews that needed her attention or that of the ARC or Board.

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

TERMS OF REFERENCE ("TOR")

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

SUMMARY OF ACTIVITIES DURING FINANCIAL YEAR ENDED 31 DECEMBER 2018

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 MMLR and MCCG.

The main activities undertaken by the Committee during the year under review are summarised as follows:-

Financial Reporting:

a. Reviewed the audited financial statements of the Group and of the Company together with the External Auditors and Group CFO to ensure compliance of the financial statements with the provisions of the Companies Act 2016 and the applicable approved accounting standards as per the Malaysian Accounting Standards Board ("MASB") prior to recommending the same to the Board for approval; and
b. Reviewed the quarterly unaudited financial results of the Company and the Group 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 for approval and release to Bursa Malaysia.

External Audit:

a. Reviewed the performance, accessed the suitability and of the External Auditors' 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 Accountant and the Group Policy Statement on Auditor Independence by covering the calibre of the external audit firm; quality of processes and performance during the audit; skills, industrial knowledge as well as objectivity; and their communications with ARC;
b. Reviewed and discussed the External Auditors' audit planning memorandum covering the 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 cover the activities of the Group;
c. Reviewed and discussed with the External Auditors on the audit results, audit reports and financial statements of the Group;
d. Reviewed and discussed with the External Auditors 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 Policy Statement on Auditor Independence. During FY 2018, non-audit services had been rendered by the External Auditors for the Group amounting to RM146,655 for the review of Statement of Risk Management and Internal Control, due diligence on potential investments, advisory on accounting standards MFRS and briefing on tax standards; and
f. Recommended to the Board on the re-appointment of BDO PLT as External Auditors and their fees.

AUDIT AND RISK COMMITTEE REPORT
CONT'D

SUMMARY OF ACTIVITIES DURING FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

Risk Management and Internal Control:

a. Reviewed the minutes of meeting and the progress of Risk Management Committee ("RMC") in its on-going identification and monitoring of key risks and the controls and processes implemented in managing these risks;
b. Reviewed the key risks as reported by the RMC in respect of businesses and operations;
c. Reviewed the action plans by RMC to ensure significant internal controls are promptly implemented to mitigate the key risks identified;
d. Evaluated, together with Group CEO, Group CFO and Group CRO, 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;
e. Reviewed and revised the whistle blowing policy; and
f. Monitored the whistle blowing programme as part of the risk management structure and good corporate governance practice.

Internal Audit:

a. Reviewed and assessed the adequacy of resources and reporting structure of Group Internal Audit ("GIA") to ensure the audit plan is executed effectively and independently;
b. Reviewed the competency of GIA to ensure GIA are provided with adequate trainings and guidance to possess the required skill sets and knowledge;
c. Reviewed the annual internal audit plan to ensure adequacy of scope and coverage of the auditable areas i.e. high risk areas were audited on a regular basis;
d. Reviewed the status of internal audit plan on a quarterly basis;
e. Discussed the major internal audit findings, weaknesses and significant internal audit matters raised 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; and
f. Reviewed the status of audit findings in ensuring appropriate action plans are implemented timely by the Management, with no audit issues left unaddressed.

Recurrent Related Party Transaction:

a. Reviewed annually the 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.

Other activities:

a. Reviewed the Statement on Risk Management and Internal Control, Corporate Governance Overview Statement, and Audit and Risk Committee Report prior to the Board's approval for inclusion in the Annual Report;
b. Reviewed the Corporate Governance Report prior to the Board's approval for submission to Bursa Malaysia; and
c. Conducted a self-assessment to evaluate the Committee's overall effectiveness in discharging its responsibilities.

AUDIT AND RISK COMMITTEE REPORT
CONT'D

INTERNAL AUDIT FUNCTION

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

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

- 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 adopts a risk-based approach towards undertaking 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 for 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 summarised as follows:-

- Developed an annual internal audit plan;
- Collaborated with Group Legal and Compliance Department to continuously monitor the Group's compliance with the MCCG Guide, MMLR, the relevant rules and regulations;
- Reviewed the adequacy and effectiveness of internal controls pertaining to key business processes of the Group's subsidiaries;
- Undertook 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 for improvement in respect of operations and processes; and
- Attended RMC as an observer to provide the ARC with an independent assessment of the adequacy and reliability of the risk management processes and compliance with risk policies.

During the FY 2018, the GIA had conducted independent reviews on internal control and compliance for the following areas as per Internal Audit Plan approved by ARC:

- Risk Management;
- Operations Process;
- Corporate Sales Process; and
- Merchant and Physical Card Sales Management.

The results of all internal audit reviews together with the 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 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 Committee considers the results of audits undertaken and evaluates the adequacy of Management's responses to matters raised.

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

The total cost incurred by GIA in discharging its functions and responsibilities, in respect of the financial year was approximately RM260,000.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board recognises the importance of a sound framework of risk management and internal control for good corporate governance and 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 an established Term of Reference to assist in discharging of this responsibility.

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

The Board's risk management approach has continued to evolve in line with the Group's expanding activities. During the financial year, the Group's business has expanded from the acquisition of Paysys (M) Sdn Bhd, whom is principally involved in the credit card acquiring business, provision of terminals and payment solutions and is a key player in this sector in Malaysia. The Group also expanded its overseas markets to Cambodia by entering agreements to acquire Speed Pay PLC, whom is principally involved in the Cambodia e-payments space.

The Board is aware that the expansion into new areas of business and operating in different countries would involve new and different risk considerations. Whenever these events occur, the Board will, in addition to its normal risk management process, pay particular attention to the impact of Group's overall risk profile and sufficiency of existing internal controls in addressing the additional risks, if any. The Board has during FY 2018, continued to strengthen the Group's governance and risk management framework to identify, assess, mitigate, report and monitor the significant risks in an effective manner.

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

KEY INTERNAL CONTROL PROCESSES

The Group's 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 chaired by the Group CEO and 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 Group Internal Audit ("GIA") function carried out a review on the Group's operations policies and procedures.

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 reports independently to the ARC and is guided by a formalised Internal Audit Charter and the Institute of Internal Auditor's International Professional Practice Framework.

Acting as the third layer of defence in internal 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, and when appropriate relevant parties are invited to be present during such presentations.

The GIA is headed by Mr. Liow Tien Chin, a member of Certified Practising Accountant (CPA) Australia and Chartered Member of The Institute of Internal Auditors Malaysia, with more than 10 years of experience in the profession. GIA department is supported by a reasonable workforce whom possesses the relevant qualification and experience and has adequate resources to fulfil the internal audit plan for the next financial year.

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

5. **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 from each country. The responsibilities of RMC are as follow:-

   - 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; and
   - To be accountable and periodically report to the Board, through the ARC, for the design, implementing and monitoring of the risk management system.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
CONT'D

KEY INTERNAL CONTROL PROCESSES (cont'd)

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

a. **Risk Management Committee ("RMC")** (cont'd)

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

The RMC shall meet at least twice a year to conduct a formalised annual risk assessment and report 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 with the corresponding action plans taken to mitigate the risks.

b. **Risk Framework**

Risk Management activities are guided by the Group's Enterprise Risk Management Framework. The risk universe covers a span of activities to determine the risk profile inherent from the nature of business which would compromise the business objectives if addressed improperly.

c. **Risk Identification, Evaluation and Ranking**

The Management of each Business Unit, in establishing its business objectives, is required to identify and document all possible risks that can affect their achievement taking into consideration of the effectiveness of controls that are capable of mitigating such risks.

Country Managers or Heads of Departments are responsible to identify risks that may have impact in meeting their unit's business objectives. Risk identification process shall also take into consideration of the following:-

- Risk specific to the achievement of business objectives; and
- Risks that have the potential impact on the success and continuity of the business.

Thereafter, identified risks are evaluated as follow:-

- Probability or likelihood of occurrence;
- Significance of the risk; and
- Review and assess adequacy of risk management policies and framework in identifying, measuring, monitoring and controlling risks.

d. **Risk Reporting and Monitoring**

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

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

e. **Merchant Risk**

The Group Risk Department currently monitors merchants' 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
CONT'D

KEY INTERNAL CONTROL PROCESSES (cont'd)

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

e. **Merchant Risk** (cont'd)

During the year, the Group Risk Department terminated 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")**

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

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

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

c. **Personal Data Protection Policy**

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

7. **Human Capital**

a. **Performance Appraisal & Employee Trainings**

Annual appraisal system is 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
CONT'D

KEY INTERNAL CONTROL PROCESSES (cont'd)

7. **Human Capital** (cont'd)

    b. **Code of Ethics and Conduct**

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

    c. **Whistle Blowing Policy**

    The Group has implemented a Whistle Blowing Policy which was updated in 2018 to provide an avenue for employees and all stakeholders; to report any suspected acts that are in breach of the Group's Code of Ethics and Conduct, internal policy and applicable laws or regulations in a confidential manner.

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

    d. **Anti-Bribery and Corruption Policy**

    The Board has reviewed and updated the Policy on acts of bribery and corruption in 2018, 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.

9. **Legal and Compliance**

    The compliance with laws and regulations is managed at the respective business unit level and monitored by the Group Legal and Compliance Department. The Group's Legal and Compliance Department also provides legal advisory and assists in the preparation and review of any legal documentation.

BOARD ASSESSMENT

The Board is of the view that the Group's overall risk management and internal control system is adequate and effective in all material aspects. Both the Group CEO and Group CFO have given the same assurance to the Board. The Board however recognises that risk management is an evolving process in a changing business environment and is committed to continuously monitor the adequacy and effectiveness and, where appropriate, 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 Audit and Assurance Practice Guide 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report ("AAPG 3") issued by the Malaysian Institute of Accountant. AAPG 3 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. AAPG 3 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 27 March 2019.

OTHER STATEMENTS AND DISCLOSURE

1. MATERIAL CONTRACT

No material contract has been entered into by the Group which involved Directors' and/or substantial shareholders' interest during FY 2018 or if not then subsisting, entered into since the end of previous financial year.

2. AUDIT AND NON-AUDIT FEE

The amount of audit and non-audit fees incurred for services rendered by the Auditors of the Company, BDO PLT, to the Group and the Company respectively for the financial year ended 31 December 2018 were as follows:-

	Group 2018 RM	Company 2018 RM
Audit Fee	477,940	109,000
Non-Audit Fee*	146,655	136,655
Total	**624,595**	**245,655**

Note:

* *The non-audit fees from BDO PLT is in relation to review Statement of Risk Management and Internal Control, due diligence on potential investments, advisory on accounting standards MFRS and briefing on tax standards.*

3. DIRECTOR RESPONSIBILITY STATEMENT

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

The Directors consider that, in preparing the financial statements of GHL Systems Berhad for the financial year ended 31 December 2018, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. The Directors also consider that all applicable Financial Reporting Standards in Malaysia have been followed and confirmed that the financial statements have been prepared on a going concern basis.

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

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

SUSTAINABILITY STATEMENT

The Group embraces values of corporate responsibility and sustainability management in its business operations and activities. The GHL Values demonstrate the Group's commitment towards the need for transparent business practices that encompass ethical values and respect at its workplace, the marketplace, the community, and the environment.

In FY 2018, the Group formalised and released the Sustainability Statement, disclosing the Group's sustainability strategies which are in line with regulatory requirements and best practices. This year, the Group has made good progress in its sustainability initiatives and has monitored its performance across key Environmental, Economic, and Social ("EES") aspects. Moving forward, the Group will continue to enhance its business operations to add more value to the stakeholders, and to strengthen the disclosure of the Group's management and performance in sustainability matters, in order to assist stakeholders in better decision making.

SUSTAINABILITY STATEMENT SCOPE

The Sustainability Statement provides an overview of the Group's sustainability practices for financial year ended 31 December 2018, in the areas of compliance with corporate governance, providing a hazard free and harmonious working environment to all employees, upholding stakeholders' interests, and contributing to communities. This statement was prepared with reference to the Sustainability Reporting Guide and Toolkits issued by Bursa Malaysia Securities Berhad.

While initiatives on sustainability have long been embraced and practiced by the Group, the development of a formal framework and the implementation thereof began only in year 2017 with the Group's subsidiaries in Malaysia taking the fore. Subsidiaries located outside Malaysia will be rolling-out such initiatives in stages.

ROLES AND RESPONSIBILITIES OF SUSTAINABILITY GOVERNING BODIES

The Group's Board of Directors play an integral role in determining GHL Group's strategic direction and regard sustainability as a key component of the Group's business and operations. All departments are also encouraged to take initiative in promoting staff participation and engagement in the Group's corporate responsibility agenda.

Roles and responsibilities of relevant governing bodies within the Group are to ensure accountability, oversight, and reviewing of sustainability performance and disclosures are as follows:-

The Board

The Board holds ultimate accountability for the integration of sustainability in the Group's operations; including reviewing and monitoring the adaptation and implementation of the Group's overall sustainability strategies, taking into account the EES impacts arising from the business operations and strategic decisions. Monthly reviews of business performance, risk management, compliance, sustainability matters, and other areas are conducted by the Board.

Group Chief Executive Officer ("CEO")

The Group's CEO is responsible for the overall implementation and management of the Group's sustainability performance, including the process of identifying, implementing, and monitoring key activities related to managing sustainability matters across the Group's day-to-day operations.

Senior Management/Head of Departments ("HODs")

Senior Management and HODs assume direct oversight of the Group's sustainability practices, decision making, and performance by conducting meetings on a monthly basis to discuss key agendas that are imperative to the Group's sustainability objective.

SUSTAINABILITY STATEMENT
CONT'D

GHL SUSTAINABILITY PRINCIPLES

GHL Corporate Vision	To be clearly recognised as the leading ASEAN payment services provider. Delivering powerful solutions to deeply rooted local relationships.				
GHL 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.				
GHL Core Values	Customer is the Boss	Teamwork	"Boleh" Attitude	No Dishonesty	Addicted to Innovation
GHL Sustainability Principles	Compliance to Rules and Regulations	Customer Growth	Human Resource		
GHL Sustainability Approach	• Anti-Money Laundering Policy • Cyber Security • Anti-Bribery and Corruption Policy • Customer Data Privacy • Customer Due Diligence • Whistle Blowing Policy	• Customer Experience • Design and Marketing of Products and Services • Customer Empowerment Events	• Talent Attraction and Retention • Employee Training • Conducive and Inclusive Workplace • Employment Diversity		

IDENTIFICATION OF MATERIAL SUSTAINABILITY MATTERS

The Group is mindful of the constant need to engage with stakeholders on issues that impact the business, and understands that it is essential to always be aware of the needs and perceptions in order to achieve an optimal balance that benefit the business, communities, and stakeholders. The Group strives to engage stakeholders by listening, providing accurate information, and responding to stakeholders' interests in a prompt and consistent manner.

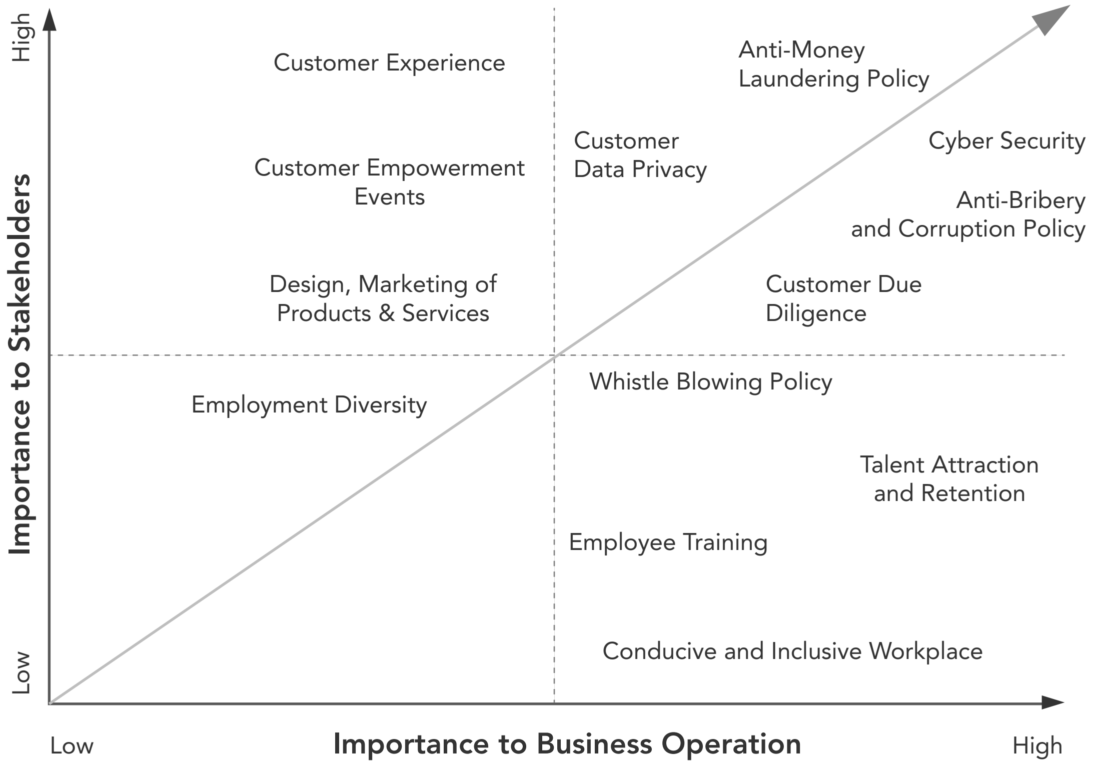
SUSTAINABILITY STATEMENT
CONT'D

IDENTIFICATION OF MATERIAL SUSTAINABILITY MATTERS (cont'd)

Stakeholder Group	Area Of Interest	Type of Engagements
Customers	• Product Knowledge • Product Quality • Service Satisfaction • Customer Appreciation • Customer Experience • Design, Marketing of Products and Services • Customer Empowerment Event	• Launch of new products into the market • Customer oriented solutions and customer care that are fast, simple, and responsive • Customer meetings, exhibitions, and roadshows • Training for merchants/customers on card fraud guidelines
Regulatory Bodies/ Government	• Regulatory Compliance • Cyber Security • Quarterly and Annual Reporting • Anti-Money Laundering • Customer Due Diligence • Card Scheme/BNM/TPA Banks Compliance	• Dialogues between Regulatory Bodies/ Government • Attended dialogues/seminars organised by Regulatory Bodies/Government • Participated in survey conducted by Regulatory Bodies/Government
Shareholders/ Investors	• Group Financial Performance • Business Direction • Key Corporate Developments • Corporate Governance • Proactive Investor Relation	• Annual General Meeting • Investor updates and briefings for fund analysts and investors • Annual reports • Corporate website • Announcements on Bursa Securities
Local Community/ Social Media/ Media	• Transparent services • Reaching out to communities	• Social Media • Corporate Website • Giving back to the community – Blood Donation Drive Campaign • Press Release
Employees	• Talent Attraction and Retention • Employee well-being and safety • Value diversity and equal opportunity	• Employee appreciation awards • Open communication • Management Trainee Programme • Events and functions • Whistle Blowing Policy • Skills development and training opportunities • Monthly management meetings

SUSTAINABILITY STATEMENT
CONT'D

GHL and its subsidiaries in Malaysia identified and prioritised material sustainability matters that influence the way it operates. It had identified 13 material issues during the year, under review, and prioritised the matters by rank according to the importance towards its stakeholders and business operations, based on the approval matrix for the year as shown below:-



COMPLIANCE TO RULES AND REGULATIONS

The Group is fully committed to maintaining the highest standards in corporate governance and makes every effort to be fully compliant with relevant rules and regulations, e.g. Companies Commission of Malaysia, Card Schemes rules and regulations, regulations issued by Bank Negara Malaysia, Bursa Malaysia, Anti-Money Laundering Acts, Data Protection Acts as well as other applicable compliance laws, regulations, and standards in all of the jurisdictions in which the Group operates. The Group implements a corporate-wide approach to monitor compliance and is regularly reviewed to reflect the latest best practices and new regulations, which are communicated to employees on a consistent basis.

Anti-Money Laundering Policy

To corroborate with the Government's and BNM's initiatives in preventing the use of financial system for illicit and money laundering activities, as well as the financing of terrorist activities, the Group has set up an extensive infrastructure and various processes to support such efforts.

Cyber Security

The Group is accessed annually by a qualified security accessor from the Payment Card Industry Security Standards Council ("PCISSC") to ensure the safe handling of cardholder information at every step, and is certified Payment Card Industry Data Security Standard ("PCIDSS") compliant.

SUSTAINABILITY STATEMENT
CONT'D

COMPLIANCE TO RULES AND REGULATIONS (cont'd)

Anti-Bribery and Corruption Policy

This Policy's principal objective is to safeguard the Group's reputation by countering conflicts of interest, bribery and corruption, and ensuring that business practices are conducted in an ethical and professional manner. All employees are to abide by the Policy and ensure that there is no offering, soliciting, or receiving of any gifts/bribery in any form, to or from current or potential customers, vendors, or merchants, either directly or indirectly, which may influence the employee's judgement in a decision-making process or put the employee in a position of conflict.

Customer Data Privacy

The Group takes customer data privacy seriously and ensures that it is protected at all times by maintaining a Privacy Policy in line with the Personal Data Protection Act (PDPA) 2010. Various measures have been put in place to safeguard all data from unauthorised access and security breaches.

The Group also acknowledges that as customers and employees information become more digitalised, the risk of cyber-attacks increase. As such, the Company is committed in maintaining high information technology security controls to ensure sustainability of its business operations and will continue to implement best practices embedded within the security standards.

Customer Due Diligence

Customer due diligence/Know-Your-Customer (KYC) are conducted by the Group's Risk Department for proper customer identification and risk assessments using reliable information and documentation. KYC allows a standardised approach to understand the customers/merchants during on-boarding and ongoing due diligence reviews. This ensures that the Group only deals with customers whose background information has been adequately verified and approved to eliminate probabilities of chargeback or fraud.

Whistle Blowing Policy

The Group operates an independent and unbiased Whistle Blowing Policy which encourages employees and any party to bring to the attention of the Board any concerns of integrity and misconduct. With the aim to develop an open culture, accountability and integrity, the Group's Whistle Blowing Policy offers protection and places significance on confidentiality, encouraging employees and third parties to speak up if serious concerns about misconduct and irregularity arise.

CUSTOMER GROWTH

By being a part of the fin-tech industry which is constantly evolving due to rapid technological developments, the Group is committed towards integrating sustainability practices in delivering products and services, as well as making strategic investment decisions to ensure constant customer growth.

The Group's value, "*Customer is the Boss*", promises to develop a deeper understanding of customers' needs through data analysis, increasing customer reach by using various channels to deliver a fast and seamless customer experience, providing tailor-made solutions that help customers in achieving their goals, and ensures protection of customers' information.

Customer Experience

The Group recognises that keeping customers satisfied is crucial in the Group's sustainability and the ability to continue offering innovative products and services, building the Group's reputation and to achieve becoming one of the top payment service providers. In promoting the GHL Value "*Customer is the Boss*", the Group makes every effort to create a positive customer experience by enhancing products and service deliveries; and meeting customers' preferences and needs by taking into consideration the interest of both parties in terms of fairness in all aspects.

Customer support and loyalty is critical to the success of the Group's business. Hence, engagement channels such as 24-hour customer service, online platforms (corporate website, social media, smartphone applications, and mobile messaging) and customer satisfaction surveys are provided to monitor customers' trust and confidence towards the Group.

SUSTAINABILITY STATEMENT
CONT'D

CUSTOMER GROWTH (cont'd)

Customer Experience (cont'd)

During the year, the Group focused on:-

- **Nationwide Field Service Support** – GHL Malaysia's current network of Field Service Engineers covers nationwide including East Malaysia, and has over 100 well-trained engineers to support all on-site needs throughout Malaysia. The Group is proud that it is able to meet the Service Level Agreement that is imposed by bank partners and large merchants.

- **24 x 7 Customer Care Support** – GHL Malaysia Customer Care serves over 210,000 payment acceptance footprints and has delivered a service level of 85% average speed of answer within 20 seconds, in which meets the demands of GHL's customers.

Design and Marketing of Products and Services

GHL believed that constant innovation plays a key role to sustain the business, in which GHL is in line with this core value - "*Addicted to Innovation*". There is no doubt that technology is the latest trend in the financial sector. New ideas and other businesses are beginning to enter an area that old fashioned financial institutions would not typically get into. With this, local merchants have the opportunity to proliferate the market through technology; hence, e-wallet and QR payment acceptance options are being accepted as the latest mode of payment method.

In 2018, GHL took the opportunity to launch several e-wallets and QR payment acceptance within Malaysia and other countries. These launches made a positive impact on GHL's business growth due to an all-in-one terminal being highly desirable in the ASEAN region.

Customer Empowerment Events

The Group believes in sharing knowledge and expertise in order to make a positive impact in the marketplace. In July 2018, GHL took part in the Malaysian International Retail Franchise Exhibition to promote the latest payment method, i.e. e-wallet payment acceptance. The exhibition was targeted at franchise businesses throughout the nation and was well received with participants eager to gain insights of the adoption of e-wallet as an alternative mode of payment in an increasingly fluid development in today's market.

GHL was also invited to be a guest speaker and a sponsor of the Global Payment Summit Asia 2018. At this event, GHL participated in a segment called "Track Session" in which GHL was able to share current and future plans of the Company, as well as latest updates on what the Company has been working on. GHL also took the opportunity of the "Track Session" to educate other businesses about GHL's presence in Malaysia and how it can help a business with its payment solutions.

HUMAN RESOURCE

The Group values employees as key assets for the sustainable success of its operations and acknowledges that having a quality working environment develops employees' efficiency, effectiveness, and quality of life. Human Resource ("HR") Policies and Procedures comply with relevant legislations to ensure that the Group embraces equality, diversity, and innovation.

Talent Attraction and Retention

The Group believes that employees' professional contribution plays a major role in influencing the performance of the business, and considers it vital in hiring the best employees, investing in their personal and professional growth. The Group also promotes these GHL Values - "*Teamwork*" and "*Boleh Attitude*" by empowering employees to deliver and take ownership of results. In the effort of promoting both values, the Group continuously motivates and develops the workforce by encouraging employees to seek self-improvement through training programmes which could offer opportunities for career development.

SUSTAINABILITY STATEMENT
CONT'D

HUMAN RESOURCE (cont'd)

Talent Attraction and Retention (cont'd)

Furthermore, the Group develops talent capabilities via Management Trainee Programme by providing management trainees with personal growth, relevant experience in the fin-tech industry, and leadership knowledge. To date, three (3) management trainees have participated and benefited through the programme.

Specific initiatives and customised development plans have also been put in place to support growth of high-potential staff within the Group. The HIPO (High Potential) Programme focuses on talent development and talent retention by identifying high potentials for key leadership positions to meet the Group's current and future requirements. Selected candidates will be assessed, monitored, and reviewed with proper guidance in which help accelerate candidates' readiness to assume more challenging and complex roles and responsibilities. To date, 29 high potential employees have participated and benefited through this programme.

Employee Training

Learning and development initiatives have been implemented at GHL to enhance capabilities ranging from enhancing knowledge on compliance, building technical, professional abilities to soft skills and leadership competencies. During the year, 117 employees have attended trainings, which involved 357 hours and at a cost of RM168,229.80.

Conducive and Inclusive Workplace

Employee engagement is one of the key elements of corporate cultural health. The Group conducts a group wide Employee Survey annually, which provides a platform for employees to project honest feedback. These feedbacks allow the Group to facilitate greater engagement and provide insights assisting workplace enhancement for better personal and professional development. Annual Employee Survey conducted during the year in Malaysia noted that 65% employees were satisfied, 26% employees were neutral, and 9% employees were not satisfied.

In an effort to improve employee satisfaction, the following are staff activities organised during the financial year, demonstrating the Group's efforts in creating a healthy and conducive workplace:-

- Town hall meetings;
- Employee performance appraisals;
- Bowling tournament;
- FIFA World Cup best dressed contest;
- Halloween dress up contest;
- Blood donation drive campaign;
- Annual Dinner 2018 – "Dress to Kill!" at The Diplomat;
- Team building – "Be Ready" at District 21, IOI Mall;
- International Women's Day Cupcake distribution; and
- Valentine's Day Surprise.

Employment Diversity

GHL welcomes diversity and the benefits that the differences between people can bring to the Group. GHL is inclusive and are mindful to encourage balanced participation of female employees. The Group strives to be an equal opportunity employer, supporting gender diversity, and equal gender participation in the workplace. The Group has a total of over 974 employees from different age groups and diverse backgrounds, with 64% youth (aged 35 and below) engagement in the workforce. Women account for more than 44% of its total workforce, with women leaders representing 41% of Middle to Senior Management. Key roles assumed in GHL are based on meritocracy.

GHL encourages women in its workforce through many avenues. Equal opportunities are given for promotion, upgrading, and training. Apart from equal opportunities, GHL has established a Young Mothers Room at Sri Damansara Headquarters specifically catered for nursing mothers.

MOVING FORWARD

Moving forward, in setting future sustainability focus areas for the Group, the Group plans to embark on internal exercises with oversea subsidiaries and identify key baseline strategy including readiness to report, data management, and working towards identifying a more structured governance process. The Group's vision, purpose, and strategy will be aligned with multiple areas that the value chain can impact. The Group hopes that this will allow in setting a clearer path for becoming a Group that has sustainability at its core operations, benefiting all stakeholders in the long run.

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 2018.

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 and the details of the subsidiaries are disclosed in Note 15 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	24,583,663	11,912,904
Profit attributable to:		
Owners of the parent	24,542,974	11,912,904
Non-controlling interests	40,689	-
	24,583,663	11,912,904

DIVIDENDS

No dividend has been proposed, declared or paid by the Company during the financial year. The Directors do not recommend the payment of any dividend in respect of the financial year ended 31 December 2018.

RESERVES AND PROVISIONS

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

DIRECTORS

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

GHL Systems Berhad

Loh Wee Hian	
Datuk Kamaruddin Bin Taib	
Ali Zaynalabidin Haeri Mazanderani	
Hossameldin Abdelhamid Mohamed Aboumoussa	
Dato' Chan Choy Lin	(appointed on 25 June 2018)
Matteo Stefanel	(appointed on 22 November 2018)
Fong Seow Kee	(resigned on 31 July 2018)

DIRECTORS' REPORT
CONT'D

DIRECTORS (cont'd)

The Directors of the Company who have held office since the date of the last report are (cont'd):

Subsidiaries of GHL Systems Berhad (excluding those who are already listed above)

Yap Chih Ming
Leong Kah Chern
Rey Maria R. Chumacera
Napaporn Wilakit
Mira Tania Hidayat
Indran A/L R.Candiah
Kim Ah Sit @ Kim Kok Hai
Leong Wye Tuck
Dato' Kantharao A/L Ramaiah

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 2018 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	Number of ordinary shares			
	Balance as at 1.1.2018	Bought	Sold	Balance as at 31.12.2018
Shares in the Company				
Direct interests:				
Loh Wee Hian	85,371,184	-	-	85,371,184
Indirect interests:				
Loh Wee Hian	45,776,491	-	-	45,776,491

	Number of ordinary shares of PHP100 each			
	Balance as at 1.1.2018	Bought	Sold	Balance as at 31.12.2018
Shares in a subsidiary, GHL Systems Philippines, Inc.				
Loh Wee Hian	1	-	-	1

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 and of its related corporations during the financial year.

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 remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than those as disclosed in Note 31 to the financial statements.

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued and fully paid-up ordinary share capital of the Company was increased from 659,444,992 to 737,984,933 by way of issuance of 78,539,941 new ordinary shares pursuant to the following:

(i) private placement of 65,000,000 new ordinary shares of RM1.30 each;

(ii) special issue of 13,414,941 new ordinary shares at RM1.19 (closing market price at date of issue: RM1.55) per ordinary share pertaining to the Share Subscription Agreement ("SSA") with Paysys Group Holdings Sdn. Bhd. and Rica Holdings (M) Sdn. Bhd. as part of consideration paid for the acquisition of Paysys (M) Sdn. Bhd. and related acquisition expenses and general working capital purposes; and

(iii) 125,000 options exercised under the ESS at an exercise price of RM1.08 per ordinary share.

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

The Company did not issue any debentures during financial year.

REPURCHASE OF OWN SHARES

At the Annual General Meeting held on 30 May 2018, 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 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);

DIRECTORS' REPORT
CONT'D

REPURCHASE OF OWN SHARES (cont'd)

(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.

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 737,984,933 (2017: 659,444,992) issued and fully paid ordinary shares as at 31 December 2018, 678,601 ordinary shares amounting to RM305,847 are held as treasury shares by the Company as at 31 December 2017.

During the financial year, the Company had completed the resale of treasury shares of 678,601 (2017: 737,300) units with prices ranging from RM1.60 to RM1.65 (2017: RM1.70 to RM1.73).

The number of outstanding ordinary shares in issue after deducting the treasury shares is 737,984,933 (2017: 658,766,391) as at 31 December 2018.

EXECUTIVES' SHARE SCHEME

The ESS of the Company came into effect on 30 August 2018. The ESS shall be in force for a period of five (5) years until 29 August 2023 ("the scheme period"). The main features of the ESS are as follows:

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

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

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

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

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

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

(b) The maximum number of options to be offered under the ESS based on the issued and paid-up ordinary share capital as at 31 December 2018, excluding treasury shares held, is 110,697,740 (2017: 98,814,959);

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

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

EXECUTIVES' SHARE SCHEME (cont'd)

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

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

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

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

		Number of options over ordinary shares						
			Movements during the financial year					
	Option price RM	Outstanding as at 1.1.2018	Granted	Retracted*	Exercised	Forfeited*	Outstanding as at 31.12.2018	Exercisable as at 31.12.2018
Date of offer								
6 April 2018								
- first tranche	0.14	-	1,290,000	-	(125,000)	(5,000)	1,160,000	1,160,000
- second tranche	0.20	-	3,870,000	(45,000)	-	-	3,825,000	-
- third tranche	0.25	-	7,740,000	(90,000)	-	-	7,650,000	-
		-	12,900,000	(135,000)	(125,000)	(5,000)	12,635,000	1,160,000

* Due to resignation.

DIRECTORS' REMUNERATION

The details of Directors' remuneration are disclosed in Note 8 to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Group and the Company effected Directors' liability insurance during the financial year to protect the Directors of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors. The amount of insurance premium paid by the Company for the financial year 2018 was RM32,250 (2017: RM32,500).

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

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

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

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

DIRECTORS' REPORT
CONT'D

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

(I) AS AT THE END OF THE FINANCIAL YEAR (cont'd)

(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 other than acquisition of new subsidiaries.

(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.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The details of significant events during the financial year are disclosed in Note 33 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

The details of significant events subsequent to the end of the reporting period are disclosed in Note 34 to the financial statements.

DIRECTORS' REPORT
CONT'D

AUDITORS

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

The details of auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 December 2018 are disclosed in Note 6 to the financial statements.

BDO PLT (LLP0018825-LCA & AF 0206) was registered on 2 January 2019 and with effect from that date, BDO (AF 0206), a conventional partnership was converted to a limited liability partnership.

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

Loh Wee Hian
Director

Dato' Chan Choy Lin
Director

Kuala Lumpur
27 March 2019

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 70 to 149 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

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

Loh Wee Hian
Director

Dato' Chan Choy Lin
Director

Kuala Lumpur
27 March 2019

STATUTORY DECLARATION

I, Yap Chih Ming (CA 22056), 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 70 to 149 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed at)
Kuala Lumpur this)
27 March 2019) **Yap Chih Ming**

Before me:

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS 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 2018 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 70 to 149.

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 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISA"). 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 most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

a) Assessment of impairment of the carrying amount of goodwill

As at 31 December 2018, the carrying amount of goodwill of the Group amounted to RM168,638,985 as disclosed in Note 14 to the financial statements.

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

Audit response

Our audit procedures included the following:

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

(ii) Verified the pre-tax discount rate by comparison to market data, and relevant risk factors;

(iii) Compared projected growth rates of each revenue segment, operating profit margins and terminal values to historical results as well as market and industry data; and

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GHL SYSTEMS BERHAD
CONT'D

Key Audit Matters (cont'd)

b) Assessment of the fair value of contingent consideration

On 26 June 2018, the Group acquired 100% of the shares in Paysys (M) Sdn. Bhd. for a consideration of RM90,904,209. As at 31 December 2018, the fair values of contingent consideration of the Group amounted to RM29,803,840 as disclosed in Note 28 to the financial statements.

We considered this to be a key audit matter because the determination of the fair value of contingent consideration requires significant judgement and estimates that are required to determine the value of consideration transferred and identification and measurement of fair values of the assets acquired and liabilities assumed, the future results and cash flows of the business, including forecast growth in future revenues and operating profit margins, as well as determining an appropriate discount factor.

Audit response

Our audit procedures included the following:

(i) Assessed the historical reliability of management's projections by comparing current period projections to actual results since acquisition date;

(ii) Verified the pre-tax discount rate by comparison to market data, and relevant risk factors;

(iii) Determined the expected payment by considering the possible scenarios of forecast revenue and profit after tax ("PAT"), amount to be paid under each scenario and the probability of each scenario;

(iv) Compared projected growth rates of each revenue segment, operating profit margins and terminal values to historical results as well as market and industry data; and

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

c) Assessment of impairment of trade receivables

Gross trade receivables of the Group and the Company as at 31 December 2018 were RM73,397,896 and RM4,625,679 as disclosed in Note 21 to the financial statements.

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

Audit response

Our audit procedures included the following:

(i) Recomputed the probability of default using historical data and forward looking information adjustment applied by the Group;

(ii) Recomputed the correlation coefficient between the macroeconomic indicators used by the Group and historical losses to determine the appropriateness of the forward-looking information used by the Group; and

(iii) Inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GHL SYSTEMS BERHAD
CONT'D

Key Audit Matters (cont'd)

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

As at 31 December 2018, the Company's carrying amounts of costs of investments of the subsidiaries amounted to RM88,182,870 as disclosed in Note 15 to the financial statements.

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

Audit response

Our audit procedures included the following:

(i) Challenge assessment of management that no further impairment losses on investments of the subsidiaries were required based on recoverable amounts of the subsidiaries;

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

(iii) Verified the pre-tax discount rate by comparison to market data, and relevant risk factors; and

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

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

Gross amounts owing by subsidiaries of the Company as at 31 December 2018 were RM70,740,872 as disclosed in Note 21 to the financial statements.

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

Audit response

Our audit procedures included the following:

(i) Assessed probability of default applied by the Company against external market source of data;

(ii) Assessed the appropriateness of the indicators of significant increase in credit risk applied by the management and the resultant basis for classification of exposure into respective stages; and

(iii) Challenged management on the basis for determining cash flows recoverable, where applicable.

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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GHL SYSTEMS BERHAD
CONT'D

Information Other than the Financial Statements and Auditors' Report Thereon (cont'd)

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF GHL SYSTEMS BERHAD
CONT'D

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 15 to the financial statements.

Other Matters

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

BDO PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

Lee Wee Hoong
03316/07/2019 J
Chartered Accountant

27 March 2019
Kuala Lumpur

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Group		Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
Revenue	5	299,067,216	253,681,218	13,533,183	21,148,952
Cost of sales		(172,191,527)	(147,955,137)	(2,012,923)	(8,527,381)
Gross profit		126,875,689	105,726,081	11,520,260	12,621,571
Other operating income		10,966,587	10,673,712	37,554,080	7,550,969
Administrative expenses		(80,603,012)	(56,073,420)	(13,168,589)	(11,037,284)
Distribution expenses		(8,596,693)	(21,393,543)	(1,022,867)	(584,453)
Other operating expenses		(12,440,005)	(11,626,082)	(22,744,204)	(7,934,716)
Finance costs		(1,914,258)	(1,915,226)	(45,389)	(118,529)
Share of (loss)/profit of joint ventures and associate, net of tax		(796,615)	18,253	-	-
Profit before tax	6	33,491,693	25,409,775	12,093,291	497,558
Tax expense	9	(8,908,030)	(4,905,157)	(180,387)	(677,118)
Profit/(Loss) for the financial year		24,583,663	20,504,618	11,912,904	(179,560)
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translations		2,470,283	(3,478,849)	-	-
Reclassification adjustment relating to a subsidiary disposed of during the year	15(f)	(6,553)	(3,165,518)	-	-
Total other comprehensive income/(loss), net of tax		2,463,730	(6,644,367)	-	-
Total comprehensive income/(loss)		27,047,393	13,860,251	11,912,904	(179,560)
Profit/(Loss) attributable to:					
Owners of the parent		24,542,974	20,451,147	11,912,904	(179,560)
Non-controlling interests		40,689	53,471	-	-
		24,583,663	20,504,618	11,912,904	(179,560)
Total comprehensive income/(loss) attributable to:					
Owners of the parent		27,006,704	13,806,780	11,912,904	(179,560)
Non-controlling interests		40,689	53,471	-	-
		27,047,393	13,860,251	11,912,904	(179,560)

Earnings per ordinary share attributable to equity holders of the Company (sen):

	Note	2018	2017
Basic	10	3.49	3.12
Diluted	10	3.47	3.12

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	Group 2018 RM	Group 2017 RM	Company 2018 RM	Company 2017 RM
ASSETS					
Non-current assets					
Property, plant and equipment	12	93,100,281	64,810,295	10,773,169	5,884,495
Intangible assets	13	1,697,229	1,929,163	187,937	181,448
Goodwill	14	168,638,985	105,629,787	-	-
Investments in subsidiaries	15	-	-	88,182,870	22,471,518
Investments in joint ventures and an associate	16	225,873	181,221	-	-
Available-for-sale investments	17	-	8,000,000	-	-
Deferred tax assets	19	2,101,163	1,499,727	-	-
		265,763,531	182,050,193	99,143,976	28,537,461
Current assets					
Inventories	20	79,087,753	63,524,478	558,968	617,519
Trade and other receivables	21	138,462,805	68,942,613	30,342,643	46,388,584
Current tax assets		8,660,037	4,720,001	247,905	-
Cash and bank balances	22	145,142,522	107,499,945	52,531,904	16,085,617
		371,353,117	244,687,037	83,681,420	63,091,720
TOTAL ASSETS		637,116,648	426,737,230	182,825,396	91,629,181
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	23	314,343,560	208,109,527	314,343,560	208,109,527
Treasury shares		-	(305,847)	-	(305,847)
Reserves	24	(454,207)	(3,919,382)	1,001,445	-
Retained earnings/(Accumulated losses)		92,335,697	70,311,094	(139,679,890)	(131,178,861)
		406,225,050	274,195,392	175,665,115	76,624,819
Non-controlling interests		169,765	129,076	-	-
TOTAL EQUITY		406,394,815	274,324,468	175,665,115	76,624,819

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018
CONT'D

		Group		Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
LIABILITIES					
Non-current liabilities					
Borrowings	25	16,823,293	17,232,382	160,458	229,981
Other payable	28	14,950,941	-	-	-
Deferred tax liabilities	19	4,156,491	2,270,995	54,779	136,020
		35,930,725	19,503,377	215,237	366,001
Current liabilities					
Borrowings	25	17,844,568	16,953,857	69,523	66,658
Deferred income	27	1,536,233	833,005	422,773	833,005
Trade and other payables	28	170,936,972	113,043,485	6,452,748	13,542,407
Current tax liabilities		4,473,335	2,079,038	-	196,291
		194,791,108	132,909,385	6,945,044	14,638,361
TOTAL LIABILITIES		230,721,833	152,412,762	7,160,281	15,004,362
TOTAL EQUITY AND LIABILITIES		637,116,648	426,737,230	182,825,396	91,629,181

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Group	Note	Share capital	Treasury shares	Share premium	Exchange translation reserve	Share options reserve	Retained earnings	Total attributable to owners of the parent	Non-controlling interests	Total equity
		Non-distributable					Distributable			
		RM	RM	RM	RM	RM	RM	RM	RM	RM
Balance as at 1 January 2017		130,944,998	(638,221)	72,824,729	2,724,985	162,236	53,126,484	259,145,211	75,605	259,220,816
Profit for the financial year		-	-	-	-	-	20,451,147	20,451,147	53,471	20,504,618
Foreign currency translations, net of tax		-	-	-	(3,478,849)	-	-	(3,478,849)	-	(3,478,849)
Reclassification adjustments relating to a subsidiary disposed off during the year	15(f)	-	-	-	(3,165,518)	-	-	(3,165,518)	-	(3,165,518)
Total comprehensive income		-	-	-	(6,644,367)	-	20,451,147	13,806,780	53,471	13,860,251
Transactions with owners:										
Dividends paid	11	-	-	-	-	-	(3,266,537)	(3,266,537)	-	(3,266,537)
Share options granted under ESS	23	-	-	-	-	18,962	-	18,962	-	18,962
Resale of treasury shares in open market	23	934,522	332,374	-	-	-	-	1,266,896	-	1,266,896
Ordinary shares issued pursuant to ESS	23	3,405,278	-	-	-	(181,198)	-	3,224,080	-	3,224,080
Total transactions with owners		4,339,800	332,374	-	-	(162,236)	(3,266,537)	1,243,401	-	1,243,401
Transfer pursuant to Companies Act 2016*		72,824,729	-	(72,824,729)	-	-	-	-	-	-
Balance as at 31 December 2017		208,109,527	(305,847)	-	(3,919,382)	-	70,311,094	274,195,392	129,076	274,324,468

* *Pursuant to the Companies Act 2016, the credit balance in the share premium account has been transferred to the share capital account.*

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
CONT'D

Group	Note	Share capital	Treasury shares	Exchange translation reserve	Share options reserve	Retained earnings	Total attributable to owners of the parent	Non-controlling interests	Total equity
		Non-distributable				Distributable			
		RM	RM	RM	RM	RM	RM	RM	RM
Balance as at 1 January 2018, as previously reported		208,109,527	(305,847)	(3,919,382)	-	70,311,094	274,195,392	129,076	274,324,468
Adjustments on initial application of MFRS 9	21(k)	-	-	-	-	(2,518,371)	(2,518,371)	-	(2,518,371)
Balance as at 1 January 2018, as restated		208,109,527	(305,847)	(3,919,382)	-	67,792,723	271,677,021	129,076	271,806,097
Profit for the financial year		-	-	-	-	24,542,974	24,542,974	40,689	24,583,663
Foreign currency translations, net of tax		-	-	2,470,283	-	-	2,470,283	-	2,470,283
Reclassification adjustments relating to a subsidiary disposed off during the year	15(f)	-	-	(6,553)	-	-	(6,553)	-	(6,553)
Total comprehensive income		-	-	2,463,730	-	24,542,974	27,006,704	40,689	27,047,393
Transactions with owners:									
Share options granted under ESS	23	-	-	-	1,019,645	-	1,019,645	-	1,019,645
ESS forfeited	23	-	-	-	(700)	-	(700)	-	(700)
Resale of treasury shares in open market	23	788,374	305,847	-	-	-	1,094,221	-	1,094,221
Ordinary shares issued pursuant to:									
- Private placement	23	84,500,000	-	-	-	-	84,500,000	-	84,500,000
- Acquisition of new subsidiaries	23	20,793,159	-	-	-	-	20,793,159	-	20,793,159
- ESS	23	152,500	-	-	(17,500)	-	135,000	-	135,000
Total transactions with owners		106,234,033	305,847	-	1,001,445	-	107,541,325	-	107,541,325
Balance as at 31 December 2018		314,343,560	-	(1,455,652)	1,001,445	92,335,697	406,225,050	169,765	406,394,815

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
CONT'D

Company	Note	Share capital RM	Treasury shares RM	Share premium RM	Share options reserves RM	Accumulated losses RM	Total equity RM
		Non-distributable					
Balance as at 1 January 2017		130,944,998	(638,221)	72,824,729	162,236	(127,732,764)	75,560,978
Loss for the financial year		-	-	-	-	(179,560)	(179,560)
Other comprehensive income, net of tax		-	-	-	-	-	-
Total comprehensive loss		-	-	-	-	(179,560)	(179,560)
Transactions with owners:							
Dividends paid	11	-	-	-	-	(3,266,537)	(3,266,537)
Share options granted under ESS	23	-	-	-	18,962	-	18,962
Resale of treasury shares in open market	23	934,522	332,374	-	-	-	1,266,896
Ordinary shares issued pursuant to ESS	23	3,405,278	-	-	(181,198)	-	3,224,080
Total transactions with owners		4,339,800	332,374	-	(162,236)	(3,266,537)	1,243,401
Transfer pursuant to Companies Act 2016*		72,824,729	-	(72,824,729)	-	-	-
Balance as at 31 December 2017		208,109,527	(305,847)	-	-	(131,178,861)	76,624,819

* *Pursuant to the Companies Act 2016, the credit balance in the share premium account has been transferred to the share capital account.*

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
CONT'D

Company	Note	Non-distributable Share capital RM	Non-distributable Treasury shares RM	Non-distributable Share options reserves RM	Accumulated losses RM	Total equity RM
Balance as at 1 January 2018, as previously reported		208,109,527	(305,847)	-	(131,178,861)	76,624,819
Adjustments on initial application of MFRS 9	21(k)	-	-	-	(20,413,933)	(20,413,933)
Balance as at 1 January 2018, as restated		208,109,527	(305,847)	-	(151,592,794)	56,210,886
Profit for the financial year		-	-	-	11,912,904	11,912,904
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	-	-	11,912,904	11,912,904
Transactions with owners:						
Share options granted under ESS	23	-	-	1,019,645	-	1,019,645
ESS forfeited	23	-	-	(700)	-	(700)
Resale of treasury shares in open market	23	788,374	305,847	-	-	1,094,221
Ordinary shares issued pursuant to:						
- Private placement	23	84,500,000	-	-	-	84,500,000
- Acquisition of new subsidiaries	23	20,793,159	-	-	-	20,793,159
- ESS	23	152,500	-	(17,500)	-	135,000
Total transactions with owners		106,234,033	305,847	1,001,445	-	107,541,325
Balance as at 31 December 2018		314,343,560	-	1,001,445	(139,679,890)	175,665,115

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Group		Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		33,491,693	25,409,775	12,093,291	497,558
Adjustments for:					
Amortisation of:					
- intangible assets	13	253,164	325,657	14,741	87,233
- deferred income	27	(3,883,808)	(1,855,282)	(3,146,508)	(918,492)
Bad debts written off		1,368,698	223,794	-	12,000
Depreciation of property, plant and equipment	12	22,699,930	20,382,340	701,462	604,665
Dividend income		-	-	(12,000,000)	(2,800,000)
Impairment losses on:					
- trade and other receivables	21(k)	2,859,682	1,410,478	18,666,631	831,254
- investments in subsidiaries	15	-	-	1,074,677	2,400,000
Fair value loss on other investment	18(c)	2,117,588	-	2,117,588	-
Fair value gain on contingent consideration	28(f)	(307,210)	-	-	-
Interest expense		1,716,778	1,710,205	45,389	118,529
Interest income		(2,678,902)	(899,936)	(1,245,402)	(124,944)
Inventories written off	20	23,494	122,759	23,494	-
Inventories written back	20	(21,310)	(19,357)	-	-
Loss/(Gain) on disposal of property, plant and equipment		157,844	(216,568)	(347)	(210,917)
(Gain)/Loss on de-registration of subsidiaries	15(f)	(52,122)	110,613	-	-
Gain on deemed disposal of a joint venture	16(c)	(841,267)	-	-	-
Unrealised (gain)/loss on foreign exchange, net		(485,468)	3,708,218	(505,318)	3,921,811
Property, plant and equipment written off	12	49,099	12,145	5	1,714
Reversal of impairment losses on:					
- property, plant and equipment	12(e)	(664,241)	-	-	-
- trade and other receivables	21(k)	(4,258,046)	(869,279)	(23,777,282)	(2,400,000)
Share options granted under ESS	7	1,018,945	18,962	375,097	18,962
Share of loss of an associate	16(h)	796,615	-	-	-
Share of profit of joint ventures	16(d)	-	(18,253)	-	-
Operating profit/(loss) before changes in working capital		53,361,156	49,556,271	(5,562,482)	2,039,373
(Increase)/Decrease in inventories		(22,969,682)	19,316,166	35,057	256,801
Increase in trade and other receivables		(62,108,904)	(22,989,601)	(1,663,689)	(221,953)
Increase/(Decrease) in trade and other payables		38,370,092	16,468,136	354,897	(1,128,742)
Advance receipts for deferred income	27	4,587,036	2,068,818	2,736,276	1,511,817
Cash generated from/(used in) operations		11,239,698	64,419,790	(4,099,941)	2,457,296

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
CONT'D

		Group		Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES (cont'd)					
Cash generated from/(used in) operations		11,239,698	64,419,790	(4,099,941)	2,457,296
Dividends received		-	-	12,000,000	2,800,000
Interest received		2,678,902	899,936	1,245,402	124,944
Interest paid		(1,716,778)	(1,710,205)	(45,389)	(118,529)
Tax paid		(9,756,984)	(7,339,821)	(705,824)	(565,023)
Tax refunded		25,577	101,961	-	60,932
Net cash from operating activities		2,470,415	56,371,661	8,394,248	4,759,620
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of:					
- property, plant and equipment	12(c)	(22,570,447)	(28,802,266)	(5,591,713)	(613,681)
- intangible assets	13	(21,230)	(27,991)	(21,230)	(27,991)
Acquisition of subsidiaries for cash, net of cash acquire	15(g)	(34,395,404)	-	-	-
Proceeds from disposal of property, plant and equipment		2,914,096	2,611,512	1,919	266,038
Acquisitions of:					
- additional interests in subsidiaries	15	-	-	(5,100,000)	(2,400,006)
- additional interests in joint ventures	16(b)	-	(49,000)	-	-
- additional interests in other investment	18	(2,117,588)	-	(2,117,588)	-
Placement in deposits pledged and maturity more than 3 months		(4,465,074)	(577,811)	-	-
Withdrawal of investment	17	8,000,000	-	-	-
Equity loan to a subsidiary	15	-	-	(61,042,181)	-
(Advances to)/Repayment from subsidiaries		-	-	(4,746,657)	4,731,824
Net cash (used in)/from investing activities		(52,655,647)	(26,845,556)	(78,617,450)	1,956,184

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018
CONT'D

		Group		Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Drawdown of:					
- bankers' acceptance		-	12,000,000	-	-
- term loans		79,857,470	4,000,000	-	-
- hire purchase		6,645,842	-	-	-
Dividends paid		-	(3,266,537)	-	(3,266,537)
Proceeds from issuance of ordinary shares pursuant to:					
- ESS exercised	23	135,000	3,224,080	135,000	3,224,080
- private placement	23	84,500,000	-	84,500,000	-
- new subsidiary	15(g)	-	-	20,793,159	-
Proceeds from resale of treasury shares in open market		1,094,221	1,266,896	1,094,221	1,266,896
Repayments of:					
- term loans		(73,276,255)	(5,937,135)	-	-
- Islamic facility		(2,000,000)	(12,000,000)	-	-
- hire purchase creditors		(2,235,512)	(1,785,624)	(66,658)	(155,730)
- bankers' acceptance		(12,000,000)	-	-	-
Net cash from/(used in) financing activities		82,720,766	(2,498,320)	106,455,722	1,068,709
Net increase in cash and cash equivalents		32,535,534	27,027,785	36,232,520	7,784,513
Effect of exchange rate changes on cash and cash equivalents		641,969	(3,969,505)	213,767	(609,294)
Cash and cash equivalents at beginning of financial year		99,945,382	76,887,102	16,085,617	8,910,398
Cash and cash equivalents at end of financial year	22	133,122,885	99,945,382	52,531,904	16,085,617

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018

1. CORPORATE INFORMATION

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

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

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

The consolidated financial statements for the financial year ended 31 December 2018 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 27 March 2019.

2. PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiaries are disclosed in Note 15 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the provisions of the Companies Act 2016 in Malaysia.

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

The Group and the Company applied MFRS 15 *Revenue from Contracts with Customers* and MFRS 9 *Financial Instruments* for the first time during the current financial year, using the cumulative effect method as at 1 January 2018. Consequently, the comparative information were not restated and are not comparable to the financial information of the current financial year.

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.

4. OPERATING SEGMENT

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

4. OPERATING SEGMENT (cont'd)

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

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

2018	Malaysia RM	Philippines RM	Thailand RM	Australia RM	Total RM
Segment profits	26,441,820	3,511,993	2,992,708	545,172	33,491,693
Included in the measure of segment profits are:					
Revenue from external customers					
- Shared services	55,913,114	20,972,191	25,255,706	-	102,141,011
- Solution services	9,213,011	2,458,764	1,698,791	1,156,212	14,526,778
- Transaction payment acquisition	163,410,785	10,585,147	8,403,495	-	182,399,427
	228,536,910	34,016,102	35,357,992	1,156,212	299,067,216
Inter-segment sales	30,743,470	-	-	-	30,743,470
Depreciation of property, plant and equipment	13,809,447	6,541,544	2,346,686	2,253	22,699,930
Amortisation of intangible assets	253,164	-	-	-	253,164
Loss on disposal of property, plant and equipment	157,844	-	-	-	157,844
Impairment losses on trade and other receivables	2,667,312	131,117	61,253	-	2,859,682
Bad debts written off	1,368,698	-	-	-	1,368,698
Reversal of impairment losses on:					
- trade and other receivables	4,053,083	-	204,963	-	4,258,046
- property, plant and equipment	664,241	-	-	-	664,241
Finance costs	1,501,415	347,051	65,792	-	1,914,258
Interest income	2,661,328	10,416	7,158	-	2,678,902
Tax expense	6,404,351	2,011,635	492,044	-	8,908,030
Share of loss of an associate	796,615	-	-	-	796,615
Unrealised (gain)/loss on foreign exchange, net	(489,773)	8,489	(4,184)	-	(485,468)
Segment assets	546,125,644	53,904,388	34,099,441	886,012	635,015,485
Deferred tax assets					2,101,163
Total assets					637,116,648
Additions to non-current assets:					
- property, plant and equipment	21,971,474	424,517	674,456	-	23,070,447
- intangible assets	21,230	-	-	-	21,230
Segment liabilities	190,978,501	17,644,271	17,857,957	84,613	226,565,342
Deferred tax liabilities					4,156,491
Total liabilities					230,721,833

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018
CONT'D

4. OPERATING SEGMENT (cont'd)

2017	Malaysia RM	Philippines RM	Thailand RM	Australia RM	Total RM
Segment profits	20,184,890	3,581,453	1,549,241	94,191	25,409,775
Included in the measure of segment profits are:					
Revenue from external customers					
- Shared services	30,894,802	18,989,501	5,785,114	-	55,669,417
- Solution services	8,039,111	3,096,235	3,612,496	936,790	15,684,632
- Transaction payment acquisition	172,047,327	6,962,776	3,317,066	-	182,327,169
	210,981,240	29,048,512	12,714,676	936,790	253,681,218
Inter-segment sales	33,998,260	-	(2,108)	1,316	33,997,468
Depreciation of property, plant and equipment	11,320,605	7,219,981	1,839,033	2,721	20,382,340
Amortisation of intangible assets	325,657	-	-	-	325,657
Gain on disposal of property, plant and equipment	216,447	-	121	-	216,568
Impairment losses on trade and other receivables	956,754	109,203	344,521	-	1,410,478
Bad debts written off	223,794	-	-	-	223,794
Reversal of impairment losses on:					
- trade and other receivables	869,279	-	-	-	869,279
Finance costs	1,550,669	364,557	-	-	1,915,226
Interest income	888,432	-	11,504	-	899,936
Tax expenses	3,683,626	1,162,043	35,193	24,295	4,905,157
Share of profit in joint ventures	18,253	-	-	-	18,253
Unrealised loss/(gain) on foreign exchange, net	4,125,976	(191,223)	(226,535)	-	3,708,218
Segment assets	361,721,985	43,157,637	19,273,856	1,084,025	425,237,503
Deferred tax assets					1,499,727
Total assets					426,737,230
Additions to non-current assets:					
- property, plant and equipment	16,174,931	10,983,877	1,993,458	-	29,152,266
- intangible assets	27,991	-	-	-	27,991
Segment liabilities	126,828,110	11,909,889	10,647,860	755,908	150,141,767
Deferred tax liabilities					2,270,995
Total liabilities					152,412,762

Major customers

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

5. REVENUE

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Revenue from contracts with customers:				
- Sales of value-added solutions	97,588,435	75,127,070	4,798,349	9,203,261
- Sales of goods	39,579,819	15,513,505	1,710,464	5,692,192
- Sales of prepaid air-time top-ups	98,371,188	114,714,496	-	-
	235,539,442	205,355,071	6,508,813	14,895,453
Income from leasing:				
- Rental of EDC equipment	63,527,774	48,326,147	113,237	104,243
Other revenue:				
- Management fees	-	-	6,911,133	6,149,256
	299,067,216	253,681,218	13,533,183	21,148,952

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers is disaggregated in the table below by primary geographical market, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the reportable segments of the Group.

31 December 2018	Malaysia RM	Philippines RM	Thailand RM	Australia RM	Total RM
Major product and service line					
Sales of value-added solutions	75,264,295	10,926,190	10,241,738	1,156,212	97,588,435
Sales of goods	18,956,794	2,534,756	18,088,269	-	39,579,819
Sales of prepaid air-time top-ups	98,371,188	-	-	-	98,371,188
Revenue from external customers	192,592,277	13,460,946	28,330,007	1,156,212	235,539,442
Timing of revenue recognition					
Transferred over time	11,573,222	1,102,705	144,695	-	12,820,622
Transferred at a point in time	181,019,055	12,358,241	28,185,312	1,156,212	222,718,820
Revenue from external customers	192,592,277	13,460,946	28,330,007	1,156,212	235,539,442

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

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31 DECEMBER 2018
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5. **REVENUE** (cont'd)

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

(a) Rental of EDC equipment

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.

(b) Sales of value-added solutions

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

There is no right of return and warranty provided to the customers on the services rendered.

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

Maintenance income is accounted for on a straight line basis over the services term of an ongoing services. The aggregate cost of incentives provided to the customer is recognised as reduction of maintenance income over the services term on a straight line basis.

(c) Sales of goods

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

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

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

(d) Sales of prepaid air-time top-ups

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

(e) Management fees

Management fee is recognised at a point in time when management services is rendered and acceptance by subsidiaries.

6. PROFIT BEFORE TAX

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
After charging:				
Auditors' remuneration				
- statutory audit	477,940	447,390	109,000	86,600
- non-audit services	146,655	5,400	136,655	5,400
Bad debts written off	1,368,698	223,794	-	12,000
Directors' fees paid and payable to the Directors of the Company	250,200	328,000	250,200	328,000
Directors' other emoluments paid and payable to the Directors of the Company	1,221,313	1,364,726	1,221,313	1,364,726
Interest expense on:				
- hire purchase creditors	199,306	36,429	10,621	12,329
- term loans	1,258,392	1,083,507	-	-
- bankers' acceptance	259,080	590,269	-	-
- bankers' acceptance charged by a subsidiary	-	-	34,768	106,200
Loss on foreign exchange:				
- realised	351,823	34,970	148,843	16,594
- unrealised	29,833	3,708,218	-	3,921,811
Loss on disposal of property, plant and equipment	157,844	-	-	-
Rental of premises	1,512,431	1,379,304	44,200	36,600
Rental of office equipment	7,493	-	-	-
And crediting:				
Dividend income from a subsidiary	-	-	12,000,000	2,800,000
Gain on disposal of property, plant and equipment	-	216,568	347	210,917
Gain on foreign exchange:				
- realised	195,670	2,095,921	-	1,994,138
- unrealised	515,301	-	505,318	-
Interest income from deposits with licensed banks	2,678,902	899,936	1,245,402	124,944

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31 DECEMBER 2018
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7. EMPLOYEE BENEFITS

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Salaries and bonuses	47,926,607	42,364,011	7,806,931	6,655,197
Contributions to defined contribution plan	5,004,629	4,321,094	873,782	730,433
Social security contributions	482,982	363,706	44,168	35,105
Share options granted under ESS	1,018,945	18,962	375,097	18,962
Other benefits	5,151,189	2,463,257	377,876	583,673
	59,584,352	49,531,030	9,477,854	8,023,370

Included in the employee benefits of the Group and of the Company are Executive Directors' remuneration of RM1,471,513 (2017: RM1,692,726).

8. DIRECTORS' REMUNERATION

	Group and Company	
	2018	2017
	RM	RM
Directors of the Company:		
Executive:		
Salaries, bonus and allowances	1,020,000	1,169,231
Defined contribution plan	122,400	140,308
Social security contributions	923	1,174
Non-Executive:		
Fees	250,200	328,000
Allowances	49,490	54,013
Bonus	28,500	-
Total	1,471,513	1,692,726

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group and from the Company amounted to RM7,200 (2017: RM65,746).

9. TAX EXPENSE

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Current tax expense based on profit for the financial year:				
Malaysia income tax	5,119,693	3,346,775	334,299	685,799
Foreign income tax	2,346,296	1,097,077	-	-
Under/(Over)-provision in prior years	139,671	200,831	(72,671)	(144,701)
	7,605,660	4,644,683	261,628	541,098
Deferred tax (Note 19):				
Relating to origination and reversal of temporary differences	(294,969)	181,901	(98,000)	57,447
Under-provision in prior years	1,597,339	78,573	16,759	78,573
	1,302,370	260,474	(81,241)	136,020
Tax expense for the financial year	8,908,030	4,905,157	180,387	677,118

(a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2017: 24%) of the estimated taxable profits for the fiscal year.

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

NOTES TO THE FINANCIAL STATEMENTS

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9. TAX EXPENSE (cont'd)

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

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Profit before tax	33,491,693	25,409,775	12,093,291	497,558
Tax at Malaysian statutory tax rate of 24% (2017: 24%)	8,038,006	6,098,346	2,902,390	119,414
Tax effects in respect of:				
Non-allowable expenses	5,559,489	4,103,203	5,871,718	2,392,892
Non-taxable income	(8,442,187)	(5,442,672)	(8,537,809)	(1,769,060)
Deferred tax assets not recognised	2,015,712	1,591,156	-	-
Utilisation of previously unrecognised deferred tax assets	-	(1,724,280)	-	-
	7,171,020	4,625,753	236,299	743,246
Under/(Over)-provision of income tax expense in prior years	139,671	200,831	(72,671)	(144,701)
Under-provision of deferred tax in prior years	1,597,339	78,573	16,759	78,573
Tax expense for the financial year	8,908,030	4,905,157	180,387	677,118

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

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Arising from utilisation of previously unrecognised deferred tax assets	-	1,724,280	-	-

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

	Group					
	2018			2017		
	Before tax	Tax effect	After tax	Before tax	Tax effect	After tax
	RM	RM	RM	RM	RM	RM
Foreign currency translations	2,470,283	-	2,470,283	(3,478,849)	-	(3,478,849)

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10. EARNINGS PER SHARE

(a) Basic

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

	Group	
	2018 RM	2017 RM
Profit for the financial year attributable to equity holders of the parent (RM)	24,542,974	20,451,147
Weighted average number of ordinary shares in issue	703,160,497	656,463,075
Basic earnings per ordinary share (sen)	3.49	3.12

(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	
	2018	2017
Profit for the financial year attributable to equity holders of the parent (RM)	24,542,974	20,451,147
Weighted average number of ordinary shares in issue applicable to basic earnings per ordinary share	703,160,497	656,463,075
Effect of dilution:		
- ESS	4,086,124	-
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share	707,246,621	656,463,075
Diluted earnings per ordinary share (sen)	3.47	3.12

11. DIVIDENDS

	Company			
	2018		2017	
	Dividend per share sen	Amount of dividend RM	Dividend per share sen	Amount of dividend RM
In respect of financial year ended 31 December 2016:				
Interim dividend paid on 20 February 2017	-	-	0.005	3,266,537

The Directors do not recommend any payment of final dividend in respect of the financial year ended 31 December 2018.

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12. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.1.2018 RM	Additions RM	Acquisition of subsidiaries (Note 15) RM	Transferred from inventories (Note 20) RM	Written off RM	Disposals RM	Depreciation charges for the financial year RM	Exchange differences RM	Balance as at 31.12.2018 RM
Carrying amount									
Long term leasehold land	1,428,029	-	-	-	-	-	(16,414)	-	1,411,615
Buildings	6,551,352	5,100,000	4,400,000	-	-	-	(223,063)	(117,786)	15,710,503
Computer equipment	3,296,942	3,258,518	121,330	-	(8,276)	(4,648)	(2,150,520)	(16,013)	4,497,333
EDC equipment	49,090,794	12,917,425	6,779,650	19,446,041	(40,818)	(2,382,086)	(18,714,531)	(553,652)	66,542,823
Computer software	1,539,107	358,521	-	-	-	-	(425,533)	(12,136)	1,459,959
Motor vehicles	667,551	1,068,101	94,498	-	-	(20,965)	(343,330)	(1,296)	1,464,559
Furniture, fittings and office equipment	1,452,615	246,433	244,184	-	(5)	-	(401,391)	(2,111)	1,539,725
Renovation	783,905	121,449	19,215	-	-	-	(425,148)	(25,657)	473,764
	64,810,295	23,070,447	11,658,877	19,446,041	(49,099)	(2,407,699)	(22,699,930)	(728,651)	93,100,281

	At 31.12.2018			
Group	Cost RM	Accumulated depreciation RM	Accumulated impairment losses RM	Carrying amount RM
Long term leasehold land	1,625,000	(213,385)	-	1,411,615
Buildings	16,886,226	(1,175,723)	-	15,710,503
Computer equipment	27,529,655	(23,032,322)	-	4,497,333
EDC equipment	173,164,656	(96,741,964)	(9,879,869)	66,542,823
Computer software	5,966,197	(4,156,673)	(349,565)	1,459,959
Motor vehicles	3,357,330	(1,892,771)	-	1,464,559
Furniture, fittings and office equipment	7,095,349	(5,555,624)	-	1,539,725
Renovation	3,380,239	(2,906,475)	-	473,764
Total	239,004,652	(135,674,937)	(10,229,434)	93,100,281

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

Group	Balance as at 1.1.2017	Additions	Transferred from inventories (Note 20)	Written off	Disposals	Depreciation charges for the financial year	Reclassification (Note 13)	Exchange differences	Balance as at 31.12.2017
	RM	RM	RM	RM	RM	RM	RM	RM	RM
Carrying amount									
Long term leasehold land	1,444,443	-	-	-	-	(16,414)	-	-	1,428,029
Buildings	7,156,496	-	-	-	-	(156,602)	-	(448,542)	6,551,352
Computer equipment	2,745,153	2,017,028	-	(15)	(18,981)	(1,826,810)	178,100	202,467	3,296,942
EDC equipment	43,107,556	25,825,016	549,980	-	(2,092,677)	(16,823,295)	-	(1,475,786)	49,090,794
Computer software	1,644,442	385,873	-	-	-	(450,558)	-	(40,650)	1,539,107
Motor vehicles	891,495	394,266	-	-	(282,969)	(330,880)	-	(4,361)	667,551
Furniture, fittings and office equipment	1,431,271	406,570	-	(9,267)	(317)	(382,522)	-	6,880	1,452,615
Renovation	1,147,010	123,513	-	(2,863)	-	(395,259)	-	(88,496)	783,905
	59,567,866	29,152,266	549,980	(12,145)	(2,394,944)	(20,382,340)	178,100	(1,848,488)	64,810,295

Group	At 31.12.2017 Cost	Accumulated depreciation	Accumulated impairment losses	Carrying amount
	RM	RM	RM	RM
Long term leasehold land	1,625,000	(196,971)	-	1,428,029
Buildings	7,378,953	(827,601)	-	6,551,352
Computer equipment	22,860,683	(19,563,741)	-	3,296,942
EDC equipment	125,870,528	(66,235,624)	(10,544,110)	49,090,794
Computer software	5,633,326	(3,752,293)	(341,926)	1,539,107
Motor vehicles	1,781,216	(1,113,665)	-	667,551
Furniture, fittings and office equipment	6,255,686	(4,803,071)	-	1,452,615
Renovation	2,861,923	(2,078,018)	-	783,905
Total	174,267,315	(98,570,984)	(10,886,036)	64,810,295

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

Company	Balance as at 1.1.2018 RM	Additions RM	Written off RM	Disposals RM	Depreciation charges for the financial year RM	Balance as at 31.12.2018 RM
Carrying amount						
Long term leasehold land	1,428,029	-	-	-	(16,414)	1,411,615
Buildings	2,669,016	5,100,000	-	-	(112,737)	7,656,279
Computer equipment	608,296	345,922	-	(1,572)	(339,739)	612,907
Computer software	503,358	12,084	-	-	(78,009)	437,433
Motor vehicles	328,556	-	-	-	(78,853)	249,703
Furniture, fittings and office equipment	347,174	124,507	(5)	-	(73,446)	398,230
Renovation	66	9,200	-	-	(2,264)	7,002
	5,884,495	5,591,713	(5)	(1,572)	(701,462)	10,773,169

	At 31.12.2018		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Long term leasehold land	1,625,000	(213,385)	1,411,615
Buildings	8,350,000	(693,721)	7,656,279
Computer equipment	5,127,831	(4,514,924)	612,907
Computer software	1,799,737	(1,362,304)	437,433
Motor vehicles	394,266	(144,563)	249,703
Furniture, fittings and office equipment	2,292,458	(1,894,228)	398,230
Renovation	702,608	(695,606)	7,002
Total	20,291,900	(9,518,731)	10,773,169

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

Company	Balance as at 1.1.2017 RM	Additions RM	Written off RM	Disposals RM	Depreciation charges for the financial year RM	Balance as at 31.12.2017 RM
Carrying amount						
Long term leasehold land	1,444,444	-	-	-	(16,415)	1,428,029
Buildings	2,739,253	-	-	-	(70,237)	2,669,016
Computer equipment	367,020	534,604	-	(7,333)	(285,995)	608,296
Computer software	581,615	3,655	-	-	(81,912)	503,358
Motor vehicles	59,265	394,266	-	(47,788)	(77,187)	328,556
Furniture, fittings and office equipment	388,766	31,156	(1,714)	-	(71,034)	347,174
Renovation	1,951	-	-	-	(1,885)	66
	5,582,314	963,681	(1,714)	(55,121)	(604,665)	5,884,495

	At 31.12.2017		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Long term leasehold land	1,625,000	(196,971)	1,428,029
Buildings	3,250,000	(580,984)	2,669,016
Computer equipment	4,867,159	(4,258,863)	608,296
Computer software	1,787,655	(1,284,297)	503,358
Motor vehicles	394,266	(65,710)	328,556
Furniture, fittings and office equipment	2,189,665	(1,842,491)	347,174
Renovation	693,407	(693,341)	66
Total	14,807,152	(8,922,657)	5,884,495

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

(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

(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	
	2018 RM	2017 RM	2018 RM	2017 RM
Motor vehicles	1,323,999	667,549	249,703	328,556
EDC equipment	24,906,155	4,248,417	-	-
	26,230,154	4,915,966	249,703	328,556

Details of the hire purchase arrangements are disclosed in Note 26 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	
	2018 RM	2017 RM	2018 RM	2017 RM
Purchases of property, plant and equipment	23,070,447	29,152,266	5,591,713	963,681
Financed by hire purchase arrangements (Note 25)	(500,000)	(350,000)	-	(350,000)
Cash payments on purchases of property, plant and equipment	22,570,447	28,802,266	5,591,713	613,681

(d) As at the end of the reporting period, long term leasehold land and buildings with the carrying amount of RM9,732,950 (2017: RM6,613,700) have been charged to a bank for credit facilities to the Group as disclosed in Note 25 to the financial statements.

(e) During the financial year, the Group reversed impairment losses of EDC equipment amounting to RM664,241 to the profit or loss subsequent to the disposal of these EDC equipment.

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13. INTANGIBLE ASSETS

Group	Balance as at 1.1.2018 RM	Additions RM	Amortisation charge for the financial year RM	Balance as at 31.12.2018 RM
Carrying amount				
Completed development costs	1,836,176	-	(253,164)	1,583,012
Development-in-progress	92,987	21,230	-	114,217
	1,929,163	21,230	(253,164)	1,697,229

	As at 31.12.2018		
Group	Cost RM	Accumulated amortisation RM	Carrying amount RM
Completed development costs	15,431,643	(13,848,631)	1,583,012
Development-in-progress	114,217	-	114,217
	15,545,860	(13,848,631)	1,697,229

Group	Balance as at 1.1.2017 RM	Additions RM	Amortisation charge for the financial year RM	Reclassification (Note 12) RM	Balance as at 31.12.2017 RM
Carrying amount					
Completed development costs	2,339,933	-	(325,657)	(178,100)	1,836,176
Development-in-progress	64,996	27,991	-	-	92,987
	2,404,929	27,991	(325,657)	(178,100)	1,929,163

	As at 31.12.2017		
Group	Cost RM	Accumulated amortisation RM	Carrying amount RM
Completed development costs	15,431,643	(13,595,467)	1,836,176
Development-in-progress	92,987	-	92,987
	15,524,630	(13,595,467)	1,929,163

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13. INTANGIBLE ASSETS (cont'd)

Company	Balance as at 1.1.2018	Additions	Amortisation charge for the financial year	Balance as at 31.12.2018
	RM	RM	RM	RM
Carrying amount				
Completed development costs	88,461	-	(14,741)	73,720
Development-in-progress	92,987	21,230	-	114,217
	181,448	21,230	(14,741)	187,937

Company	As at 31.12.2018 Cost	Accumulated amortisation	Carrying amount
	RM	RM	RM
Completed development costs	13,047,410	(12,973,690)	73,720
Development-in-progress	114,217	-	114,217
	13,161,627	(12,973,690)	187,937

Company	Balance as at 1.1.2017	Additions	Amortisation charge for the financial year	Balance as at 31.12.2017
	RM	RM	RM	RM
Carrying amount				
Completed development costs	175,694	-	(87,233)	88,461
Development-in-progress	64,996	27,991	-	92,987
	240,690	27,991	(87,233)	181,448

Company	As at 31.12.2017 Cost	Accumulated amortisation	Carrying amount
	RM	RM	RM
Completed development costs	13,047,410	(12,958,949)	88,461
Development-in-progress	92,987	-	92,987
	13,140,397	(12,958,949)	181,448

13. INTANGIBLE ASSETS (cont'd)

(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 ten (10) years. Intangible assets that have an indefinite useful life are tested annually for impairment or more frequently if events or changes in circumstances indicate that the intangible asset might be impaired.

(b) Included in the additions of intangible assets of the Group and of the Company are employee benefits capitalised amounting to RM21,230 (2017: RM27,991) and RM21,230 (2017: RM27,991) respectively.

14. GOODWILL

Group	Balance as at 1.1.2018 RM	Acquisitions of subsidiaries (Note 15) RM	Balance as at 31.12.2018 RM
Carrying amount			
Goodwill	105,629,787	63,009,198	168,638,985

	As at 31.12.2018		
Group	Cost RM	Accumulated impairment RM	Carrying amount RM
Goodwill	171,607,014	(2,968,029)	168,638,985

Group	Balance as at 1.1.2017/ 31.12.2017 RM
Carrying amount	
Goodwill	105,629,787

	As at 31.12.2017		
Group	Cost RM	Accumulated impairment RM	Carrying amount RM
Goodwill	108,597,816	(2,968,029)	105,629,787

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

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.

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14. GOODWILL (cont'd)

(b) Allocation of goodwill

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

	Group	
	2018	**2017**
	RM	**RM**
e-pay group of companies #	105,629,787	105,629,787
Paysys group of companies ^	63,009,198	-
	168,638,985	105,629,787

e-pay group of companies represents all subsidiaries of e-pay (M) Sdn. Bhd..

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

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

(c) Key assumptions used in value-in-use calculations

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

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

(i) Growth rate

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

	2018	**2017**
	%	**%**
Growth rates		
e-pay group of companies	3	3
Paysys group of companies	2	-

(ii) Pre-tax discount rate

Discount rates reflect the current market assessment of the risks specific to the Group. Discount rate of 9.4% (2017: 11.8%) 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.

14. GOODWILL (cont'd)

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

(iii) Terminal value

Terminal growth rate are in the range of 3% to 5% (2017: 3.0%).

	2018 %	2017 %
Terminal growth rates		
e-pay group of companies	3	3
Paysys group of companies	5	-

Based on the annual impairment testing undertaken by the Group, no impairment loss is required for the carrying amount of the remaining goodwill assessed as at 31 December 2018 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.

15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2018 RM	2017 RM
Unquoted shares, at cost	40,416,124	35,316,124
Equity contributions in subsidiaries in respect of ESS	2,462,813	1,818,965
Advances to a subsidiary	61,042,181	-
	103,921,118	37,135,089
Less: Accumulated impairment losses	(15,738,248)	(14,663,571)
	88,182,870	22,471,518

(a) Investments in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less impairment losses, if any.

(b) All components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

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 2017 and 31 December 2018.

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

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15. INVESTMENTS IN SUBSIDIARIES (cont'd)

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

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

Name of company	Country of incorporation	Effective interest in equity 2018 %	2017 %	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 EFTPOS Sdn. Bhd. #	Malaysia	100.00	100.00	Sales and rental of EDC equipment and its related software and services, inclusive of installation, training and maintenance.
GHL CardPay Sdn. Bhd. #	Malaysia	100.00	100.00	Issue and/or acquire all credit card, debit card, prepaid card, loyalty card and electronic cash transactions carried out by the card holders at acquired merchants on behalf of the card issuer and for that purpose to provide the necessary facilities and infrastructure that facilitates the transactions electronically and sale and rental of hardware and its related services, inclusive of installations, training and maintenance.
GHL Payments Sdn. Bhd. #	Malaysia	100.00	100.00	Sales and rental of EDC equipment and its related software and services, inclusive of installation, training and maintenance.
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	Develop and sale of Net.Point software solution; software programmes and other related products and services.

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15. INVESTMENTS IN SUBSIDIARIES (cont'd)

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

Name of company	Country of incorporation	Effective interest in equity 2018 %	2017 %	Principal activities
GHL Loyalty Sdn. Bhd. #	Malaysia	100.00	100.00	Dormant.
GHL BPO1 Sdn. Bhd. #	Malaysia	100.00	100.00	Provides card-related outsourcing services for all business processes, sub-processes, transactions, activities and all other card related works performed by business in various industries.
GHL ePayments Sdn. Bhd. #	Malaysia	100.00	100.00	Provides electronic payment services and online and mobile merchant acquisition as well as other related activities.
GHL Payment Services Sdn. Bhd. #	Malaysia	100.00	100.00	Dormant.
e-pay (M) Sdn. Bhd. #	Malaysia	100.00	100.00	Sales and solution provision of vouchers bearing prepaid airtime personal identification numbers (PINS) and on-line top-ups for various prepaid services in Malaysia and investment holding.
PT. Spotpay Indonesia ^	Indonesia	-	1.00	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

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15. INVESTMENTS IN SUBSIDIARIES (cont'd)

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

Name of company	Country of incorporation	Effective interest in equity 2018 %	2017 %	Principal activities
Subsidiaries of GHL Asia Pacific Limited (cont'd)				
GHL (Thailand) Co., Ltd. #	Thailand	97.74	97.74	Sales, maintenance, installation and rental of card and non-card based payment processing systems and services, and relevant infrastructure including hardware and software for all kinds of payment solution systems.
PT. Spotpay Indonesia ^	Indonesia	-	99.00^	Dormant.
GHL Myanmar Limited Ω	Myanmar	100.00	-	Dormant.
Subsidiaries of GHL ePayments Sdn. Bhd.				
GHL ePayments Co. Ltd. #	Thailand	99.99	99.99	Sales, maintenance, installation, and rental of card and non-card based payment processing systems including hardware and software for all kinds of payment solution systems.
GHL ePayments Philippines, Inc.	Philippines	-	99.99	Dormant.
GHL ePayments Pte. Ltd.	Singapore	100.00	100.00	Dormant.
Subsidiaries of EPY Capital Holdings Limited				
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	Dormant.
Subsidiaries of Mobiepay Sdn. Bhd.				
Pay Here Sdn. Bhd. #	Malaysia	100.00	100.00	Engaged in the business of developing and selling software.

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31 DECEMBER 2018
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15. INVESTMENTS IN SUBSIDIARIES (cont'd)

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

Name of company	Country of incorporation	Effective interest in equity 2018 %	2017 %	Principal activities
Subsidiaries of Mobiepay Sdn. Bhd. (cont'd)				
PT Pembayaran Elektronik Indonesia	Indonesia	100.00	100.00	Engaged in the business of developing and selling software.
Digital Salute Sdn. Bhd. #	Malaysia	100.00	-	Engaged in the business of providing self-service payment kiosk for reload and top up.
Subsidiary of GHL Systems Philippines, Inc.				
Pinoytek Solusyon, Inc. @	Philippines	40.00	40.00	Dormant.
Subsidiary of GHL (Thailand) Co., Ltd.				
Conscious Object Development Co. Ltd.	Thailand	97.74	97.74	Dormant.
Subsidiary of S Capital Sdn. Bhd.				
Paysys (M) Sdn. Bhd. #	Malaysia	100	-	Engaged in business as dealers in credit card transactions, terminals and solutions.
Subsidiary of Paysys (M) Sdn. Bhd.				
Paysys Communications Sdn. Bhd. #	Malaysia	100	-	Engaged in developing payment solution together with relevant hardware require for a complete solution.
Paysys Technology Sdn. Bhd. #	Malaysia	100	-	Engaged in developing payment solution together with relevant hardware require for a complete solution.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018
CONT'D

15. INVESTMENTS IN SUBSIDIARIES (cont'd)

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

\# *Subsidiaries audited by BDO PLT Malaysia or BDO PLT member firms.*

^ *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 21.20% interest in equity of e-pay Indo held by a wholly-owned subsidiary of the Company, EPY Capital Holdings Limited and 78.80% interest in equity of e-pay Indo held by an indirect subsidiary of the Company, e-pay (M) Sdn. Bhd..*

Ω *Subsidiary incorporated during the financial year.*

(f) De-registration of subsidiaries

On 29 January 2018, a 99% owned subsidiary of GHL ePayments Sdn. Bhd., GHL ePayments Philippines, Inc. had been de-registered from the The Philippines Business Registry.

During the financial year, a 49.50% owned subsidiary of e-pay (M) Sdn. Bhd., e-pay Thailand Co. Limited had been de-registered from the registrar of Thailand.

(i) Effects of the de-registration of e-pay Thailand Co. Limited are as follows:

	2018 RM
Carrying amount of shares at the date of disposal	-
Less: Realisation of post-acquisition reserves	
- Accumulated losses	(17,570)
- Exchange translation reserve reclassified to profit or loss	(6,997)
Gain on de-registration of a subsidiary	(24,567)

During the financial year, a 1% owned subsidiary of the Company and 99% owned subsidiary of GHL Asia Pacific Limited., PT. Spotpay Indonesia had been de-registered from the registrar of Indonesia.

15. INVESTMENTS IN SUBSIDIARIES (cont'd)

(f) De-registration of subsidiaries (cont'd)

(ii) Effects of the de-registration of PT. Spotpay Indonesia are as follows:

	2018 RM
Carrying amount of shares at the date of disposal	-
Less: Realisation of post-acquisition reserves	
- Accumulated losses	(27,999)
- Exchange translation reserve reclassified to profit or loss	444
Gain on de-registration of a subsidiary	(27,555)

In previous financial year, a wholly-owned subsidiary of the Company, e-pay Asia Pty. Ltd., had been de-registered from the Australian Securities and Investments Commission.

(iii) Effects of the de-registration of e-pay Asia Pty. Ltd. are as follows:

	2017 RM
Carrying amount of shares at the date of disposal	42,862,857
Less: Realisation of post-acquisition reserves	
- Accumulated losses	(39,586,726)
- Exchange translation reserve reclassified to profit or loss	(3,165,518)
Loss on de-registration of a subsidiary	110,613

(g) Acquisition of Paysys (M) Sdn. Bhd. during the financial year ended 31 December 2018

On 5 May 2018, the Company announced to Bursa Malaysia Securities Berhad ("Bursa Securities") that S Capital Sdn. Bhd., a wholly-owned subsidiary of the Company had on same date, entered into a conditional Share Sale Agreement ("SSA") with Paysys Group Holdings Sdn. Bhd. ("PGHSB") and Rica Holdings (M) Sdn. Bhd. ("RHMSB") (collectively referred to as the "Sellers"), to acquire 100% of the equity interest held by the Sellers in Paysys (M) Sdn. Bhd. ("PMSB") ("Sale Shares") for a total purchase consideration of up to RM80,000,000 ("Purchase Consideration").

On 15 May 2018, the Company announced that Bursa Securities had granted its approval on the listing of up to 33,537,353 new ordinary shares in GHL to be issued pursuant to the Proposed Acquisition.

On 26 June 2018, the Company announced that in accordance with the terms and conditions of the SSA, the Company had paid the Cash Consideration of RM40,000,000 to the Sellers and issued the 13,414,941 Tranche 1 GHL Consideration Shares to be placed in escrow accounts managed by the Escrow Agent. Accordingly, the Proposed Acquisition is completed and PMSB became an indirect wholly-owned subsidiary of the Company.

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15. INVESTMENTS IN SUBSIDIARIES (cont'd)

(g) Acquisition of Paysys (M) Sdn. Bhd. during the financial year ended 31 December 2018 (cont'd)

The fair values of the identifiable assets and liabilities acquired and the effects on cash flows arising from the acquisitions were as follows:

	Note	At date of acquisition RM
Property, plant and equipment	12	11,658,877
Inventories		12,107,045
Trade and other receivables		9,859,561
Cash and bank balances		5,604,596
		39,230,079
Trade and other payables		(8,448,098)
Borrowings	25	(2,882,522)
Deferred tax liabilities	19	(4,448)
Total identifiable net assets		27,895,011
Goodwill arising from acquisition	14	63,009,198
		90,904,209

The consideration transferred for the acquisition of PMSB are as follows:

		RM
Cash consideration		40,000,000
Equity instruments issued (13,414,941 ordinary shares of the Company)	(i)	20,793,159
Payment on acquisition date		60,793,159
Contingent consideration arrangement	(ii)	30,111,050
		90,904,209

(i) The fair value of the 13,414,941 ordinary shares issued as part of the consideration paid for PMSB was determined on the basis of the closing price, RM1.55 of the Company's ordinary shares on the acquisition date.

(ii) The contingent consideration arrangement requires the Company to pay the Sellers of:

a) 10,061,206 if PMSB achieves a profit target of RM6,500,000 for the financial year ended 31 December 2018 – Tranche 2.

b) 10,061,206 if PMSB achieves a profit target of RM8,500,000 for the financial year ended 31 December 2019 – Tranche 3.

15. INVESTMENTS IN SUBSIDIARIES (cont'd)

(g) Acquisition of Paysys (M) Sdn. Bhd. during the financial year ended 31 December 2018 (cont'd)

(ii) The contingent consideration arrangement requires the Company to pay the Sellers of (cont'd):

The potential undiscounted amount of all future payments that the Company could be required to make under the contingent consideration arrangement is between RM nil to RM33,363,043.

The fair value of the contingent consideration arrangement of RM30,111,050 was estimated by applying the income approach. The fair value estimates are based on assumed discount rate of 10.8% and assumed that PMSB will achieved its profit target for both financial years.

(iii) If the acquisition occurred on 1 January 2018, the revenue and profit after tax of the Group for the financial year ended 31 December 2018 would have been RM324,273,963 and RM27,500,339 respectively.

The effects of the acquisition on cash flows:

	RM
Total consideration for equity interest acquired	90,904,209
Less: Equity instruments issued - Tranche 1	(20,793,159)
Less: Contingent consideration - Tranche 2 and Tranche 3	(30,111,050)
Cash consideration	40,000,000
Less: Cash and cash equivalents of subsidiary acquired	(5,604,596)
Net cash inflow of the Group on acquisition	34,395,404

(h) During the financial year, the Group recognised share options granted under shares options scheme of RM1,018,945 (2017: RM18,962) in profit or loss, out of which an amount of RM643,848 (2017: Nil) in the financial year are in respect of employees of subsidiaries. At Company level, the amount of RM643,848 (2017: Nil) in the financial year are recorded as an increase in investments in subsidiaries with a corresponding credit to equity as disclosed in Note 23 to the financial statements.

(i) During the financial year, the Company had granted and subsequently capitalised the amount owing by a subsidiary, S Capital Sdn. Bhd. amounting RM61,042,181 into equity loan.

(j) During the financial year, the Company subscribed for additional 100,000 (2017: 2,400,000) ordinary shares in GHL Payments Sdn. Bhd. ("GHLP") for a consideration of RM100,000 (2017: RM2,400,000).

(k) During the financial year, the Company subscribed for additional 5,000,000 ordinary shares in GHL ePayments Sdn. Bhd. ("GHLE") for a consideration of RM5,000,000.

(l) During the financial year, impairment loss on investments in subsidiaries amounting to RM111,971 (2017: RM2,400,000) relating to a subsidiary, GHLP, was recognised due to its poor financial performance and financial position.

(m) During the financial year, impairment loss on investments in subsidiaries amounting to RM864,643 relating to a subsidiary, GHL Cardpay Sdn. Bhd. ("GHLC"), was recognised due to its poor financial performance and financial position.

(n) During the financial year, impairment loss on investments in subsidiaries amounting to RM98,063 relating to a subsidiary, GHL Systems Australia Pty. Ltd. ("GHLSA"), was recognised due to its poor financial performance and financial position.

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15. INVESTMENTS IN SUBSIDIARIES (cont'd)

(o) During the financial year, GHL Asia Pacific Limited ("GHLAP") had subscribed for 100 ordinary shares in GHL Myanmar Limited ("GHLM"), a company incorporated in Myanmar for a consideration of RM417. GHLM became a wholly owned indirect subsidiary of the Company.

16. INVESTMENTS IN JOINT VENTURES AND AN ASSOCIATE

	Group 2018 RM	Group 2017 RM
Joint ventures		
Unquoted equity shares, at cost	1,581,442	2,213,542
Share of post-acquisition reserves	(1,145,648)	(1,198,827)
Foreign exchange reserve	(46,900)	(46,900)
Accumulated impairment losses	(388,894)	(786,594)
	-	181,221
Associate		
Unquoted equity shares, at cost	632,100	-
Share of post-acquisition reserves	(8,527)	-
Accumulated impairment losses	(397,700)	-
	225,873	-
	225,873	181,221

Investments in joint ventures and an associate 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 2018 %	Effective interest in equity 2017 %	Principal activities
MRuncit Commerce Sdn. Bhd.#	Malaysia	-	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 PLT 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.

16. INVESTMENTS IN JOINT VENTURES AND AN ASSOCIATE (cont'd)

(b) In the previous financial year, the Group acquired an additional of 49,000 ordinary shares in MRuncit Commerce Sdn. Bhd. ("Mruncit") for total cash consideration of RM49,000. On 4 January 2018, Mruncit has increased its issued and paid-up share capital from RM1,290,000 to RM4,090,000 by way of allotment and issuance of 700,000 new ordinary shares for a cash consideration of RM2,800,000 for working capital purpose. As a result of the allotment, the equity interest of the Group in Mruncit is diluted from 49% to 32%. Consequently, Mruncit became an associate of the Group.

(c) Deemed disposal of a joint venture during the financial year ended 31 December 2018

The details of the deemed disposal are as follows:

Group	At date of disposal RM
Cost of investment	632,100
Share of post-acquisition reserves	(53,179)
Accumulated impairment losses	(397,700)
Share of interest in joint venture	181,221
Fair value of interest held	(1,022,488)
Fair value gain on disposal	(841,267)

(d) The Group does not have any joint venture, which is individually material to the Group for both financial years ended 31 December 2017 and 31 December 2018.

(e) Set out below is the financial information of all individually immaterial joint ventures on an aggregate basis.

	Group 2017 RM
Carrying amounts of interests in joint ventures	136,798
Share of results for the financial year	
Share of profit	18,253
Share of other comprehensive income	-
Share of total comprehensive income	18,253

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16. INVESTMENTS IN JOINT VENTURES AND AN ASSOCIATE (cont'd)

(f) The details of the associate as follows:

Name of company	Country of incorporation	Effective interest in equity 2018 %	2017 %	Principal activities
MRuncit Commerce Sdn. Bhd.#	Malaysia	32	-	Engaged in the business of developing and selling software and e-commerce.

\# Associate audited by BDO PLT Malaysia.

Associate is accounted for using the equity method in the consolidated financial statements.

(g) The Group does not have any associate, which is individually material to the Group for the financial year ended 31 December 2018.

(h) Set out below is the financial information of all individually immaterial associate on an aggregate basis.

	Group 2018 RM
Carrying amounts of interests in an associate	181,449
Share of results for the financial year	
Share of loss	(796,615)
Share of other comprehensive income	-
Share of total comprehensive loss	(796,615)

17. AVAILABLE-FOR-SALE INVESTMENTS

	Group 2018 RM	2017 RM
Structured Investment	-	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.

In the previous financial year, available-for-sale investments of the Group of RM8,000,000 were pledged to licensed banks as security for banking facilities to the Group as disclosed in Note 25 to the financial statements.

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18. OTHER INVESTMENT

	Group and Company	
	2018	2017
	RM	RM
Equity securities:		
- Unquoted shares outside Malaysia	-	-

(a) Equity securities which are not held for trading for which the Company has irrevocably elected at initial recognition to recognise at fair value through profit or loss. This is strategic investments for which the Company considers this classification to be appropriate and relevant.

(b) Unquoted shares of the Group are categorised as Level 3 in the fair value hierarchy. Fair values of investments in unquoted shares are estimated based on the estimation of value in use.

(c) The following table shows a reconciliation of Level 3 fair values of other investments:

	Group and Company
	2018
	RM
Balance as at 1 January	-
Addition	2,117,588
Fair value changes	(2,117,588)
Balance as at 31 December	-

(d) There is no transfer between levels in the hierarchy during the financial year.

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19. DEFERRED TAX

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

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Balance as at 1 January	771,268	928,178	136,020	-
Acquisition of subsidiaries (Note 15)	4,448	-	-	-
Recognised in profit or loss (Note 9)	1,302,370	260,474	(81,241)	136,020
Exchange differences	(22,758)	(417,384)	-	-
Balance as at 31 December	2,055,328	771,268	54,779	136,020
Presented after appropriate offsetting:				
Deferred tax assets, net	(2,101,163)	(1,499,727)	-	-
Deferred tax liabilities, net	4,156,491	2,270,995	54,779	136,020
	2,055,328	771,268	54,779	136,020

(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 2018	7,041,235	162,768	54,383	7,258,386
Recognised in profit or loss	1,712,466	(3,276)	(40,696)	1,668,494
Balance as at 31 December 2018 (before offsetting)	8,753,701	159,492	13,687	8,926,880
Offsetting	(4,597,210)	(159,492)	(13,687)	(4,770,389)
Balance as at 31 December 2018 (after offsetting)	4,156,491	-	-	4,156,491
Balance as at 1 January 2017	6,992,654	169,012	111,818	7,273,484
Recognised in profit or loss	48,581	(6,244)	(57,435)	(15,098)
Balance as at 31 December 2017 (before offsetting)	7,041,235	162,768	54,383	7,258,386
Offsetting	(4,770,240)	(162,768)	(54,383)	(4,987,391)
Balance as at 31 December 2017 (after offsetting)	2,270,995	-	-	2,270,995

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19. DEFERRED TAX (cont'd)

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

Deferred tax assets of the Group

	Unabsorbed capital allowances RM	Unused tax losses RM	Others RM	Total RM
Balance as at 1 January 2018	(3,637,550)	(999,326)	(1,850,242)	(6,487,118)
Recognised in profit or loss	40,073	-	(401,749)	(361,676)
Exchange differences	-	-	(22,758)	(22,758)
Balance as at 31 December 2018 (before offsetting)	(3,597,477)	(999,326)	(2,274,749)	(6,871,552)
Offsetting	3,567,719	205,572	997,098	4,770,389
Balance as at 31 December 2018 (after offsetting)	(29,758)	(793,754)	(1,277,651)	(2,101,163)
Balance as at 1 January 2017	(3,714,716)	(922,527)	(1,708,063)	(6,345,306)
Recognised in profit or loss	77,166	(76,799)	275,205	275,572
Exchange differences	-	-	(417,384)	(417,384)
Balance as at 31 December 2017 (before offsetting)	(3,637,550)	(999,326)	(1,850,242)	(6,487,118)
Offsetting	3,607,792	205,572	1,174,027	4,987,391
Balance as at 31 December 2017 (after offsetting)	(29,758)	(793,754)	(676,215)	(1,499,727)

Deferred tax liabilities of the Company

	Property, plant and equipment RM	Intangible assets RM	Total RM
Balance as at 1 January 2018	185,636	19,661	205,297
Recognised in profit or loss	(17,960)	(3,276)	(21,236)
Balance as at 31 December 2018 (before offsetting)	167,676	16,385	184,061
Offsetting	(112,897)	(16,385)	(129,282)
Balance as at 31 December 2018 (after offsetting)	54,779	-	54,779
Balance as at 1 January 2017	146,586	8,117	154,703
Recognised in profit or loss	39,050	11,544	50,594
Balance as at 31 December 2017 (before offsetting)	185,636	19,661	205,297
Offsetting	(49,616)	(19,661)	(69,277)
Balance as at 31 December 2018 (after offsetting)	136,020	-	136,020

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018
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19. DEFERRED TAX (cont'd)

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

Deferred tax assets of the Company

	Others RM	Total RM
Balance as at 1 January 2018	(69,277)	(69,277)
Recognised in profit or loss	(60,005)	(60,005)
Balance as at 31 December 2018 (before offsetting)	(129,282)	(129,282)
Offsetting	129,282	129,282
Balance as at 31 December 2018 (after offsetting)	-	-
Balance as at 1 January 2017	(154,703)	(154,703)
Recognised in profit or loss	85,426	85,426
Balance as at 31 December 2017 (before offsetting)	(69,277)	(69,277)
Offsetting	69,277	69,277
Balance as at 31 December 2017 (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	
	2018 RM	2017 RM	2018 RM	2017 RM
Unused tax losses, expired by 31 December 2026	17,569,992	12,242,241	-	-
Unabsorbed capital allowances	8,991,533	5,944,509	-	-
Other deductible temporary differences	854,437	830,412	-	-
	27,415,962	19,017,162	-	-

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

The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the respective local tax authorities.

20. INVENTORIES

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
At cost				
EDC equipment	13,794,235	970,867	-	-
Prepaid airtime PINS	61,130,238	61,361,576	-	-
Others	4,163,280	1,192,035	558,968	617,519
	79,087,753	63,524,478	558,968	617,519

(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 RM94,990,420 and RM318,980 (2017: RM11,331,488 and RM3,722,760) respectively.

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

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Inventories written off	23,494	122,759	23,494	-

(d) During the financial year, inventories of the Group amounting to RM21,310 (2017: RM19,537) are written back due to the sales of inventories previously written off.

(e) During the financial year, inventories of the Group amounting to RM19,446,041 (2017: RM549,980) have been capitalised as property, plant and equipment as disclosed in Note 12 to the financial statements as the inventories are no longer held for sale.

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21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Trade receivables				
Third parties	73,397,896	56,069,089	4,625,679	3,414,351
Subsidiaries	-	-	12,008,533	11,503,876
	73,397,896	56,069,089	16,634,212	14,918,227
Accumulated impairment losses				
- third parties	(8,428,632)	(7,955,623)	(1,370,781)	(1,254,871)
- subsidiaries	-	-	(5,583,854)	(3,239,485)
	(8,428,632)	(7,955,623)	(6,954,635)	(4,494,356)
	64,969,264	48,113,466	9,679,577	10,423,871
Other receivables				
Other receivables	67,094,679	17,518,775	268,169	906,661
Amounts owing by subsidiaries	-	-	58,732,339	61,335,869
Deposits	2,534,454	1,090,817	110,023	114,809
	69,629,133	18,609,592	59,110,531	62,357,339
Accumulated impairment losses				
- other receivables	(260,877)	(230,436)	(158,866)	(158,866)
- amounts owing by subsidiaries	-	-	(39,743,649)	(26,932,345)
	(260,877)	(230,436)	(39,902,515)	(27,091,211)
	69,368,256	18,379,156	19,208,016	35,266,128
Total receivables	134,337,520	66,492,622	28,887,593	45,689,999
Prepayments	4,125,285	2,449,991	1,455,050	698,585
	138,462,805	68,942,613	30,342,643	46,388,584

(a) Total receivables are classified as financial assets and are measured at amortised cost.

(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 (2017: 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 non-trade in nature, unsecured, payable within next 12 months and interest-free.

(d) Included in other receivables of the Group is an amounting of RM43,291,234 (2017: Nil) being the Payment Holding Account with Payment Network Malaysia Sdn. Bhd. ("PAYNET"), which was pending for settlement payment owing to Merchant.

(e) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

21. TRADE AND OTHER RECEIVABLES (cont'd)

(f) Expected credit loss ("ECL") assessment for financial institution customers as at 31 December 2018 are as follows:

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

The following table provides information about the exposure to credit risk and ECLs for trade receivables for financial institutions customers as at 31 December 2018.

Group	Gross carrying amount RM	Impairment loss allowance RM	Credit impairment
31 December 2018			
Grades (Low risk)	22,644,355	(113,222)	No
Grades (Loss)	1,712,306	(1,712,306)	Yes
	24,356,661	(1,825,528)	

Company	Gross carrying amount RM	Impairment loss allowance RM	Credit impairment
31 December 2018			
Grades (Low risk)	3,061,541	(15,308)	No
Grades (Loss)	554,354	(554,354)	Yes
	3,615,895	(569,662)	

(g) ECL assessment for non-financial institutions customers as at 31 December 2018 are as follows:

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

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative expenses in the consolidated statement of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward looking information.

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21. TRADE AND OTHER RECEIVABLES (cont'd)

(g) ECL assessment for non-financial institutions customers as at 31 December 2018 are as follows (cont'd):

The following table provides information about the exposure to credit risk and ECLs for trade receivables for non financial institutions customers as at 31 December 2018.

Group	Gross carrying amount RM	Impairment loss allowance RM	Credit impairment
31 December 2018			
Current (not past due)	27,384,550	(136,923)	No
More than 30 days past due	7,474,765	(202,392)	No
More than 60 days past due	6,446,218	(1,095,857)	No
More than 90 days past due	1,132,598	(419,061)	No
More than 120 days past due	6,603,104	(4,748,871)	Yes
	49,041,235	(6,603,104)	

Company	Gross carrying amount RM	Impairment loss allowance RM	Credit impairment
31 December 2018			
Current (not past due)	99,261	(407)	No
More than 30 days past due	50,682	(32)	No
More than 60 days past due	175,622	(21,424)	No
More than 90 days past due	190,221	(76,844)	No
More than 120 days past due	12,502,531	(6,286,266)	Yes
	13,018,317	(6,384,973)	

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

(i) As at the end of each reporting period, no collateral has been obtained by the Group. Thus, the maximum credit risk exposure is equivalent to the gross carrying amount of trade receivables of the Group.

(j) During the financial year, the Group did not renegotiate the term of any trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

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21. TRADE AND OTHER RECEIVABLES (cont'd)

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

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Trade receivables				
At 1 January under MFRS 139	7,955,623	8,686,814	4,494,356	6,272,834
Restated through opening retained earnings	2,518,371	-	2,545,519	-
Opening impairment loss of trade receivables in accordance with MFRS 9	10,473,994	8,686,814	7,039,875	6,272,834
Charge for the financial year	2,818,837	1,410,478	2,460,279	621,522
Reversal of impairment losses	(4,247,642)	(869,279)	(2,545,519)	(2,400,000)
Written off	(629,750)	(1,142,624)	-	-
Exchange differences	13,193	(129,766)	-	-
At 31 December	8,428,632	7,955,623	6,954,635	4,494,356
Other receivables				
At 1 January under MFRS 139	230,436	230,436	27,091,211	26,881,479
Restated through opening retained earnings	-	-	17,868,414	-
Opening impairment loss of other receivables in accordance with MFRS 9	230,436	230,436	44,959,625	26,881,479
Charge for the financial year	40,845	-	16,206,352	209,732
Reversal of impairment losses	(10,404)	-	(21,231,763)	-
Written off	-	-	(31,699)	-
At 31 December	260,877	230,436	39,902,515	27,091,211
	8,689,509	8,186,059	46,857,150	31,585,567

(l) 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:

	2018		2017	
	RM	% of total	RM	% of total
By country				
Malaysia	39,425,539	60	34,531,315	71
Philippines	12,867,999	20	9,506,782	20
Thailand	12,342,934	19	3,614,968	8
Australia	332,792	1	460,401	1
	64,969,264	100	48,113,466	100

NOTES TO THE FINANCIAL STATEMENTS
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21. TRADE AND OTHER RECEIVABLES (cont'd)

(l) 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 (cont'd):

At the end of each reporting period, approximately eighty-five percent (85%) (2017: 26%) of the trade receivables of the Group were due from five (5) (2017: 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 RM25,413,369 (2017: RM42,667,915), which contributes 88% (2017: 92%) of total receivables of the Company.

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

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Ringgit Malaysia ("RM")	101,875,499	46,424,970	18,946,441	23,733,121
Philippines Peso ("PHP")	16,560,365	13,125,776	-	-
Thai Baht ("THB")	15,538,408	6,481,021	-	5,380,250
Australian Dollar ("AUD")	333,002	460,855	-	265,365
United States Dollar ("USD")	827	-	9,941,152	16,311,263
Indonesian Rupiah ("IDR")	29,419	-	-	-
	134,337,520	66,492,622	28,887,593	45,689,999

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

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Profit after tax				
PHP/RM - strengthen by 10% (2017: 10%)	1,258,588	997,559	-	-
PHP/RM - weaken by 10% (2017: 10%)	(1,258,588)	(997,559)	-	-
THB/RM - strengthen by 10% (2017: 10%)	1,180,919	492,558	-	408,899
THB/RM - weaken by 10% (2017: 10%)	(1,180,919)	(492,558)	-	(408,899)
AUD/RM - strengthen by 10% (2017: 10%)	25,308	35,025	-	20,168
AUD/RM - weaken by 10% (2017: 10%)	(25,308)	(35,025)	-	(20,168)
USD/RM - strengthen by 10% (2017: 10%)	63	-	755,528	1,239,656
USD/RM - weaken by 10% (2017: 10%)	(63)	-	(755,528)	(1,239,656)
IDR/RM - strengthen by 10% (2017: 10%)	2,236	-	-	-
IDR/RM - weaken by 10% (2017: 10%)	(2,236)	-	-	-

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22. CASH AND BANK BALANCES

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Cash and bank balances	119,722,885	95,945,382	52,531,904	16,085,617
Deposits with licensed banks	25,419,637	11,554,563	-	-
	145,142,522	107,499,945	52,531,904	16,085,617

(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	
	2018	2017	2018	2017
	RM	RM	RM	RM
Ringgit Malaysia ("RM")	119,600,282	80,063,213	43,037,229	2,658,880
Philippines Peso ("PHP")	4,839,144	5,590,720	-	-
United States Dollar ("USD")	11,826,412	13,454,970	9,469,295	12,620,549
Thai Baht ("THB")	7,916,079	6,492,708	25,380	-
Australian Dollar ("AUD")	538,649	1,413,371	-	806,188
Singapore Dollar ("SGD")	381,292	374,396	-	-
Indonesian Rupiah ("IDR")	40,662	110,567	-	-
Hong Kong Dollar ("HKD")	2	-	-	-
	145,142,522	107,499,945	52,531,904	16,085,617

(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	
	2018	2017	2018	2017
	RM	RM	RM	RM
Profit after tax				
PHP/RM - strengthen by 10% (2017: 10%)	367,775	424,895	-	-
PHP/RM - weaken by 10% (2017: 10%)	(367,775)	(424,895)	-	-
USD/RM - strengthen by 10% (2017: 10%)	898,807	1,022,578	719,666	959,162
USD/RM - weaken by 10% (2017: 10%)	(898,807)	(1,022,578)	(719,666)	(959,162)
THB/RM - strengthen by 10% (2017: 10%)	601,622	493,446	1,929	-
THB/RM - weaken by 10% (2017: 10%)	(601,622)	(493,446)	(1,929)	-

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22. CASH AND BANK BALANCES (cont'd)

(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 (cont'd):

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
AUD/RM - strengthen by 10% (2017: 10%)	40,937	107,416	-	61,270
AUD/RM - weaken by 10% (2017: 10%)	(40,937)	(107,416)	-	(61,270)
SGD/RM - strengthen by 10% (2017: 10%)	28,978	28,454	-	-
SGD/RM - weaken by 10% (2017: 10%)	(28,978)	(28,454)	-	-
IDR/RM - strengthen by 10% (2017: 10%)	3,090	8,403	-	-
IDR/RM - weaken by 10% (2017: 10%)	(3,090)	(8,403)	-	-

(c) The weighted average effective interest rate of deposits with licensed banks of the Group is 2.68% (2017: 3.10%) per annum. The average maturity days are 90 days (2017: 123 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	
	2018	2017	2018	2017
	RM	RM	RM	RM
Cash and bank balances	119,722,885	95,945,382	52,531,904	16,085,617
Deposits with licensed banks				
- not more than three (3) months	13,400,000	4,000,000	-	-
- more than three (3) months	12,019,637	7,554,563	-	-
	145,142,522	107,499,945	52,531,904	16,085,617
Less: Deposits pledged to licensed banks	(11,668,620)	(7,554,563)	-	-
Deposits more than 3 months	(351,017)	-	-	-
	133,122,885	99,945,382	52,531,904	16,085,617

(e) Included in the deposits of the Group is an amount of RM11,668,620 (2017: RM7,236,675) pledged to licensed banks as securities for credit facilities granted to one (1) subsidiary as disclosed in Note 25 to the financial statements.

22. CASH AND BANK BALANCES (cont'd)

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

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Fixed rate	25,419,637	11,554,563	-	-

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.

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

23. SHARE CAPITAL

	Group and Company			
	2018		2017	
	Number of shares	RM	Number of shares	RM
Issued and fully paid				
Balance as at 1 January	659,444,992	208,109,527	654,724,992	130,944,998
Issuance of ordinary shares pursuant to:				
- private placement	65,000,000	84,500,000	-	-
- acquisition of subsidiaries	13,414,941	20,793,159	-	-
- ESS	125,000	152,500	4,720,000	3,405,278
Resale of treasury shares	-	788,374	-	934,522
Transfer pursuant to Companies Act 2016	-	-	-	72,824,729
Balance as at 31 December	737,984,933	314,343,560	659,444,992	208,109,527

(a) During the financial year, the issued and fully paid-up ordinary share capital of the Company was increased by way of:

(i) private placement of 65,000,000 new ordinary shares of RM1.30 each;

(ii) special issue of 13,414,941 new ordinary shares at RM1.19 (closing market price at date of issue: RM1.55) per ordinary share pertaining to the Share Subscription Agreement ("SSA") with Paysys Group Holdings Sdn. Bhd. and Rica Holdings (M) Sdn. Bhd. as part consideration paid for the acquisition of Paysys (M) Sdn. Bhd. and related acquisition expenses and general working capital purposes; and

(iii) issuance of 125,000 (2017: 4,720,000) new ordinary shares for cash pursuant to the exercise of ESS.

(b) Repurchased shares were held as treasury shares in accordance with the requirement of Section 127 of the Companies Act 2016 in Malaysia.

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23. SHARE CAPITAL (cont'd)

(c) Of the total 737,984,933 (2017: 659,444,992) issued and fully paid ordinary shares as at 31 December 2018, 678,601 ordinary shares amounting to RM305,847 were held as treasury shares by the Company in the previous financial year.

During the financial year, the Company had completed the resale of treasury shares of 678,601 (2017: 737,300) units with a price ranging from RM1.60 to RM1.65 (2017: RM1.70 to RM1.73).

The number of outstanding ordinary shares in issue after deducting the treasury shares is 737,984,933 (2017: 658,766,391) ordinary shares as at 31 December 2018.

(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) With the introduction of the Companies Act 2016 effective 31 January 2017, the concepts of authorised share capital and par value of share capital have been abolished. Consequently, balance within the share premium account of RM72,824,729 had been transferred to the share capital account pursuant to the transitional provisions set out in Section 618(2) of the Companies Act 2016. Notwithstanding this provision, the Company may utilise its share premium account for purposes stipulated in Section 618(3) of the Companies Act 2016 for a transitional period of 24 months from 31 January 2017. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the member as a result of this transition.

(f) The ESS of the Company came into effect on 30 August 2018. The ESS shall be in force for a period of five (5) years until 29 August 2023 ("the scheme period"). The main features of the ESS are as follows:

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

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

(ii) The maximum number of options to be offered under the ESS based on the issued and paid-up ordinary share capital as at 31 December 2018, excluding treasury shares held, is 110,697,740 (2017: 98,814,959);

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

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

23. SHARE CAPITAL (cont'd)

(f) The ESS of the Company came into effect on 30 August 2018. The ESS shall be in force for a period of five (5) years until 29 August 2023 ("the scheme period"). The main features of the ESS are as follows (cont'd):

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

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

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

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

	Number of options over ordinary shares						
		Movements during the financial year					
	Outstanding as at 1.1.2018	Granted	Retracted*	Exercised	Forfeited*	Outstanding as at 31.12.2018	Exercisable as at 31.12.2018
2018							
6 April 2018							
- first tranche	-	1,290,000	-	(125,000)	(5,000)	1,160,000	1,160,000
- second tranche	-	3,870,000	(45,000)	-	-	3,825,000	-
- third tranche	-	7,740,000	(90,000)	-	-	7,650,000	-
	-	12,900,000	(135,000)	(125,000)	(5,000)	12,635,000	1,160,000
Weighted average exercise prices (RM)	-	1.08	1.08	1.08	1.08	1.08	1.08
Weighted average remaining contractual life (months)	-						39

* Due to resignation.

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23. SHARE CAPITAL (cont'd)

The details of the options over ordinary shares of the Company are as follows (cont'd):

	Number of options over ordinary shares					
		Movements during the financial year				
	Outstanding as at 1.1.2017	Granted	Exercised	Forfeited	Outstanding as at 31.12.2017	Exercisable as at 31.12.2017
2017						
20 June 2014						
- second tranche	1,420,001	-	(1,420,001)	-	-	-
- third tranche	1,499,999	-	(1,499,999)	-	-	-
	2,920,000	-	(2,920,000)	-	-	-
Weighted average exercise prices (RM)	0.57	-	0.57	-	-	-
Weighted average remaining contractual life (months)	6					-
8 September 2015						
- first tranche	600,000	-	(600,000)	-	-	-
- second tranche	600,000	-	(600,000)	-	-	-
- third tranche	600,000	-	(600,000)	-	-	-
	1,800,000	-	(1,800,000)	-	-	-
Weighted average exercise prices (RM)	0.86	-	0.86	-	-	-
Weighted average remaining contractual life (months)	20					-

During the financial year, the Group recognised share options granted under shares options scheme of RM1,018,945 (2017: RM18,962) in profit or loss, out of which an amount of RM643,848 (2017: RM Nil) was in respect of employees of subsidiaries. At Company level, the amount of RM643,848 (2017: RM Nil) was recorded as an increase in investments in subsidiaries (Note 15) with a corresponding credit to equity.

23. SHARE CAPITAL (cont'd)

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

	Weighted average exercise price		Exercise period
	2018	2017	
	RM	RM	
Offer date			
20 June 2014			
- first tranche	-	0.57	20.6.2014 - 19.6.2017
- second tranche	-	0.57	2.1.2016 - 19.6.2017
- third tranche	-	0.57	2.1.2017 - 19.6.2017
8 September 2015			
- first tranche	-	0.86	8.9.2015 - 2.9.2018
- second tranche	-	0.86	8.9.2016 - 2.9.2018
- third tranche	-	0.86	6.8.2017 - 2.9.2018
6 April 2018			
- first tranche	1.08	-	6.4.2018 - 5.4.2020
- second tranche	1.08	-	6.4.2019 - 5.4.2020
- third tranche	1.08	-	6.4.2020 - 5.4.2020

Share options exercised during the financial year resulted in the issuance of 125,000 (2017: 4,720,000) ordinary shares at an average price of RM1.52 (2017: RM0.683) each. The related weighted average ordinary share price at the date of exercise was RM1.08 (2017: RM1.00).

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23. SHARE CAPITAL (cont'd)

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	
	6.4.2018	**8.9.2015**	**20.6.2014**
Fair value of share options at the following grant dates (RM):			
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	-
6 April 2018			
- first tranche	0.14	-	-
- second tranche	0.20	-	-
- third tranche	0.25	-	-
Weighted average share price (RM)	1.52	0.95	0.95
Weighted adjusted average exercise price (RM)	1.08	0.86	0.57
Expected volatility (%)	25	25	25
Expected life (years)	3	3	3
Risk free rate (%)	4.20	3.29	3.88
Expected dividend yield (%)	Nil	Nil	Nil

24. RESERVES

	Group		Company	
	2018 **RM**	**2017** **RM**	**2018** **RM**	**2017** **RM**
Non-distributable				
Exchange translation reserve	(1,455,652)	(3,919,382)	-	-
Share options reserve	1,001,445	-	1,001,445	-
	(454,207)	(3,919,382)	1,001,445	-

24. RESERVES (cont'd)

The nature of each category of reserves is as follows:

(a) Exchange translation reserve

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

(b) 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.

25. BORROWINGS

		Group		Company	
		2018	2017	2018	2017
	Note	RM	RM	RM	RM
Non-current liabilities					
Term loans		10,694,120	13,012,852	-	-
Hire purchase creditors	26	5,629,173	1,719,530	160,458	229,981
Islamic facility		500,000	2,500,000	-	-
		16,823,293	17,232,382	160,458	229,981
Current liabilities					
Term loans		11,408,396	2,025,832	-	-
Hire purchase creditors	26	4,436,172	928,025	69,523	66,658
Bankers' acceptance		-	12,000,000	-	-
Islamic facility		2,000,000	2,000,000	-	-
		17,844,568	16,953,857	69,523	66,658
Total borrowings					
Term loans		22,102,516	15,038,684	-	-
Hire purchase creditors	26	10,065,345	2,647,555	229,981	296,639
Bankers' acceptance		-	12,000,000	-	-
Islamic facility		2,500,000	4,500,000	-	-
		34,667,861	34,186,239	229,981	296,639

(a) Borrowings are classified as financial liabilities and measured at amortised cost.

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25. BORROWINGS (cont'd)

(b) Term loans of the Group are:

(i) secured by legal charge and negative pledge on the long term leasehold land and buildings of the Group as disclosed in Note 12 to the financial statements; and

(ii) guaranteed by way of corporate guarantee by the Group.

(c) Bankers' acceptance and Islamic facility of the Group are:

(i) secured by first party charge over deposits with licensed banks as disclosed in Note 22 to the financial statements;

(ii) secured by first party charge over structured investment with licensed banks as disclosed in Note 17 to the financial statements in the previous financial year; and

(iii) guaranteed by way of corporate guarantee by the Group.

(d) 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 other than hire purchase creditors approximate their fair values.

The fair value of hire purchase creditors are as follows:

	2018		2017	
	Carrying amount	Fair value	Carrying amount	Fair value
	RM	RM	RM	RM
Group				
Hire purchase creditors	10,065,345	9,927,647	2,647,555	2,334,630
Company				
Hire purchase creditors	229,981	225,634	296,639	291,366

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.

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

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Term loans	5.93%	5.43%	-	-
Hire purchase creditors	4.86%	5.73%	3.96%	4.29%
Bankers' acceptance	4.55%	4.55%	-	-
Islamic facility	5.80%	5.80%	-	-

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25. BORROWINGS (cont'd)

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

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Fixed rates	25,947,825	25,186,239	229,981	296,639
Floating rates	8,720,036	9,000,000	-	-

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

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

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Ringgit Malaysia ("RM")	21,205,813	30,544,209	229,981	296,639
Philippines Peso ("PHP")	8,638,708	3,642,030	-	-
Thai Baht ("THB")	4,823,340	-	-	-
	34,667,861	34,186,239	229,981	296,639

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

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Profit after tax				
PHP/RM - strengthen by 10% (2017: 10%)	(656,542)	(276,794)	-	-
PHP/RM - weaken by 10% (2017: 10%)	656,542	276,794	-	-
THB/RM - strengthen by 10% (2017: 10%)	(366,574)	-	-	-
THB/RM - weaken by 10% (2017: 10%)	366,574	-	-	-

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25. BORROWINGS (cont'd)

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

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Not later than 1 year	11,408,396	2,025,832	-	-
Later than 1 year and not later than 2 years	5,583,046	4,909,817	-	-
Later than 2 years and not later than 3 years	4,747,869	3,778,953	-	-
Later than 3 years and not later than 4 years	35,660	3,074,121	-	-
Later than 4 years and not later than 5 years	37,661	871,909	-	-
More than 5 years	289,884	378,052	-	-
	22,102,516	15,038,684	-	-

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

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Not later than 1 year	-	12,000,000	-	-

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

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Not later than 1 year	2,000,000	2,000,000	-	-
Later than 1 year and not later than 2 years	500,000	2,000,000	-	-
Later than 2 years and not later than 3 years	-	500,000	-	-
	2,500,000	4,500,000	-	-

25. BORROWINGS (cont'd)

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

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
Group				
As at 31 December 2018				
Borrowings/Total undiscounted financial liabilities	18,443,107	16,818,876	289,884	35,551,867
As at 31 December 2017				
Borrowings/Total undiscounted financial liabilities	17,101,453	16,971,239	378,053	34,450,745
Company				
As at 31 December 2018				
Borrowings/Total undiscounted financial liabilities	77,280	167,440	-	244,720
As at 31 December 2017				
Borrowings/Total undiscounted financial liabilities	77,280	244,720	-	322,000

(m) Reconciliation of liabilities arising from financing activities

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
At 1 January	34,186,239	38,123,724	296,639	102,369
Cash flows	(3,008,455)	(3,722,759)	(66,658)	(155,730)
Non-cash flows:				
Effect of foreign exchange	107,555	(564,726)	-	-
Acquisition of subsidiaries (Note 15)	2,882,522	-	-	-
Other changes:				
Purchase of property, plant and equipment (Note 12)	500,000	350,000	-	350,000
At 31 December	34,667,861	34,186,239	229,981	296,639

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26. HIRE PURCHASE CREDITORS

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Minimum hire purchase payments				
- not later than one (1) year	5,034,711	1,075,621	77,280	77,280
- later than one (1) year but not later than five (5) years	5,914,640	1,836,440	167,440	244,720
Total minimum hire purchase payments	10,949,351	2,912,061	244,720	322,000
Less: Future interest charges	(884,006)	(264,506)	(14,739)	(25,361)
Present value of hire purchase payments	10,065,345	2,647,555	229,981	296,639
Repayable as follows:				
Current liabilities				
- not later than one (1) year	4,436,172	928,025	69,523	66,658
Non-current liabilities				
- later than one (1) year but not later than five (5) years	5,629,173	1,719,530	160,458	229,981
	10,065,345	2,647,555	229,981	296,639

The hire purchase of the Group and of the Company attract interest at rates ranging from 2.32% to 7.58% (2017: 4.29% to 6.80%) and 3.96% (2017: 4.29%) per annum.

27. DEFERRED INCOME

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Current portion	1,536,233	833,005	422,773	833,005

(a) Deferred income represents advance receipts from NetAccess maintenance arrangements. These arrangements ranged from one (1) month to two (2) years (2017: 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.

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

	Group RM	Company RM
At 1 January 2017	619,469	239,680
Advance receipts during the financial year	2,068,818	1,511,817
Recognised in profit or loss	(1,855,282)	(918,492)
At 31 December 2017	833,005	833,005
Advance receipts during the financial year	4,587,036	2,736,276
Recognised in profit or loss	(3,883,808)	(3,146,508)
At 31 December 2018	1,536,233	422,773

28. TRADE AND OTHER PAYABLES

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Non-current liabilities				
Contingent consideration	14,950,941	-	-	-
Current liabilities				
Trade payables				
Third parties	40,257,758	23,473,330	-	153,891
Amounts owing to subsidiaries	-	-	4,251,312	-
	40,257,758	23,473,330	4,251,312	153,891
Other payables				
Other payables	86,259,825	60,148,164	824,886	253,440
Contingent consideration	14,852,899	-	-	-
Amounts owing to subsidiaries	-	-	42,593	11,738,219
Deposits	12,349,572	12,910,243	601,879	601,879
Accruals	17,216,918	16,511,748	732,078	794,978
	130,679,214	89,570,155	2,201,436	13,388,516
Total current liabilities	170,936,972	113,043,485	6,452,748	13,542,407
Total liabilities				
Contingent consideration	29,803,840	-	-	-
Third parties	40,257,758	23,473,330	-	153,891
Other payables	86,259,825	60,148,164	824,886	253,440
Amounts owing to subsidiaries	-	-	4,293,905	11,738,219
Deposits	12,349,572	12,910,243	601,879	601,879
Accruals	17,216,918	16,511,748	732,078	794,978
	185,887,913	113,043,485	6,452,748	13,542,407

(a) Trade and other payables are classified as financial liabilities and measured at amortised cost except for contingent consideration in a business combination which are designated at fair value through profit or loss upon initial recognition.

(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 (2017: 1 to 90 days and 30 to 60 days) respectively.

(c) Other payables of the Group consist prepayments received from retailers, merchants payables and general administrative expenses payable which are non-interest bearing.

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28. TRADE AND OTHER PAYABLES (cont'd)

(d) Other payable of the Group consist contingent consideration of acquisition of PMSB. The Group has agreed to issue the Sellers in 2 years' time additional consideration of 20,122,412 ordinary shares of the Company if the acquiree achieves the stipulated profit tax targets for 2018 and 2019. The Group has included RM30,111,050 as contingent consideration related to additional consideration which represents its fair value at the date of acquisition (Note 15(g)). As at 31 December 2018, the fair value of contingent consideration had decreased to RM29,803,840.

(e) Contingent consideration of the Group are categorised as Level 3 in the fair value hierarchy. Fair values of the contingent consideration are estimated based on the income approach.

(f) The following table shows a reconciliation of Level 3 fair values of contingent consideration:

	Group 2018 RM
Balance as at 1 January	-
Fair value gain	307,210
Balance as at 31 December	307,210

(g) Amounts owing to subsidiaries represent payments on behalf are unsecured, interest free and payable within next 12 months.

(h) 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.

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

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Ringgit Malaysia ("RM")	170,384,725	94,830,736	6,449,646	13,542,407
Philippines Peso ("PHP")	6,459,249	6,605,350	-	-
Thai Baht ("THB")	5,885,597	10,691,020	-	-
Australian Dollar ("AUD")	24,102	916,379	-	-
Indonesian Rupiah ("IDR")	28,766	-	-	-
United States Dollar ("USD")	2,749,494	-	3,102	-
Singapore Dollar ("SGD")	355,980	-	-	-
	185,887,913	113,043,485	6,452,748	13,542,407

28. TRADE AND OTHER PAYABLES (cont'd)

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

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Profit after tax				
PHP/RM - strengthen by 10% (2017: 10%)	(490,903)	(502,007)	-	-
PHP/RM - weaken by 10% (2017: 10%)	490,903	502,007	-	-
THB/RM - strengthen by 10% (2017: 10%)	(447,305)	(812,518)	-	-
THB/RM - weaken by 10% (2017: 10%)	447,305	812,518	-	-
AUD/RM - strengthen by 10% (2017: 10%)	(1,832)	(69,645)	-	-
AUD/RM - weaken by 10% (2017: 10%)	1,832	69,645	-	-
IDR/RM - strengthen by 10% (2017: 10%)	(2,186)	-	-	-
IDR/RM - weaken by 10% (2017: 10%)	2,186	-	-	-
USD/RM - strengthen by 10% (2017: 10%)	(208,962)	-	(236)	-
USD/RM - weaken by 10% (2017: 10%)	208,962	-	236	-
SGD/RM - strengthen by 10% (2017: 10%)	(27,054)	-	-	-
SGD/RM - weaken by 10% (2017: 10%)	27,054	-	-	-

29. CONTINGENT LIABILITIES

	Group		Company	
	2018	2017	2018	2017
	RM	RM	RM	RM
Unsecured				
Corporate guarantee given to banks for credit facilities granted to subsidiaries	-	-	95,907,000	88,950,000
Guarantees given to a third party in respect of trade and contract	24,062,732	27,041,167	1,655,400	3,246,950
	24,062,732	27,041,167	97,562,400	92,196,950

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.

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29. CONTINGENT LIABILITIES (cont'd)

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.

30. COMMITMENTS

(a) Operating lease commitments

(i) The Group as a lessee

The Group had entered into lease agreements for premises.

	Group	
	2018	2017
	RM	RM
Not later than one (1) year	925,640	1,089,151
Later than one (1) year and not later than five (5) years	1,497,762	2,102,735
More than five (5) years	-	1,400
	2,423,402	3,193,286

(ii) The Company as a lessee

The Company had entered into lease agreements for premises.

	Company	
	2018	2017
	RM	RM
Not later than one (1) year	22,200	29,400
Later than one (1) year and not later than five (5) years	-	14,800
	22,200	44,200

30. COMMITMENTS (cont'd)

(a) Operating lease commitments (cont'd)

(iii) 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	
	2018	**2017**
	RM	**RM**
Not later than one (1) year	7,751,028	12,584,760
Later than one (1) year and not later than five (5) years	3,026,478	8,934,500
	10,777,506	21,519,260

(b) Capital commitments

	Group	
	2018	**2017**
	RM	**RM**
Capital expenditure in respect of purchase of property, plant and equipment:		
Contracted but not provided	2,761,030	1,502,000

31. RELATED PARTIES DISCLOSURES

(a) Identities of related parties

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

Related parties of the Group include:

(i) Direct and indirect subsidiaries as disclosed in Note 15 to the financial statements;

(ii) Direct and indirect joint ventures and associate as disclosed in Note 16 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) Telemas Corporation Sdn. Bhd. ("Telemas") whereby a Director of the Company, Loh Wee Hian is also the Director of Telemas.

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31. RELATED PARTIES DISCLOSURES (cont'd)

(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	
	2018	2017	2018	2017
	RM	RM	RM	RM
Subsidiaries:				
Sales of other hardware	-	-	171,154	1,779,608
Rental and license fees	-	-	6,953	4,288,935
Hosting services	-	-	594,000	594,000
Purchase of goods and services	-	-	-	3,570,000
Management fees	-	-	6,911,133	6,149,256
Share options granted under ESS	-	-	643,848	-
Related parties:				
Rental expenses	530,000	550,736	-	-

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 of the Company.

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

	Group and Company	
	2018	2017
	RM	RM
Short term employee benefits	4,031,834	3,687,046
Contributions to defined contribution plans	438,947	504,194
Share options granted under ESS	229,709	239,247
	4,700,490	4,430,487

31. RELATED PARTIES DISCLOSURES (cont'd)

(c) Compensation of key management personnel (cont'd)

Other key management personnel have been granted the following number of options under the ESS during the financial year:

	Group and Company	
	2018	**2017**
As at 1 January	-	3,800,000
Granted	7,900,000	-
Resigned	-	-
Exercised	(80,000)	(3,800,000)
As at 31 December	7,820,000	-

The terms and conditions of the share options are detailed in Note 23 to the financial statements.

32. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The primary objective of the capital management of the Group is to maintain a strong capital base and safeguard the ability of the Group to continue as a going concern whilst maintaining an optimal capital structure, so as to maximise shareholders value. The management reviews the capital structure by considering the cost of capital and the risks associated with the capital. No changes were made in the objectives, policies or procedures during the financial years ended 31 December 2018 and 31 December 2017.

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

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

The gearing ratios are as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM	**RM**	**RM**	**RM**
Total borrowings	34,667,861	34,186,239	229,981	296,639
Less: Cash and cash equivalents	(133,122,885)	(99,945,382)	(52,531,904)	(16,085,617)
Net cash	(98,455,024)	(65,759,143)	(52,301,923)	(15,788,978)
Total equity attributable to owners of the parent	406,225,050	274,195,392	175,665,115	76,624,819
Gearing ratio	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018
CONT'D

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

(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 21 to the financial statements.

(ii) Liquidity and cash flow risks

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.

The analysis of financial instruments by remaining contractual maturities has been disclosed in Notes 25 and 28 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.

The interest profile and sensitivity analysis of interest rate risk have been disclosed in Notes 22 and 25 to the financial statements respectively.

(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 21, 22, 25 and 28 to the financial statements respectively.

33. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Acquisitions of equity interests in Paysys (M) Sdn. Bhd.

On 26 June 2018, S Capital Sdn. Bhd. completed the acquisition of PMSB (Note 15).

Proposed Acquisitions of equity interests in Speed Pay Plc

(a) On 29 November 2018, the Board of Director of the Company ("Board") wishes to announced that GHL Asia Pacific Ltd ("GAPL" or the "Purchaser"), a wholly owned subsidiary of the Company had entered into the following agreements for the proposed acquisition of 51.0% of the equity interest in Speed Pay Plc ("Speed Pay"), a company incorporated in Cambodia for a total consideration of USD2,040,000 (equivalent to approximately RM8.55 million) ("Consideration"):

    (i) a conditional share purchase and subscription agreement ("SPSA") between GAPL, Lim Sambat, Da Sopheak and Speed Pay for the following:

        i. share subscription of 664,124 new ordinary shares in Speed Pay representing approximately 18.13% of the enlarged share capital of Speed Pay for a total cash consideration of USD448,284 (equivalent to approximately RM1.88 million) ("Subscription Price") ("Proposed Share Subscription"); and

        ii. an acquisition of 1,204,578 ordinary shares in Speed Pay representing approximately 32.87% of the enlarged share capital of Speed Pay for a total cash consideration of USD1,591,716 (equivalent to approximately RM6.67 million) ("Shares Purchase Price") ("Proposed Share Purchase") from Lim Sambat and Da Sopheak (collectively, the "Seller"), being shareholders of Speed Pay.

    (ii) a shareholders' agreement ("Shareholders Agreement") between GAPL, the Seller and Speed Pay regulating the management of the Company and their relationship with each other as shareholders of Speed Pay.

(b) Upon completion of the Proposed Share Subscription, Proposed Share Purchase and proposed acquisition, the Group will directly own 51.0% of the equity interest in Speed Pay.

(c) As at 31 December 2018, the condition precedents of SPSA, SPA, Shareholders Agreement and Speed Pay SSA have yet to be fulfilled.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018
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34. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Incorporation of GHL Electronic Payments Inc

GHL Epayments Sdn. Bhd. had on 18 January 2019 incorporated a 99.99% owned subsidiary in the Philippines, namely GHL Electronic Payments Inc. ("GEPI"). The Certificate of Incorporation was received on 21 January 2019.

Acquisitions of equity interests in Speed Pay Plc

On 22 January 2019, the Group acquired 51% equity interest in Speed Pay comprising 1,868,702 ordinary share for a total consideration of RM8,515,690, rendering Speed Pay to be a subsidiary of the Group.

35. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

35.1 New MFRSs adopted during the financial year

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

Title	Effective Date
Amendments to MFRS 1 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle*	1 January 2018
MFRS 15 *Revenue from Contracts with Customers*	1 January 2018
Clarification to MFRS 15	1 January 2018
MFRS 9 *Financial Instruments (IFRS as issued by IASB in July 2014)*	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
IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
Amendments to MFRS 140 *Transfers of Investment Property*	1 January 2018
Amendments to MFRS 4 *Applying MFRS 9* Financial Instruments *with MFRS 4* Insurance Contracts	See MFRS 4 Paragraphs 46 and 48

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

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

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company except for the adoption of MFRS 15 and MFRS 9 described in the following sections.

(a) MFRS 9 *Financial Instruments*

MFRS 9 replaces MFRS 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, encompassing all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group applied MFRS 9 prospectively, with an initial application date of 1 January 2018. The Group has not restated the comparative information, which continues to be reported under MFRS 139. Differences arising from the adoption of MFRS 9 have been recognised directly in retained earnings and other components of equity.

(i) Classification of financial assets and financial liabilities

The Group and the Company classify their financial assets into the following measurement categories depending on the business model of the Group and the Company for managing the financial assets and the terms of contractual cash flows of the financial assets:

- Those to be measured at amortised cost; and
- Those to be measured subsequently at fair value either through other comprehensive income or through profit or loss.

The following summarises the key changes:

- The Available-For-Sale (AFS), Held-To-Maturity (HTM) and Loans and Receivables (L&R) financial asset categories were removed.
- A new financial asset category measured at Amortised Cost (AC) was introduced. This applies to financial assets with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by collecting contractual cash flows.
- A new financial asset category measured at Fair Value Through Other Comprehensive Income (FVTOCI) was introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- A new financial asset category for non-traded equity investments measured at FVTOCI was introduced.

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities.

However, under MFRS 139 all fair value changes of liabilities designated as FVTPL are recognised in profit or loss, whereas under MFRS 9 these fair value changes are generally presented as follows:

- Amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in Other Comprehensive Income; and
- The remaining amount of change in the fair value is presented in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2018
CONT'D

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

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

(a) MFRS 9 *Financial Instruments* (cont'd)

(ii) Impairment of financial assets

The adoption of MFRS 9 has fundamentally changed the accounting for impairment losses for financial assets of the Group by replacing the incurred loss approach of MFRS 139 with a forward-looking expected credit loss approach. MFRS 9 requires the Group to record an allowance for expected credit losses for all debt financial assets not held at fair value through profit or loss.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the asset's original effective interest rate of the asset.

Impairment for trade receivables and contract assets that do not contain a significant financing component are recognised based on the simplified approach within MFRS 9 using the lifetime expected credit losses.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative expenses in the consolidated statement of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

Impairment for receivables from related parties and other receivables are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

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

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

(a) MFRS 9 *Financial Instruments* (cont'd)

(iii) Classification and measurement

The following table summarises the reclassification and measurement of the financial assets and financial liabilities of the Group and of the Company as at 1 January 2018:

Group	Classification		Carrying amount	
	Existing under MFRS 139	New under MFRS 9	Existing under MFRS 139 RM	New under MFRS 9 RM
Financial assets				
Available-for-sale investments	AFS	FVTPL	8,000,000	8,000,000
Trade and other receivables	L&R	AC	68,942,613	66,424,242
Cash and bank balances	L&R	AC	107,499,945	107,499,945
Financial liabilities				
Trade and other payables	OFL	AC	113,043,485	113,043,485
Borrowings	OFL	AC	34,186,239	34,186,239
Company				
Financial assets				
Trade and other receivables	L&R	AC	46,388,584	25,974,651
Cash and bank balances	L&R	AC	16,085,617	16,085,617
Financial liabilities				
Trade and other payables	OFL	AC	13,542,407	13,542,407
Borrowings	OFL	AC	296,639	296,639

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018
CONT'D

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

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

(a) MFRS 9 *Financial Instruments* (cont'd)

(iii) Classification and measurement (cont'd)

The following tables are reconciliations of the carrying amount of the statement of financial position of the Group and of the Company from MFRS 139 to MFRS 9 as at 1 January 2018:

	Existing under MFRS 139 Carrying amount as at 31 December 2017 RM	Remeasurement RM	New under MFRS 9 Carrying amount as at 1 January 2018 RM
Group			
Trade and other receivables:			
Opening balance	68,942,613	-	68,942,613
Increase in impairment loss	-	(2,518,371)	(2,518,371)
Total trade and other receivables	68,942,613	(2,518,371)	66,424,242
Retained earnings:			
Opening balance	274,195,392	-	274,195,392
Increase in impairment loss for			
- trade and other receivables	-	(2,518,371)	(2,518,371)
Total retained earnings	274,195,392	(2,518,371)	271,677,021
Company			
Trade and other receivables:			
Opening balance	46,388,584	-	46,388,584
Increase in impairment loss	-	(20,413,933)	(20,413,933)
Total trade and other receivables	46,388,584	(20,413,933)	25,974,651
Accumulated losses:			
Opening balance	(131,178,861)	-	(131,178,861)
Increase in impairment loss for			
- trade and other receivables	-	(385,448)	(385,448)
- amounts owing by subsidiaries	-	(20,028,485)	(20,028,485)
Total accumulated losses	(131,178,861)	(20,413,933)	(151,592,794)

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

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

(b) MFRS 15 *Revenue from Contracts with Customers*

MFRS 15 establishes a comprehensive framework for revenue recognition and measurement. It replaces MFRS 118 *Revenue*, MFRS 111 *Construction Contracts*, and related Interpretations. Under MFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control, at a point in time or over time, requires significant judgement. The adoption of MFRS 15 has no material impact to the Group and the Company.

35.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2019

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been early adopted by the Group and the Company:

Title	Effective Date
MFRS 16 *Leases*	1 January 2019
IC Interpretation 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to MFRS 128 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Amendments to MFRS 9 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to MFRS 3 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 11 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 112 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 123 *Annual Improvements to MFRS Standards 2015 - 2017 Cycle*	1 January 2019
Amendments to MFRS 119 *Plan Amendment, Curtailment or Settlement*	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 *Definition of Business*	1 January 2020
Amendments to MFRS 101 and MFRS 108 *Definition of Material*	1 January 2020
MFRS 17 *Insurance Contracts*	1 January 2021
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

The Group does not expect the adoption of the above Standards to have a significant impact on the financial statements. s

LIST OF PROPERTIES

Title/Location	Description/ Existing Use	Registered Owner	Age of Building (Years)	Land Area	Tenure	Carrying Amount as at 31.12.2018 (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	12	570 square meters	Leasehold Expires on 27 August 2102	4,010,394	1.7.2005
4 1/2-storey shop office at Unit L 7, 8 & 9, C-G-19, Block C, Jalan Dataran SD1, Dataran SD PJU 9, Bandar Sri Damansara, 52200 Kuala Lumpur	Office space	GHL Systems Berhad	12	282 square meters	Leasehold Expires on 27 August 2102	5,057,500	31.8.2018
One (1) Floor Office Space (6 Condominium units) at 6th Floor One Corporate Plaza, 845 Arnaiz Avenue, Legaspi Village, Makati City, Philippines	Office Space	GHL Systems Philippines, Inc.	26	979 square meters	Freehold	3,686,607	25.11.2014
Office lot at Block D-3A-01 Block D-3A-02 Block D-3A-03 Block D-3A-03A Block D-3A-05 Block D-3A-06 6th Floor, Menara Uncang Emas (UE3), 85 Jalan Loke Yew, Cheras, 55200 Kuala Lumpur	Office space	Paysys (M) Sdn. Bhd.	32	11,164 square feet	Leasehold Expires on 11 August 2086	4,172,903	21.7.2008
Office lot at Block C-8-13 Level No. 10 (8th Floor), Menara Uncang Emas (UE3), 85 Jalan Loke Yew, Cheras, 55200 Kuala Lumpur	Office space	Paysys (M) Sdn. Bhd.	32	505 square feet	Leasehold Expires on 11 August 2086	194,714	13.1.2012

ANALYSIS OF SHAREHOLDINGS

AS AT 29 MARCH 2019

Total Number of Issued Shares	738,014,933
Class of Shares	Ordinary shares
Voting Rights	One vote per ordinary share

ANALYSIS BY SIZE OF HOLDINGS

Size of Holdings	Number of Holders	%	Number of Shares Held	%
Less than 99	1,681	32.08	61,427	0.01
100 - 1,000 shares	990	18.90	449,557	0.06
1001 - 10,000 shares	1,828	34.89	8,044,306	1.09
10,001 - 100,000 shares	604	11.53	18,547,818	2.51
100,001 to less than 5% of issued shares	132	2.52	269,673,351	36.54
5% and above of issued shares	4	0.08	441,238,474	59.79
Total	**5,239**	**100.00**	**738,014,933**	**100.00**

SUBSTANTIAL SHAREHOLDERS (PER REGISTER OF SUBSTANTIAL SHAREHOLDERS)

		Number of Shares Held			
Substantial Shareholders	Note	Direct Interest	%	Indirect Interest	%
ACTIS STARK (MAURITIUS) LIMITED	1	291,536,049	39.50		
LOH WEE HIAN	2	85,371,184	11.57	45,776,491	6.20
APIS GROWTH 14 LTD		69,665,000	9.44		

Notes:
1) 291,536,049 held under CIMSEC Nominees (Asing) Sdn. Bhd.
2) 85,371,184 held under CIMSEC Nominees (Tempatan) Sdn. Bhd.

DIRECTORS' SHAREHOLDINGS (PER REGISTER OF DIRECTORS' SHAREHOLDINGS)

		Number of Shares Held			
Name of Directors	Note	Direct Interest	%	Indirect Interest	%
Loh Wee Hian	1	85,371,184	11.57	45,776,491	6.20

Note:

1) 85,371,184 held under CIMSEC Nominees (Tempatan) Sdn. Bhd.

ANALYSIS OF SHAREHOLDINGS

AS AT 29 MARCH 2019
CONT'D

CHIEF EXECUTIVES' SHAREHOLDINGS

		Number of Shares Held			
Name of Executives	Note	Direct Interest	%	Indirect Interest	%
Leong Kah Chern	1	2,085,000	0.28	-	-
Yap Chih Ming		2,570,049	0.35	-	-

Note:

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

No	Name of Shareholders	Number of shares Held	%
1	CIMSEC NOMINEES (ASING) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR ACTIS STARK (MAURITIUS) LIMITED*	291,536,049	39.50
2	APIS GROWTH 14 LTD	69,665,000	9.44
3	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB FOR LOH WEE HIAN (PB)*	40,371,184	5.47
4	HSBC NOMINEES (ASING) SDN BHD *EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)*	39,666,241	5.37
5	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB BANK FOR LOH WEE HIAN (PBCL-0G0040)*	30,000,000	4.06
6	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	25,691,700	3.48
7	CITIGROUP NOMINEES (ASING) SDN BHD *UBS AG*	18,706,200	2.53
8	HSBC NOMINEES (ASING) SDN BHD *EXEMPT AN FOR CREDIT SUISSE SECURITIES (EUROPE) LIMITED*	16,671,300	2.26
9	AMANAHRAYA TRUSTEES BERHAD *PUBLIC ISLAMIC OPPORTUNITIES FUND*	15,065,100	2.04
10	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB BANK FOR LOH WEE HIAN (PBCL-0G0315)*	15,000,000	2.03
11	GOH HENG LOO	12,489,370	1.69
12	MAYBANK NOMINEES (TEMPATAN) SDN BHD *MTRUSTEE BERHAD FOR PAYSYS GROUP HOLDINGS SDN. BHD. (419475)*	9,390,459	1.27
13	CARTABAN NOMINEES (TEMPATAN) SDN BHD *RHB TRUSTEES BERHAD FOR MANULIFE INVESTMENT SHARIAH PROGRESS FUND*	8,745,900	1.19
14	CITIGROUP NOMINEES (ASING) SDN BHD *EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)*	8,536,700	1.16
15	AMANAHRAYA TRUSTEES BERHAD *PUBLIC ISLAMIC SELECT TREASURES FUND*	7,793,100	1.06
16	CIMSEC NOMINEES (TEMPATAN) SDN BHD *CIMB FOR LOH HIN YAW (PB)*	6,110,250	0.83
17	GOH KUAN HO	5,477,150	0.74
18	HSBC NOMINEES (TEMPATAN) SDN BHD *HSBC (M) TRUSTEE BHD FOR AFFIN HWANG AIIMAN GROWTH FUND (4207)*	5,250,000	0.71

ANALYSIS OF SHAREHOLDINGS

AS AT 29 MARCH 2019
CONT'D

THIRTY LARGEST REGISTERED SHAREHOLDERS (cont'd)

No	Name of Shareholders	Number of shares Held	%
19	AMANAHRAYA TRUSTEES BERHAD *PUBLIC ISLAMIC TREASURES GROWTH FUND*	4,174,200	0.57
20	MAYBANK NOMINEES (TEMPATAN) SDN BHD *MTRUSTEE BERHAD FOR RICA HOLDINGS (M) SDN. BHD. (419480)*	4,024,482	0.55
21	AMANAHRAYA TRUSTEES BERHAD *PB ISLAMIC SMALLCAP FUND*	3,908,400	0.53
22	CITIGROUP NOMINEES (TEMPATAN) SDN BHD *KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AFFIN HWNG SM CF)*	3,685,000	0.50
23	AMANAHRAYA TRUSTEES BERHAD *PUBLIC ISLAMIC EMERGING OPPORTUNITIES FUND*	2,925,300	0.40
24	DB (MALAYSIA) NOMINEE (ASING) SDN BHD *THE BANK OF NEW YORK MELLON FOR VANDERBILT UNIVERSITY*	2,837,500	0.38
26	AMANAHRAYA TRUSTEES BERHAD *PUBLIC ISLAMIC SAVINGS FUND*	2,455,400	0.33
27	MAYBANK NOMINEES (TEMPATAN) SDN BHD *MAYBANK TRUSTEES BERHAD FOR PUBLIC INDUSTRY GROWTH FUND (N14011930270)*	2,365,900	0.32
28	HSBC NOMINEES (TEMPATAN) SDN BHD *HSBC (M) TRUSTEE BHD FOR SINGULAR VALUE FUND*	2,347,500	0.32
29	CARTABAN NOMINEES (TEMPATAN) SDN BHD *RHB TRUSTEES BERHAD FOR MANULIFE INVESTMENT-HW SHARIAH FLEXI FUND*	2,200,000	0.30
30	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD *EXEMPT AN FOR KUMPULAN SENTIASA CEMERLANG SDN BHD (TSTAC/CLNT)*	2,070,000	0.28

NOTICE OF TWENTY-FIFTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Fifth 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 **Thursday, 30 May 2019** 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 2018 together with the Reports of the Directors and Auditors thereon. **[Please see Note 2]**

2. To re-elect Mr Loh Wee Hian who is retiring in accordance with Article 127 of the Constitution of the Company. (Ordinary Resolution 1)

3. To re-elect the following Directors in accordance with Article 132 of the Constitution of the Company:-

   i. Dato' Chan Choy Lin (Ordinary Resolution 2)
   ii. Mr Matteo Stefanel (Ordinary Resolution 3)

4. To approve the payment of Directors' fees of RM240,000.00 for the financial year ending 31 December 2019. (Ordinary Resolution 4)

5. To approve the payment of Special Directors' fees of RM40,000.00 to Independent Directors for the financial year ending 31 December 2019. (Ordinary Resolution 5) **[Please see Note 3]**

6. To approve the payment of Directors' benefits of up to RM55,620.00 for the period from 30 May 2019 until the Twenty-sixth Annual General Meeting of the Company. (Ordinary Resolution 6)

7. To re-appoint Messrs BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration for the ensuing year. (Ordinary Resolution 7)

B. Special Business

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

8. **AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** (Ordinary Resolution 8) **[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-FIFTH ANNUAL GENERAL MEETING
CONT'D

9. **PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK** (Ordinary Resolution 9)
[Please see Note 4(ii)]

"THAT subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued 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:

i. the aggregate number of issued shares in the Company ("Shares") purchased ("Purchased Shares") and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase; and

ii. the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase,

("Proposed Share Buy-Back").

AND THAT the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:

a. the conclusion of the next Annual General Meeting of the Company following at which time the authority shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;

b. the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held; or

c. revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,

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

AND THAT the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares until all the Purchased Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force:

NOTICE OF TWENTY-FIFTH ANNUAL GENERAL MEETING
CONT'D

i. To cancel all or part of the Purchased Shares;

ii. To retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;

iii. To distribute all or part of the treasury shares as dividends to the shareholders of the Company;

iv. To resell all or part of the treasury shares;

v. To transfer all or part of the treasury shares for the purposes of or under the employees' share scheme established by the Company and/or its subsidiaries;

vi. To transfer all or part of the treasury shares as purchase consideration;

vii. To sell, transfer or otherwise use the shares for such other purposes as the Minister may by order prescribe; and/or

viii. To deal with the treasury shares in the manners as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are authorised to take all such steps as are necessary or expedient [including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties] to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities."

10. **PROPOSED ALTERATION OF THE EXISTING MEMORANDUM AND ARTICLES OF ASSOCIATION BY REPLACING WITH A NEW CONSTITUTION ("PROPOSED ALTERATION")** (Special Resolution) **[Please see Note 4 (iii)]**

"THAT the existing Memorandum and Articles of Association of the Company be hereby altered by replacing with a new Constitution attached hereto as Annexure A with effect from the date of passing this special resolution.

THAT the Directors of the Company be hereby authorised to do all such acts and things and to take all such steps as they deem fit, necessary, expedient and/or appropriate in order to complete and give full effect to the Proposed Alteration with full powers to assent to any condition, modification, variation and/or amendment as may be required or imposed by the relevant authorities."

C. Other Business

11. 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
30 April 2019

NOTICE OF TWENTY-FIFTH 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 or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, 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 24 May 2019 shall be eligible to attend, speak and vote at the Meeting.

2. Audited Financial Statements for the financial year ended 31 December 2018

The Audited Financial Statements is meant for discussion only as an approval from shareholders is not required pursuant to the provision of Section 340(1)(a) of the Companies Act 2016. Hence, this item on the Agenda is not put forward for voting by shareholders of the Company.

3. Explanatory Note on Ordinary Business

Ordinary Resolution 5 - Approval of the payment of Special Directors' Fees to Independent Directors for the Financial Year Ending 31 December 2019.

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 2019:-

1.	Datuk Kamaruddin bin Taib	RM 30,000.00
2.	Dato' Chan Choy Lin	RM 10,000.00

NOTICE OF TWENTY-FIFTH ANNUAL GENERAL MEETING
CONT'D

4. Explanatory Notes on Special Business

i. Ordinary Resolution 8 - Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed Ordinary Resolution 8 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, 65,000,000 new ordinary shares in the Capital of the Company at an issue price of RM1.30 each were issued pursuant to the mandate granted to the Directors at the Twenty-fourth Annual General Meeting held on 30 May 2018, which will lapse at the conclusion of the Twenty-fifth Annual General Meeting. The proceeds of RM84,500,000 raised from the private placement exercise had been fully utilised as at 29 March 2019 for working capital purposes.

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 9 – Proposed Renewal of Share Buy-Back Authority

The proposed Ordinary Resolution 9, if passed, will provide a mandate for the Company to purchase its own shares of 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 2018 of the Company for further details.

iii. Special Resolution – Proposed Alteration

This proposed Special Resolution, if passed, will enable the Company to alter its existing Memorandum and Articles of Association by replacing with a new Constitution which is drafted in accordance with the relevant provisions of the Companies Act 2016, relevant amendments of Chapter 7 and other Chapters of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and other provisions of laws and regulations that are applicable to the Company.

For further information on the Proposed Alteration, please refer to Annexure A enclosed together with this Notice of General Meeting dated 30 April 2019.

STATEMENT TO SHAREHOLDERS

IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES

PROPOSED SHARE BUY-BACK PURSUANT TO PARAGRAPH 12.06(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. Disclaimer Statement

This Statement is important and If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

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 Share Buy-Back)

At the last Annual General Meeting of the Company held on 30 May 2018, 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. Based on the Audited Financial Statements of the Company for the financial year ended 31 December 2018, the Company’s accumulated losses were RM139,678,890.

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 25th Annual General Meeting to be held on 30 May 2019, unless renewed by an ordinary resolution.

On 27 March 2019, the Company announced its intention to seek shareholders’ approval at the forthcoming 25th 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 Share Buy-Back and to seek approval for the ordinary resolution to renew the authority for the Company to purchase its own shares, to be tabled at the forthcoming 25th 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 Share 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 25th Annual General Meeting and shall remain in force until:-

(a) the conclusion of the next AGM of GHL following the forthcoming 25th Annual General Meeting 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;
(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.

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 Share Buy-Back** (cont'd)

3.1 **Details of the Proposed Share Buy-Back** (cont'd)

The actual number of GHL Shares to be purchased will depend on market conditions and sentiments of Bursa Securities as well as the retained profits and financial resources available to the Company at the time of the purchase(s).

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 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 Share 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 Share 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 Share 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.

The potential disadvantages of the Proposed Share Buy-Back are as follow:

(i) The Proposed Renewal can only be made out of retained profits of the Company resulting in a reduction of the amount available for distribution as dividends and bonus issues to shareholders;

(ii) The Proposed Renewal 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 cash flow of the Company may be affected if the Company decides to utilise bank borrowings to finance the Share Buy-Back.

STATEMENT TO SHAREHOLDERS

IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES
CONT'D

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

The effects of the Proposed Share 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 2019, are as follow:

Substantial shareholders	Before the Proposed Share Buy-Back *(a)				After the Proposed Share Buy-Back *(b)			
	Direct		Indirect		Direct		Indirect	
	No of shares	%	No of shares	%	No of shares	%	No of shares	%
Actis Stark (Mauritius) Limited	291,536,049	39.50	-	-	291,536,049	43.89	-	-
Loh Wee Hian	85,371,184	11.57	45,776,491	6.20	85,371,184	12.85	45,776,491	6.89
APIS Growth 14 Ltd	69,666,500	9.44	-	-	69,666,500	10.49	-	-

Notes:
*(a) *Adjusted for the number of treasury shares held as at 29 March 2019*
*(b) *Assuming that 10% of the issued and paid up capital is purchased and retained as treasury shares.*

Director	Before the Proposed Share Buy-Back *(a)				After the Proposed Share 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	11.57	45,776,491	6.20	85,371,184	12.85	45,776,491	6.89

Notes:
*(a) *Adjusted for the number of treasury shares held as at 29 March 2019*
*(b) *Assuming that 10% of the issued and paid up capital is purchased and retained as treasury shares.*

8. Effects of Proposed Share Buy-Back

Assuming that the Company buys back up to 73,801,493 GHL Shares representing 10% of its issued and paid-up share capital as at 29 March 2019 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 follow:

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 2019 to be reduced from RM314,375,960 comprising 738,014,933 GHL Shares to RM282,938,364 comprising 664,213,440 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.

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 Share Buy-Back** (cont'd)

8.1 **Share Capital** (cont'd)

The effect of the Proposed Share 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 at 31 December 2018	738,014,933	314,375,960
Issued and paid up share capital as at 29 March 2018	738,014,933	314,375,960
After share purchase and cancellation	664,213,440	# 282,938,364

Notes:
\# *Assuming up to 10% of the issued and paid up capital of GHL or 73,801,493 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.

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 2018.

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.

STATEMENT TO SHAREHOLDERS

IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES
CONT'D

9. Malaysian Code on Take-Overs and Mergers 2016 (CODE)

The Proposed Share 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 Rule 4 of the Rules on Take-Overs, Mergers and Compulsory Acquisitions.

In the event that GHL decides to purchase its own Shares which will result in Loh Wee Hian and Actis Stark (Mauritius) Limited's shareholdings in GHL increasing by more than 2% in any period of six (6) months. Loh Wee Hian and Actis Stark (Mauritius) Limited will seek a waiver from the Securities Commission Malaysia under Rule 4 of the Rules on Take-Overs, Mergers and Compulsory Acquisitions before the Company purchases its own Shares.

10. Purchases Made in the preceding 12 months

The Company did not undertake any Share Buy-Back during the financial year ended 31 December 2018.

During the financial year, the Company had completed the resale of treasury shares of 678,601 units with a price ranging from RM1.60 to RM1.65. The details of the resale of treasury shares in the preceding 12 months were as follow:

Transaction date	Number of shares (units)	Unit price			Consideration received*
		Lowest	Highest	Average	
		RM	RM	RM	RM
28 August 2018	73,000	1.61	1.67	1.649	120,133.88
29 August 2018	63,400	1.62	1.64	1.638	103,632.87
30 August 2018	80,000	1.60	1.63	1.611	129,172.32
3 September 2018	50,000	1.60	1.61	1.606	79,992.85
4 September 2018	80,000	1.60	1.61	1.601	127,577.60
5 September 2018	104,801	1.60	1.61	1.601	167,275.52
6 September 2018	51,000	1.60	1.61	1.60	81,096.05
7 September 2018	176,400	1.60	1.60	1.60	281,308.60

* Including brokerage, clearing house fees and stamp duty.

There is no cancellation of shares made in the preceding 12 months.

11. Proposed Intention of the Directors to Deal with the Purchased Share Buy-Back

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

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

STATEMENT TO SHAREHOLDERS

IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES
CONT'D

12. Historical Shares Prices

The monthly highest and lowest market prices of GHL Shares traded on Bursa Securities for the preceding 12 months are as follow:

	High RM	Low RM
2018		
April	1.39	1.03
May	1.52	1.17
June	1.64	1.43
July	1.67	1.55
August	1.68	1.53
September	1.65	1.55
October	1.86	1.45
November	1.74	1.58
December	1.71	1.47
2019		
January	1.71	1.61
February	1.72	1.64
March	1.73	1.68

The last transacted market price as at 17 April 2019 (being the latest practical date prior to the printing of this Statement) was RM1.71.

(Source : Bloomberg)

13. 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 29 March 2019, the public shareholding spread of the Company was 32.62%. In implementing the Proposed Share Buy-Back, the Company will ensure that the minimum public shareholding spread of 25% is complied with.

14. Director Statement and Recommendation

After having considered all aspects of the Proposed Share Buy-Back, the Board of Directors is of the opinion that the Proposed Share 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 Share Buy-Back to be tabled at the forthcoming 25th Annual General Meeting.

15. Responsibility Statement

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

STATEMENT TO SHAREHOLDERS

IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES
CONT'D

16. Documents Available For Inspection

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

(i) Memorandum and Articles of Association of GHL; and
(ii) The audited consolidated financial statements of GHL for the past two (2) financial years ended 31 December 2017 and 2018 respectively.

17. Further Information

There is no other information concerning the Proposed Renewal of Share Buy-Back Mandate as shareholders and other professional advisers would reasonably require and expect to find in the Statement for the purpose of making informed assessment as to the merits of approving the Proposed Renewal of Share Buy-Back Mandate and the extent of the risks involved in doing so.

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GHL

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

PROXY FORM

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-Fifth 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 **Thursday, 30 May 2019** 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 Loh Wee Hian as Director pursuant to Article 127 of the Constitution of the Company		
Ordinary Resolution 2	Re-election of Dato' Chan Choy Lin as Director pursuant to Article 132 of the Constitution of the Company		
Ordinary Resolution 3	Re-election of Mr Matteo Stefanel as Director pursuant to Article 132 of the Constitution of the Company		
Ordinary Resolution 4	Approval of Directors' fees of RM240,000.00 for the financial year ending 31 December 2019		
Ordinary Resolution 5	Approval of Special Directors' fees of RM40,000.00 to Independent Directors for the financial year ending 31 December 2019		
Ordinary Resolution 6	Approval of Directors' benefits of up to RM55,620.00 for the period from 30 May 2019 until the Twenty-Sixth Annual General Meeting of the Company.		
Ordinary Resolution 7	Re-appointment of Messrs BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration		
SPECIAL BUSINESS			
Ordinary Resolution 8	Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016		
Ordinary Resolution 9	Proposed Renewal of Authority for Share Buy-Back		
Special Resolution	Proposed Alteration of the Existing Memorandum and Articles of Association by Replacing with a New Constitution		

(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 ____________ 2019.

____
Signature of 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 or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, 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 24 May 2019 shall be eligible to attend, speak and vote at the Meeting.

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STAMP

The Company Secretary

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