



GHL Systems Berhad

199401007361 (293040-D)

Incorporated in Malaysia

**SUMMARY OF KEY MATTERS
DISCUSSED AT THE
TWENTY-SIXTH
ANNUAL GENERAL MEETING
HELD ON
26 AUGUST 2020**

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Summary of Key Matters discussed at the Twenty-Sixth Annual General Meeting (“26th AGM”) of the Company conducted entirely through live streaming from the broadcast venue at Level 3A, C-G-15, Block C, Jalan Dataran SD 1, Dataran SD PJU 9, Bandar Sri Damansara, 52200 Kuala Lumpur (“Broadcast Venue”) on Wednesday, 26 August 2020 at 3.00 p.m..

Present at Broadcast Venue	:	Datuk Kamaruddin Bin Taib – Independent Non-Executive Chairman Mr Loh Wee Hian – Executive Vice Chairman Dato’ Chan Choy Lin – Independent Non-Executive Director Mr Leong Kah Chern – Group Chief Executive Officer (“Group CEO”) Mr Yap Chih Ming – Group Chief Financial Officer (“Group CFO”)
Present via video conferencing	:	Mr Hossameldin Abdelhamid Mohamed Aboumoussa – Non-Independent Non-Executive Director Mr Matteo Stefanel – Non-Independent Non-Executive Director Ms Te Hock Wee – Company Secretary Mr Lee Wee Hoong – Representative of BDO PLT, the External Auditors of the Company Ms Lim Lee Tze } Representatives of Tricor Corporate Services Ms Cheng Sze Mun } Sdn. Bhd.

The attendance of members/corporate representatives/proxies is as per the Summary of Attendance List via Remote Participation and Voting (“RPV”).

1. CHAIRMAN

The Chairman, Datuk Kamaruddin Bin Taib, welcomed the members and attendees to the 26th AGM of the Company. He then introduced the members of the Board, the Group CEO, the Group CFO, the Company Secretary and the External Auditors of the Company to the shareholders.

The notice convening the meeting, having been circulated to the shareholders of the Company within the prescribed period, was taken as read.

2. QUORUM

The Chairman informed that for a fully virtual general meeting, the quorum shall be determined by the number of members who logged-in at the commencement of the meeting.

With the requisite quorum being present, the Chairman called the meeting to order.

3. POLLING AND ADMINISTRATIVE MATTERS

The Chairman informed that all resolutions set out in the notice of general meeting must be voted by poll pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa

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Malaysia Securities Berhad which would be conducted after all items on the agenda have been dealt with.

The Chairman informed that the Company had appointed Tricor Investor & Issuing House Services Sdn Bhd as Poll Administrator to facilitate the poll voting process and Asia Securities Sdn Berhad as the Independent Scrutineer to verify the poll results.

The Poll Administrator then briefed on the polling procedures and steps to pose questions through the RPV application.

The Chairman informed that the Company had received some questions from the Minority Shareholders Watch Group ("MSWG"). Danny, the Group CEO then presented the Company's responses to the questions raised by MSWG for the interest of the shareholders. The summary of the presentation, which forms part of the minutes, was set out in the Appendix A attached.

4. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 TOGETHER WITH THE REPORTS OF THE DIRECTORS AND AUDITORS THEREON

The Audited Financial Statements for the financial year ended 31 December 2019, together with the Reports of the Directors and Auditors of the Company, having been circulated to all the shareholders of the Company within the statutory period, were tabled at the Meeting.

The Chairman informed that the Audited Financial Statements and the Reports were meant for discussion only as it does not require a formal approval from the shareholders. Hence, it would not be put forward for voting. Questions raised by shareholders or proxies were to be addressed during the Questions and Answers ("Q&A") session, after all items on the Agenda were dealt with.

Accordingly, the Chairman declared that the Audited Financial Statements and the Reports have been properly laid and received by the shareholders.

5. ORDINARY RESOLUTIONS 1 TO 7

Thereafter, the Chairman went through each of the motions set out in the Notice of 26th AGM.

6. QUESTION AND ANSWER SESSION

The Chairman informed that the Company had not received any notice from shareholders for other business to be transacted at this meeting in accordance with the Constitution of the Company and the Companies Act 2016.

Accordingly, the Meeting continued on with the Q&A session. Questions raised by shareholders and proxies that were submitted in advance of the meeting and also at the meeting were addressed by the Chairman succinctly. The summary of the questions and answers, which forms part of this Minutes was set out in Appendix A attached herein.

7. POLL VOTING SESSION

After dealing with all questions raised, the shareholders and proxies were invited to cast their vote remotely.

After which, the meeting was adjourned for the tabulation of poll results.

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8. ANNOUNCEMENT OF POLL RESULTS

Having received the validated poll results from the independent scrutineer, the Chairman resumed the Meeting at 3.50 p.m.. The results of the poll were presented at the meeting and the Chairman declared that all resolutions set out in the Notice were carried as follows:-

Ordinary Resolution 1

Re-election of Director – Datuk Kamaruddin Bin Taib

By a vote of 526,478,938 shares (representing 98.8712%) voted for and 6,010,892 shares (representing 1.1288%) voted against the resolution, it was **RESOLVED:-**

THAT Datuk Kamaruddin Bin Taib, who retired pursuant to Clause 76 of the Company's Constitution, be and is hereby re-elected as Director of the Company.

Ordinary Resolution 2

Re-election of Director – Mr Hossameldin Abdelhamid Mohamed Aboumoussa

By a vote of 526,478,920 shares (representing 98.8712%) voted for and 6,010,910 shares (representing 1.1288%) voted against the resolution, it was **RESOLVED:-**

THAT Mr Hossameldin Abdelhamid Mohamed Aboumoussa, who retired pursuant to Clause 76 of the Company's Constitution, be and is hereby re-elected as Director of the Company.

Ordinary Resolution 3

Payment of Directors' Fees

By a vote of 532,480,576 shares (representing 99.9983%) voted for and 9,254 shares (representing 0.0017%) voted against the resolution, it was **RESOLVED:-**

THAT the payment of Directors' fees of RM240,000.00 for the financial year ending 31 December 2020 be hereby approved.

Ordinary Resolution 4

Payment of Directors' Benefits

By a vote of 532,460,558 shares (representing 99.9983%) voted for and 9,272 shares (representing 0.0017%) voted against the resolution, it was **RESOLVED:-**

THAT the payment of Directors' benefits of up to an aggregate amount of RM58,500.00 for the period from 27 August 2020 until the next Annual General Meeting of the Company be hereby approved.

Ordinary Resolution 5

Re-appointment of Auditors

By a vote of 532,489,076 shares (representing 99.9999%) voted for and 754 shares (representing 0.0001%) voted against the resolution, it was **RESOLVED:-**

THAT BDO PLT be hereby re-appointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting and that the Directors be authorised to fix their remuneration.

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Ordinary Resolution 6

Authority to issue new Shares pursuant to Sections 75 and 76 of the Companies Act 2016

By a vote of 522,733,024 shares (representing 99.9993%) voted for and 3,606 shares (representing 0.0007%) voted against the resolution, it was **RESOLVED:-**

THAT, pursuant to Sections 75 and 76 of the Companies Act 2016 ("the Act") and subject to the Constitution of the Company, the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant government/regulatory authorities, where such approval is necessary, the Directors of the Company be and are hereby empowered to issue shares in the Company at any time until the conclusion of the next Annual General Meeting ("AGM") 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 pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier, unless revoked or varied by an ordinary resolution of the Company at a general meeting.

Ordinary Resolution 7

Proposed Renewal of Authority for Share Buy-back

By a vote of 530,000,325 shares (representing 99.5325%) voted for and 2,489,505 shares (representing 0.4675%) voted against the resolution, it was **RESOLVED:-**

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

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

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

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

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

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

9. CLOSURE

There being no further business, the Meeting closed at 4.00 p.m. with a vote of thanks to the Chair.

Appendix A

SUMMARY OF QUESTIONS AND ANSWERS POSED FOR THE TWENTY-SIXTH ANNUAL GENERAL MEETING (“26TH AGM”) OF THE COMPANY CONDUCTED ENTIRELY THROUGH LIVE STREAMING FROM THE BROADCAST VENUE AT LEVEL 3A, C-G-15, BLOCK C, JALAN DATARAN SD 1, DATARAN SD PJU 9, BANDAR SRI DAMANSARA, 52200 KUALA LUMPUR ON WEDNESDAY, 26 AUGUST 2020 AT 3.00 P.M.

1. The following are questions raised by the Minority Shareholders Watch Group (“MSWG”) and the responses from the Company:-

1.1. Strategy and Financial Matters

Q1 : The Company’s businesses are deemed as essential services during the Movement Control Order (“MCO”) imposed by the Malaysian government. What were the strategies employed by the Company to weather the slowdown in its business during this period?

A1 : The Group’s main strategies were:-

- (i) to ensure the well-being and safety of its staff in carrying out its support of the various countries’ payment network; and
- (ii) to ensure the payment network is working as normal, in order that the businesses the Group support is uninterrupted due to the need for consumers to continue to purchase essential items during the lockdown period.

Q2 : The annuity-based revenue of the Company improved marginally to RM303.5 million (87.3%) in 2019, as compared with RM264.7 million (88.5%) in 2018. The Group’s strategy was to grow the TPA and other businesses that have strong recurring annuity-based revenue (page 12, Annual Report 2019).

What are the steps taken to implementing your strategies to ensure that the annuity-based revenue remains high and consistently on a growth trajectory?

A2 : GHL to continue with:-

- (i) TPA division’s merchant acquiring activities and introducing more payment acceptance products and transactional value added services; and
- (ii) support the banking sector in growing their terminal base and upgrading their aging infrastructure, which in turn brings growth to the Group’s shared services division.

- Q3 : The growth of non-cash payments in the ASEAN region is positive for the Company to market its integrated omni channel payment solutions.**

What are the Company's strategies to tap on this strong growth?

- A3 : The ASEAN region is a huge opportunity for converting cash transactions to cashless transactions which is a major objective of all the governments and central banks in the region.**

Given that the ASEAN population has different levels of financial inclusion and literacy, the Group's strategy in this respect is to provide a wide range of payment acceptance to suit the entire spectrum of consumers in ASEAN.

- Q4 : The Board of Directors does not recommend payment of dividend for the financial year ended 31 December 2019, as it views that the Company's cash reserve can be better used to grow the business (page 18, Annual Report 2019).**

What are the Company's plan to better utilise the cash reserves for its business growth?

- A4 : The Board believes that it is better to retain cash generated to be reinvested in the Group as it is in a growth phase. The cash can be better utilised for working capital to support regional expansion plans and potential merger and acquisitions activities, whenever opportunities arises.**

- Q5 : The Company had obtained money lending licenses for its Malaysian and Thai operations (page 26, Annual Report 2019).**

What has been the contribution and expected revenue stream from this business?

- A5 : The contribution is currently relatively small as:-**

- (i) it is still on pilot stage for both countries prior to the lock down;
- (ii) disruption due to the moratorium of repayment;
- (iii) relatively low interest loans initiated by the respective government to small medium enterprises (SME); and
- (iv) rapid changes of the risk profile of targeted client.

The actual sum of loan given out is disclosed quarterly by announcements to Bursa Malaysia Securities Berhad. For the financial year ending 31 December 2020, the contribution of lending will continue to be negligible due to the factors as mentioned above.

Q6 : Impairments: (page 89, Annual Report 2019):-

- (i) What is the nature of impairment losses on property, plant and equipment (“PPE”) - RM506,938?**
- (ii) What is the reason for the sharp rise in impairment losses on trade receivables of RM9.3 million in 2019 as compared with RM2.8 million in 2018?**

A6 : (i) The impairment mainly relates to writing down the value of kiosk machines, which were used for Reloads and Bill Payments, as the net realisable values have reduced.
(ii) The higher expected credit losses for the financial year ended 31 December 2019, was in line with the requirements of the Malaysian Financial Reporting Standards 9, taking into consideration of forward looking macroeconomic factor.

Q7 : What is the reason for significant increase in inventories written off RM689,769 in 2019, as compared with RM23,494 in 2018?

A7 : Inventories written off were mainly items kept for maintenance purposes. The Company decided to write off those items, due to these inventories could not be resold as they have become old models.

1.2 Corporate Governance Matters

Q1 : Based on the Corporate Governance (“CG”) report of the Company on the application of the Practices under the Malaysian Code on Corporate Governance (“MCCG”), please provide clarification on the following:

- (i) Practice 4.3 of the MCCG – The Board has a policy which limits the tenure of its Independent Directors to nine years.**

GHL’s response in the CG Report – Adopted

The Company said it has adopted Practice 4.3 of the MCCG, where the tenure of Independent Directors is limited to nine years, but had also mentioned that the Board Charter requires Independent Directors who have served more than nine years to be subject to a particularly rigorous review by the Board, prior to justifying/recommending to the shareholders for their approval in retaining the particular Board member as an Independent Director, if necessary.

MSWG’s comment - There is no provision for an Independent Director’s tenure to be extended beyond nine years in the Company’s Board Charter. Please explain the contradiction between the Company’s Board Charter and CG Report.

(ii) Practice 12.2 of MCCG – All Directors to attend general meetings.

GHL's response in the CG Report - Departure

During the twenty-fifth Annual General Meeting held on 30 May 2019, two Directors of the Company, Ali Zaynaladibin Haeri Mazanderani and Matteo Stefanel were not present.

MSWG's comment - The Company should ensure that all Directors attend the Company's general meetings.

- A1 (i) At the soonest available time, GHL would ensure that the Board Charter and the CG Report with regards to the tenure of Independent Directors, is aligned.
- (ii) During the previous Annual General Meeting, both Directors were unable to attend due to unforeseen circumstances as they are based in Europe. Moving forward, all Directors will attend general meetings either physically or virtually, as showcased in the twenty-sixth Annual General Meeting.

2. The following questions and answers were dealt with during the 26th AGM:-

Q1 : There is a huge increase in the impairment losses on trade and other receivables (Page 93 of the Annual Report 2019) from RM2.859 million to RM9.332 million for the past two financial years.

Please elaborate on the nature of the impairment losses and the reason for the increase.

A1 : This question has been addressed under item 1.1 (A6) – questions raised by MSWG.

**Q2 : (a) The Company's future plan.
(b) How the Company maintain its market capitalisation.
(c) The Company's strength and competitive advantage against other competitors.
(d) The Company's strategy in going through the bad times and good times.
(e) If COVID-19 had affected Company's business operation, how did the Company overcome it.
(f) The way the Company redistribute its revenue.
(g) Whether the Company consider to expand its business to other industry.**

A2 : (a) This has been addressed under item 1.1 (A2).
(b) The Company maintains its market capitalisation by continuing to improve business performance and manage risk.
(c) The Company's strength is its strong regional footprint and wide range of payment acceptance types.
(d) The Company goes through bad and good times through long and combined experience.

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- (e) This has been addressed under item 1.1 (A1).
- (f) The Company plans to conserve its cash for operation needs, aimed to reach performance growth which in turn to deliver higher value of return to shareholders.
- (g) Not at the moment, the Company remains focus on payment services.

Q3 : A shareholder enquired on the prospects for the Company.

A3 : This was addressed under item 1.1 (A3) above.

Q4 : The total Group revenue and profit before tax for the financial year ended 31 December 2019 had increased by 16.2% and 18.6% respectively, but the total salaries and bonuses increased by 28%, of which includes a 59% increase for remuneration of the executive director (page 99 of the Annual Report 2019).

The shareholder enquired the reasons for the higher increase in salaries and bonuses mentioned above and if similar increase be seen in subsequent financial year.

A4 : As our revenue growth is increasing, we believe our growth in our costs and resources are in line with revenue growth we had expected in our manpower.

Q5 : A shareholder enquired on the Company's future earnings.

A5 : This was addressed under item 1.1 (A2).

Q6 : Under Management Discussion and Analysis (page 18 of the Annual Report 2019), the Board stated that the cash reserves can better used to further grow of the Group's business in the ASEAN market. Based on the Cash Flow Statements (pages 89-91 of the Annual Report 2019), GHL had utilised RM26.780 million for the purchase of PPE, which constitutes only 29% of the net cash generated from operations.

A proposed cash dividend of 2%, will only require approximately RM15 million cash. Appreciate the Board's commitment to declare dividends to shareholders, taking into consideration the current good financial performance of the Company.

A6 : Well-noted. The Company endeavors to deliver greater shareholders' value by maximising the Group's revenue and profitability which in turn improving the share price.

Q7 : (i) Whether MCO affects the Company's supply chain and solutions thereof.
(ii) The profit after tax for the last quarter has dropped by 82.28%, from RM6.119 million to RM1.084 million. How is the Company's financial performance in the next quarter?
(iii) Whether the current year's performance is better than last year.
(iv) The action taken by Company to ensure that the business will continue to grow and the expected growth with current action plan.
(v) The market share that GHL currently commands.

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- A7 : (i) Yes, it does affect the Company's supply chain. Nevertheless, the Company's business providing financial services continues to operate during MCO as it is deemed as essential service.
(ii) The second quarter's financial results of the Group will be released to Bursa Securities later on the same day.
(iii) The Company has yet to close its financial year, and it is believed that the worse is yet to come.
(iv) The Company has in place a Business Contingency Plan and conserves cash flow to ensure sustainability.
(v) Based on payment footprint, GHL has the largest market share in Malaysia and the Philippines, while in Thailand, a smaller market share.
- Q8 : If there is any change in the capital and expenditure requirements or plans outlined for the financial year ending 31 December 2020 and 31 December 2021, arising from the outbreak of COVID-19 pandemic. If the Board can share on upcoming plans in growing the revenue from overseas operation.**
- A8 : Management is currently monitoring the situation and will act accordingly. The key strategies are to improve overseas payment footprint and work together with Bank partners on penetrating the market of tier 1 merchants.
- Q9 : Shareholder enquired if there is any plan to tie-up or work closely with the major e-commerce players i.e. Shopee or Lazada in the e-payment landscape? Are there any plans to apply for Digital Banking License or evolve into a major Fintech player?**
- A9 : The Company's online payment division is growing strongly, servicing various industries.
- Q10 : Shareholder enquired if the Company consider distributing bonus issue to reward the shareholders.**
- A10 : The Company will take this into consideration.