



GHL SYSTEMS BERHAD

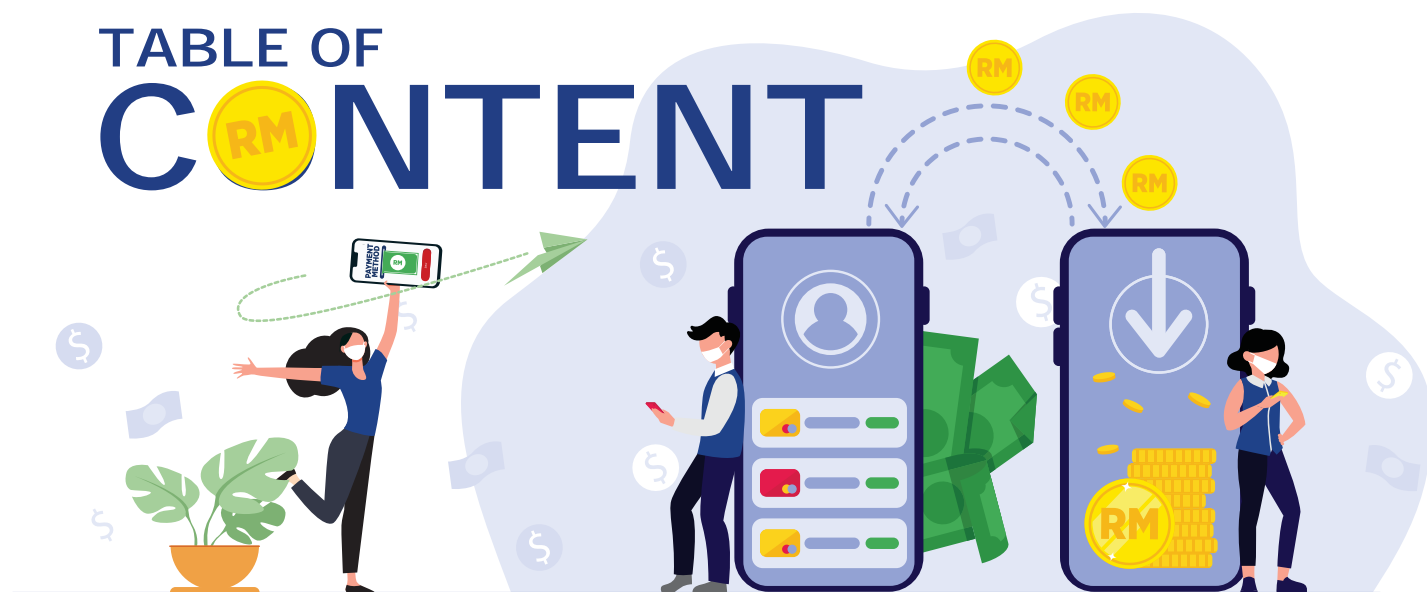
199401007361 (293040-D)
INCORPORATED IN MALAYSIA

ANNUAL REPORT 2020



the ASEAN payment people

TABLE OF CONTENT



02	VISION AND MISSION	31	DIRECTORS' PROFILE
03	CORPORATE PROFILE	36	KEY SENIOR MANAGEMENTS' PROFILE
04	CORPORATE STRUCTURE	40	CORPORATE DIRECTORY
06	CORPORATE INFORMATION	41	CORPORATE GOVERNANCE OVERVIEW STATEMENT
09	FINANCIAL HIGHLIGHTS	49	AUDIT AND RISK COMMITTEE REPORT
10	KEY PERFORMANCE INDICATORS	54	STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
11	MANAGEMENT DISCUSSION AND ANALYSIS	61	OTHER STATEMENTS AND DISCLOSURES
19	SUSTAINABILITY STATEMENT		

FINANCIAL STATEMENTS

63	DIRECTORS' REPORT	84	STATEMENTS OF CASH FLOWS
70	STATEMENT BY DIRECTORS	87	NOTES TO THE FINANCIAL STATEMENTS
70	STATUTORY DECLARATION	169	LIST OF PROPERTIES
71	INDEPENDENT AUDITORS' REPORT	170	ANALYSIS OF SHAREHOLDINGS
76	STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	173	NOTICE OF TWENTY-SEVENTH ANNUAL GENERAL MEETING
78	STATEMENTS OF FINANCIAL POSITION	179	STATEMENT TO SHAREHOLDERS
80	STATEMENTS OF CHANGES IN EQUITY		PROXY FORM



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.

NO DISHONESTY

Not tolerated!

ADDICTED TO INNOVATION

Innovate anything and everything, internal or external, small or big.

"BOLEH" ATTITUDE

We are leaders, NOT mere followers.
We are passionate about the things we do each day.

CORPORATE PROFILE



GH is at the forefront of ASEAN's cutting edge Fintech, empowering the revolution that is shaping today's Payments Industry. From new-generation cashless to tailor-made value-added solutions, we offer vast payment options, both Cardholder-present and E-commerce, to fulfil merchants' and consumers' payment requirements.

Our core business is heavily focused on the following business pillars:



- Transaction Payment Acquisition**

As one of the largest ASEAN's Transaction Payment Acquirers, we acquire merchants on behalf of major financial institutions, as well as local and global payment schemes. Through this, **Card Payments** such as debit, ewallet and credit are enabled, allowing consumers to pay using these alternatives instead of cash.

Aside from Card Payments, we also enable major local and cross border e-wallets' acceptance across our footprint of more than 383,600 payment touchpoints. The **Mobile Payments** component allows us to ride the ASEAN cashless tide, alongside significant Asian digital payment players such as Boost, Touch 'n Go eWallet, Grabpay, Thailand's Rabbit Linepay, China's Alipay, WeChat Pay, and many more.

Our e-commerce payment gateway, eGHL, offers secure internet payment gateway capability covering both card and non-card payment channels, supporting online businesses throughout the ASEAN region.

Our subsidiary, e-pay, which powers **Mobile Reload and Bill Payment Services**, has positioned itself as Malaysia's largest prepaid top-up and bill collection network. e-pay processes a total of more than 15 million transactions, equaling to approximately RM400 million in value, per month.

The latest addition to our value-added services is GH's **Financial/Non-Financial Supermarket**, known as GROW. GROW by GH aspires to provide a range of curated essential services, catering to the needs of Micro and Small Medium Entrepreneurs (MSMEs).

- Shared Services**

GH Group, provides **Payment Acceptance Devices** such as Android Smart All-in-One Point of Sales (POS) terminals and other payment acceptance devices that are able to perform numerous electronic payments. These devices, along with complex proprietary payment applications, developed by GH, are offered for sale, lease and/or rental as well as on going maintenance.

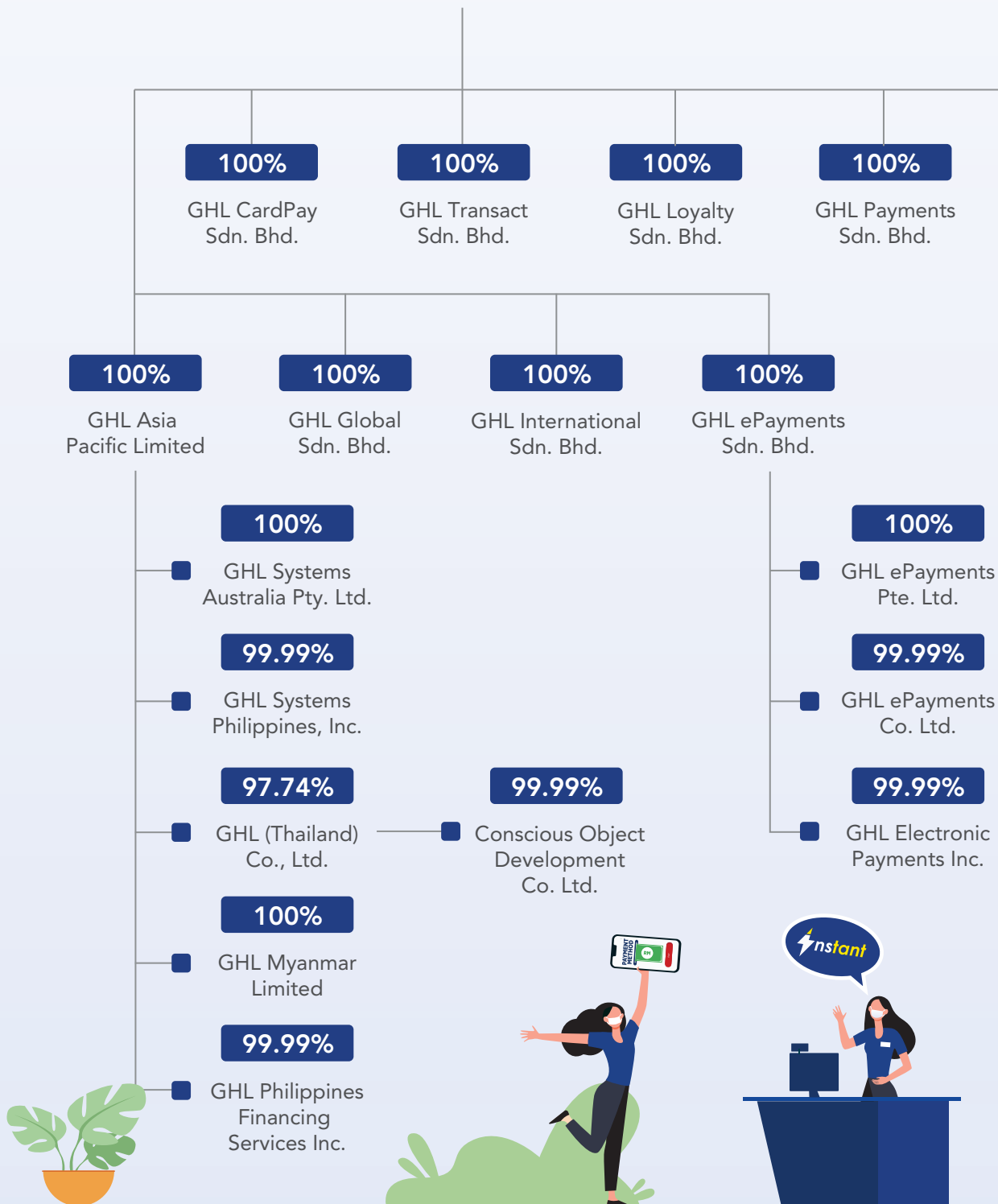
- Solution Services**

GH offers customized **Payment Solutions**, including but not limited to customised online payment platforms, payment collection solutions, integrated payment solutions, loyalty point capture /redemption solutions, loan repayment solutions, and other bank or merchant specific applications, which are designed to cater to our clients' specific business needs. , We also offer secure and 'PCI-DSS-compliant' payment networking solutions , including both software and hardware

CORPORATE STRUCTURE

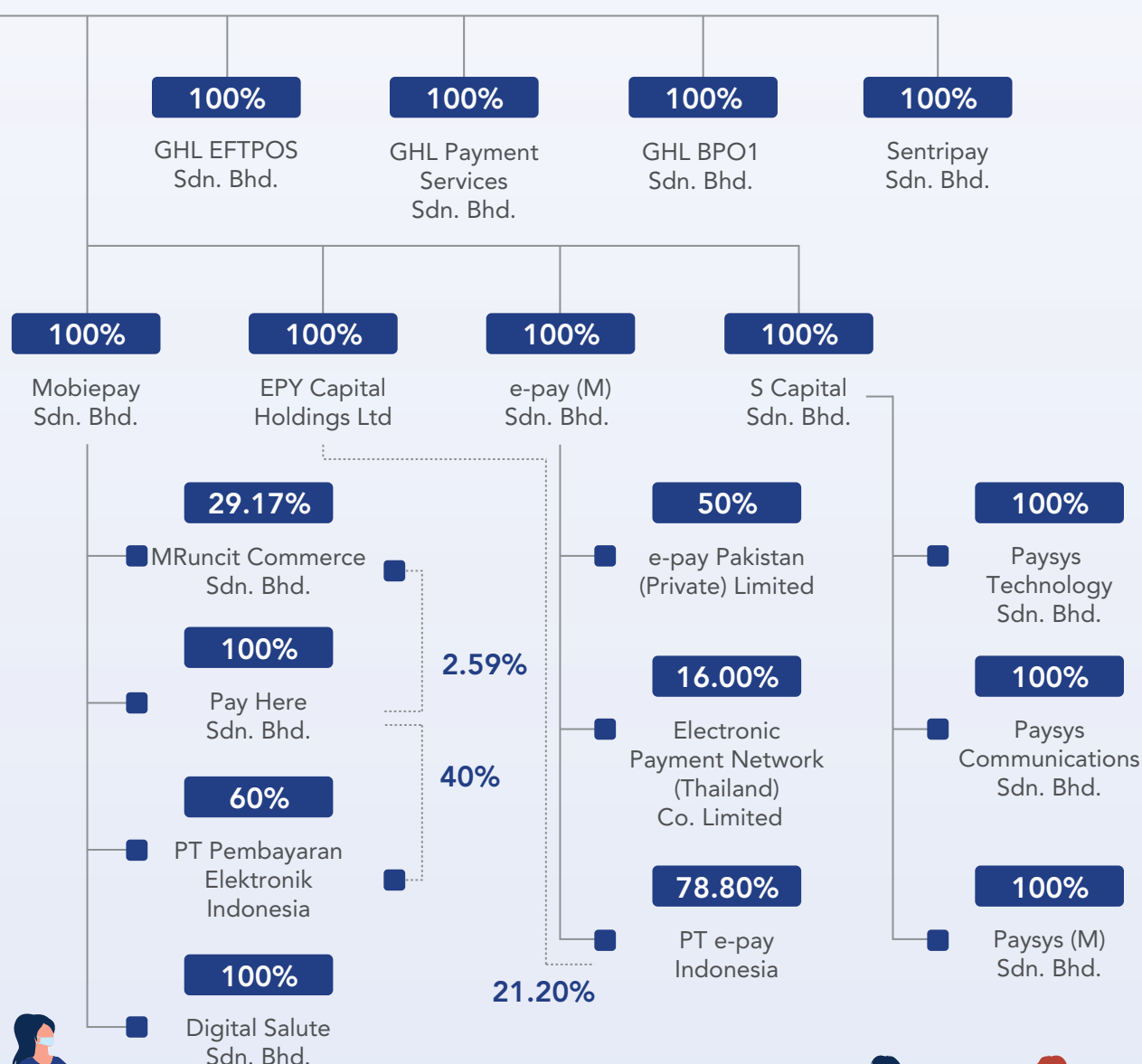


GHL SYSTEMS BERHAD 199401007361 (293040-D)
INCORPORATED IN MALAYSIA



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)
(Resigned on 11 March 2021)

DATO' CHAN CHOY LIN
(Independent Non-Executive Director)

MATTEO STEFANEL
(Non-Independent Non-Executive Director)

RICHARD HENRY PHILLIPS
(Non-Independent Non-Executive Director)
(Appointed on 16 April 2021)

COMPANY SECRETARIES

Te Hock Wee
(MAICSA 7054787) (SSM PC No. 202008002124)
Wong Wai Foong
(MAICSA 7001358) (SSM PC No. 202008001472)

NOMINATION AND REMUNERATION COMMITTEE

Datuk Kamaruddin Bin Taib (Chairman)
Dato' Chan Choy Lin
Hossameldin Abdelhamid Mohamed Aboumoussa
(Resigned on 11 March 2021)

AUDIT AND RISK COMMITTEE

Dato' Chan Choy Lin (Chairperson)
Datuk Kamaruddin Bin Taib
Hossameldin Abdelhamid Mohamed Aboumoussa
(Resigned on 11 March 2021)

AUDITORS

BDO PLT (LLP0018825-LCA & AF0206)
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
HSBC Bank Malaysia Berhad

REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Tel : +6(03) 2783 9299
Fax : +6(03) 2783 9222

REGISTERED OFFICE

Unit 30-01, Level 30, Tower A
Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Tel : +6(03) 2783 9191
Fax : +6(03) 2783 9111

LEGAL ADVISORS

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

Fortun Narvasa Salazar Law Offices
23rd Floor Multinational Bancorporation Centre,
6805 Ayala Avenue,
1227 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
Reuters Code : GHLS.KL
Bloomberg Code : GHLS MK

WEBSITE

www.ghl.com



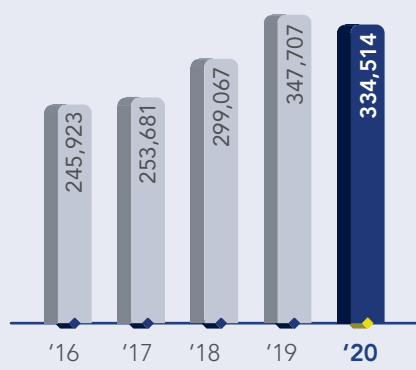


From new-generation cashless to tailored financial solutions, GHL offers extensive online and offline payment options.

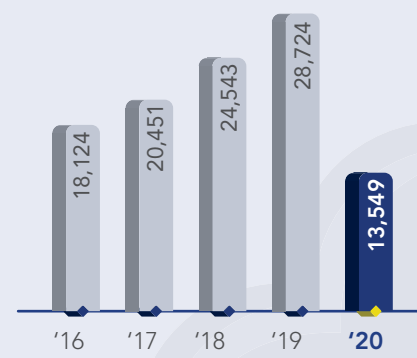


FINANCIAL HIGHLIGHTS

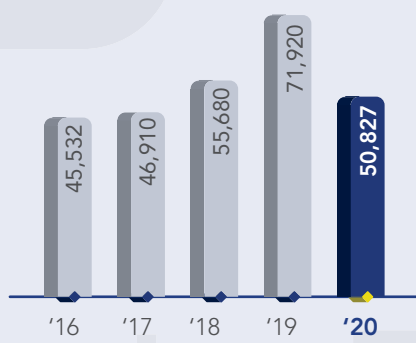
REVENUE RM'000



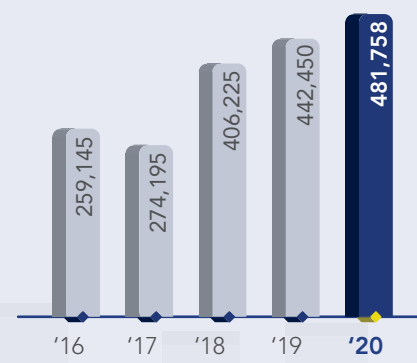
PROFIT ATTRIBUTABLE TO EQUITY HOLDERS RM'000



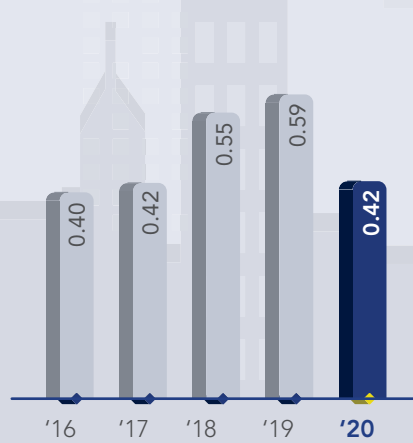
EARNINGS BEFORE INTEREST, TAX, DEPRECIATION & AMORTISATION (EBITDA) RM'000



SHAREHOLDERS' EQUITY RM'000



NET ASSETS PER SHARE RM



KEY PERFORMANCE INDICATORS

FINANCIAL HIGHLIGHTS		Year				
Financial Year Ended 31 December		2016	2017	2018	2019	2020
Revenue	RM'000	245,923	253,681	299,067	347,707*	334,514
Gross Profit	RM'000	95,310	105,726	126,876	150,475	144,326
Gross Profit Margin	%	38.76	41.68	42.42	43.28	43.14
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)	RM'000	45,532	46,910	55,680	71,920	50,827
Profit/(Loss) For The Year Attributable To Equity Holders	RM'000	18,124	20,451	24,543	28,724	13,549
Shareholders' Equity	RM'000	259,145	274,195	406,225	442,450	481,758
Net Operating Cash Flow	RM'000	32,042	56,372	2,532	91,506	44,350
Net Assets Per Share	RM	0.40	0.42	0.55	0.59	0.42
Basic Earnings Per Share	sen	2.79	3.12	3.49	2.56**	1.69
Total Borrowings	RM'000	38,124	34,186	34,668	26,204	22,175
Net Gearing		Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Notes:

* Revenue for FY 2019 is inclusive of revenue from discontinued operations.

** Basic earnings per share restated in accordance with MFRS 113 Earnings per share arising from bonus issue.



MANAGEMENT DISCUSSION AND ANALYSIS

1. OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

GHL Systems Berhad ("the Group") is a leading ASEAN payment services provider with operations in Malaysia, Philippines, Thailand, Indonesia, and Australia. The Group provides world-class payment services encompassing physical, e-commerce, and QR payments, and is one of the region's top merchant acquirers. GHL manages and oversees more than 383,600 footprint of payment touchpoints across its ASEAN markets that enable credit/debit card, e-wallets, contactless payment, loyalty, prepaid credit top up, and bill collection payment services.

The Group has three (3) core business pillars:

1. *Transaction Payment Acquisition ("TPA")* comprises revenue derived from two (2) distinct sub segments:
 - i) e-pay services which include Telco prepaid and other credit top-up facilities and bill collection services for consumers ("reload and collection services") and;
 - ii) GHL's merchant acquiring and electronic payment services ("electronic payment services").
2. *Shared Services* comprises revenue derived from the sale, rental, and maintenance of EDC terminals and other payment acceptance devices.
3. *Solution Services* comprises revenue derived from proprietary payment solutions which include customised online platforms, loan collections, loyalty systems and other bank or merchant specific applications.

The Group's focus is to become ASEAN's largest merchant acquirer by directly contracting with merchants ("merchant acquisition") under its TPA initiative. These business segments 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 declined -3.8% yoy to RM334.5 million (2019 – RM347.7 million) impacted by the global COVID-19 pandemic across its group operations. Declines registered in the TPA and Shared Services segments. Solutions Services segment, however, registered a RM3.0m yoy increase in revenue. Geographical wise, all the three key geographical markets of Malaysia, Thailand and Philippines' 2020 revenue was lower year on year.

2.2 Net Profit

Pre-tax profits declined -51.1% to RM21.3 million as compared to RM43.6 million a year ago. Pre-tax margins declined to 6.4% (FY2019 – 12.5%). Net profit after tax and minority interest declined in tandem by -52.8% yoy to RM13.5 million (2019 – RM28.7 million), with the majority of the declines coming from TPA and Shared Services.

2.3 Taxation

The effective tax rate for 2020 was 57.2% (2019 – 29.1%) which was higher than the statutory tax rate mainly due to two large non cash expenses which are non-tax allowable. Post-tax and minority interest profit margins were lower at 4.1% in 2020 compared to 8.3% in 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

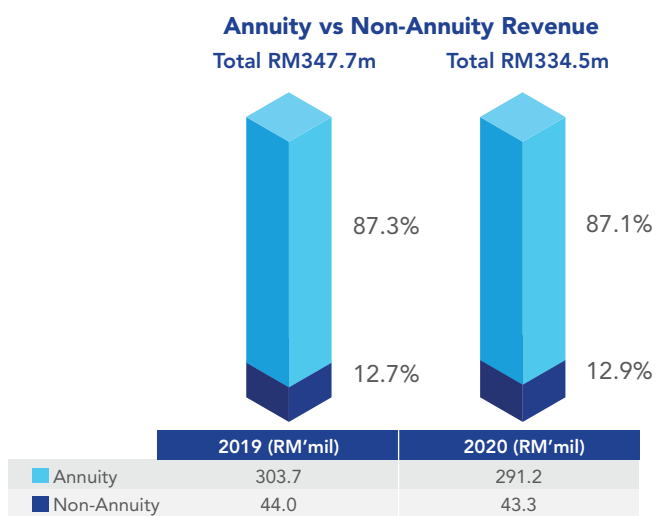
CONT'D

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 dropped to RM13.5 million, a -52.8% decline yoy. Fully diluted earnings per ordinary share for the year amounted to 1.69 sen, a decline of -33.7% yoy. The performance in 2020 reflects the COVID-19 challenges which led governments introducing lockdowns and movement controls to contain the spread of the pandemic.

2.5 Annuity versus Non-Annuity Revenue



The annuity-based revenue component within the group's total revenue remains high at 87.1% and this compared to 87.3% achieved in 2019 as the result of lower TPA revenue recognised in 2020 due to the COVID-19 pandemic which had resulted in lockdowns and business closures. Annuity based income also declined in absolute terms, as the result of lesser recurring TPA transaction captured during the lockdown months as well as lower recurring revenue/maintenance revenue from the Shared Services segment. The group's strategy is to grow the TPA and other businesses that have a strong recurring annuity-based revenue and at the same time to continue to support our main bank customers with their hardware and software requirements. As TPA recovery gathers momentum in all three geographical markets, we expect annuity revenues to remain strong and recover in 2021.

2.6 Liquidity and Capital Resources

As at 31 December 2020, the Group's Net Cash Position (Note 1) amounted to RM117.6 million (31 December 2019 – RM97.1 million).

There are further funds placed in fixed income fund with financial institution included in Other Investments amounting to RM64.8 million (31 December 2019 – RM53.3 million).

(Note 1 – Defined as Total Cash and Bank Balances less all Bank Borrowings and Lease Liabilities)

The key items that impacted the Group's cashflow in 2020 were as follow: -

- (i) Net cash generated from operating activities declined to RM44.3 million (2019 – RM91.5 million), mainly due to a decrease in working capital requirements of RM39.6 million from a decrease in receivables (RM35.5 million), and a decrease in inventories (RM17.0 million). This was offset by an increase in trade, other payables and advanced payments (RM12.9 million), and decrease in operating profit before working capital changes of RM8.9 million, and also a slight decrease in movement of tax and interest of RM1.4 million.

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)

- (ii) An amount of RM17.2 million (2019 – RM26.8 million) was expended on capital expenditure which was mostly in respect of the Group's purchases of EDC terminals.
- (iii) The Group repaid RM79.1 million of its bank borrowings and hire purchase payables in 2020 (2019 – RM84.7 million). The Group also drew-down fresh bank loans in 2020 of RM66.4 million (2019 – RM77.8 million).
- (iv) The Group increased its share capital by RM21.3 million (2019 – RM15.9 million) due to the special issue of 10.1 million (2019 – 10.1 million) shares pertaining to the Share Subscription Agreement ("SSA") with Paysys Group Holdings Sdn. Bhd. and Rica Holdings (M) Sdn. Bhd.

2.7 Trends and Events

The 2020 COVID-19 pandemic global impact had not spared on the economies of the ASEAN region where by governments imposed varying degrees of movement control and lockdown on its population. These movement control adversely impacted the economies of the countries we operate in and GHL's operations. The level of movement control in Malaysia, Philippines, Thailand and Indonesia varied in its severity and implementations and the resulting the rate of recovery.

Two noticeable trends during the year arising from movement control and social distancing measures imposed, resulted in a quicker shift towards online ecommerce and cashless transactions at physical stores. Online activities for ecommerce, work, as well as leisure activities grew as consumers were house bound due to the lockdown imposed. The second trend noticed when restrictions were eased, consumers would opt to pay using cashless means to avoid handling physical cash as part of the measures to minimise COVID-19 risks. Both trends are favourable to our operations as consumer behaviour in faster adoption of cashless payments bodes well for our group's TPA strategy.

By late 2020, as countries globally commenced deploying COVID-19 vaccines, sentiment and markets have begun to improve. As vaccination efforts globally accelerate, 2021 is seen to be a recovery year with expectations of the reopening of borders for trade, travel and tourism bodes well for the outlook for GHL as consumer spending and consumption is expected to improve.

During 2020, many ASEAN government initiatives to minimise the impact of the pandemic involved aid which were channelled through e-payment means and this will help accelerate the various central bank's ambitions to encourage faster adoptions of cashless usage and change in consumer behaviour.

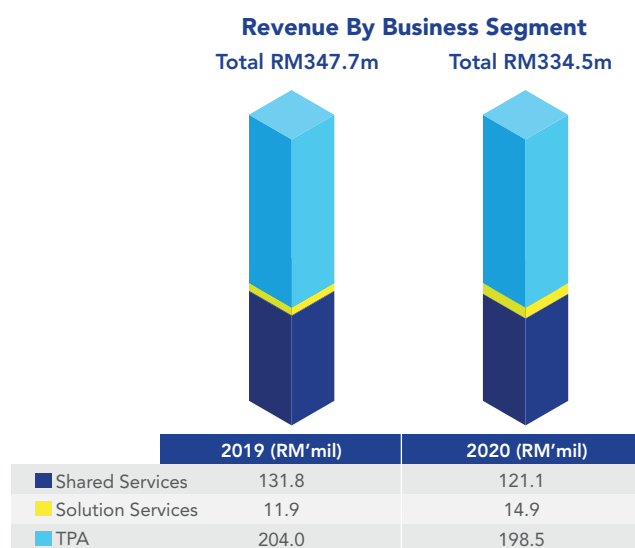
MANAGEMENT DISCUSSION AND ANALYSIS

CONT'D

3. PERFORMANCE BY BUSINESS SEGMENT AND GEOGRAPHY

3.1 Performance By Business segment

As indicated earlier, the core business segments of the Group comprise 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: -



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) GH L'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 declined -2.7% to RM198.5 million in 2020 (2019 – RM204.0 million), contributing 59.3% of total revenue in 2020 (2019 – 58.7%). Within this, the e-pay business contributed 62.4% (2019 – 63.8%) of the total Group TPA revenue. The electronic payments business is smaller in absolute terms but is growing at a much faster rate. The electronic payments TPA gross revenue declined by -3.3% yoy to RM74.7 million (2019 – RM77.3 million) whereas the e-pay business declined at a lower rate of -2.3% to RM123.8 million in 2020 from RM126.7 million in 2019. The reason for the e-pay lower decline was due to many of the e-pay outlets such as petrol stations, pharmacies and convenience stores were deemed to be necessity services and thus allowed to remain open during the lockdown period. Despite a challenging 2020, there remains considerable untapped opportunity within ASEAN, hence 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 42,300 acceptance points nationwide, encompassing petrol chains, large convenience store chains and general retail stores. The e-pay brand is well known to consumers who use the service. With over 20 years of experience, e-pay is clearly the market leader in Malaysia within this industry segment.

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)

(i) e-pay (reload and collection services) (Cont'd)

A full year's comparison of key data between 2020 and 2019 relating to the e-pay business is found in Table 1 below. The transaction payment value by e-pay grew +5.8% in 2020. The Gross Revenue/Transaction Value declined by -7.6% to 2.9% in the year due to changes in the product mix as well as the merchant mix in which these transactions occurred.

Table 1

e-pay (All stated in RM'millions unless stated otherwise)	YTD 2019	YTD 2020	% change
Transaction Value Processed	4,086.6	4,324.6	5.8%
Gross Revenue	126.7	123.8	-2.2%
Gross Revenue/Transaction Value ^(Note 1)	3.1%	2.9%	-7.6%
Gross Profit	44.9	43.4	-3.4%
Gross Profit/Transaction Value ^(Note 1)	1.1%	1.0%	-8.3%
Merchant Footprint - e-pay Only (Thousands)	43.5	42.35	-2.6%

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

(ii) GHL (electronic payment services)

This electronic payment services business is driven by TPA arrangements with leading domestic banks in 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:

- Various MDR revenue sharing arrangements under direct contracts with merchants and banks in Malaysia, Thailand, and Philippines.
- Domestic debit card merchant acquisition.
- E-commerce TPA ("eGHL").
- e-wallet providers in Malaysia, Thailand and Philippines.

A summary of key data relating to the electronic payment business is found in Table 2 below.

While transaction payment value grew strongly at +55.2%, overall revenue declined by -3.3% due to merchant mix as well as payment type mix which impacts the overall MDR (gross revenue/transaction value). Over the longer term, however, margin should stabilise as more merchants are onboard and a larger portfolio is built as overseas TPA in Philippines and Thailand gather momentum. The introduction of domestic e-wallets in all three markets contributed positively in 2020 and this trend is expected to continue going forward.

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) (Cont'd)

Table 2

GHL Electronic payments TPA (All stated in RM'millions unless stated otherwise)	YTD 2019	YTD 2020	% change
Transaction Value Processed	9,810.0	15,226.9	55.2%
Gross Revenue	77.3	74.7	-3.3%
Gross Revenue/Transaction Value ^(Note 1)	0.8%	0.5%	-39.2%
Gross Profit	31.9	27.9	-12.4%
Gross Profit/Transaction Value ^(Note 1)	0.3%	0.2%	-43.6%
Merchant Footprint - TPA Only (Thousands)	95.3	103.9	9.0%

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

b) Shared Services Segment

Shared services segment revenue declined by -8.1% yoy to RM121.1 million (2019: RM131.8 million), due to lower EDC terminals sales and deployment from the movement control restrictions and cautious spending by the banking sector in light of the uncertainty of COVID-19 in 2020.

c) Solutions Services Segment

Solutions services revenue improved +26.3% to RM14.9 million (2019: RM11.8 million), due to the deployment of a payment network project for a client in Thailand.

3.2 Performance by Geography

Group revenue for 2020 was down -3.8% yoy to RM334.5 million (2019 – RM347.6 million) with yoy declines recorded by Malaysia, Philippines and Thailand. Despite the decline in topline revenues, the group was able to maintain gross profit margins of 43.1% (2019 YTD – 43.3%). 2020 registered a pre-tax profit of RM21.3 million compared to RM43.6 million a year ago. However, in 2020, there were two key non-cash expenditure included in the financials, namely, fair value loss on the 2018 Paysys acquisition consideration shares (RM6.1m) and write-down of the group's Cambodia investment (RM11.9m). If these two one off items were added back, the group's adjusted pre-tax profits would have been RM39.3 million compared to RM43.6 million in 2019.

Malaysian's contribution was stable at 79.6% (2019 – 78.4%) of group revenues and registered a -2.3% yoy decline due to lower Solutions Services and Shared Services (slower EDC hardware sales and rental/maintenance revenue). Although TPA revenues were slightly higher yoy, overall revenue contribution from Malaysia was down.

Philippines revenue was -1.7% yoy lower at RM44.8 million (2019 – RM45.6m) with TPA and solutions services down marginally yoy but Shared Services showed a small improvement but overall country contribution was down -1.7% yoy.

MANAGEMENT DISCUSSION AND ANALYSIS

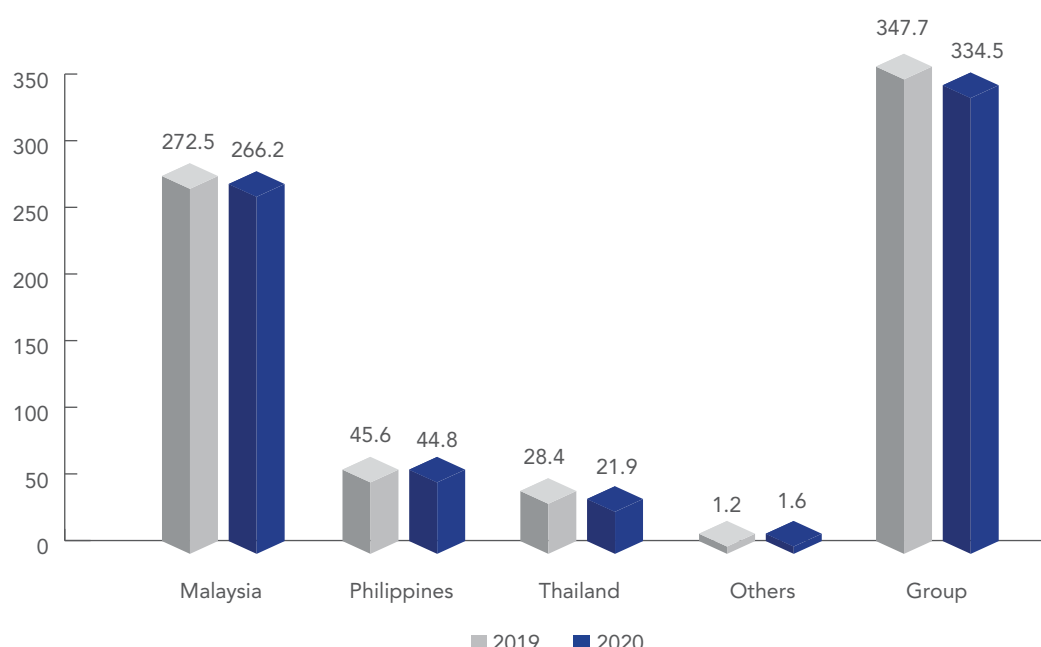
CONT'D

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

3.2 Performance by Geography (Cont'd)

Thailand recorded the largest percentage decline in revenue of -22.9% to RM21.9 million from RM28.4 million on the back of lower TPA transaction revenue due to closure of the tourism sector throughout 2020. Shared services revenue in 2020 showed yoy declined and although Solutions services grew in the second half of 2020, it was insufficient to compensate for the overall decline recorded in 2020. TPA segment saw a strong revenue contraction due to the border closures which impacted tourist arrivals and hence the group's cross border e-wallet segment. The Thai operations remain EBITDA positive in 2020.

Other countries remain the smallest contributor to group operations at RM1.6 million or 0.5% of group turnover compared RM1.2 million in 2019. The EBITDA contribution in 2020 improve due to cost cutting efforts in Indonesia and Cambodia.



4. KNOWN RISKS

In the ordinary course of its operations, the Group is exposed the following risks :

- a) *Merchant Performance Risk* – The Group currently contracts directly with merchants on two business models namely as a Payment Facilitator (PF) with Financial and Non-Financial Institutions as well as a Direct Acquirer with the schemes for the provision of electronic payment services. In the event a risk arises in that the merchant default in his obligations to the cardholder or e-wallet holders for any particular sale, then, that sale would be reversed ("or charged-back") and the sale amount refunded to the cardholder or e-wallet holder. The acquiring institution 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 six (6) years, invested significantly to develop and put in place risk management policies, procedures, 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 Standard Operating Procedures (SOP) have effectively mitigated merchant performance risk, and as of the date of this report, there was negligible exposure arising from this risk. The Group had recorded RM11k nett chargeback losses attributable to merchant performance risk in 2020 recorded for Malaysia, Thailand, and Philippines.

MANAGEMENT DISCUSSION AND ANALYSIS

CONT'D

4. KNOWN RISKS (Cont'd)

- b) *Operational Risk* – In the first half of 2020, the Group reported a total of 182 risks of which 155 risks (85%) were classified as minor and moderate risk. The remaining 15% 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's 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 result 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. Short term purchases for Telco prepaid top-ups are typically funded with internal generated 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 Payment Facilitator (PF) and Direct Acquiring 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.

5. FUTURE PROSPECTS

2020 started on a cautious footing with news of a flu like epidemic which eventually turned into COVID-19 with the World Health Organisation declaring a worldwide pandemic on 11 March 2020. ASEAN countries had seen the COVID-19 outbreak worsened with governments initiating movement restrictions and border controls for much of 2020. Movement Control Orders to stay at home and the closure of most businesses and economic activities save for essential services had adversely impacted consumer spending.

Given our Group's diverse range of merchant base, some of our payment touchpoints such as convenience stores, pharmacies, medical facilities, supermarkets and petrol stations were still functioning throughout the movement control period. However, as most of the businesses in the retail, leisure, tourism and other sectors were closed, our Group's TPA business was adversely affected.

Throughout 2020, with the erratic recovery in most of the ASEAN markets were dependent very much on local conditions as governments implemented measures deemed best to counter the rate of infections, both rising and dropping. This had led to cautiousness in investment spending not only within the group but also at our bank partners as well as the merchants that we serve.

With the emergence of COVID-19 vaccines towards the end of 2020, to be deployed in stages in 2021, has brought cautious optimism that 2021 will see a gradual recovery in the global economies, and with it, the opening of borders and hence travel and trade. However, due to the uncertainties on the effectiveness of the vaccines, the near-term outlook for most businesses and consumer sentiment remain cautious and the timing and extent of recovery, difficult to estimate. The group however remains positive in the long-term potential of the ASEAN e-payments industry and believes the trends of switching to e-payments and cashless channels will continue going forward.

6. DIVIDENDS

The Board of Directors has decided that our cash reserves can be better used to further grow the Group's business in the various ASEAN markets it operates in and therefore do not recommend the payment of a dividend for the financial year ended 31 December 2020.

SUSTAINABILITY STATEMENT

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

In 2020, the Group formalised and released the Sustainability Statement, disclosing the Group's sustainability strategies which are in line with regulatory requirements and other best practices. The Group has also made good progress in its sustainability initiatives and has monitored its performance across key Environmental, Social, and Governance ("ESG") aspects. Moving forward, the Group will continue to enhance its business operations to add more value for stakeholders, and to strengthen the disclosure as well as performance in sustainability matters, in order to assist stakeholders in keeping track of the group's progress.

SUSTAINABILITY STATEMENT SCOPE

The Sustainability Statement provides an overview of the Group's sustainability practices for financial year ended 31 December 2020, in the areas of compliance with corporate governance, providing a positive 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 practiced by the Group, the development of an official 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 gradually roll out such initiatives in stages.

ROLES AND RESPONSIBILITIES OF SUSTAINABILITY GOVERNING BODIES

The Group's Board of Directors plays an integral role in determining the Group's strategic direction and also regards sustainability as a key component of the Group's business and operations. All departments were required to take initiative in endorsing 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. The respective groups/individuals in charge were as follow:-

The Board

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

Group Chief Executive Officer ("GCEO")

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.

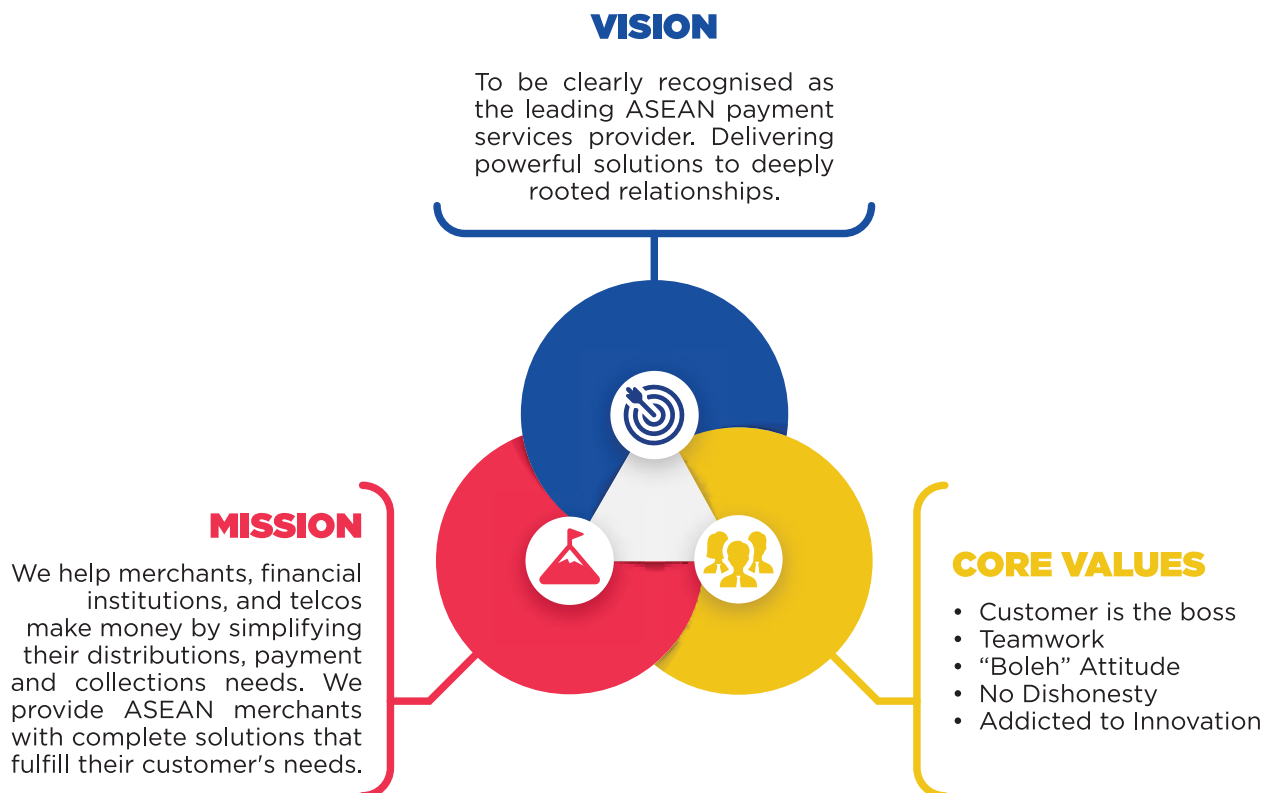
Senior Management/Head of Departments ("HODs")

Senior Management and HODs have 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



APPROACH

Regulations Compliance

Customer Growth

Human Resource

PRINCIPLE

- 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 impacts the business, and understood 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 regularly engages stakeholders by providing accurate information, and responding to stakeholders' interests in a prompt and consistent manner.

SUSTAINABILITY STATEMENT

CONT'D

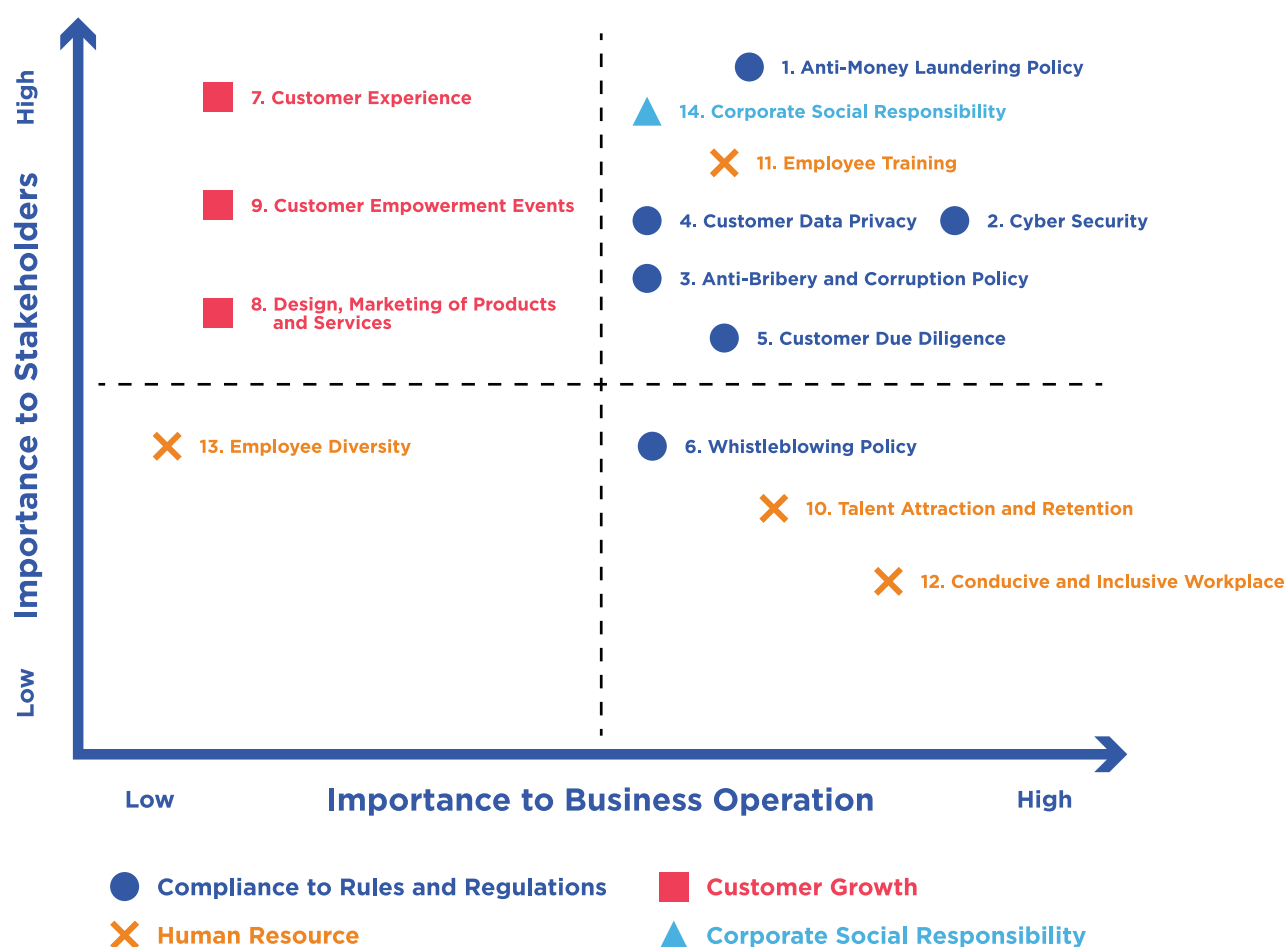


SUSTAINABILITY STATEMENT

CONT'D

IDENTIFICATION OF MATERIAL SUSTAINABILITY MATTERS (Cont'd)

GHIL and its subsidiaries have identified and prioritised material sustainability matters that influenced the way it operated. There were 14 material issues identified during the year, which were reviewed and prioritised by rank according to the importance towards the stakeholders and business operations, based on the approval matrix shown below:-



REGULATORY COMPLIANCE TO LAWS 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 all the relevant laws rules and regulations, in particular but not limited to the Companies Act 2016, Bank Negara Malaysia (BNM) respective rules and regulations, Bursa Malaysia in particular the Main Market Listing Requirements, Anti-Money Laundering Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (AMLA), Malaysian Anti-Corruption Commission Act 2009 (Act 694) and the Malaysian Anti-Corruption Commission (Amendment) Act 2019 (MACC) in particular Section 17A on the Corporate Liability of a commercial organisation in the combat against corruption, Personal Data Protection Acts 2010 (PDPA), Whistleblower Protection Act 2010 as well as other applicable compliance laws, regulations, and standards in all of the jurisdictions in which the Group operates. The Group has implemented a corporate-wide approach to monitor compliance and regularly review them to reflect the latest best practices and new regulations, which are communicated to all their employees through our Group Human Resources Department on a periodic and consistent basis to ensure that all our employees understand and are reminded on the importance of doing business in full compliance with the law rules and regulations.

SUSTAINABILITY STATEMENT

CONT'D

REGULATORY COMPLIANCE TO LAWS RULES AND REGULATIONS (Cont'd)

Anti-Money Laundering Policy

In accordance with the provisions of the AMLA and in accordance with the Government's and BNM's initiatives in preventing in combating 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 which include but not limited to ensuring stringent due diligence and Know Your Customer ("KYC") guidelines are conducted on all our customers.

Cyber Security

The Group, ensure that our system are assessed annually by a qualified security assessor from the Payment Card Industry Security Standards Council ("PCISSC") to ensure the safe handling of cardholder information and is fully certified as Payment Card Industry Data Security Standard ("PCIDSS") compliant.

Anti-Bribery and Corruption Policy in accordance with the MACC

The Group has put in place an Anti-Bribery and Corruption Policy with its principal objective to safeguard the Group's reputation by countering bribery, corruption and ensuring no conflict of interest in whatsoever situation and ensuring that the business practices are conducted in the utmost ethical and with the highest professionalism. All our employees are constantly reminded and educated through the effort of our Human Resource Department to consistently abide by the said Policy to ensure that there are no offering, soliciting, or receiving of any gifts/bribes in any form, to or from current or potential customers, vendors, or merchants, either directly or indirectly, which may influence the employee's judgment in the process of decision-making or put the employee in a position of conflict.

Customer Data Privacy in accordance with PDPA

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

The Group also acknowledges that since customers' and employees' information are stored digitally, the risk of cyber-attacks are higher as well. As such, the Group is committed to maintaining a high information technology security controls environment to ensure sustainability of its business operations and will continue to implement the best practices embedded within the security standards.

Customer Due Diligence

The process of Customer Due Diligence/Know-Your-Customer (KYC) is conducted by the Group's Risk Department for proper customer identification and risk assessments, using reliable information and documentation. KYC allows a standardised approach of understanding 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.

Whistleblowing Policy in accordance with the Whistleblower Protection Act 2010

The Group operates an independent and unbiased Whistleblowing Policy that encourages employees and any other party to bring to the attention of the Board any concerns of integrity and misconduct. While developing an open culture, accountability and integrity is the Group's main priority, the Group's Whistleblowing Policy offers protection and places high importance on confidentiality. Employees and third parties are encouraged to feel at ease protected when speaking up about serious concerns around misconduct and irregularity within the Group.

SUSTAINABILITY STATEMENT

CONT'D

CUSTOMER GROWTH

As a prominent Fintech player in the fast evolving payments industry, the Group has stayed 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 Core Value, "*Customer is the Boss*", promises to develop a deeper understanding of customers' needs through data analytics. This way, it will aid in improving customer reach through various channels that deliver speedy customer service, providing tailor-made solutions that enhance customer experience, and at the same time ensure protection of customers' information.

Customer and Merchant Experience

Customers' and Merchants' experience and feedback are some of the crucial components which help further improve the Group's product offerings and services. This, along with the exceptional customer service provided across the Group, helps harness customer loyalty and satisfaction. In order to improve and serve customers and merchants better, the Group provided various channels for clients to reach out and convey their feedback either via phone call, email, and/or self-service online Merchant Portal.

The Group also constantly works on improving the way it connects with customers and merchants, facilitated by digital communication tools. In March 2020, the Group launched GHL Intelligent Support Assistant (GISA) in Indonesia and Malaysia (in April 2020). GISA is a Chatbot and Live Chat application that allows customers and merchants to submit their requests or enquiries through Artificial Intelligence (A.I.) automation. This came at a timely manner due to the COVID-19 lockdown where our customers and merchants who were under lockdown could still reach out to us.



Hi, I'm GISA. Ask me anything!

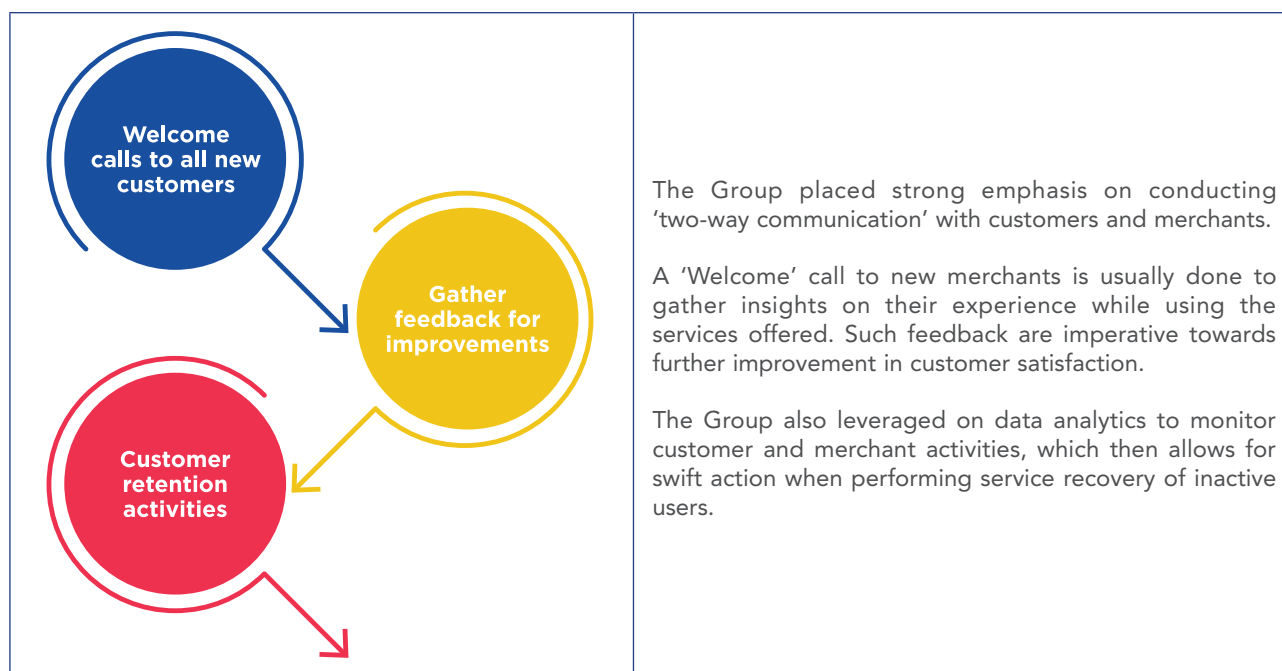
GISA – our GHL Intelligent Support Assistant is geared up to provide for your business needs through our brand new live chat feature.

- ✓ Paper roll order
- ✓ In-store POSMs Request
- ✓ Statement of Account request
- ✓ and so on!

If you need assistance with any of the above matter or have any other enquiries, chat with us from Monday to Friday, 9am – 8pm

SCAN HERE





SUSTAINABILITY STATEMENT

CONT'D

DESIGN AND MARKETING OF PRODUCTS AND SERVICES

2020 proved to be a challenging year for the Group as a whole. The immediate impact of the region-wide lockdown resulted in reduced consumer spending and transactions since many business premises were forced to close. However, the lockdown saw a substantial shift towards digitalisation and electronic payments.

Applying one of the Core Values, '*Addicted to Innovation*', the Group identified opportunities that successfully positioned itself as an advocate of cashless and business sustainability – by developing eGHL SWIFT. eGHL SWIFT is a one-stop e-commerce solution that facilitates businesses to swiftly migrate onto the digital space in a span of three (3) days. This digital tool is a complete business migration suite that includes customisable webstore pages accompanied by a payment gateway feature, e-commerce marketing solution, and other essential analytics.

The Small Medium Entrepreneurs (SME) segment was significantly affected by the impact of COVID-19. The Group remained dedicated to form numerous integrated efforts to support the sustainability of this segment by offering its strongest value proposition - to provide financial services that catered to all, especially to the financially underserved. The Group introduced two (2) separate services - **INSTANT by GHL** and **GROW by GHL**. The main objective of developing both services was to assist in improving the livelihood of said MSME segment. **INSTANT by GHL** is the fastest electronic payment acceptance that can be applied by all businesses - MSMEs or individuals, shortening the registration time to two (2) hours. The online payment acceptance comprises card payments as well as local and cross border e-wallets, namely MasterCard, Visa, NETS, Touch 'n Go eWallet, Boost, GrabPay, MAE by Maybank, MCash, RazerPay, MBSB e-wallet, Alipay, UnionPay QR, and WeChatPay, amongst others. This service also allows merchants to benefit from additional income by offering mobile reloads and bill payment services.

Selected as one of the key drivers of the '*Cashless Pasar Awam*' campaign, the Group was mandated to drive the e-payments initiative in Penang by on-boarding approximately 70% of the 5,000 merchants, spread across 56 public markets in the state by end of 2020.



GROW by GHL is a business segment curated to catalyse sustainable livelihood of the Micro Small Medium Entrepreneurs (MSMEs). This service encompasses an extensive range of financial and non-financial services such as insurance, lending and wealth management, a service that aims to successfully maximise merchants' competitiveness and profitability.

The Group also received mandate from the Minister of Housing and Local Government to pioneer the digital '*Credit Community*' initiative. The launch was in line with the Ministry's vision to make financing more accessible to the financially underserved MSMEs. The Group was among the eight (8) selected pioneers, out of 4,572 license holders.



CUSTOMER EMPOWERMENT EVENTS

While the urban population was ready to ride on the Fintech wave, the Group viewed that the bigger challenge lies in improving the financial literacy among suburban and rural crowds. The Group embraced this challenge by playing an important role in sharing their knowledge and expertise.

Below were some of the occasions where the Group was granted the opportunity to share insights through numerous programmes in collaboration with Malaysian Digital Economic Corporation (MDEC):

1. July 2020 – The **GAIN Connex** webinar aimed at sharing valuable insights with over 30 Malaysian tech companies in order to understand the current business landscape, and at the same time source for business opportunities in Indonesia. **GAIN Connex** is an annual flagship that takes place in Jakarta, Manila, Bangkok, and Ho Chi Minh, supported by MDEC under its Global Acceleration and Innovation Network (GAIN) programme initiative.

SUSTAINABILITY STATEMENT

CONT'D

CUSTOMER EMPOWERMENT EVENTS (Cont'd)

Below were some of the occasions where the Group was granted the opportunity to share insights through numerous programmes in collaboration with Malaysian Digital Economic Corporation (MDEC): (Cont'd)

2. July 2020 – The Group was one of the solution providers invited to share success stories during a virtual event, co-organised by Malaysia Digital Economy Corporation (MDEC), Islamic Development Bank (IsDB), SME Corporation Malaysia, Investment Account Platform (IAP), and United Nations Capital Development Fund (UNCDF), aimed at sharing Malaysia's experience in supporting MSMEs recovery from the COVID-19 crisis.
3. November 2020 - '*Reinventing Malaysia's Digital Economy*' was an online event organised in conjunction with Malaysia Tech Month, a month-long curation of the very best in digital and technology keynotes, workshops, and discussion.

The Group also took centre stage by participating in **TECHFEST 2020**. The three-day event took place in Penang, Malaysia, bringing an array of activities centred around technology and innovation, discussion panels, talk shows, virtual exhibitions, and more.

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 adheres to these Core 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.



In 2020, the biggest adjustment that all staff had to master was working remotely, a necessity for business continuity. To allow and promote productive remote working, the Group ensured that all equipment and tools needed were enhanced to support the new remote work requirements. Old devices such as laptops were either upgraded or replaced to improve efficiency. The Group's video conferencing capability was also upgraded to ensure seamless connectivity throughout the remote working period.

Understanding that employees are the most valuable asset, the Group took immediate and proactive action to protect all employees by insuring them against the threat of COVID-19. Health and safety contingency plans addressing the risk of COVID-19 were laid out, which included monitoring health of employees, following strict adherence to Standard Operating Procedure (SOP), and supplying face masks as well as personal/common hand sanitizers. By taking care of employees' well-being, the Group further aided in promoting employee retention.

Specific initiatives and customised development plans were also 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 were assessed, monitored, and reviewed with proper guidance in which helped accelerate candidates' readiness to assume more challenging and complex roles and responsibilities. In 2020, 17 high potential employees successfully graduated in this one (1) year programme.

Employee Training

Learning and development initiatives have been implemented across GHL Group to upskill and reskill employee capabilities, ranging from enhancing knowledge on compliance, building technical, and professional abilities to soft skills and leadership competencies. During the year, 156 employees attended trainings, which involved 1709.5 hours at a total cost of RM 85,341.57. The method of training was shifted from physical classes to online sessions, due to most employees resorting to remote working because of the pandemic.

SUSTAINABILITY STATEMENT

CONT'D

HUMAN RESOURCE (Cont'd)

Corporate Social Responsibility

The Group has always remained true to its corporate social responsibility roots, firmly believing that a giving heart would translate into core values that cascade right down to every employee. Employees were actively engaged in community based activities as part of their work culture. In 2020, two (2) major initiatives were executed, including *"Invest in a Dream – ArtNExploration Workshop"*, and *"e-Fintech school"*.

Malaysia

Over 60 cohorts from around Asia Pacific, including four (4) employees from GHL, benefited from the intensive e-Fintech APAC programme, organised by @fortnynja. The programme, which was sponsored by the Group at a cost of RM30,000, aimed to gather fintech experts to share practical and useful insights, knowledge, as well as experience through real life cases. From this journey, the programme managed to meet its objective of building a sustainable and robust fintech ecosystem.

In January 2020, the Group continued to contribute and sponsor a sum of RM20,000 to the *ArtNExploration - 'Invest in a Dream'* initiative, giving opportunity to 20 underprivileged children from various homes, namely Rumah Mega and Karunai Illam, to enhance their artistic skills through art classes. An estimate of 205 individuals within the community received direct benefits from the fund that was garnered through sold artwork. The *'Invest in a Dream'* project aimed at inculcating studies of virtues - respect, loyalty, kindness, and integrity - over a period of six (6) months. The children were given tasks to create art that expressed their thoughts and feelings based on the weekly virtues shared.



To further instil Corporate Social Responsibility (CSR) values amongst employees, monthly departmental CSR activities were carried out during the first half of 2020, whereby each department were given a specific budget to execute a CSR project that supported a non-profit organisation of their choice. The allocated budget allowed each department to raise additional funds that were meant to be channelled to their selected beneficiaries. A total of four (4) departments managed to carry out their CSR projects, which raised approximately RM14,256 for four (4) different homes.

SUSTAINABILITY STATEMENT

CONT'D

HUMAN RESOURCE (Cont'd)

Corporate Social Responsibility (Cont'd)

Thailand

As part of the CSR effort, GHL Thailand donated items that were in good condition such as clothes, bags, shoes, toys, electrical appliances, and so on to Pankan Society by Yuvabadhana Foundation. The Thailand team managed to collect a donation of 480 items and raised a total of THB31,300 from the sale. The fund was used to support Junior and Senior High School students from impoverished families and who do not possess any scholarship support.



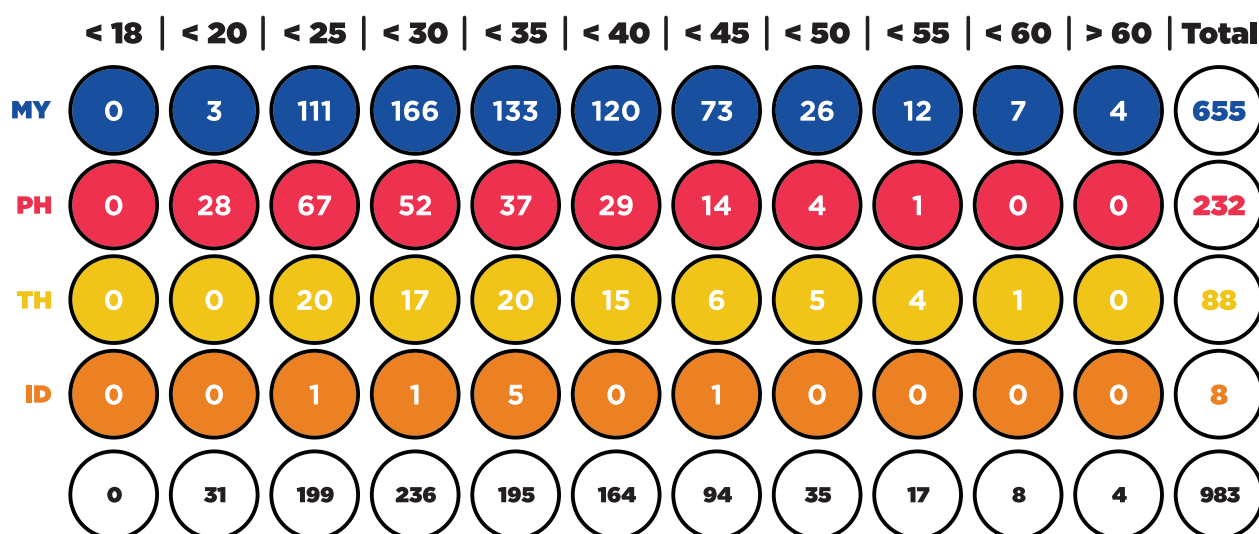
SUSTAINABILITY STATEMENT

CONT'D

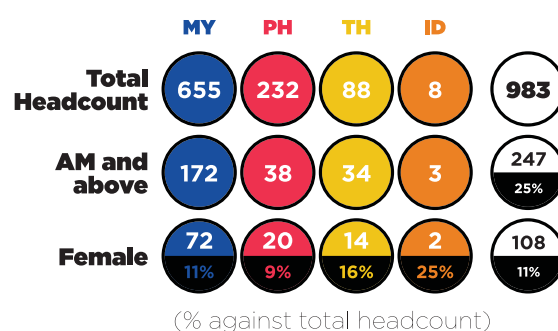
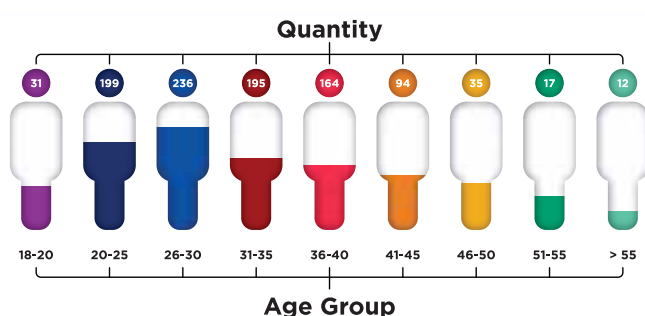
HUMAN RESOURCE (Cont'd)

Employment Diversity

The Group strives to be an equal opportunity employer, supporting gender diversity, and equal gender participation in the workplace. Being diverse allows the Group to witness a strong synergy that differences between people can bring.



The Group has a total of 983 employees from different age groups and diverse backgrounds, with 68% of youth (aged 35 and below) engagement in the workforce. Women account for approximately 38.5% of the total workforce, with women leaders representing 11% of Middle to Senior Management. Key roles assumed within the Group are based on meritocracy. The Group encourages women in its workforce through many avenues. Equal opportunities are given for promotion, upgrading, and training.



MOVING FORWARD

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

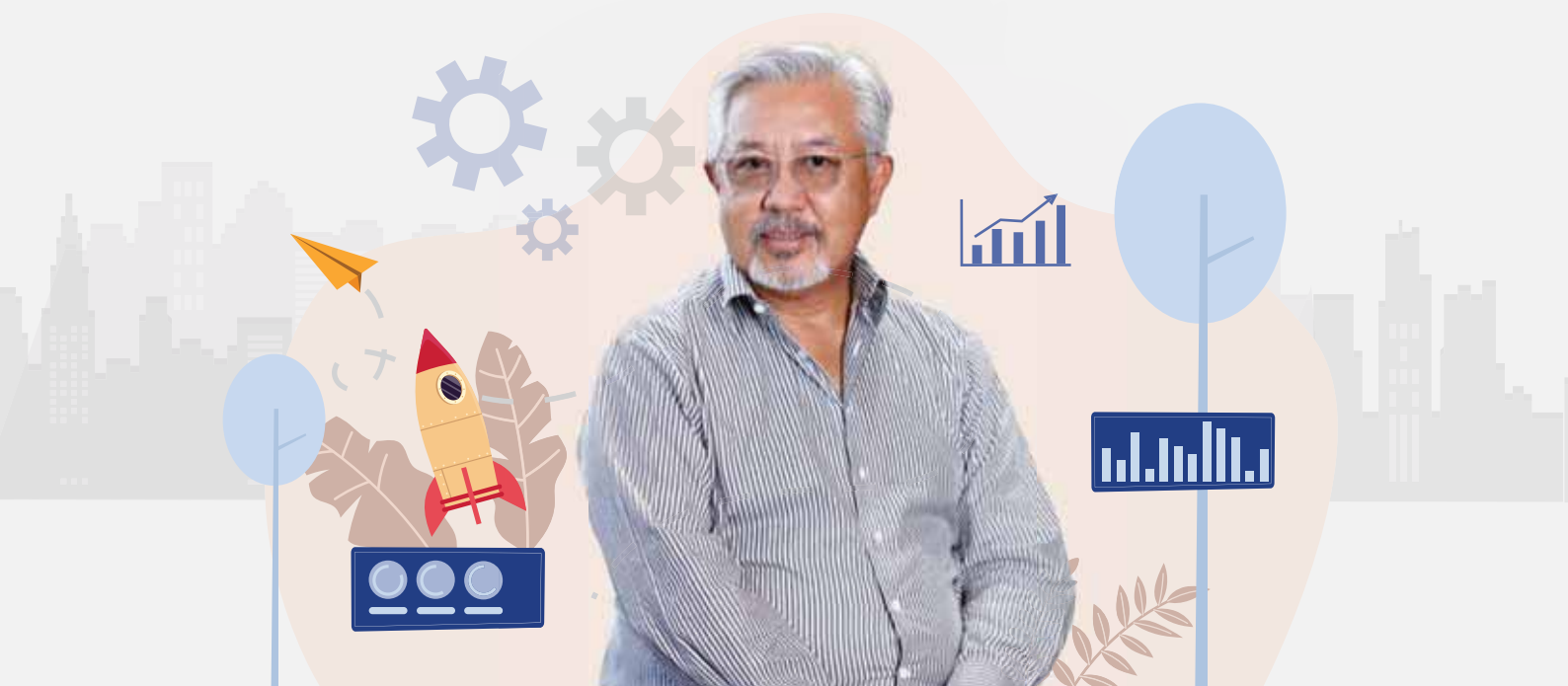


Enabling cashless payment
acceptances within 2 hours.
*Catered to all MSMEs and
individual businesses.

T&C apply.



DIRECTORS' PROFILE



DATUK KAMARUDDIN BIN TAIB

*Independent Non-Executive Chairman
Malaysian, Age 64, Male*

Datuk Kamaruddin Bin Taib, was appointed as Independent Non-Executive Director of the Company on 26 April 2012 and was redesignated as Independent Non-Executive Chairman of the Company on 1 September 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, as well as Independent Non-Executive Director of Fraser & Neave Holding Berhad, Great Eastern General Insurance (Malaysia) Berhad, RAM Holdings Berhad, Malaysia Smelting Corporation Berhad and FIDE Forum.

He attended all six (6) Board Meetings held during the financial year ended 31 December 2020.

DIRECTORS' PROFILE

CONT'D



LOH WEE HIAN, SIMON

*Executive Vice Chairman
Malaysian, Age 59, Male*

Mr. Loh Wee Hian, Simon, was appointed as Non-Independent Non-Executive Director on 28 December 2010. On 18 January 2011, he was designated as Non-Independent Non-Executive Chairman, and subsequently 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 and co-founded 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.

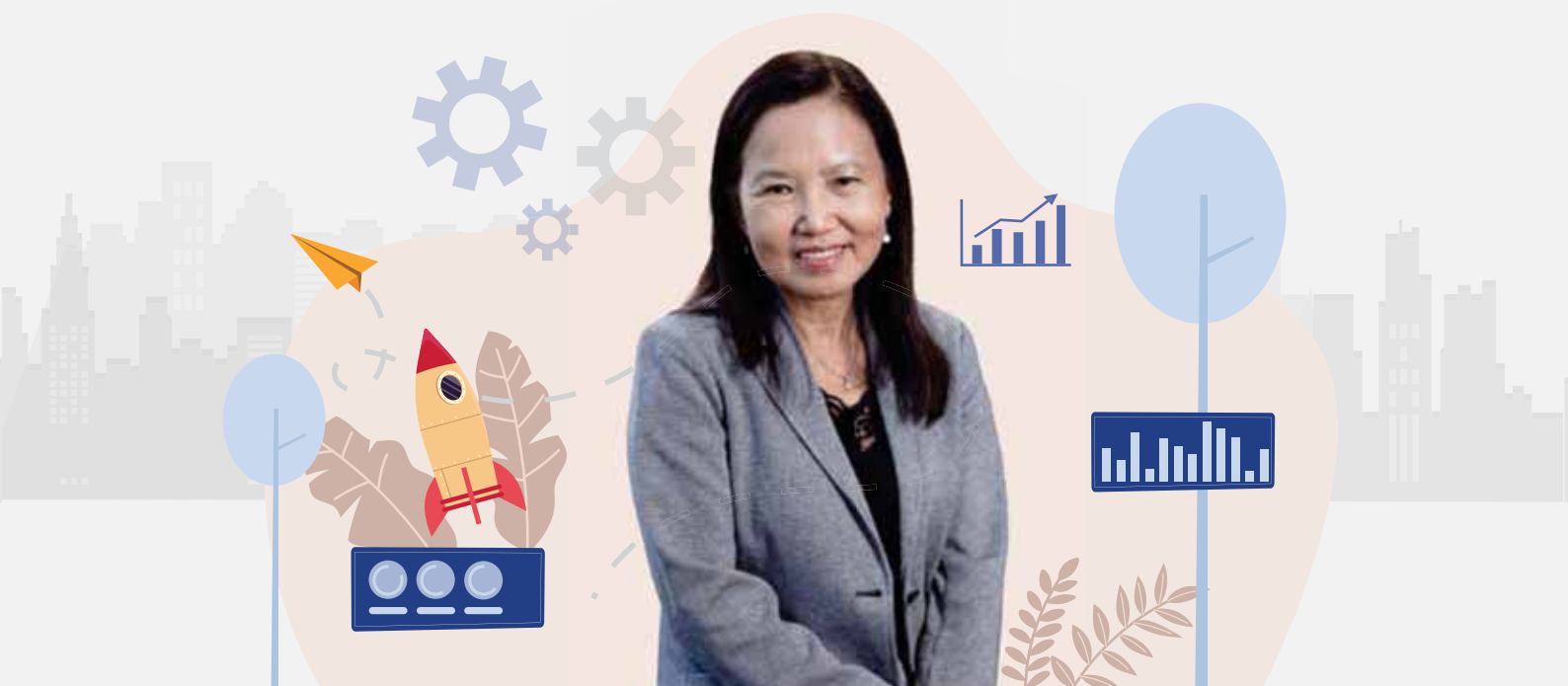
Aside from pursuing his entrepreneurship career, he is one of the founding members of the Young Entrepreneurs Organization Malaysia Chapter, a global, non-profit educational organization for business owners to develop themselves and grow globally.

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

He attended all six (6) Board Meetings held during the financial year ended 31 December 2020.

DIRECTORS' PROFILE

CONT'D



DATO' CHAN CHOY LIN, CAROL

*Independent Non-Executive Director
Malaysian, Age 64, Female*

Dato' Chan Choy Lin, Carol (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 the chairman 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, finance and treasury, corporate secretarial and legal, including corporate governance, risk management, internal controls and corporate social responsibilities. Over the years, Dato' Carol Chan has held several key management positions, was a key member of various group committees and also served as a nominee director on the boards of various group companies of a public listed conglomerate.

Dato' Carol Chan is also an Independent Non-Executive Director of Ann Joo Resources Berhad, APM Automotive Holdings Berhad and The Pacific Insurance Berhad.

She attended all six (6) Board Meetings held during the financial year ended 31 December 2020.

DIRECTORS' PROFILE

CONT'D



MATTEO STEFANEL

*Non-Independent Non-Executive Director
Italian, Age 46, Male*

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

Matteo's deep expertise in financial institutions and financial infrastructure spans 24 years and three continents (Europe, Asia and Africa), both as an investor and an advisor, across private equity, venture capital and investment banking.

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

Matteo has been a board director of over 25 companies and completed over 120 transactions in Europe (including CEE), South Asia, the Middle East and Africa, throughout his career at Abraaj, MIG (\$7.4bn AUM), and Deutsche Bank as MD and co-Head of the Financial Institutions Group – Emerging Markets.

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

Matteo was a member of the World Economic Forum's Global Agenda Council on Financing and Capital twice from 2012 to 2016. Matteo has an MA (Hons) in Philosophy, Politics and Economics from Queens College, the University of Oxford.

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

He attended all six (6) Board Meetings held during the financial year ended 31 December 2020.

DIRECTORS' PROFILE

CONT'D



RICHARD HENRY PHILLIPS

*Non-Independent Non-Executive Director
British, Age 57, Male*

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

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

Prior to Actis, he began his career in private equity at 3i in the UK and then joined CDC based in Uganda, Zimbabwe, Malaysia and Egypt before returning to the UK after 20 years. Over 35 years in private equity, Mr. Phillips has held a number of Non-Executive Director roles including that of Emerging Markets Payments Holdings (EMPH) Mauritius, a leading payments company in Africa and the Middle East. Mr. Phillips currently serves as a Non-Executive Director on the Boards of Directors of Integrated Diagnostics Holdings (IDH), which is listed on the London Stock Exchange, Honoris United Universities, a network of 14 universities across Africa and Les Laboratoires Medis SA, the largest pharmaceutical company in Tunisia.

Mr. Phillips holds a BA in economics from the University of Exeter UK.

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

He was not appointed to the board during the financial year ended 31 December 2020 and did not attend any board meetings.

NOTES:

1. **Family Relationship with Director and/or Major Shareholder**
Other than Loh Wee Hian who is a major shareholder of GHL, none of the other Directors has any family relationship with any director and/or major shareholder of GHL.
2. **Conflict of Interest**
None of the Directors has any conflict of interest with GHL Group.
3. **Conviction for Offences**
None of the Directors has any conviction for offences within the past 5 years other than traffic offences, if any.
4. **Public Sanction or Penalties**
None of the Directors has any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2020.

KEY SENIOR MANAGERMENTS' PROFILE

SEAN S. HESH

*Group Chief Executive Officer
American, Age 58, Male*

Sean S. Hesh was appointed as the Group Chief Executive Officer of GHL Systems Berhad on 27 November 2020.

Sean is a high caliber senior executive with an in-depth experience in Payments, Merchant Acquiring, E-commerce, Operations and Technology in the Asia Pacific ("APAC") Region and the United States. He has demonstrated a solid ability to build and grow businesses and to improve efficiency, productivity, profitability and delivery of strategic initiatives.

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

Sean joined Citibank in 2010 as the Regional Head of Merchant Acquiring, Network Management and Commercial Cards. In this capacity, he was responsible for the strategy, business & product management, contract negotiations and best practices across Citi's Merchant Acquiring and Commercial Cards businesses as well as for the relationships with the Payment Networks across Citi's footprint in 16 APAC and Europe, the Middle East and Africa (EMEA) markets.

Sean is a graduate of University of California, Berkeley with a Bachelors in Political Science (1983) and a Masters of Arts degree in International Relations from San Francisco State University (1985).

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

YAP CHIH MING

*Group Chief Financial Officer
Malaysian, Age 49, Male*

Yap Chih Ming joined GHL Systems Berhad (GHL) on 2 July 2012 as Group Chief Financial Officer. In 2016, Chih Ming assumed the role of 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 4,847,073 shares in GHL Systems Berhad.

KEY SENIOR MANAGERMENTS' PROFILE

CONT'D

DUNSTAN GERALD MAURICE

*Group Chief Risk Officer
Malaysian, Age 44, 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 on 1 March 2017.

He obtained his Bachelors Degree in Business Administration from the Royal Melbourne Institute of Technology (RMIT) in Australia. He also holds the Enterprise Risk Manager (ERM) Professional Certification from the Institute of Enterprise Risk Practitioners (IERP), UK. Prior to joining GHL Systems Berhad, Dunstan was the Vice President - Technology Banking of CIMB Bank Berhad.

In his 23 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 52, 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 on 1 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 1,900 shares in GHL Systems Berhad.

REY MARIA R. CHUMACERA

*Chief Executive Officer, GHL Systems Philippines, Inc.
Filipino, Age 54, 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 2,097,000 shares in GHL Systems Berhad.

NAPAPORN WILAIKIT

*Country Head, GHL (Thailand) Co., Ltd.
Thai, Age 57, Female*

Napaporn joined GHL Thailand on 1 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.

KEY SENIOR MANAGERMENTS' PROFILE

CONT'D

KEVIN LEE

*Chief Executive Officer, GH L Malaysia
Malaysian, Age 38, Male*

Kevin Lee's career at GH L Systems Berhad began in 2009, where he joined as an International Sales Manager for the Middle East and African market. Subsequently, he was promoted to Chief Executive Officer for GH L Malaysia on 1 April 2019.

With more than 16 years of experience, while travelling extensively in the last 11 years around ASEAN, Middle East, and African region, Kevin successfully delivered and implemented the largest scale e-payment initiative. He was also heavily involved in multiple functions across these business areas - sales and marketing, international business development, product development, global schemes, and merchant partnerships. Graduated from Coventry University in United Kingdom, Kevin is a Bachelor of Science (Hons) holder, majoring in Software and Computer Engineering.

Kevin holds 88,750 shares in GH L Systems Berhad.

JEREMY LOW PENG HUI

*Group Head – Operations
Malaysian, Age 45, Male*

Jeremy Low Peng Hui, Group Head of the Operations division, joined e-pay (M) Sdn. Bhd. in August 2005 as an Assistant Accountant. By January 2011, he was granted a promotion and became Senior Manager for the Internal Control department. Through his tenure, Jeremy has gained valuable experience within the company, namely Credit Control, Finance Operations (Procurement, Payment Processing, and Merchant Registration), Internal Control, Technical Support as well as Customer Service.

When GH L Systems Berhad's acquisition of e-pay took place in 2014, Jeremy commenced the role of Vice President of Operations, where his efforts for leading his team towards offering a seamless operational process that is best suited for all entities are recognised. On 1 January 2019, he was subsequently promoted to Group Head of Operations for GH L Systems Berhad.

Jeremy graduated with a Bachelor of Business (Accounting) degree from the Royal Melbourne Institute of Technology (RMIT). Prior to joining e-pay (M) Sdn. Bhd., he served as a Senior Officer for the Credit Department in Star Cruises.

Jeremy holds 9,000 shares in GH L Systems Berhad.

TEE KEAN KANG

*Chief Executive Officer of eGH L
Malaysian, Age 38, Male*

Tee Kean Kang joined GH L ePayments Sdn Bhd, commonly known as eGH L, in June 2016. He joined the company as Vice President and was subsequently promoted to Group Head of eGH L in December 2016, managing the business & driving the expansion of eGH L across Malaysia, Thailand, Philippines, Indonesia & Singapore. Kean Kang was promoted to CEO of eGH L, with effect from 1 October 2020.

In the past 11 years of his notable career, Kean Kang was involved in the online payment landscape across APAC. Before joining eGH L, he was the Head of International Business Development for Razer Merchant Services (formerly known as MOLPay).

Kean Kang obtained a First Class Bachelor's Degree in International Business, majoring in Finance and Banking from the Management and Science University, Malaysia.

Kean Kang holds 100,000 shares in GH L Systems Berhad.

MIRA TANIA

*Country Head, GH L Indonesia
Indonesian, Age 45, Female*

Mira Tania joined GH L Indonesia on 1 March 2016, as a Country Head. Her role entails overseeing the entire Indonesian business – from sales to operations, and even marketing.

She obtained a Degree in Law from the University of Indonesia. Prior to joining GH L Indonesia in 2016, Mira was the Assistant Vice President for Consumer Cards in PT Bank Mandiri (Persero) Tbk. She carries with her 16 years of banking experience and even held other positions within the Bank.

Mira doesn't hold any shares in GH L Systems Berhad.

NOTES:

Saved as disclosed above, none of the key senior management personnel has:

- (a) any directorship in public companies and listed issuers;
- (b) any family relationship with any director and/or major shareholder
- (c) any conflict of interests that the person has with the listed issuer; and
- (d) any conviction of offences (other than traffic offences) within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.



One-stop e-commerce solution that facilitates businesses to *swiftly* migrate digitally in 3 days.



CORPORATE DIRECTORY

HEADQUARTERS/CORPORATE OFFICE GHL SYSTEMS BERHAD

C-G-15, Block C,
Jalan Dataran SD1, Dataran SD, PJU 9,
Bandar Sri Damansara,
52200 Kuala Lumpur, Malaysia.
Tel : +603-6286 3388
Fax : +603-6280 2999
Email : enquiry@ghl.com

Helpdesk (Customer Care)

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

E-PAY (M) SDN BHD.

16-18, Jalan PJS 11/28A,
Bandar Sunway,
47500 Subang Jaya,
Selangor Darul Ehsan,
Malaysia.
Tel : +603-5632 2488
Fax : +603-5636 6966
Email : info@e-pay.com.my

Helpdesk (Customer Care)

Tel : +603-5623 6000
Email : customerservices@ghl.com

PAYSYS (M) SDN BHD

Block D-3A-02, Level 6
Menara Uncang Emas (UE3), VIVA Mall
85, Jalan Loke Yew, Cheras
55200 Kuala Lumpur, Malaysia
Tel : +603-9200 8001
Fax : +603-9200 7420
Email : enquiry@paysys.com.my

DIGITAL SALUTE SDN BHD

16-18, Jalan PJS 11/28A,
Bandar Sunway,
47500 Subang Jaya,
Selangor Darul Ehsan,
Malaysia.
Tel : +603-5632 6128
Email : customer.care@digital-salute.com

GHL SYSTEMS PHILIPPINES, INC.

6F One Corporate Plaza Building,
845 Arnaiz Avenue,
Legaspi Village,
1224 Makati City, Philippines.
Tel : +63-2 77449449
Fax : +63-2 88560825
Email : enquiryph@ghl.com

Helpdesk (Customer Care)

Tel : +63-2 77449445
Mobile : +63-917 7431103 & +63-906 0580229
Email : ph_helpdesk@ghl.com

GHL (THAILAND) CO. LTD.

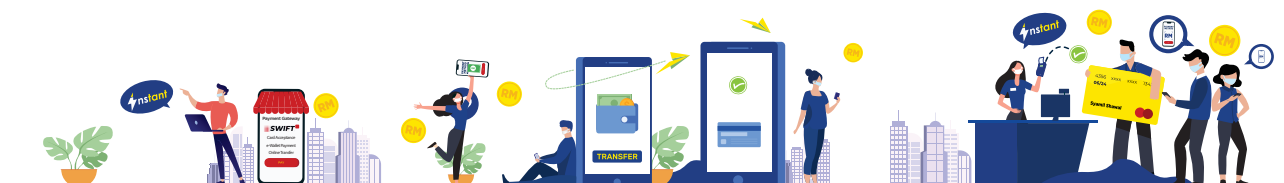
77/161, 37th Floor, Sinn Sathorn Tower,
Krungthongburi Road, Klongtongsa,
Klongsan, Bangkok 10600, Thailand
Tel : +66(0)2 440 0111
Fax : +66(0)2 440 0577
Email : enquiryth@ghl.com

GHL SYSTEMS AUSTRALIA PTY. LTD.

Level 1, 530 Little Collins Street,
Melbourne, VIC 3000, Australia.
Email : enquiryau@ghl.com

PT PEMBAYARAN ELEKTRONIK INDONESIA

Eightyeight@Kasablanka, 12th Floor,
Jl. Casablanca Raya Kav 88,
Menteng Dalam, Tebet,
Jakarta Selatan - 12870,
Indonesia
Tel : +62 21395 05441



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 organization that adopts practices in accordance to the Principles and Recommendations of the Malaysian Code on Corporate Governance ("MCCG") and the relevant provisions in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR").

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

This Statement provides an overview of the Company's application of the Principles and Practices set out in the MCCG and MMLR during the financial year ended 31 December 2020 ("FY 2020"). The details on how the Company has applied each Practice as set out in the MCCG during FY 2020 are disclosed in the Corporate Governance Report, which is available for viewing on the Company's website at www.ghl.com.

SUMMARY OF CORPORATE GOVERNANCE PRACTICES

The Board considers that the Company has applied the practices and main principles of the MCCG, with the exception of the following:-

- i. **Practice 4.1**
At least half of the Board comprises Independent Directors. For Large Companies, the Board comprises a majority of Independent Directors;
- ii. **Practice 7.2**
The Board discloses on a named basis the top seven (7) senior management's remuneration component including salary, bonus, benefits-in-kind, and other emoluments in bands of RM350,000;
- iii. **Practice 11.2**
Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

The Board also considers that the Company has adopted the recommended step up practices of the MCCG, with the exception of the following:-

- i. **Practice 7.3 – Step Up**
Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.
- ii. **Practice 8.4 – Step Up**
The Audit Committee should comprise solely of Independent Directors.
- iii. **Practice 9.3 – Step Up**
The Board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

The explanation for both practices and step up practices from the above departures, alternative disclosures, and timeframe for measures to be taken, where applicable, are set out in the Corporate Governance Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

The Board's principal focus is the overall strategic direction, development, and control of the Group in an effective and responsible manner. The Board oversees, directs, and supervises the Management by ensuring that Company's goals are clearly established and that strategies are formulated, which is in line with the Company's vision and mission.

The Board is constantly mindful of safeguarding the interests of Shareholders in discharging its stewardship and duties by regularly evaluating economic, political, social, and legal issues that may influence or affect the development of the Company or the interests of Shareholders.

The Board's core responsibilities are as follow:-

- i. Review and approve the Group's strategic plan to build a sustainable business;
- ii. Oversee and evaluate the Group's business conduct, including the smooth functioning of core processes;
- iii. Identify principal risks and ensure implementation of appropriate systems and processes to manage these risks;
- iv. Monitor succession planning, including appointing, training, fixing the compensation of and, where appropriate, replacing key management;
- v. Maintain an effective investor relations programme; and
- vi. Review the adequacy and integrity of the Group's internal control systems.

The Board delegates certain responsibilities to the dedicated Committees of the Board. Both the Audit and Risk Committee ("ARC") and the Nomination and Remuneration Committee ("NRC"), comprise exclusively Non-Executive Directors. The functions and Terms of Reference of these committees as well as authority delegated by the Board to these committees have been approved by the Board and are reviewed from time to time to ensure they are relevant and up to date. The ultimate responsibility for decision making, however, lies with the Board. Terms of Reference of all Board Committees are available on the Company's official website at www.ghl.com.

A clear division of responsibility between the Chairman and the Group CEO exists to ensure a balance of power and authority. The Chairman, being an Independent Non-Executive Director, is not involved in the day-to-day management of the Group's business and has no relationship that could materially interfere with his judgement. While the Chairman is responsible to oversee the Board and provides necessary check and balance to safeguard the interests of all shareholders and stakeholders, the Group CEO is responsible for leading the Senior Management team running the day-to-day operations of the Group by making strategic business decisions and implementing the Board's policies and decisions.

The presence of the Independent Non-Executive Directors fulfils a pivotal role of corporate accountability. They provide unbiased and independent advice, alternative viewpoints, challenge perceptions and judgment as appropriate to take account of the interest of the Group, shareholders, employees, and any party with whom the Group conducts business.

The Board acknowledges and emphasises the importance for all Directors and employees to embrace good corporate governance practices and ethical standards. In view of this, the Board has formalised ethical standards and systems of compliance through the Company's Code of Ethics and Conduct. 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.

Additionally, the Board established a Whistle Blowing Policy which is accessible to the public on the Company's official website at www.ghl.com. The Whistle Blowing Policy serves as an avenue for employees and all stakeholders as well as the general public to report to the Company any genuine concerns about the unethical behaviour, malpractices, and illegal acts on failure to comply with regulatory requirements without fear of reprisal. All cases shall be independently investigated and appropriate actions will be taken where required.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

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

I. BOARD RESPONSIBILITIES (Cont'd)

The Board is supported by the Company Secretaries who facilitate the overall compliance with the MMLR and the Companies Act 2016, and other relevant laws and regulations. The Company Secretaries organise and update Board members and Committees the changes, if any, in regards to Board and Board Committee meetings as well as shareholders' meetings. The Company Secretaries attend all Board, shareholders and Board Committee meetings to ensure that these 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 and shareholders' meetings, and resolutions passed are properly maintained in the statutory records of the Company. The removal of Company Secretary, if any, is a matter for the Board to decide collectively.

Board Meetings

The Board and 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:-

- i. Previous minutes of meetings;
- ii. Operational and financial performance reports;
- iii. Details of corporate proposals;
- iv. Unaudited quarterly interim financial reports and annual draft audited financial statements;
- v. Internal Audit Reports; and
- vi. Other matters

The respective departments within the Group will strive to provide these materials to the Directors seven (7) days prior to the Board and Committee meetings, working within the challenges and constraints of the information gathering process; otherwise, the materials will be provided at least two (2) days before the meetings while those of a confidential nature will be provided during the Board and 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 ("Group CEO"), Group Chief Financial Officer ("CFO"), Senior Management, and all information on the affairs of the Group. The Management is obliged to supply all relevant information relating to the business and operations of the Group and governance matters at the request of the Board.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

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

I. BOARD RESPONSIBILITIES (Cont'd)

Board Meetings (Cont'd)

During the financial year ended 31 December 2020, six (6) Board meetings were convened and the attendances of the individual Directors at the Board meetings are as follow:-

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, Carol	Independent Non-Executive Director	6/6
Matteo Stefanel	Non-Independent Non-Executive Director	6/6
Hossameldin Abdelhamid Mohamed Aboumoussa (Resigned wef. 11 March 2021)	Non-Independent Non-Executive Director	6/6

The Board, via the NRC on a continuous basis, evaluates and determines the training needs of its members, and ensures that their training needs are met to assist the Directors in discharging their duties as a Director of the Company.

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

Directors	Training Programme/Conference Seminar
Datuk Kamaruddin Bin Taib	<ul style="list-style-type: none"> - Malaysia 2020 Budget Briefing by Crowe - Effectiveness of Internal Audit Function of Listed Issuers - Understanding the Evolving Cybersecurity Landscape Program - Digital Banking Webinar : Why Does it Matter? - The Day after Tomorrow - Leadership Practices During a Time of Crisis - Increased Emphasis on ESG Information Disclosure - Digitalisation - Cybersecurity Considerations - Amid A Global Pandemic - Covid 19 & Current Economic Reality : Implications for Financial Stability - Authentic Leadership - Leadership in Times of Distress - Crisis Management - Managing HR for the Long Haul: Road to Recovery - Lending Fraud Awareness Training
Loh Wee Hian	<ul style="list-style-type: none"> - Malaysia 2020 Budget Briefing by Crowe - Effectiveness of Internal Audit Function of Listed Issuers
Dato' Chan Choy Lin, Carol	<ul style="list-style-type: none"> - Malaysia 2020 Budget Briefing by Crowe - Effectiveness of Internal Audit Function of Listed Issuers - Distinguished board leadership series by Institute of Corporate Directors Malaysia - Leading through crisis and uncertainty by Institute of Corporate Directors Malaysia - Financial Institutions Directors' Education Programme - Emerging Risk Programme - Raising Defence: Section 17A.MACC Act for Insurance - The Board's leadership in greening the financial sector - Fraud risk management workshop by Bursa and PWC - In house training by Deloitte on MFRS and tax budget - In house training: Guidelines on conduct of directors of listed corporations and their subsidiaries

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

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

I. BOARD RESPONSIBILITIES (Cont'd)

Board Meetings (Cont'd)

Directors	Training Programme/Conference Seminar
Matteo Stefanel	<ul style="list-style-type: none"> - Malaysia 2020 Budget Briefing by Crowe - Effectiveness of Internal Audit Function of Listed Issuers - Anti-Money Laundering Training (AML) - Global Anti Bribery and Corruption Training (ABC) - Information Security - UK Financial Conduct Authority's (FCA) Conduct Rules Training - Mandatory Learning: Company Director Essentials
Hossameldin Abdelhamid Mohamed Aboumoussa (Resigned wef. 11 March 2021)	<ul style="list-style-type: none"> - Malaysia 2020 Budget Briefing by Crowe - Effectiveness of Internal Audit Function of Listed Issuers - AML, Anti bribery, Conflicts, GDPR, Fraud, Insider trading - Clifford Chance: PE training: Post-Covid M&A deal terms in FS Africa/Asia - Senior Managers and Certification Regime - Clifford Chance: Fund Economics, fund terms, LPAs

II. BOARD COMPOSITION

The Board comprises a mixture of Executive and Non-Executive Directors from diverse professional backgrounds with a wealth of experience, skills, and expertise to meet the Group's needs. The Board currently consist of five (5) members, comprising one (1) Executive Director and four (4) Non-Executive Directors, of which two (2) are Independent Non-Executive Directors including the Chairman.

Practice 4.1 of the MCCG states that at least half of the Board comprises Independent Directors. The Board is aware that its current composition is a departure with the desired practice and believes that the independence and objectivity are 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 bring 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 cognisant of the recommendation on boardroom diversity in the MCCG, and acknowledges the importance of diversity in terms of skills, experience, age, gender, cultural background, and ethnicity, and recognises the benefits of diversity at leadership and employee level. By having a range of diverse dimensions, it brings different perspectives to the boardroom and to various levels of Management within the Group.

The Board constantly advocates fair and equal participation and opportunity for all individuals of the right calibre. The Board is satisfied that the current Board composition provides the appropriate diversity, balance, and size necessary to promote all shareholders and govern the Group effectively. This balance facilitates the Board to provide clear and effective leadership to the Group and bring informed and independent judgement to many aspects of the Group's strategy and performance. It also fairly represents the ownership structure of GHL, with appropriate representations of minority interests through the Independent Non-Executive Directors. The Board will continue to monitor and review the Board size and composition as may be needed to maximise the shareholders' value.

Recognising the benefits of diversity in its broad spectrum, the Company has formalised a Board Diversity Policy and such policy is contained in the Board Charter, which is published on the Company's website at www.ghl.com. In accordance with the Board Diversity Policy on gender, the Board shall comprise at least a female Director at any time. Evaluation of suitability of candidates is based on the candidates' competency, character, time availability, integrity, and experience in meeting the Company's needs. The Board currently has a female Director with the appointment of Dato' Chan Choy Lin, Carol to the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

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

II. BOARD COMPOSITION (Cont'd)

Nominating and Remuneration Committee ("NRC")

The Board had previously resolved on 8 April 2013 to combine the Nomination Committee with the Remuneration Committee to form the NRC. The NRC reports regularly to the Board on its activities, deliberations, and recommendations in the discharge of its duties and responsibilities as set out in its Terms of Reference, which was last revised and approved by the Board in 25 February 2020, and is accessible to the public on the Company's official website at www.ghl.com.

The present members of the NRC are as follow: -

Designation	Directors	Designation	Attendance
Chairman	Datuk Kamaruddin Bin Taib	Independent Non-Executive	4/4
Member	Dato' Chan Choy Lin, Carol	Independent Non-Executive	4/4
Member	Hossameldin Abdelhamid Mohamed Aboumoussa (Resigned wef. 11 March 2021)	Non-Independent Non-Executive	4/4

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

- Reviewed the size, structure, and composition of Board and Board Committees based on the required skill, knowledge, and diversity;
- Facilitated Board, Board Committees, and Directors assessment and reviewed the results;
- Facilitated Board discussion on key management's annual appraisal results;
- Reviewed succession planning for Key Senior Management, taking into account challenges and opportunities faced by the Company, and the skills and expertise needed in the future.
- Reviewed Executive Director's service contract;
- Reviewed the training needs of Directors;
- Reviewed and recommended re-election of Directors;
- Reviewed the Executive's Share Scheme; and
- Reviewed and recommended appointment of Group Chief Executive Officer

In January 2021, 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.

In tandem with the MCGG, 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. Datuk Kamaruddin Bin Taib has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years at the forthcoming Annual General Meeting. Following an assessment and recommendation by the NRC; where Datuk Kamaruddin Bin Taib being an interested party had abstained in the process in NRC, the Board recommended to the shareholders for approval at the forthcoming AGM for Datuk Kamaruddin Bin Taib to continue acting as an Independent Non-Executive Director of the Company.

NRC has also conducted an assessment on the independence of the two Independent Non-Executive Directors for FY2020 based on the criteria on independence adopted by the Bursa Malaysia Securities Berhad. Following an assessment by NRC, the Board was of the opinion that the independence of the two Independent Non-Executive Directors remain unimpaired and their judgement over business dealings of the Company was not influenced by the interest of the other Directors or substantial shareholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

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

III. REMUNERATION

The NRC is entrusted by the Board on matters relating to the remuneration of the Board and Senior Management and making recommendations on the same to the Board for approval.

The Company has in place a set of policies and procedures which determines a clear and transparent remuneration package for each of its Directors and Senior Management in order to support and drive business strategy and long-term objectives of the Group. The NRC is responsible to review said Policy from time to time to ensure remuneration remains competitive, appropriate, and in alignment with the prevalent market practices. The NRC's recommended remuneration for Executive Director and Senior Management are linked to their performance, qualifications, experience, and scope of responsibility. The remuneration of Independent Non-Executive Directors reflects the scope of responsibilities and commitments undertaken by them. The Board ensures that the remuneration for Independent Non-Executive Directors does not conflict with their obligation to bring objectivity and independent judgement on matters discussed at the Board meetings.

The details of the Directors' remuneration for the FY2020 are disclosed under Practice 7.1 of the Corporate Governance Report that is available on the Company's official website at www.ghl.com.

The Board is aware of the importance of transparency in disclosing the remuneration of its Senior Management. Due to the competitiveness of the industry for key talents, and to retain and recruit key talents, the Board is of the opinion that it is in the best interest of the Company to disclose the Company's top seven (7) Senior Management personnels' remuneration for FY2020 in bands of RM350,000, which is available in Practice 7.2 of the Corporate Governance Report that is available on the Company's official website at www.ghl.com.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT AND RISK COMMITTEE ("ARC")

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

The ARC comprises three (3) members in which the ARC is currently chaired by Dato' Chan Choy Lin, Carol, an Independent and Non-Executive Director. The Terms of Reference set out its duties and responsibilities, are disclosed on the Company's official website at www.ghl.com.

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

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.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

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

The Board has delegated to the ARC the responsibility of reviewing the effectiveness of control procedures and risk management framework and to report to the Board on all its findings and recommendations for deliberations. This system, by its nature, can however only provide reasonable but not absolute assurance against misstatement, fraud, or loss.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (Cont'd)

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (Cont'd)

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 Board believes that the Group's activities which demonstrate its commitment towards creating a better environment, social and sustainability during FY2020, as well as various communication channels established for stakeholders to communicate with the Company, are disclosed in the Sustainability Statement included in this Annual Report.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH SHAREHOLDERS

I. COMMUNICATION WITH STAKEHOLDERS

Dialogue between the Company and Investors

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

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

Dato' Chan Choy Lin, Carol the Chairman of ARC, is available to investors who have concerns that cannot be addressed through the Chairman and Group CEO.

II. CONDUCT OF GENERAL MEETINGS

Annual General Meeting ("AGM")

The AGM is the principal forum for dialogue with the shareholders. At each AGM, the Board presents to the shareholders, the performance of the business for the financial year.

In view of the COVID-19 pandemic and as part of the Company's precautionary measures, the 26th AGM was held on 26 August 2020 entirely through live streaming from the broadcast venue at Kuala Lumpur Headquarters using Remote Participation and Voting Facilities. All directors were present both physically and virtually at the AGM to respond to questions raised by the shareholders or proxies.

Each special business is included in the notice of AGM will be accompanied by a full explanation of the effects of a proposed resolution to facilitate understanding and evaluation of the issues involved. Separate resolution is proposed for separate issues at the meeting 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 of Bursa Securities; 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 website at www.ghl.com.

The Board approved this Statement in accordance with Board's Resolution dated 25 March 2021.

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 2020 ("FY2020") and also a summary of its various activities.

FORMATION OF COMMITTEE

The Audit Committee was established as a committee of the Board of Directors of 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").

COMMITTEE COMPOSITION

The ARC comprises three members, all of whom are Non-Executive Directors with the majority being independent. The Chairman of the ARC is appointed by the Board and is not the Chairman of the Board. The composition of ARC is as follows:-

Designation	Name	Directorship
Chairman	Dato' Chan Choy Lin, Carol	Independent Non-Executive
Member	Datuk Kamaruddin Bin Taib	Independent Non-Executive
Member	Hossameldin Abdelhamid Mohamed Aboumoussa (Resigned wef. 11 March 2021)	Non-Independent Non-Executive

All members of ARC are financially literate, possess wide range of skills and knowledge, and have sufficient understanding of the Company's business and matters under the purview of the ARC, including the financial reporting process. The Chairman of ARC, Dato' Chan Choy Lin, Carol ("Dato' Carol") is a member of the Malaysian Institute of Accountants ("MIA").

The current ARC composition complies with Paragraphs 15.09 and 15.10 of the Main Market Listing Requirements ("MMLR") of Bursa Securities, which prescribes that the committee must be composed of not fewer than three (3) members, all of whom must be Non-Executive Directors, Chairman, and majority of members being Independent Directors, and one member must be a member of the MIA.

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 Committee is sufficient to exercise their judgment in an informed and impartial manner to fulfil its 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.

ATTENDANCE OF MEETINGS

The ARC held five (5) meetings during FY2020. 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 thereafter.

AUDIT AND RISK COMMITTEE REPORT

CONT'D

ATTENDANCE OF MEETINGS (Cont'd)

The attendances of the members of ARC at the five (5) meetings held during FY2020 are as follows:-

Directors	Attendance
Dato' Chan Choy Lin, Carol Chairman	5/5
Datuk Kamaruddin Bin Taib Member	5/5
Hossameldin Abdelhamid Mohamed Aboumoussa (Resigned wef. 11 March 2021) Member	5/5

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 present their reports on financial results, audit and other matters for the review of the ARC.

The Chairman of the ARC has the right to request those who are in attendance to step out from the meeting when matters to be discussed are likely to be hampered by their presence or confidentiality of matters needed to be preserved; where ARC members had held one (1) private meeting with the External Auditors in FY2020 without the presence of the Management.

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

The ARC is responsible among others to review and monitor the integrity of the Group's reporting process, system of internal control audit process as well as compliance with legal, regulatory, and taxation matters for the Group. The Terms of Reference for the ARC which is in line with the provisions of the MMLR and other best practices are accessible to the public on the Company's official website at www.ghl.com.

SUMMARY OF ACTIVITIES DURING FINANCIAL YEAR ENDED 31 DECEMBER 2020

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 follow:-

Financial Reporting:

- 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
- 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.

AUDIT AND RISK COMMITTEE REPORT

CONT'D

SUMMARY OF ACTIVITIES DURING FINANCIAL YEAR ENDED 31 DECEMBER 2020 (Cont'd)

External Audit:

- a. Reviewed the performance, assessed 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 caliber 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 FY2020, non-audit services rendered by the External Auditors for the Group amounted to RM 11,306 (2019: RM28,970) for the review of Statement of Risk Management and Internal Control and tax computation review and declaration & account production.
- f. Reviewed the performance of the External Auditor by conducting an evaluation encompassing technical competencies; partners/directors accessibility and time commitment; independence and objectivity; audit scope and planning; audit and audit communications; and recommended to the Board on the re-appointment of BDO PLT as External Auditors and their fees.

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 Auditors, External Auditors, and the RMC;
- e. Monitored the Whistle Blowing programme as part of the risk management structure and good corporate governance practice; and
- f. Received updates from Management on matters relating to the impact of COVID-19 pandemic on the Group's business and noted that the Group has relevant internal controls and various mechanisms in place to manage the impact of the pandemic and ensure continuity of business operations.

AUDIT AND RISK COMMITTEE REPORT

CONT'D

SUMMARY OF ACTIVITIES DURING FINANCIAL YEAR ENDED 31 DECEMBER 2020 (Cont'd)

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 during each meeting;
- e. Discussed the major internal audit findings, weaknesses, and significant internal audit matters raised by the GIA. 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 actions are implemented timely by the Management, with no audit issues left unaddressed.

Recurrent Related Party Transaction:

Recurrent related party transactions undertaken by the Group are reviewed annually 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 Group's normal commercial terms, adequate internal procedures had been deployed and to 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;
- c. Conducted a self-assessment to evaluate the Committee's overall effectiveness in discharging its responsibilities;
- d. Verified the allocation of Employer Share Scheme ("ESS") to executives, pursuant to the ESS By-Law 5.2.

INTERNAL AUDIT FUNCTION

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

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

- a. Reliability and integrity of financial and operational information;
- b. Effectiveness and efficiency of operations;
- c. Safeguarding of assets; and
- d. Compliance with applicable laws and regulations.

AUDIT AND RISK COMMITTEE REPORT

CONT'D

INTERNAL AUDIT FUNCTION (Cont'd)

The GIA does not have any direct operational responsibility or authority over any of the activities it audited or had engaged in any activity that might impair the internal auditor's judgement. All internal audit staff declared annually that they were free from any relationships or conflict of interests.

The annual audit plan was approved by the ARC to ascertain its scope and coverage of the Group's activities, including the adequacy of manpower. The GIA adopts a risk-based approach towards undertaking internal audit reviews for the Group based on the annual internal audit plan approved by the ARC. The GIA incorporated a structured internal audit rating methodology that appraises an overall rating of an audit report by a scoring system. The said system provides the Management and the ARC a consistent and concise assessment of the risks posed by the area or function being reviewed.

The major activities undertaken by the GIA function are summarised as follows:-

- a. Prepared, presented, and obtained approval from ARC for the Group's annual internal audit plan;
- b. Collaborated with Group Compliance Department to continuously monitor the Group's compliance with the MCCG Guide, MMLR, the relevant rules and regulations;
- c. Reviewed the adequacy and effectiveness of internal controls pertaining to key business processes of the Group;
- d. Undertook follow-up audits on the implementation of action plans committed by Management to ensure all audit findings highlighted are effectively and adequately addressed;
- e. Identification of areas of opportunities for improvement in respect of operations and processes;
- f. 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;
- g. Reviewed Recurrent Related Party transactions annually;
- h. Reviewed allocation of ESS shares to Executives; and
- i. Performed ad hoc audit to address specific management's concerns.

During the FY2020, the GIA had conducted independent reviews on internal control and compliance for the following areas as per the Internal Audit Plan approved by ARC:-

- a. Merchant Sales Process
- b. Settlement Process
- c. Compliance Review

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

The Company has allocated a reasonable budget to enable the GIA team to attend briefings, conferences, and seminars organised by the relevant professional bodies in order for 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 under review was approximately RM290,000. (2019: RM280,000)

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 maintain 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 ("SORMIC").

RESPONSIBILITIES 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 Audit and Risk Committee 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 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 FY2020, continued to strengthen the Groups' 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. RMC reports to the Board through ARC on significant matters arising.

GROUP RISK MANAGEMENT SYSTEM

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. The main features of the Group's risk management system are described in the following sections:-

1. 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 Chief Executive Officer, comprises the Group' Chief Financial Officer and Group Chief Risk Officer.

The responsibilities of RMC are as follows:

- To provide oversight of the Group's significant risks;
- To identify and assess, on an ongoing basis, the risks faced by the Group, and thereafter to design and implement appropriate risk management processes and internal controls to address or mitigate such risks in an effective manner, taking into account the risk appetite and risk tolerance level which the Group is willing to take in achieving its strategic objectives;
- To periodically assess and review the continued effectiveness and appropriateness of risk management processes;
- To continuously promote an effective risk 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

GROUP RISK MANAGEMENT SYSTEM (Cont'd)

1. Risk Management Committee ("RMC") (Cont'd)

The salient features of the RMC process are as follow:

- Country Heads, CEO of Subsidiaries, and Head of Departments are tasked to update their respective risk profiles on a half yearly basis and report to the Risk Department confirming that reviewed had been conducted and risk related to their areas had been accessed; and to include action plans which are to be implemented in order to manage the risks that had been identified;
- The risks that had been identified are consolidated and tabled to the RMC for its deliberation and monitoring;
- Head of Internal Audit was invited to attend the RMC meetings as an independent assessment of the adequacy and reliability of the risk management processes and compliance with risk policies;
- The RMC shall meet at least twice a year to review significant risks and the implementation progress;
- A copy of the RMC meeting minutes is submitted to the ARC for review and deliberation;
- Half yearly, the RMC members, i.e. Group CEO, Group CFO, and Group CRO are invited to the ARC meeting to brief the ARC on any risk related events and/or new risks faced by the Group with the corresponding action plans taken to mitigate the risks.

2. 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 Heads 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.

3. 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.

4. 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.

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONT'D

GROUP RISK MANAGEMENT SYSTEM (Cont'd)

5. COVID-19 Pandemic Risk

During March 2020 under the Movement Control Order ("MCO"), the Group operated under its Business Continuity mode and had enforced the GHIL Disease Outbreak Framework to mitigate and minimize the impact of risks associated with the pandemic on its business and operations. In order to mitigate this risk, the Group has undertaken the following measures: -

- Assessed the impact of Covid-19 pandemic on the Group's business operations and put in place the relevant Standard Operating Procedures across the business activities;
- The Group had implemented various safety and health measures such as work-from-home, distribution of face masks and sanitisers, travel advisory, staff communication on health awareness, temperature screening and restrict visitors to the office premises.

Given the fluidity of the situation, the Group will continuously monitor the impact of Covid-19 and take appropriate and timely measures to minimise the impact of the outbreak on the Group's operations.

KEY INTERNAL CONTROL PROCESSES

The following areas of governance contained clearly defined corporate values, code of business ethics and conduct as well as comprehensive policies and procedures to assist Management in ensuring that a sound system of internal control is maintained in the Group.

1. Authority and Responsibility

a) Board Committees

Board Committees are established and operate under clearly defined Terms of Reference ("TOR") to provide oversight function and ascertain the adequacy of the internal control framework in the Group. TOR is reviewed periodically to objectively and independently focus on certain responsibilities delegated by the Board.

b) Delegation of Authority

The Delegation of Authority clearly defines the authority and authorisation limits of the Management in all aspects of the Company's key business decisions, provides guidance on the division of responsibilities, and is periodically reviewed to reflect and be in line with the growth of the business, operational and organizational environment.

2. Monitoring and Reporting

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

3. Policies and Procedures

The Group has defined and documented internal policies and standard operating procedures to ensure inter alia sound internal controls are implemented and compliance with applicable laws and regulations. The policies and procedures are also being reviewed on a regular basis to ensure its relevance and effectiveness; in which Internal Audit function carried out reviews on the Group's policies and procedures according to the approved annual audit plans. Compliance with these procedures is an essential element of the internal control framework.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONT'D

KEY INTERNAL CONTROL PROCESSES (Cont'd)

4. Internal Audit Function

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

Acting as the third layer of defence in internal control, the GIA performs audits within the Group in accordance with an annual internal audit plan which is formulated through a comprehensive risk-based methodology and approved by the ARC. The audits are designed to test the appropriateness of control design and implementation as well as compliance with the existing policies and procedures. The results of all internal audit reviews, together with the findings and recommendations, are presented to Management for discussion and formulation of the necessary corrective action plans prior to finalisation of the internal audit reports. Status of implementation of agreed audit recommendations is tracked until completion and updates are highlighted by the Head of Group Internal Audit to the ARC. 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. The GIA department is supported by a workforce whom possesses the relevant qualification and experience and has adequate resources to fulfil the internal audit plan for the next financial year.

The Head of GIA, Mr. Liow, had in March 2021 confirmed the Internal Auditor's independence to the ARC, where he had signed the annual declaration that he and his team were and had been free from any relationship or conflicts of interest which could impair their objectivity and independence.

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

5. Information Technology Controls and Security

a. Disaster Recovery Backup Plan

The Board is cognizant of the importance of business continuity management in strengthening the Group's resilience in response to the evolving business environment and enhancement of shareholders' values. A Disaster Recovery ("DR") 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 program
- Implementation of strong access control measures
- Regularly monitor and test networks
- Maintain an information security policy

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONT'D

KEY INTERNAL CONTROL PROCESSES (Cont'd)

5. Information Technology Controls and Security (Cont'd)

b. Payment Card Industry Data Security Standard ("PCIDSS") (Cont'd)

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

c. Personal Data Protection Policy

The Group has 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.

6. 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.

b. Talent Retention & Succession Planning

Talent plays a pivotal role in achieving the business objectives of the Group. Necessary processes have been put in place to assess talent for career development and succession planning. Roles and responsibilities are clearly defined in the job description for each position. Continuous improvement approach is implemented in the areas of operational efficiencies as well as manpower productivity.

7. Corporate Governance

a. Code of Ethics and Conduct

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

b. Whistle Blowing Policy

The Group has implemented a Whistle Blowing Policy 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, internal policy, and applicable laws or regulations in a confidential manner. This policy ensures that the corporate culture of integrity, transparency and accountability are upheld across the Group.

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 and ARC Chairman are primarily responsible to ensure that all whistleblowing reports are properly followed up.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONT'D

KEY INTERNAL CONTROL PROCESSES (Cont'd)

7. Corporate Governance (Cont'd)

c. Anti-Bribery and Corruption Policy

The Group has implemented a policy on acts of Bribery and Corruption to mitigate the risk of fraud, corruption by providing the specific procedures or instructions regarding the appropriate actions needed to be undertaken in cases of suspected violations. The Group adopts a zero-tolerance stance in all forms of bribery and corruption by its employees and business associates.

d. Anti-Money Laundering, Anti-Terrorism Financing, and Unlawful Activities Policy

The Group had implemented the policy on Anti-Money Laundering, Anti-Terrorism, and Unlawful Activities which is to establish the framework and specific procedures against money laundering, financing of terrorism, and unlawful activities.

The Group is committed to high standards of anti-money laundering, financing of terrorism, and unlawful activities compliance and requires all Directors and employees across the Group to adhere to these standards in preventing the use of its products and services for money laundering or terrorism financing purposes.

e. Insurance

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

f. Compliance Framework

The Group had established a Compliance Framework that sets out the approach for the Group in managing the mandatory compliance requirements, mitigating compliance risk and mandates the Group Compliance Department to drive compliance across the Group.

g. Legal

The Group Legal 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 Groups' risk management framework and internal control system.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONT'D

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditor has reviewed this Statement of Risk Management and Internal Control as required under Paragraph 15.23 of Bursa Malaysia Securities Berhad's Main Market Listing Requirements. The limited assurance review was performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3 ("AAPG 3") Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control Included in the Annual Report. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group. Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention which causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is factually inaccurate.

This statement is approved by the Board of Directors on 25 March 2021.

OTHER STATEMENTS AND DISCLOSURES

1. MATERIAL CONTRACT

There were no material contracts entered into by the Group involving Directors', Chief Executive's and major shareholders' interest, either still subsisting at the end of the financial year ended 31 December 2020 or entered into since the end of previous financial year.

2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees incurred for services rendered by the Auditors of the Company, BDO PLT, to the Company and the Group respectively for the financial year ended 31 December 2020 were as follows:

	GROUP 2020 RM	COMPANY 2020 RM
Audit Fee	480,332	112,270
Non-Audit Fee	11,306	5,950

Note:

* The non-audit fees from BDO PLT is in relation to review Statement of Risk Management and Internal Control, tax computation review and declaration & account production.

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 2020, the Group has adopted the appropriate accounting policies, which are consistently applied and supported by reasonable and prudent judgements and estimates. The Directors also consider that all applicable Financial Reporting Standards in Malaysia have been followed and confirmed that the financial statements have been prepared on a going concern basis.

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

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

4. UTILISATION OF PROCEEDS

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

OTHER STATEMENTS AND DISCLOSURES

CONT'D

5. EXECUTIVES' SHARES SCHEME (ESS)

Brief details on the number of ESS options currently in existence during the financial year are as follows:

Total number of ESS options outstanding as at 1.1.2020	Total number of ESS options granted during the FYE 31.12.2020	Total number of ESS options exercised, retracted and forfeited during the FYE 31.12.2020	Total number of ESS Option arises from bonus issue during the FYE 31.12.2020	Total ESS options outstanding as at 31.12.2020
10,762,000	Nil	(9,736,000)	513,000	1,539,000

The ESS options granted to the Directors and Chief Executive:

Aggregate options granted	Aggregate options exercised	Aggregate options outstanding
2,000,000	(2,000,000)	Nil

The ESS options granted to the Directors and Key Senior Management:

	During the FYE 31.12.2020	Since Commencement of the ESS
Aggregate maximum allocation in percentage	70%	70%
Actual percentage granted	69%	69%

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 2020.

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 16 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	7,017,420	5,132,426
Profit attributable to:		
Owners of the parent	13,549,362	5,132,426
Non-controlling interests	(6,531,942)	-
	<u>7,017,420</u>	<u>5,132,426</u>

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 2020.

RESERVES AND PROVISIONS

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

DIRECTORS

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

Loh Wee Hian*
 Datuk Kamaruddin Bin Taib
 Dato' Chan Choy Lin
 Matteo Stefanel
 Hossameldin Abdelhamid Mohamed Aboumoussa (Resigned on 11 March 2021)

* Director of the Company and its subsidiaries

DIRECTORS' REPORT

CONT'D

DIRECTORS (cont'd)

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

Yap Chih Ming	
Rey Maria R. Chumacera	
Napaporn Wilakit	
Mira Tania Hidayat	
Leong Wye Tuck	
Dato' Kantharao A/L Ramaiah	
Roderick R. C. Salazar III	
Dunstan Gerald Maurice	(Appointed on 4 March 2020)
Kevin Lee Zi Xian	(Appointed on 1 July 2020)
Tee Kean Kang	(Appointed on 1 July 2020)
Loh Hin Yaw	(Appointed on 1 August 2020)
Nigel Laurie Lee	(Appointed on 1 October 2020)
Sean Hesh	(Appointed on 1 January 2021)
Jason Wee Chee Siang	(Appointed on 1 January 2021)
John Alexander Pastor	(Appointed on 1 January 2021)
Indran A/L R.Candiah	(Resigned on 2 June 2020)
Kanagaraj Lorenz	(Resigned on 1 October 2020)
Leong Kah Chern	(Resigned on 31 December 2020)
Ma. Felisa G. Kondo	(Resigned on 31 December 2020)

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 2020 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:

	Balance as at 1.1.2020	Number of ordinary shares			Balance as at 31.12.2020
		Bought	Bonus issue	Sold	

Shares in the Company

Direct interests:

Loh Wee Hian	85,371,184	-	20,185,592	(45,000,000)	60,556,776
--------------	------------	---	------------	--------------	------------

Indirect interests:

Loh Wee Hian*	46,776,491	-	23,313,245	(150,000)	69,939,736
---------------	------------	---	------------	-----------	------------

* Indirect interest by virtue of the Section 59(11)(c) of the Companies Act 2016 held through Tobikiri Capital Limited (60,999,361 ordinary shares) and his child, Loh Hin Yaw (8,940,375 ordinary shares).

DIRECTORS' REPORT

CONT'D

DIRECTORS' INTERESTS (cont'd)

	Number of ordinary shares of PHP100 each			
	Balance as at 1.1.2020	Bought	Sold	Balance as at 31.12.2020
Shares in subsidiaries,				
GHL Systems Philippines, Inc.				
Loh Wee Hian	1	-	-	1
GHL Electronic Payments Inc.				
Loh Wee Hian	1	-	-	1
	Number of ordinary shares of THB100 each			
	Balance as at 1.1.2020	Bought	Sold	Balance as at 31.12.2020
GHL (Thailand) Co., Ltd				
Loh Wee Hian	2	-	(2)	-

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 those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than those as disclosed in Note 32 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 749,209,139 to 1,141,499,842 by way of issuance of 392,290,703 new ordinary shares pursuant to the following:

- (i) special issue of 10,061,206 new ordinary shares at RM1.19 (closing market price at date of issue: RM1.89) 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;
- (ii) 1,730,000 options exercised under the Executive Share Scheme ("ESS") at an exercise price of RM1.08 per ordinary share; and

DIRECTORS' REPORT

CONT'D

ISSUE OF SHARES AND DEBENTURES (cont'd)

- (iii) bonus issue of 1 share for every 2 shares held amounting to 380,499,497 shares.

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 the financial year.

REPURCHASE OF OWN SHARES

Treasury Shares

At the Annual General Meeting held on 26 August 2020, 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);
- (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.

ESS Shares

During the financial year, the Company, in accordance with the By-Laws of the ESS, had appointed MTrustee Berhad to purchase 1,230,800 units of the Company's shares (known as "ESS Shares"), amounting RM2,225,353 in the market to transfer to ESS participants upon exercise of options.

During the financial year, the Company had transferred 8,006,000 units of ESS shares, amounting RM11,132,603 with price ranging from RM1.31 to RM1.45 to employees for options exercised under the ESS.

As at 31 December 2020, the total number of ESS shares held by MTrustee Berhad in accordance with the By-Laws of the ESS was 1,477,550 units.

DIRECTORS' REPORT

CONT'D

EXECUTIVES' SHARE SCHEME

The ESS of the Company came into effect on 30 August 2013 to 29 August 2018 and subsequently extended for a period of five (5) years until 29 August 2023 ("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 2020, excluding ESS shares held, is 171,003,344 (2019: 111,177,411);
- (c) The options granted may be exercised any time upon the satisfaction of vesting conditions of each tranche;
- (d) The option price of a new ordinary share under the ESS shall be at a discount of not more than ten percent (10%) of the five (5)-days weighted average market price of the shares as quoted in the Daily Official List issued by Bursa Securities immediately preceding the date of offer, or at the par value of the ordinary shares, whichever is higher;
- (e) Upon exercise of the options, the shares issued rank pari passu in all respects with the existing ordinary shares of the Company;
- (f) The employees to whom the options have been granted have no right to participate, by virtue of these options, in any ordinary share issue of any other company; and
- (g) The option price and the number of ordinary shares comprised in the ESS options are subject to adjustment in the event of any alteration in the capital structure of the Company during the scheme period in accordance with the provisions in the ESS By-Laws ("By-Laws"), subject to the determination by ESS Committee.

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

	Number of options over ordinary shares						Exercisable as at 31.12.2020
	Outstanding as at 1.1.2020	Movements during the financial year				Outstanding as at 31.12.2020	
		Granted	Bonus issue	Exercised	Forfeited*		
Date of offer							
6 April 2018							
- first tranche	665,000	-	-	(665,000)	-	-	-
- second tranche	2,567,000	-	40,000	(2,487,000)	-	120,000	120,000
- third tranche	7,530,000	-	473,000	(6,584,000)	-	1,419,000	1,419,000
	10,762,000	-	513,000	(9,736,000)	-	1,539,000	1,539,000
Option price	1.08	-	0.72	1.08	-	0.72	0.72

* Due to resignation

DIRECTORS' REPORT

CONT'D

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 2020 was RM30,525 (2019: RM31,810).

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

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected, other than two (2) items, which are impairment on goodwill and fair value loss on contingent consideration amounting to RM11,332,252 (Note 15) and RM6,140,942 (Note 26) respectively.

(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 will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

DIRECTORS' REPORT

CONT'D

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

(III) AS AT THE DATE OF THIS REPORT

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

Significant events during the financial year are disclosed in Note 37 to the financial statements.

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 2020 are disclosed in Note 6 to the financial statements.

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

Loh Wee Hian
Director

Kuala Lumpur
25 March 2021

Dato' Chan Choy Lin
Director

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 76 to 168 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 2020 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board,

Loh Wee Hian
Director

Kuala Lumpur
25 March 2021

Dato' Chan Choy Lin
Director

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 76 to 168 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)
25 March 2021)

Yap Chih Ming

Before me:

INDEPENDENT AUDITORS' REPORT

REPORT TO THE MEMBERS OF GHL SYSTEMS BERHAD
(INCORPORATED IN MALAYSIA)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of GHL Systems Berhad, which comprise the statements of financial position as at 31 December 2020 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 76 to 168.

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 2020, 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 ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

a) Assessment of impairment of the carrying amount of goodwill

As at 31 December 2020, the carrying amount of goodwill of the Group amounted to RM168,638,985 as disclosed in Note 15 to the financial statements.

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

Audit response

Our audit procedures included the following:

- (i) Assessed the historical reliability of management's projections by comparing prior period projections to actual results;
- (ii) Verified the pre-tax discount rate by comparison to market data, and relevant risk factors;
- (iii) Compared projected growth rates of each revenue segment, operating profit margins and terminal values, incorporating the impact of COVID-19 pandemic, 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

REPORT TO THE MEMBERS OF GHL SYSTEMS BERHAD
(INCORPORATED IN MALAYSIA)
CONT'D

Key Audit Matters (cont'd)

b) Assessment of impairment of trade receivables

As at 31 December 2020, gross trade receivables of the Group and the Company were RM57,081,069 and RM6,260,267 respectively as disclosed in Note 20 to the financial statements.

We determined this to be key audit matter because it requires management to exercise significant judgement in determining the probability of default by 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, incorporating the impact of the COVID-19 pandemic 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;
- (iii) Inquiries of management to assess the rationale underlying the relationship between the forward looking information and expected credit losses; and
- (iv) Challenged management on the basis for determining loss given default in worst-case scenarios arising from the impact of the COVID-19 pandemic.

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

As at 31 December 2020, the Company's carrying amounts of costs of investments of the subsidiaries amounted to RM134,956,491 as disclosed in Note 16 to the financial statements.

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

Audit response

Our audit procedures included the following:

- (i) Challenged 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 cash flows;
- (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, incorporating the impact of the COVID-19 pandemic.

INDEPENDENT AUDITORS' REPORT

REPORT TO THE MEMBERS OF GHL SYSTEMS BERHAD
(INCORPORATED IN MALAYSIA)
CONT'D

Key Audit Matters (cont'd)

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

As at 31 December 2020, gross amounts owing by subsidiaries of the Company were RM56,643,914 as disclosed in Note 20 to the financial statements.

We determined this to be key audit matter because it requires management to exercise significant judgement in determining the probability of default by subsidiaries, appropriate forward looking information and significant increase in credit risk, incorporating the impact of the COVID-19 pandemic.

Audit response

Our audit procedures included the following:

- (i) Recomputed the probability of default using historical data and forward looking information adjustment, incorporating the impact of the COVID-19 pandemic applied by the Company;
- (ii) Recomputed the correlation coefficient between the macroeconomic indicators used by the Company and historical losses to determine the appropriateness of the forward-looking information used by the Company;
- (iii) Inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses; and
- (iv) 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.

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.

INDEPENDENT AUDITORS' REPORT

REPORT TO THE MEMBERS OF GHL SYSTEMS BERHAD
(INCORPORATED IN MALAYSIA)
CONT'D

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.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

INDEPENDENT AUDITORS' REPORT

REPORT TO THE MEMBERS OF GHL SYSTEMS BERHAD
(INCORPORATED IN MALAYSIA)
CONT'D

Report on Other Legal and Regulatory Requirements

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

Kuala Lumpur
25 March 2021

Lee Wee Hoong
03316/07/2021 J
Chartered Accountant

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Revenue	5	334,513,677	347,643,337	12,454,126	14,263,658
Cost of sales		(190,188,144)	(197,232,139)	(1,344,423)	(2,897,441)
Gross profit		144,325,533	150,411,198	11,109,703	11,366,217
Other operating income		11,796,037	13,727,333	21,506,264	32,598,932
Administrative expenses		(96,542,291)	(96,298,724)	(15,537,117)	(15,177,275)
Distribution expenses		(8,203,830)	(10,299,126)	(445,750)	(1,038,345)
Other operating expenses		(27,582,056)	(10,521,500)	(11,587,481)	(9,339,137)
Finance costs		(2,326,021)	(2,909,481)	(8,132)	(12,801)
Share of loss of joint ventures and associate, net of tax	17(g)	(147,601)	(554,516)	-	-
Profit before tax	6	21,319,771	43,555,184	5,037,487	18,397,591
Taxation	9	(12,198,551)	(12,690,977)	94,939	211,055
Profit for the financial year from continuing operations		9,121,220	30,864,207	5,132,426	18,608,646
Loss for the financial year from discontinued operations	16(e)	(2,103,800)	(3,845,604)	-	-
Profit for the financial year		7,017,420	27,018,603	5,132,426	18,608,646
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translations	9(d)	(1,393,331)	1,751,543	-	-
Reclassification adjustment relating to a subsidiary disposed off during the year		(75,861)	(12,373)	-	-
Item that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit liability, net of tax	9(d)	(364,927)	59,496	-	-
Total other comprehensive (loss)/income, net of tax		(1,834,119)	1,798,666	-	-
Total comprehensive income		5,183,301	28,817,269	5,132,426	18,608,646

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
CONT'D

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
Profit attributable to:					
Owners of the parent		13,549,362	28,724,053	5,132,426	18,608,646
Non-controlling interests		(6,531,942)	(1,705,450)	-	-
		<u>7,017,420</u>	<u>27,018,603</u>	<u>5,132,426</u>	<u>18,608,646</u>
Total comprehensive income attributable to:					
Owners of the parent		11,715,243	30,499,638	5,132,426	18,608,646
Non-controlling interests		(6,531,942)	(1,682,369)	-	-
		<u>5,183,301</u>	<u>28,817,269</u>	<u>5,132,426</u>	<u>18,608,646</u>
Earnings per ordinary share attributable to equity holders of the Company (sen):					
From continuing operations		1.95	2.90		
From discontinued operation		(0.26)	(0.34)		
Basic	10	<u>1.69</u>	<u>2.56</u>		
From continuing operations		1.95	2.89		
From discontinued operation		(0.26)	(0.34)		
Diluted	10	<u>1.69</u>	<u>2.55</u>		

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	Group		Company	
		2020	2019	2020	2019
		RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	12	99,599,168	106,322,646	12,361,620	13,311,138
Intangible assets	14	1,168,738	1,433,409	136,292	162,540
Goodwill	15	168,638,985	179,971,237	-	-
Investments in subsidiaries	16	-	-	134,956,491	124,382,554
Investments in joint ventures and an associate	17	-	306,557	-	-
Trade and other receivables	20	415,795	-	-	-
Deferred tax assets	18	2,954,710	3,749,323	-	-
		272,777,396	291,783,172	147,454,403	137,856,232
Current assets					
Inventories	19	59,872,059	63,895,465	103,399	55,519
Trade and other receivables	20	137,939,825	111,172,041	24,286,594	25,711,738
Current tax assets		2,198,181	4,472,921	52,178	354,430
Other investments	21	64,809,567	53,270,574	60,016,520	42,164,039
Cash and bank balances	22	148,893,921	138,627,060	5,466,566	3,128,665
		413,713,553	371,438,061	89,925,257	71,414,391
TOTAL ASSETS		686,490,949	663,221,233	237,379,660	209,270,623
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	23	351,485,304	330,199,925	351,485,304	330,199,925
Reserves	24	(3,515,190)	(8,639,050)	(2,001,004)	(8,958,983)
Retained earnings / (Accumulated losses)		133,787,535	120,889,096	(116,648,692)	(121,130,195)
		481,757,649	442,449,971	232,835,608	200,110,747
Non-controlling interests		183,588	6,413,004	-	-
TOTAL EQUITY		481,941,237	448,862,975	232,835,608	200,110,747

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

CONT'D

		Group		Company	
		2020	2019	2020	2019
	Note	RM	RM	RM	RM
LIABILITIES					
Non-current liabilities					
Borrowings	25	13,901,077	19,623,774	-	-
Lease liabilities	13	2,900,667	8,401,879	295,823	143,211
Contract liabilities	29	328,409	-	-	-
Employee benefits obligations	28	2,233,582	1,395,720	-	-
Deferred tax liabilities	18	4,478,823	4,895,576	64,016	145,057
		23,842,558	34,316,949	359,839	288,268
Current liabilities					
Borrowings	25	8,273,777	6,580,445	-	-
Lease liabilities	13	6,160,545	6,907,021	105,710	127,054
Contract liabilities	29	4,542,955	4,104,741	752,779	374,692
Trade and other payables	26	159,535,881	159,754,954	3,325,724	8,369,862
Current tax liabilities		2,193,996	2,694,148	-	-
Derivatives	27	-	-	-	-
		180,707,154	180,041,309	4,184,213	8,871,608
TOTAL LIABILITIES		204,549,712	214,358,258	4,544,052	9,159,876
TOTAL EQUITY AND LIABILITIES		686,490,949	663,221,233	237,379,660	209,270,623

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Group	Note	Non-distributable					Distributable			Total attributable to owners of the parent	Non- controlling interests	Total equity
		Share capital	ESS shares	Retirement benefit reserve	Exchange translation reserve	Share options reserve	Retained earnings					
		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Balance as at 1 January 2019		314,343,560	-	-	(1,455,652)	1,001,445	92,221,231	406,110,584	169,765	406,280,349		
Profit for the financial year		-	-	-	-	-	28,724,053	28,724,053	(1,705,450)	27,018,603		
Remeasurement of defined benefit liability, net of tax		-	-	59,496	-	-	-	59,496	-	59,496		
Foreign currency translations, net of tax		-	-	-	1,728,462	-	-	1,728,462	23,081	1,751,543		
Reclassification adjustments relating to a subsidiary disposed off during the year	16(f)	-	-	-	(12,373)	-	-	(12,373)	-	(12,373)		
Total comprehensive income		-	-	59,496	1,716,089	-	28,724,053	30,499,638	(1,682,369)	28,817,269		
Transactions with owners:												
ESS shares acquired	24(d)	-	(11,943,043)	-	-	-	-	(11,943,043)	-	(11,943,043)		
Transfers of ESS shares to employees		-	782,288	-	-	-	(56,188)	726,100	-	726,100		
Share options granted under ESS	23	-	-	-	-	1,521,227	-	1,521,227	-	1,521,227		
ESS forfeited	23	-	-	-	-	(3,000)	-	(3,000)	-	(3,000)		
Ordinary shares issued pursuant to:												
- Acquisition of Paysys	23	14,387,525	-	-	-	-	-	14,387,525	-	14,387,525		
- ESS	23	1,468,840	-	-	-	(317,900)	-	1,150,940	-	1,150,940		
Liquidation of Pinoytek Solusyon, Inc.	16(f)	-	-	-	-	-	-	-	(91,772)	(91,772)		
Acquisition of Speed Pay Plc.	16(h)	-	-	-	-	-	-	-	8,017,380	8,017,380		
Total transactions with owners		15,856,365	(11,160,755)	-	-	1,200,327	(56,188)	5,839,749	7,925,608	13,765,357		
Balance as at 31 December 2019		330,199,925	(11,160,755)	59,496	260,437	2,201,772	120,889,096	442,449,971	6,413,004	448,862,975		

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

CONT'D

Group	Note	Non-distributable							Distributable		Total		Non-controlling interests		Total equity	
		Share capital	ESS shares	Retirement benefit reserve	Exchange translation reserve	Share options reserve	Retained earnings	attributable to owners of the parent	RM	RM	RM	RM	RM	RM	RM	RM
Balance as at 1 January 2020		330,199,925	(11,160,755)	59,496	260,437	2,201,772	120,889,096	442,449,971			6,413,004	448,862,975				
Profit for the financial year		-	-	-	-	-	13,549,362	13,549,362			(6,531,942)	7,017,420				
Remeasurement of defined benefit liability, net of tax	9(d)	-	-	(364,927)	-	-	-	(364,927)			-	(364,927)				
Foreign currency translations, net of tax		-	-	-	(1,393,331)	-	-	(1,393,331)			-	(1,393,331)				
Reclassification adjustments relating to a subsidiary disposed off during the year		-	-	-	(75,861)	-	-	(75,861)			-	(75,861)				
Total comprehensive income		-	-	(364,927)	(1,469,192)	-	13,549,362	11,715,243			(6,531,942)	5,183,301				
Transactions with owners:																
ESS shares acquired	24(d)	-	(2,225,353)	-	-	-	-	(2,225,353)			-	(2,225,353)				
Transfers of ESS shares to employees		-	11,132,603	-	-	-	(650,923)	10,481,680			-	10,481,680				
Share options granted under ESS	23	-	-	-	-	287,229	-	287,229			-	287,229				
Ordinary shares issued pursuant to:																
- Acquisition of Paysys	23	19,015,679	-	-	-	-	-	19,015,679			-	19,015,679				
- ESS	23	2,269,700	-	-	-	(2,236,500)	-	33,200			-	33,200				
Disposal of Speed Pay Plc	16(e)	-	-	-	-	-	-	-			302,526	302,526				
Total transactions with owners		21,285,379	8,907,250	-	-	(1,949,271)	(650,923)	27,592,435			302,526	27,894,961				
Balance as at 31 December 2020		351,485,304	(2,253,505)	(305,431)	(1,208,755)	252,501	133,787,535	481,757,649			183,588	481,941,237				

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

CONT'D

Company	Note	Non-distributable			Distributable	Total equity
		Share capital	ESS shares	Share options reserve	Accumulated losses	
		RM	RM	RM	RM	RM
Balance as at 1 January 2019		314,343,560	-	1,001,445	(139,682,653)	175,662,352
Profit for the financial year		-	-	-	18,608,646	18,608,646
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	-	-	18,608,646	18,608,646
Transactions with owners:						
ESS shares acquired	24(d)	-	(11,943,043)	-	-	(11,943,043)
Transfers of ESS shares to employees		-	782,288	-	(56,188)	726,100
Share options granted under ESS	23	-	-	1,521,227	-	1,521,227
ESS forfeited	23	-	-	(3,000)	-	(3,000)
Ordinary shares issued pursuant to:						
- Acquisition of new subsidiaries	23	14,387,525	-	-	-	14,387,525
- ESS	23	1,468,840	-	(317,900)	-	1,150,940
Total transactions with owners		15,856,365	(11,160,755)	1,200,327	(56,188)	5,839,749
Balance as at 31 December 2019		330,199,925	(11,160,755)	2,201,772	(121,130,195)	200,110,747

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

CONT'D

Company	Note	Non-distributable			Distributable	Total equity RM
		Share capital RM	ESS shares RM	Share options reserve RM	Accumulated losses RM	
Balance as at 1 January 2020		330,199,925	(11,160,755)	2,201,772	(121,130,195)	200,110,747
Profit for the financial year		-	-	-	5,132,426	5,132,426
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	-	-	5,132,426	5,132,426
Transactions with owners:						
ESS shares acquired	24(d)	-	(2,225,353)	-	-	(2,225,353)
Transfers of ESS shares to employees		-	11,132,603	-	(650,923)	10,481,680
Share options granted under ESS	23	-	-	287,229	-	287,229
Ordinary shares issued pursuant to:						
- Acquisition of new subsidiaries	23	19,015,679	-	-	-	19,015,679
- ESS	23	2,269,700	-	(2,236,500)	-	33,200
Total transactions with owners		21,285,379	8,907,250	(1,949,271)	(650,923)	27,592,435
Balance as at 31 December 2020		351,485,304	(2,253,505)	252,501	(116,648,692)	232,835,608

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax					
- continuing operations		21,319,771	43,555,184	5,037,487	18,397,591
- discontinued operation		(2,103,799)	(3,845,597)	-	-
		19,215,972	39,709,587	5,037,487	18,397,591
Adjustments for:					
Amortisation of:					
- intangible assets	14	264,671	264,671	26,248	26,248
- contract liabilities	29	(5,660,772)	(2,434,772)	(1,105,635)	(1,167,490)
Bad debts written off	6	2,284,555	574,845	913,853	426,343
Depreciation of property, plant and equipment	12	32,078,675	32,329,837	1,418,565	1,247,224
Dividend income		-	-	(9,000,000)	(12,000,000)
Impairment losses on:					
- property, plant and equipment	12(d)	3,827,865	506,938	-	-
- trade and other receivables	20	8,450,446	9,332,249	7,047,192	5,930,841
- investments in subsidiaries	16	-	-	23,455	1,341,860
- investment in associates		317,756	-	-	-
- goodwill	15	11,332,252	-	-	-
Fair value loss/(gain) on other investment		95,896	(43,717)	110,132	(53,652)
Fair value loss/(gain) on contingent consideration	26(f)	6,140,942	(2,541,578)	-	-
Interest expense		2,065,181	2,752,175	8,132	12,801
Interest income		(3,058,665)	(3,294,042)	(1,538,990)	(1,533,557)
Inventories written off	19	1,353,402	689,769	-	552,608
Inventories written back	19	-	(90,043)	-	-
(Gain)/Loss on disposal of property, plant and equipment		(605,159)	(94,029)	111,726	-
Gain on disposal of a subsidiary	16(e)	(480,500)	-	-	-
Gain on reassessment of right-of-use assets		(834)	-	(834)	-
Loss on liquidation of subsidiary	16(f)	-	48,450	-	-
Gain on disposal of other investments		(387,963)	(2,163,252)	(320,425)	(2,152,834)
Unrealised loss/(gain) on foreign exchange, net		117,689	(55,812)	1,701,687	7,602
Property, plant and equipment written off		328,649	1,767,148	9,546	3,983
Reversal of trade and other receivables	20	(9,495,519)	(1,781,379)	(8,819,987)	(16,656,717)
Share options granted under ESS	7	287,229	1,518,227	107,568	567,115
Share of loss of an associate	17(g)	147,601	554,516	-	-
Operating profit/(loss) before changes in working capital		68,619,369	77,549,788	(4,270,280)	(5,050,034)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

CONT'D

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES (cont'd)					
Operating profit/(loss) before changes in working capital		68,619,369	77,549,788	(4,270,280)	(5,050,034)
(Increase)/Decrease in inventories		(9,393,389)	7,572,346	(47,880)	(49,159)
(Increase)/Decrease in trade and other receivables		(15,188,265)	20,294,486	1,122,894	7,801,949
Increase/(Decrease) in trade and other payables		1,624,720	(10,308,976)	(706,841)	466,454
Advance receipts for contract liabilities	29(b)	6,416,172	5,490,992	1,483,722	1,119,409
Increase in employee benefits obligations		279,331	290,180	-	-
Cash generated from/(used in) operations		52,357,938	100,888,816	(2,418,385)	4,288,619
Dividends received		-	-	9,000,000	12,000,000
Interest received		3,058,665	3,294,042	1,538,990	1,533,557
Interest paid		(1,197,596)	(1,571,953)	-	-
Tax paid		(15,026,200)	(13,455,519)	368,328	(442,996)
Tax refunded		5,157,125	2,350,324	(52,178)	637,804
Net cash from operating activities		44,349,932	91,505,710	8,436,755	18,016,984
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of:					
- property, plant and equipment	12(b)	(17,223,824)	(26,780,263)	(246,935)	(3,630,496)
- intangible assets	14	-	(851)	-	(851)
Acquisition of subsidiaries for cash, net of cash acquired	16(h)	-	(5,273,619)	-	(8,344,620)
Disposal of subsidiaries, net of cash disposed		(449,163)	-	-	-
Proceeds from disposal of:					
- property, plant and equipment		1,827,795	1,979,148	5,089	-
- right-of-use assets		-	-	1	-
- other investments		387,963	2,163,252	320,425	2,152,834
Increase investment in an associate	17(e)	(158,800)	(635,200)	-	-
Placement in deposits pledged or maturity more than 3 months		(892,466)	(476,957)	-	-
Repayment from/(Advances to) subsidiaries		-	-	3,724,922	(5,381,289)
Net cash (used)/from in investing activities		(16,508,495)	(29,024,490)	3,803,502	(15,204,422)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020
CONT'D

	Note	Group		Company	
		2020 RM	2019 RM	2020 RM	2019 RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Drawdown of:					
- bankers' acceptance		-	11,000,000	-	-
- term loans		61,359,356	14,776,343	-	-
- islamic facility		5,000,000	52,000,000	-	-
Proceeds from issuance of ordinary shares pursuant to:					
- ESS exercised		1,868,400	1,256,040	1,868,400	1,256,040
Proceeds from transfers of ESS shares					
		8,646,480	621,000	8,646,480	621,000
Purchase of ESS shares from open market	24(d)	(2,225,353)	(11,943,043)	(2,225,353)	(11,943,043)
Repayments of:					
- term loans		(64,924,204)	(11,464,551)	-	-
- islamic facility		(5,500,000)	(54,000,000)	-	-
- lease liabilities		(8,724,262)	(8,222,455)	(224,504)	(133,960)
- bankers' acceptance		-	(11,000,000)	-	-
Net cash (used in)/from financing activities		(4,499,583)	(16,976,666)	8,065,023	(10,199,963)
Net increase/(decrease) in cash and cash equivalents					
		23,341,854	45,504,554	20,305,280	(7,387,401)
Effect of exchange rate changes on cash and cash equivalents					
		(2,332,570)	729,884	(4,766)	94,549
Effect of fair value changes on cash and cash equivalents					
		(95,896)	43,717	(110,132)	53,652
Cash and cash equivalents at beginning of financial year					
		179,401,040	133,122,885	45,292,704	52,531,904
Cash and cash equivalents at end of financial year					
	22(h)	200,314,428	179,401,040	65,483,086	45,292,704

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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 2020 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 25 March 2021.

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 16 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 set out on pages 76 to 168 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 has also early adopted Amendment to MFRS 16 *Covid-19-Related Rent Concessions* during the financial year and elected to apply the practical expedient to all rent concession relating to leases with similar characteristics and similar circumstances.

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 SEGMENTS

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

4. OPERATING SEGMENTS (cont'd)

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

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

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

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

2020	Malaysia RM	Philippines RM	Thailand RM	Others RM	Total RM
Segment profits from continuing operation	13,438,125	5,760,316	1,414,873	706,457	21,319,771
Segment loss from discontinued operation	-	-	-	(2,103,799)	(2,103,799)
Included in the measure of segment profits are:					
Revenue from external customers from continuing operation					
- Shared services	84,866,096	24,646,167	11,565,074	-	121,077,337
- Solution services	5,530,013	2,259,937	5,926,236	1,191,714	14,907,900
- Transaction payment acquisition	175,848,631	17,936,715	4,375,017	368,077	198,528,440
Revenue from external customers from discontinued operation					
- Solution services	-	-	-	251	251
	266,244,740	44,842,819	21,866,327	1,560,042	334,513,928

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

4. OPERATING SEGMENTS (cont'd)

2020	Malaysia RM	Philippines RM	Thailand RM	Others RM	Total RM
Inter-segment sales	28,897,022	-	-	-	28,897,022
Depreciation of property, plant and equipment	20,589,936	8,000,980	3,021,314	466,445	32,078,675
Amortisation of intangible assets	264,671	-	-	-	264,671
Gain on disposal of property, plant and equipment	(468,490)	(127,849)	(8,820)	-	(605,159)
Impairment losses on trade and other receivables	4,011,199	4,038,954	400,293	-	8,450,446
Bad debts written off	2,284,555	-	-	-	2,284,555
Reversal of impairment losses on trade and other receivables	(5,024,977)	(4,443,897)	(26,645)	-	(9,495,519)
Finance costs	1,518,446	742,901	64,674	-	2,326,021
Interest income	(3,014,827)	(35,128)	(8,710)	-	(3,058,665)
Tax expense	9,035,978	2,414,614	498,095	249,865	12,198,552
Share of loss of an associate	147,601	-	-	-	147,601
Unrealised loss/(gain) on foreign exchange, net	310,100	(180,997)	(11,414)	-	117,689
Segment assets	588,037,430	63,594,962	30,312,907	1,590,940	683,536,239
Deferred tax assets					2,954,710
Total assets					<u>686,490,949</u>
Additions to non-current assets:					
- property, plant and equipment	17,098,962	858,610	638,369	525	18,596,466
Segment liabilities	172,068,132	19,124,764	8,484,815	393,178	200,070,889
Deferred tax liabilities					4,478,823
Total liabilities					<u>204,549,712</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

4. OPERATING SEGMENTS (cont'd)

2019	Malaysia RM	Philippines RM	Thailand RM	Others RM	Total RM
Segment profits from continuing operation	33,955,315	7,356,820	1,223,820	1,019,229	43,555,184
Segment loss from discontinued operation	-	-	-	(3,845,597)	(3,845,597)
Included in the measure of segment profits are:					
Revenue from external customers from continuing operation					
- Shared services	92,516,414	24,563,734	14,731,776	-	131,811,924
- Solution services	6,685,025	2,672,933	1,378,678	1,122,033	11,858,669
- Transaction payment acquisition	173,292,801	18,394,642	12,279,802	5,499	203,972,744
Revenue from external customers from discontinued operation					
- Solution services	-	-	-	63,386	63,386
	272,494,240	45,631,309	28,390,256	1,190,918	347,706,723
Inter-segment sales	28,903,094	-	-	-	28,903,094
Depreciation of property, plant and equipment	19,210,818	9,292,074	3,070,685	756,260	32,329,837
Amortisation of intangible assets	264,671	-	-	-	264,671
(Gain)/Loss on disposal of property, plant and equipment	(1,074,857)	-	(36,068)	1,016,896	(94,029)
Impairment losses on trade and other receivables	5,662,067	2,839,677	830,505	-	9,332,249
Bad debts written off	574,845	-	-	-	574,845
Reversal of impairment losses on trade and other receivables	(1,781,379)	-	-	-	(1,781,379)
Finance costs	1,831,512	961,604	116,365	-	2,909,481
Interest income	(3,270,275)	(13,122)	(10,645)	-	(3,294,042)
Tax expense	9,024,795	3,338,874	327,308	7	12,690,984
Share of loss of an associate	554,516	-	-	-	554,516
Unrealised gain on foreign exchange, net	(55,794)	-	-	(18)	(55,812)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

4. OPERATING SEGMENTS (cont'd)

2019 (cont'd)	Malaysia RM	Philippines RM	Thailand RM	Others RM	Total RM
Segment assets	569,118,076	60,231,032	25,863,159	4,259,643	659,471,910
Deferred tax assets					3,749,323
Total assets					<u>663,221,233</u>
Additions to non-current assets:					
- property, plant and equipment	21,711,497	10,716,658	1,989,954	188,128	34,606,237
- intangible assets	851	-	-	-	851
Segment liabilities	181,295,570	21,623,908	5,317,459	1,225,745	209,462,682
Deferred tax liabilities					4,895,576
Total liabilities					<u>214,358,258</u>

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	
	2020 RM	2019 RM	2020 RM	2019 RM
Revenue from contracts with customers:				
- Sales of value-added solutions	129,995,538	133,332,751	2,899,498	4,067,498
- Sales of goods	31,341,856	35,838,626	-	1,577,087
- Sales of prepaid air-time top-ups	90,192,446	93,264,102	-	-
	<u>251,529,840</u>	<u>262,435,479</u>	<u>2,899,498</u>	<u>5,644,585</u>
Income from leasing:				
- Rental of EDC equipment	82,983,837	85,207,858	56,174	99,660
Other revenue:				
- Management fees	-	-	9,498,454	8,519,413
Revenue from continued operation	<u>334,513,677</u>	<u>347,643,337</u>	<u>12,454,126</u>	<u>14,263,658</u>
Revenue from discontinued operation	<u>251</u>	<u>63,386</u>	<u>-</u>	<u>-</u>
	<u>334,513,928</u>	<u>347,706,723</u>	<u>12,454,126</u>	<u>14,263,658</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

5. REVENUE (cont'd)

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. No disaggregation of the revenue from contracts with customers by geographical basis has been presented for the Company as the Company's activities are carried out predominantly in Malaysia.

Group 31 December 2020	Malaysia RM	Philippines RM	Thailand RM	Others RM	Total RM
Major product and service line					
Sales of value-added solutions	100,898,761	16,356,331	11,543,777	1,196,669	129,995,538
Sales of goods	28,063,254	1,917,597	1,361,005	-	31,341,856
Sales of prepaid air-time top-ups	90,192,446	-	-	-	90,192,446
Revenue from external customers from continuing operation	219,154,461	18,273,928	12,904,782	1,196,669	251,529,840
Revenue from external customers from discontinued operation	-	-	-	251	251
Total revenue from external customers	219,154,461	18,273,928	12,904,782	1,196,920	251,530,091
Timing of revenue recognition					
Transferred over time	18,974,344	1,872,418	2,067,488	-	22,914,250
Transferred at a point in time	200,180,117	16,401,510	10,837,294	1,196,920	228,615,841
Revenue from external customers	219,154,461	18,273,928	12,904,782	1,196,920	251,530,091

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

5. REVENUE (cont'd)

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

Group 31 December 2019	Malaysia RM	Philippines RM	Thailand RM	Others RM	Total RM
Major product and service line					
Sales of value-added solutions	98,556,606	18,163,837	15,485,020	1,127,288	133,332,751
Sales of goods	29,679,897	2,117,383	4,041,346	-	35,838,626
Sales of prepaid air-time top-ups	93,264,102	-	-	-	93,264,102
Revenue from external customers from continuing operation	221,500,605	20,281,220	19,526,366	1,127,288	262,435,479
Revenue from external customers from discontinued operation	-	-	-	63,386	63,386
Revenue from external customers	221,500,605	20,281,220	19,526,366	1,190,674	262,498,865
Timing of revenue recognition					
Transferred over time	19,815,026	2,082,295	7,838,490	-	29,735,811
Transferred at a point in time	201,685,579	18,198,925	11,687,876	1,190,674	232,763,054
Revenue from external customers	221,500,605	20,281,220	19,526,366	1,190,674	262,498,865

	Company	
	2020 RM	2019 RM
Major product and service line		
Sales of value-added solutions	2,899,498	4,067,498
Sales of goods	-	1,577,087
Revenue from external customers	2,899,498	5,644,585
Timing of revenue recognition		
Transferred over time	1,098,967	1,290,110
Transferred at a point in time	1,800,531	4,354,475
Revenue from external customers	2,899,498	5,644,585

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

5. REVENUE (cont'd)

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

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

(a) 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 (12) months.

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

(c) Sales of goods

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

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

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

(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 have been transferred to the customer and coincides with the delivery of prepaid airtime top-ups and acceptance by customers.

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

	Group	
	2020	2019
	RM	RM
Sales of prepaid airtime top-ups:		
Gross billing	1,813,546,693	1,774,886,326
Cost of purchase from telecommunication service providers	(1,723,354,247)	(1,681,622,224)
	<u>90,192,446</u>	<u>93,264,102</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

5. REVENUE (cont'd)

(e) Management fees

Management fees are recognised at a point in time when management service 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	
	2020	2019	2020	2019
	RM	RM	RM	RM
After charging:				
Auditors' remuneration				
- statutory audit	480,332	495,760	112,270	112,270
- non-audit services	11,306	28,970	5,950	20,970
Bad debts written off	2,284,555	574,845	913,853	426,343
Interest expense on:				
- lease liabilities	867,585	1,180,222	8,132	12,801
- term loans	1,176,366	1,224,195	-	-
- bankers' acceptance	21,230	204,047	-	-
- bank overdraft	-	148	-	-
Bank charges	260,840	300,869	-	-
Loss on foreign exchange:				
- realised	42,709	273,382	-	-
- unrealised	117,689	148,939	1,701,687	7,602
Loss on disposal of property, plant and equipment	-	-	111,726	-
And crediting:				
Dividend income from a subsidiary	-	-	9,000,000	12,000,000
Gain on disposal of property, plant and equipment	605,159	94,029	-	-
Gain on disposal of other investments	387,963	2,163,252	320,425	2,152,834
Gain on foreign exchange:				
- realised	-	479,072	1,612,921	201,394
- unrealised	-	204,751	-	-
Interest income from:				
- deposits with licensed banks	1,281,345	1,578,373	35,750	58,062
- other investments	1,777,320	1,715,669	1,503,240	1,475,495

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

7. EMPLOYEE BENEFITS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Salaries and bonuses	61,630,708	61,384,901	10,107,153	9,683,731
Contributions to defined contribution plan	6,587,072	6,556,016	1,123,559	1,079,761
Social security contributions	615,056	469,429	51,325	49,826
Share options granted under ESS	287,229	1,518,227	107,568	567,115
Other benefits	3,267,296	3,174,645	382,680	550,016
	<u>72,387,361</u>	<u>73,103,218</u>	<u>11,772,285</u>	<u>11,930,449</u>

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

8. DIRECTORS' REMUNERATION

	Group and Company	
	2020 RM	2019 RM
Directors of the Company:		
Executive:		
Salaries, bonus and allowances	1,650,000	1,625,000
Defined contribution plan	198,000	195,000
Social security contributions	923	923
Non-Executive:		
Fees	240,000	284,080
Allowances	43,500	33,900
Total	<u>2,132,423</u>	<u>2,138,903</u>

The estimated monetary value of benefits-in-kind received by the Directors otherwise than in cash from the Group and from the Company amounted to RM 7,200 (2019: RM7,200).

9. TAXATION

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Current tax expense based on profit for the financial year from continuing operation:				
Malaysia income tax	7,764,374	9,438,109	-	13,898
Foreign income tax	3,788,293	3,052,840	-	-
Under/(Over)-provision in prior years	100,936	977,421	(13,898)	(315,231)
	<u>11,653,603</u>	<u>13,468,370</u>	<u>(13,898)</u>	<u>(301,333)</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

9. TAXATION (cont'd)

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Deferred tax (Note 18):				
Relating to origination and reversal of temporary differences	341,146	(1,130,891)	(18,739)	(13,033)
Under/(Over)-provision in prior years	203,802	353,498	(62,302)	103,311
	544,948	(777,393)	(81,041)	90,278
Current tax expense based on profit for the financial year from continuing operation	12,198,551	12,690,977	(94,939)	(211,055)
Current tax expense based on profit for the financial year from discontinuing operation	1	7	-	-
Tax expense for the financial year	12,198,552	12,690,984	(94,939)	(211,055)

- (a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2019: 24%) of the estimated taxable profits for the fiscal year.
- (b) Taxation for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.
- (c) The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit before tax from continuing operation	21,319,771	43,555,184	5,037,487	18,397,591
Loss before tax from discontinued operation	(2,103,799)	(3,845,597)	-	-
	19,215,972	39,709,587	5,037,487	18,397,591
Tax at Malaysian statutory tax rate of 24% (2019: 24%)	4,611,833	9,530,301	1,208,997	4,415,422
Tax effects in respect of:				
Non-allowable expenses	10,781,527	3,063,084	3,172,538	2,461,080
Non-taxable income	(4,186,573)	(4,072,398)	(5,039,160)	(7,841,422)
Higher tax rates in foreign jurisdiction	408,561	368,044	-	-
Utilisation of previously unrecognised deferred tax assets	(800,983)	-	-	-
Deferred tax assets not recognised	1,079,449	2,471,034	638,886	965,785
	11,893,814	11,360,065	(18,739)	865
Under/(Over)-provision of income tax expense in prior years	100,936	977,421	(13,898)	(315,231)
Under/(Over)-provision of deferred tax in prior years	203,802	353,498	(62,302)	103,311
Tax expense for the financial year	12,198,552	12,690,984	(94,939)	(211,055)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

9. TAXATION (cont'd)

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

Group	Before tax RM	Tax effect (Note 18) RM	After tax RM
2020			
Foreign currency translations	(1,393,331)	-	(1,393,331)
Remeasurement of defined benefit liability (Note 28)	(521,325)	156,398	(364,927)
	(1,919,430)	156,398	(1,763,032)
2019			
Foreign currency translations	1,728,462	-	1,728,462
Remeasurement of defined benefit liability (Note 28)	(43,009)	102,505	59,496
	1,685,453	102,505	1,787,958

10. EARNINGS PER SHARE

(a) Basic

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

The related basic earnings per ordinary share for the previous financial year was arrived at after reflecting the retrospective adjustments as required by MFRS133 *Earnings Per Share* arising from the Company's bonus issue of 380,499,497 ordinary shares which was completed during the financial year.

	Group	
	2020	2019 Restated
Profit for the financial year attributable to equity holders of the parent (RM)	13,549,362	28,724,053
Weighted average number of ordinary shares in issue	803,179,132	742,097,707
Effect of bonus issue in October 2020	-	380,499,497
Adjusted weighted average number of ordinary shares in issue	803,179,132	1,122,597,204
Basic earnings per ordinary share (sen)	1.69	2.56

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

10. EARNINGS PER SHARE (cont'd)

(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.

The related diluted earnings per ordinary share for the previous financial year was arrived at after reflecting the retrospective adjustments as required by MFRS133 *Earnings Per Share* arising from the Company's bonus issue of 380,499,497 ordinary shares which was completed during the financial year.

	Group	
	2020	2019 Restated
Profit for the financial year attributable to equity holders of the parent (RM)	13,549,362	28,724,053
Weighted average number of ordinary shares in issue applicable to basic earnings per ordinary share	803,179,132	742,097,707
Effect of dilution:		
- ESS	462,179	2,685,786
- Effect of bonus issue in October 2020	-	380,499,497
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share	803,641,311	1,125,282,990
Diluted earnings per ordinary share (sen)	1.69	2.55

11. DIVIDENDS

No dividend has been proposed, declared or paid by the Company since the end of the previous financial year. The Directors do not recommend payment of any dividend in respect of the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

12. PROPERTY, PLANT AND EQUIPMENT

Group 2020	Balance as at 1.1.2020 RM	Additions RM	Disposal of subsidiary (Note 16) RM	Transferred from inventories (Note 19) RM	Transfers RM	Written off RM	Disposals RM	Depreciation charges for the financial year RM	Impairment RM	Exchange differences RM	Balance as at 31.12.2020 RM
Carrying amount											
Long term leasehold land:											
- Right-of-use assets	1,395,201	-	-	-	-	-	-	(16,414)	-	-	1,378,787
Buildings:											
- Owned	15,486,900	-	-	-	-	-	-	(323,250)	-	128,977	15,292,627
- Right-of-use assets	3,197,281	40,312	-	-	-	-	(181,789)	(1,292,043)	-	3,306	1,767,067
Computer equipment	3,484,677	2,069,031	(151,581)	-	-	(4)	(18)	(2,132,773)	-	26,150	3,295,482
EDC equipment:											
- Owned	66,221,545	14,653,581	-	12,063,393	(116,445)	(219,010)	(794,273)	(23,836,164)	(3,827,865)	344,236	64,488,998
- Right-of-use assets	8,280,625	19,107	-	-	-	-	-	(2,015,252)	-	313,422	6,597,902
Computer software	1,657,909	316,645	(101,185)	-	-	(43,229)	(28,260)	(684,800)	-	27,417	1,144,497
Motor vehicles:											
- Owned	142,362	209,754	(129,892)	-	-	-	-	(21,302)	-	2,503	203,425
- Right-of-use assets	1,519,926	851,888	-	-	-	-	(381,018)	(470,542)	-	(4,550)	1,515,704
Furniture, fittings and office equipment:											
- Owned	1,761,711	252,802	(66,620)	-	-	(66,375)	(12,433)	(464,867)	-	2,794	1,407,012
- Right-of-use assets	107,610	106,497	-	-	-	-	-	(41,488)	-	-	172,619
Renovation	3,066,899	76,849	(28,700)	-	-	(31)	-	(779,780)	-	(189)	2,335,048
	106,322,646	18,596,466	(477,978)	12,063,393	(116,445)	(328,649)	(1,397,791)	(32,078,675)	(3,827,865)	844,066	99,599,168

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

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

Group 2020	At 31.12.2020			
	Cost RM	Accumulated depreciation RM	Accumulated impairment losses RM	Carrying amount RM
Long term leasehold land:				
- Right-of-use assets	1,625,000	(246,213)	-	1,378,787
Buildings:				
- Owned	17,132,082	(1,839,455)	-	15,292,627
- Right-of-use assets	4,152,071	(2,385,004)	-	1,767,067
Computer equipment	30,248,428	(26,446,008)	(506,938)	3,295,482
EDC equipment:				
- Owned	189,327,927	(111,815,294)	(13,023,635)	64,488,998
- Right-of-use assets	20,025,138	(13,427,236)	-	6,597,902
Computer software	6,742,261	(5,228,387)	(369,377)	1,144,497
Motor vehicles:				
- Owned	206,873	(3,448)	-	203,425
- Right-of-use assets	2,784,161	(1,268,457)	-	1,515,704
Furniture, fittings and office equipment:				
- Owned	7,490,081	(6,083,069)	-	1,407,012
- Right-of-use assets	245,027	(72,408)	-	172,619
Renovation	6,452,101	(4,117,053)	-	2,335,048
Total	286,431,150	(172,932,032)	(13,899,950)	99,599,168

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

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

Group 2019	Balance as at 1.1.2019 RM	Additions RM	Acquisition of subsidiary (Note 16) RM	Transferred from inventories (Note 19) RM	Transfers (Note 13) RM	Written off RM	Disposals RM	Depreciation charges for the financial year RM	Impairment RM	Exchange differences RM	Balance as at 31.12.2019 RM
Carrying amount											
Long term leasehold land:											
- Right-of-use assets	1,411,615	-	-	-	-	-	-	(16,414)	-	-	1,395,201
Buildings:											
- Owned	15,710,503	-	-	-	-	-	-	(318,710)	-	95,107	15,486,900
- Right-of-use assets	3,959,009	460,304	-	-	-	-	-	(1,299,932)	-	77,900	3,197,281
Computer equipment	4,497,333	1,686,022	571,241	-	-	(375,334)	(1,502)	(2,412,009)	(506,938)	25,864	3,484,677
EDC equipment:											
- Owned	59,430,787	21,202,119	-	7,174,766	1,081,103	(65,091)	(1,860,088)	(21,708,219)	-	966,168	66,221,545
- Right-of-use assets	7,112,036	5,792,098	-	-	(1,081,103)	-	(6,970)	(3,683,910)	-	148,474	8,280,625
Computer software	1,459,959	609,058	294,664	-	-	-	-	(738,524)	-	32,752	1,657,909
Motor vehicles:											
- Owned	3	-	180,445	-	-	-	(3)	(38,635)	-	552	142,362
- Right-of-use assets	1,464,556	859,961	-	-	-	(248,950)	(14,160)	(560,850)	-	19,369	1,519,926
Furniture, fittings and office equipment:											
- Owned	1,539,725	625,491	1,379,606	-	-	(1,056,355)	(2,396)	(751,286)	-	26,926	1,761,711
- Right-of-use assets	101,292	37,238	-	-	-	-	-	(30,920)	-	-	107,610
Renovation	473,764	3,333,946	36,472	-	-	(21,418)	-	(770,428)	-	14,563	3,066,899
	97,160,582	34,606,237	2,462,428	7,174,766	-	(1,767,148)	(1,885,119)	(32,329,837)	(506,938)	1,407,675	106,322,646

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

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

Group 2019	At 31.12.2019			
	Cost RM	Accumulated depreciation RM	Accumulated impairment losses RM	Carrying amount RM
Long term leasehold land:				
- Right-of-use assets	1,625,000	(229,799)	-	1,395,201
Buildings:				
- Owned	16,990,133	(1,503,233)	-	15,486,900
- Right-of-use assets	4,503,420	(1,306,139)	-	3,197,281
Computer equipment	29,479,928	(25,488,313)	(506,938)	3,484,677
EDC equipment:				
- Owned	183,928,031	(107,967,374)	(9,739,112)	66,221,545
- Right-of-use assets	19,338,380	(11,057,755)	-	8,280,625
Computer software	7,135,523	(5,100,746)	(376,868)	1,657,909
Motor vehicles:				
- Owned	208,334	(65,972)	-	142,362
- Right-of-use assets	2,890,357	(1,370,431)	-	1,519,926
Furniture, fittings and office equipment:				
- Owned	7,768,318	(6,006,607)	-	1,761,711
- Right-of-use assets	138,530	(30,920)	-	107,610
Renovation	6,745,546	(3,678,647)	-	3,066,899
Total	280,751,500	(163,805,936)	(10,622,918)	106,322,646

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

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

Company 2020	Balance as at 1.1.2020 RM	Additions RM	Reassessment RM	Written off RM	Disposals off RM	Depreciation charges for the financial year RM	Balance as at 31.12.2020 RM
Carrying amount							
Long term leasehold land:							
- Right-of-use assets	1,395,201	-	-	-	-	(16,414)	1,378,787
Buildings:							
- Owned	7,484,041	-	-	-	-	(172,237)	7,311,804
- Right-of-use assets	62,237	-	14,724	-	-	(39,454)	37,507
Computer equipment	391,748	136,348	-	(1)	(18)	(280,108)	247,969
Computer software	359,971	-	-	-	-	(73,694)	286,277
Motor vehicles:							
- Right-of-use assets	170,849	352,480	-	-	(111,709)	(65,015)	346,605
Furniture, fittings and office equipment:							
- Owned	648,852	8,399	-	(9,514)	(5,089)	(101,217)	541,431
- Right-of-use assets	43,845	13,750	-	-	-	(13,701)	43,894
Renovation	2,754,394	69,708	-	(31)	-	(656,725)	2,167,346
	13,311,138	580,685	14,724	(9,546)	(116,816)	(1,418,565)	12,361,620

Company 2020	At 31.12.2020		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Long term leasehold land:			
- Right-of-use assets	1,625,000	(246,213)	1,378,787
Buildings:			
- Owned	8,350,000	(1,038,196)	7,311,804
- Right-of-use assets	118,498	(80,991)	37,507
Computer equipment	5,310,894	(5,062,925)	247,969
Computer software	1,799,737	(1,513,460)	286,277
Motor vehicles:			
- Right-of-use assets	352,480	(5,875)	346,605
Furniture, fittings and office equipment:			
- Owned	2,416,410	(1,874,979)	541,431
- Right-of-use assets	68,656	(24,762)	43,894
Renovation	3,621,223	(1,453,877)	2,167,346
Total	23,662,898	(11,301,278)	12,361,620

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

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

Company 2019	Balance as at 1.1.2019 RM	Additions RM	Written off RM	Depreciation charges for the financial year RM	Balance as at 31.12.2019 RM
Carrying amount					
Long term leasehold land:					
- Right-of-use assets	1,411,615	-	-	(16,414)	1,395,201
Buildings:					
- Owned	7,656,279	-	-	(172,238)	7,484,041
- Right-of-use assets	103,774	-	-	(41,537)	62,237
Computer equipment	612,907	124,741	(8)	(345,892)	391,748
Computer software	437,433	-	-	(77,462)	359,971
Motor vehicles:					
- Right-of-use assets	249,703	-	-	(78,854)	170,849
Furniture, fittings and office equipment:					
- Owned	398,230	353,335	(3,975)	(98,738)	648,852
- Right-of-use assets	17,668	37,238	-	(11,061)	43,845
Renovation	7,002	3,152,420	-	(405,028)	2,754,394
	10,894,611	3,667,734	(3,983)	(1,247,224)	13,311,138

Company 2019	At 31.12.2019		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
Long term leasehold land:			
- Right-of-use assets	1,625,000	(229,799)	1,395,201
Buildings:			
- Owned	8,350,000	(865,959)	7,484,041
- Right-of-use assets	103,774	(41,537)	62,237
Computer equipment	5,227,526	(4,835,778)	391,748
Computer software	1,799,737	(1,439,766)	359,971
Motor vehicles:			
- Right-of-use assets	394,266	(223,417)	170,849
Furniture, fittings and office equipment:			
- Owned	2,629,893	(1,981,041)	648,852
- Right-of-use assets	54,906	(11,061)	43,845
Renovation	3,855,028	(1,100,634)	2,754,394
Total	24,040,130	(10,728,992)	13,311,138

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

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

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

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

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

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Purchase of property, plant and equipment	18,596,466	34,606,237	580,685	3,667,734
Leases	(1,372,642)	(7,825,974)	(333,750)	(37,238)
Cash payments on purchases of property, plant and equipment	17,223,824	26,780,263	246,935	3,630,496

- (c) As at the end of the reporting period, buildings with the carrying amount of RM8,491,973 (2019: RM8,845,706) have been charged to a bank for credit facilities to the Group as disclosed in Note 25 to the financial statements.
- (d) During the financial year, impairment loss on property, plant and equipment of the Group of RM3,827,865 (2019: RM506,938) was recognised due to technological obsolescent.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group as lessee

Right-of-use assets	Balance as at 1.1.2020	Addition/ Reassessment	Disposals/ Termination	Depreciation charges for the financial year	Exchange difference	Balance as at 31.12.2020
Group 2020	RM	RM	RM	RM	RM	RM
Carrying amount						
Long term leasehold land	1,395,201	-	-	(16,414)	-	1,378,787
Buildings	3,197,281	40,312	(181,789)	(1,292,043)	3,306	1,767,067
Motor vehicles	1,519,926	851,888	(381,018)	(470,542)	(4,550)	1,515,704
EDC equipment	8,280,625	19,107	-	(2,015,252)	313,422	6,597,902
Office equipment	107,610	106,497	-	(41,488)	-	172,619
	14,500,643	1,017,804	(562,807)	(3,835,739)	312,178	11,432,079

Right-of-use assets	Balance as at 1.1.2019	Addition	Transfers to property plant and equipment (Owned) (Note 12)	Written off	Disposals	Depreciation charges for the financial year	Exchange difference	Balance as at 31.12.2019
Group 2019	RM	RM	RM	RM	RM	RM	RM	RM
Carrying amount								
Long term leasehold land	1,411,615	-	-	-	-	(16,414)	-	1,395,201
Buildings	3,959,009	460,304	-	-	-	(1,299,932)	77,900	3,197,281
Motor vehicles	1,464,556	859,961	-	(248,950)	(14,160)	(560,850)	19,369	1,519,926
EDC equipment	7,112,036	5,792,098	(1,081,103)	-	(6,970)	(3,683,910)	148,474	8,280,625
Office equipment	101,292	37,238	-	-	-	(30,920)	-	107,610
	14,048,508	7,149,601	(1,081,103)	(248,950)	(21,130)	(5,592,026)	245,743	14,500,643

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

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

The Group as lessee (cont'd)

Lease liabilities	Balance as at 1.1.2020	Addition	Reassessment	Disposal	Lease payments	Interest expense	Exchange difference	Balance as at 31.12.2020
Group 2020	RM	RM	RM	RM	RM	RM	RM	RM
Carrying amount								
Buildings	3,319,473	21,112	18,366	(194,355)	(1,396,705)	111,222	(11,424)	1,867,689
Motor vehicles	1,476,533	540,000	-	-	(920,256)	51,763	(3,584)	1,144,456
EDC equipment	10,401,079	704,610	-	-	(6,360,681)	698,345	427,344	5,870,697
Office equipment	111,815	106,920	-	-	(46,620)	6,255	-	178,370
	15,308,900	1,372,642	18,366	(194,355)	(8,724,262)	867,585	412,336	9,061,212

Lease liabilities	Balance as at 1.1.2019	Addition	Lease payments	Interest expense	Exchange difference	Balance as at 31.12.2019
Group 2019	RM	RM	RM	RM	RM	RM
Carrying amount						
Buildings	4,071,144	460,304	(1,432,836)	166,726	54,135	3,319,473
Motor vehicles	1,072,311	680,000	(378,122)	82,938	19,406	1,476,533
EDC equipment	8,993,034	6,648,432	(6,376,537)	924,644	211,506	10,401,079
Office equipment	103,623	37,238	(34,960)	5,914	-	111,815
	14,240,112	7,825,974	(8,222,455)	1,180,222	285,047	15,308,900

	Group	
	2020	2019
	RM	RM
Represented by:		
Current liabilities	6,160,545	6,907,021
Non-current liabilities	2,900,667	8,401,879
	9,061,212	15,308,900
Lease liabilities owing to financial institutions	7,015,153	11,877,612
Lease liabilities owing to non-financial institutions	2,046,059	3,431,288
	9,061,212	15,308,900

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

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

The Group as lessee (cont'd)

Right-of-use assets	Balance as at 1.1.2020	Addition	Reassessment	Disposal	Depreciation	Balance as at 31.12.2020
Company 2020	RM	RM	RM	RM	RM	RM
Carrying amount						
Long term leasehold land	1,395,201	-	-	-	(16,414)	1,378,787
Buildings	62,237	-	14,724	-	(39,454)	37,507
Office equipment	43,845	13,750	-	-	(13,701)	43,894
Motor vehicles	170,849	352,480	-	(111,709)	(65,015)	346,605
	<u>1,672,132</u>	<u>366,230</u>	<u>14,724</u>	<u>(111,709)</u>	<u>(134,584)</u>	<u>1,806,793</u>

Right-of-use assets	Balance as at 1.1.2019	Addition	Depreciation	Balance as at 31.12.2019
Company 2019	RM	RM	RM	RM
Carrying amount				
Long term leasehold land	1,411,615	-	(16,414)	1,395,201
Buildings	103,774	-	(41,537)	62,237
Office equipment	17,668	37,238	(11,061)	43,845
Motor vehicles	249,703	-	(78,854)	170,849
	<u>1,782,760</u>	<u>37,238</u>	<u>(147,866)</u>	<u>1,672,132</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

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

The Group as lessee (cont'd)

Lease liabilities	Balance as at 1.1.2020	Addition	Reassessment	Lease payments	Interest expense	Balance as at 31.12.2020
Company 2020	RM	RM	RM	RM	RM	RM

Carrying amount

Buildings	64,747	-	13,890	(44,400)	1,880	36,117
Office equipment	45,060	13,750	-	(15,190)	1,796	45,416
Motor vehicles	160,458	320,000	-	(164,914)	4,456	320,000
	270,265	333,750	13,890	(224,504)	8,132	401,533

Lease liabilities	Balance as at 1.1.2019	Addition	Lease payments	Interest expense	Balance as at 31.12.2019
Company 2019	RM	RM	RM	RM	RM

Carrying amount

Buildings	105,843	-	(44,400)	3,304	64,747
Office equipment	18,362	37,238	(12,280)	1,740	45,060
Motor vehicles	229,981	-	(77,280)	7,757	160,458
	354,186	37,238	(133,960)	12,801	270,265

	Company	
	2020	2019
	RM	RM

Represented by:

Current liabilities	105,710	127,054
Non-current liabilities	295,823	143,211
	401,533	270,265

Lease liabilities owing to financial institutions	320,000	160,458
Lease liabilities owing to non-financial institutions	81,533	109,807
	401,533	270,265

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

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

The Group as lessee (cont'd)

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

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

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

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

- (b) As at the end of the reporting period, long term leasehold land with the carrying amount of RM459,596 (2019: RM465,067) have been charged to a bank for credit facilities to the Group as disclosed in Note 25 to the financial statements.
- (c) The Group and the Company determine the lease term of a lease as the non-cancellable period of the lease, together with periods covered by an option to extend or to terminate the lease if the Group and the Company reasonably certain to exercise the relevant options. Management has considered the relevant facts and circumstances that create an economic incentive for the Group and the Company to either exercise the option to extend the lease, or to exercise the option to terminate the lease. Any differences in expectations from the original estimates would impact the carrying amounts of the lease liabilities of the Group and of the Company. The lease payments are discounted using the annual incremental borrowing rate of the Group and of the Company in range of 3.22% to 8.82% (3.93% to 8.82%) and 3.22% to 3.96% (2019: 3.96%) respectively.
- (d) The Group and the Company have certain leases with lease term less than 12 months, and low value leases of office equipment of RM20,000 and below. The Group and the Company apply the "short-term lease" and "lease of low-value assets" exemptions for these leases.
- (e) The following are the amounts recognised in profit or loss:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Depreciation charge of right-of-use assets (included in administrative expenses)	3,835,739	5,592,026	134,584	147,866
Interest expense on lease liabilities (included in finance costs)	867,585	1,180,222	8,132	12,801
Expense relating to short-term leases (included in administrative expenses)	239,034	828,102	8,216	-
Expense relating to leases of low-value assets (included in administrative expenses)	360,956	38,540	4,190	4,100
	<u>5,303,314</u>	<u>7,638,890</u>	<u>155,122</u>	<u>164,767</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

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

The Group as lessee (cont'd)

- (f) The Group leases several lease contracts that include extension and termination options. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. Management exercises its judgement in determining whether these extension and termination options are reasonably certain to be exercised.

As at 31 December 2020, there is no undiscounted potential future rental payments that are not included in the lease term.

- (g) The currency exposure profiles of lease liabilities are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Ringgit Malaysia ("RM")	2,788,696	4,179,649	401,533	270,265
Philippines Peso ("PHP")	5,870,697	10,401,079	-	-
Thai Baht ("THB")	401,819	728,172	-	-
	9,061,212	15,308,900	401,533	270,265

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit after tax				
PHP/RM - strengthen by 10% (2019: 10%)	446,173	790,482	-	-
PHP/RM - weaken by 10% (2019: 10%)	(446,173)	(790,482)	-	-
THB/RM - strengthen by 10% (2019: 10%)	30,538	55,341	-	-
THB/RM - weaken by 10% (2019: 10%)	(30,538)	(55,341)	-	-

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Lease liabilities				
On demand or within one year	6,411,876	7,849,810	117,312	135,120
One to five years	2,966,198	8,886,946	314,998	146,680
Over five years	-	1,160	-	1,160
	9,378,074	16,737,916	432,310	282,960

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

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

The Group as lessee (cont'd)

(j) Reconciliation of liabilities arising from financing activities

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Lease liabilities				
At beginning of financial year	15,308,900	14,240,112	270,265	354,186
Cash flows	(8,724,262)	(8,222,455)	(224,504)	(133,960)
Non-cash flows:				
- Reassessment	18,366	-	13,890	-
- Additions	1,372,642	7,825,974	333,750	37,238
- Disposals	(194,355)	-	-	-
- Unwinding of interest	867,585	1,180,222	8,132	12,801
- Exchange difference	412,336	285,047	-	-
At end of financial year	9,061,212	15,308,900	401,533	270,265

The Group as lessor

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

	Group	
	2020 RM	2019 RM
Not later than one (1) year	10,119,588	28,415,105
Later than one (1) year and not later than two (2) years	8,276,639	6,309,738
Later than two (2) years and not later than three (3) years	265,686	3,228,712
Later than three (3) years and not later than four (4) years	-	265,686
	18,661,913	38,219,241

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

14. INTANGIBLE ASSETS

Group 2020	Balance as at 1.1.2020 RM	Additions RM	Reclassification RM	Amortisation charge for the financial year RM	Balance as at 31.12.2020 RM
---------------	------------------------------------	-----------------	------------------------	---	--------------------------------------

Carrying amount

Completed development costs	1,433,409	-	-	(264,671)	1,168,738
	1,433,409	-	-	(264,671)	1,168,738

Group	As at 31.12.2020		
	Cost RM	Accumulated amortisation RM	Carrying amount RM
Completed development costs	15,546,711	(14,377,973)	1,168,738

Group 2019	Balance as at 1.1.2019 RM	Additions RM	Reclassification RM	Amortisation charge for the financial year RM	Balance as at 31.12.2019 RM
---------------	------------------------------------	-----------------	------------------------	---	--------------------------------------

Carrying amount

Completed development costs	1,583,012	-	115,068	(264,671)	1,433,409
Development-in-progress	114,217	851	(115,068)	-	-
	1,697,229	851	-	(264,671)	1,433,409

Group	As at 31.12.2019		
	Cost RM	Accumulated amortisation RM	Carrying amount RM
Completed development costs	15,546,711	(14,113,302)	1,433,409

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

14. INTANGIBLE ASSETS (cont'd)

Company 2020	Balance as at 1.1.2020 RM	Additions RM	Reclassification RM	Amortisation charge for the financial year RM	Balance as at 31.12.2020 RM
-----------------	------------------------------------	-----------------	------------------------	---	--------------------------------------

Carrying amount

Completed development costs	162,540	-	-	(26,248)	136,292
	162,540	-	-	(26,248)	136,292

Company	As at 31.12.2020		
	Cost RM	Accumulated amortisation RM	Carrying amount RM
Completed development costs	13,162,478	(13,026,186)	136,292

Company 2019	Balance as at 1.1.2019 RM	Additions RM	Reclassification RM	Amortisation charge for the financial year RM	Balance as at 31.12.2019 RM
-----------------	------------------------------------	-----------------	------------------------	---	--------------------------------------

Carrying amount

Completed development costs	73,720	-	115,068	(26,248)	162,540
Development-in-progress	114,217	851	(115,068)	-	-
	187,937	851	-	(26,248)	162,540

Company	As at 31.12.2019		
	Cost RM	Accumulated amortisation RM	Carrying amount RM
Completed development costs	13,162,478	(12,999,938)	162,540

- (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 prior year additions of intangible assets of the Group and of the Company are employee benefits capitalised amounting to RM851.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

15. GOODWILL

Group	Balance as at 1.1.2020 RM	Impairment during the year RM	Balance as at 31.12.2020 RM
-------	------------------------------------	--	--------------------------------------

Carrying amount

Goodwill	179,971,237	(11,332,252)	168,638,985
----------	-------------	--------------	-------------

Group	As at 31.12.2020		
	Cost RM	Accumulated impairment RM	Carrying amount RM
Goodwill	171,607,014	(2,968,029)	168,638,985

Group	Balance as at 1.1.2019 RM	Acquisitions of subsidiary (Note 16) RM	Balance as at 31.12.2019 RM
-------	------------------------------------	--	--------------------------------------

Carrying amount

Goodwill	168,638,985	11,332,252	179,971,237
----------	-------------	------------	-------------

Group	As at 31.12.2019		
	Cost RM	Accumulated impairment RM	Carrying amount RM
Goodwill	182,939,266	(2,968,029)	179,971,237

- (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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

15. GOODWILL (cont'd)

(b) Allocation of goodwill

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

	Group	
	2020	2019
	RM	RM
e-pay group of companies #	105,629,787	105,629,787
Paysys group of companies ^	63,009,198	63,009,198
Speed Pay Plc.	-	11,332,252
	<u>168,638,985</u>	<u>179,971,237</u>

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:

	2020	2019
	%	%
Growth rates		
e-pay group of companies	2	3
Paysys group of companies	3	2
Speed Pay Plc.	-	50

(ii) Pre-tax discount rate

Discount rates reflect the current market assessment of the risks specific to the Group. Discount rate of 10.3% (2019: 7.4%) used for cash flows discounting purpose is the Group's weighted average cost of capital. This is the benchmark used by management to assess the operating performance of the Group and to evaluate future investment proposals.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

15. GOODWILL (cont'd)

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

(iii) Terminal value

	2020 %	2019 %
Terminal growth rates		
e-pay group of companies	2	3
Paysys group of companies	5	-
Speed Pay Plc.	-	5

Impairment of goodwill amounted RM11,332,252 (2019: RM Nil) was recognised during the financial year due to adverse adjustments made to the forecast operating cash flows included in the value in use calculation of Speed Pay Plc as a result of COVID-19 pandemic. Speed Pay Plc was subsequently disposed off during the financial year as disclosed in Note 16(e)(i) to the financial statements.

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 2020 as its recoverable amount is in excess of its carrying amount.

Sensitivity to changes in assumptions

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

16. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020 RM	2019 RM
Unquoted shares, at cost	45,416,124	40,416,124
Accumulated impairment loss	(15,662,619)	(15,662,619)
	29,753,505	24,753,505
Equity contributions in subsidiaries in respect of ESS	3,593,586	3,413,925
Accumulated impairment loss	(97,162)	(93,728)
	3,496,424	3,320,197
Advances to subsidiaries	103,050,344	97,632,613
Accumulated impairment loss	(1,343,782)	(1,323,761)
	101,706,562	96,308,852
	134,956,491	124,382,554

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

16. INVESTMENTS IN SUBSIDIARIES (cont'd)

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

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2020 %	2019 %	
GHL Transact Sdn. Bhd. #	Malaysia	100.00	100.00	Sales and rental of EDC equipment and its related software and services, inclusive of installation, training and maintenance.
GHL EFTPOS Sdn. Bhd. #	Malaysia	100.00	100.00	Sales and rental of EDC equipment and its related software and services, inclusive of installation, training and maintenance.
GHL CardPay Sdn. Bhd. #	Malaysia	100.00	100.00	Issue and/or acquire all credit card, debit card, prepaid card, loyalty card and electronic cash transactions carried out by the card holders at acquired merchants on behalf of the card issuer and for that purpose to provide the necessary facilities and infrastructure that facilitates the transactions electronically and sale and rental of hardware and its related services, inclusive of installations, training and maintenance.
GHL Payments Sdn. Bhd. #	Malaysia	100.00	100.00	Sales and rental of EDC equipment and its related software and services, inclusive of installation, training and maintenance and involved in business of money lending services.
GHL International Sdn. Bhd. #	Malaysia	100.00	100.00	Dormant.
GHL Asia Pacific Limited #	Labuan, Malaysia	100.00	100.00	Investment holding.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

16. INVESTMENTS IN SUBSIDIARIES (cont'd)

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

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2020 %	2019 %	
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.
GHL Loyalty Sdn. Bhd. #	Malaysia	100.00	100.00	Dormant
GHL BPO1 Sdn. Bhd. #	Malaysia	100.00	100.00	Provides card-related outsourcing services for all business processes, sub-processes, transactions, activities and all other card related works performed by business in various industries and to act as commission agents and any other business which may be usefully carried on in connection with such business.
GHL ePayments Sdn. Bhd. #	Malaysia	100.00	100.00	Provides electronic payment services and online and mobile merchant acquisition as well as other related activities.
GHL Payment Services Sdn. Bhd. #	Malaysia	100.00	100.00	Dormant.
e-pay (M) Sdn. Bhd. #	Malaysia	100.00	100.00	Sales and solution provision of vouchers bearing prepaid airtime personal identification numbers (PINS) and on-line top-ups for various prepaid services in Malaysia and investment holding.
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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

16. INVESTMENTS IN SUBSIDIARIES (cont'd)

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

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2020 %	2019 %	
Subsidiaries of GHL Asia Pacific Limited				
GHL Systems Philippines, Inc. [#]	Philippines	99.99	99.99	Provision of end-to-end payment services and solutions through the deployment of payment infrastructure, technology and services.
GHL Systems Australia Pty. Ltd.	Australia	100.00	100.00	Sales of hardware, software and professional services.
GHL (Thailand) Co., Ltd. [#]	Thailand	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 and involved in business of money lending services.
GHL Myanmar Limited	Myanmar	100.00	100.00	Dormant.
Speed Pay Plc. [^]	Cambodia	-	51.00	Engaged in the business of providing money transfer service.
GHL Philippines Financing Services Inc.	Philippines	99.99	-	Engaged in providing financial product and services.
Subsidiaries of GHL ePayments Sdn. Bhd.				
GHL ePayments Co. Ltd. [#]	Thailand	99.99	99.99	Sales, maintenance, installation, and rental of card and non-card based payment processing systems including hardware and software for all kinds of payment solution systems.
GHL Electronic Payments Inc. ^Ω	Philippines	99.99	99.99	Dormant
GHL ePayments Pte. Ltd. [^]	Singapore	100.00	100.00	Dormant

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

16. INVESTMENTS IN SUBSIDIARIES (cont'd)

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

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2020 %	2019 %	
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.
Subsidiaries of Mobiepay Sdn. Bhd.				
Pay Here Sdn. Bhd. #	Malaysia	100.00	100.00	Dormant.
PT Pembayaran Elektronik Indonesia	Indonesia	100.00	100.00	Engaged in the business of developing and selling software.
Digital Salute Sdn. Bhd. #	Malaysia	100.00	100.00	Engaged in the business of providing self-service payment kiosk for reload and top up.
Subsidiary of GHL (Thailand) Co., Ltd.				
Conscious Object Development Co. Ltd.	Thailand	97.74	97.74	Dormant.
Subsidiary of S Capital Sdn. Bhd.				
Paysys (M) Sdn. Bhd. #	Malaysia	100.00	100.00	Engaged in business as dealers in credit card transactions, terminals and solutions.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

16. INVESTMENTS IN SUBSIDIARIES (cont'd)

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

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2020 %	2019 %	
Subsidiary of Paysys (M) Sdn. Bhd				
Paysys Communications Sdn. Bhd. #	Malaysia	100.00	100.00	Engaged in developing payment solution together with relevant hardware require for a complete solution.
Paysys Technology Sdn. Bhd. #	Malaysia	100.00	100.00	Dormant.

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

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

* 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..

(e) Disposal of subsidiary during the financial year

(i) Speed Pay Plc ("Speed Pay")

During the year, GHL Asia Pacific Limited ("GAPL"), a wholly owned subsidiary of the Company, disposed its entire holding of 51.0% equity interest in Speed Pay, to Mr Lim Sambat, the minority shareholder of Speed Pay for cash consideration of USD250,000 (equivalent to RM1,008,625).

As at the reporting date, the shares of Speed Pay held by GHL Asia Pacific Limited, has yet to be transferred to Mr Lim Sambat. The Directors have determined that the Group has lost control over Speed Pay on 17 December 2020 by virtue of an agreement with Mr Lim Sambat that Speed Pay's shares currently held by GAPL are held on trust of Mr Lim Sambat, pending transfers. Based on the term of the agreement, the Group neither receive any significant returns related to the operation and net asset of Speed Pay nor the ability to direct Speed Pay's activities that significantly affect its returns.

Speed Pay was not classified as held for sale as at 31 December 2019 and the comparative statement of profit or loss and other comprehensive income has been re-represented to show the discontinued operation separately from continuing operations. Management committed to a plan to sell Speed Pay in mid 2020 due to strategic decision to place greater focus on the Group's core operation in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

16. INVESTMENTS IN SUBSIDIARIES (cont'd)

(e) Disposal of subsidiary during the financial year (cont'd)

(i) Speed Pay Plc ("Speed Pay") (cont'd)

Loss attributable to the discontinued operation was as follows:

	Group	
	2020 RM	2019 RM
Results of discontinued operation		
Revenue	251	63,386
Expenses	(2,104,050)	(3,908,983)
Results from operating activities	(2,103,799)	(3,845,597)
Taxation	(1)	(7)
Results from operating activities, net of tax	(2,103,800)	(3,845,604)
Gain on sale of discontinued operation	480,500	-
Loss for the financial year	(1,623,300)	(3,845,604)

51% of the loss from discontinued operation of RM1,072,938 (2019: RM1,961,258) is attributable to owners of the company.

Cash flow from/(used in) discontinued operation/ disposal of a subsidiary:

	Note	2020 At date of disposal RM
Property, plant and equipment	12	477,978
Cash and bank balances		449,163
		927,141
Trade and other payables		(701,542)
Total identifiable net assets		225,599
Non-controlling interests		302,526
Gain on sale of discontinued operation	15	480,500
Consideration agreed but yet to be received		1,008,625
Cash and cash equivalents of the subsidiaries disposed		(449,163)
Net cash outflow of the Group on disposal		(449,163)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

16. INVESTMENTS IN SUBSIDIARIES (cont'd)

(e) Disposal of subsidiary during the financial year (cont'd)

(i) Speed Pay Plc ("Speed Pay") (cont'd)

The effect of the disposal is as follows:

	2020 At date of disposal RM
Consideration agreed	1,008,625
Less: Value of net assets disposed	
- Share capital	10,116,972
- Equity loan	843,000
- Accumulated losses	(10,734,373)
	225,599
Less: Non-controlling interests	302,526
Gain on disposal of subsidiary	480,500

(f) Members' Voluntary Liquidation of subsidiary during 31 December 2019

(i) Pinoytek Solusyon, Inc.

On 8 October 2018, a 40% owned subsidiary of GHL Systems Philippines, Inc., Pinoytek Solusyon, Inc. had applied for dissolution from Republic of the Philippines Securities and Exchange Commission pursuant to the provision of Section 15 of Revised Corporation Code of Philippines, Republic Act No. 11232. On 8 November 2019, Pinoytek Solusyon, Inc. was dissolved.

Effects of the liquidation of Pinoytek Solusyon, Inc. are as follows:

	2019 RM
Carrying amount of shares at the date of liquidation	186,488
Less: Realisation of post-acquisition reserves	
- Accumulated losses	(33,893)
- Exchange translation reserve reclassified to profit or loss	(12,373)
- Non-controlling interest reclassified to profit or loss	(91,772)
Loss on liquidation of a subsidiary	48,450

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

16. INVESTMENTS IN SUBSIDIARIES (cont'd)

(g) Acquisition of subsidiary during the financial year

During the financial year, GHIL Asia Pacific Limited had subscribed for 103,995 ordinary shares in GHIL Philippines Financing Services for a consideration of RM835,101. GHIL Philippines Financing Services became a wholly owned indirect subsidiary of the Company.

(h) Acquisition of subsidiary during the financial year ended 31 December 2019

(i) Speed Pay

On 22 January 2019, GAPL acquired 51% equity interest in Speed Pay comprising 1,868,702 ordinary share for a total consideration of RM8,344,620. Subsequent to the acquisition, Speed Pay became an indirect subsidiary of the Company.

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

	Note	2019 At date of acquisition RM
Property, plant and equipment	12	2,462,428
Trade and other receivables		209,273
Cash and bank balances		3,071,001
		<u>5,742,702</u>
Trade and other payables		(712,954)
Total identifiable net assets		5,029,748
Non-controlling interests		(8,017,380)
Goodwill arising from acquisition	15	<u>11,332,252</u>
Purchase consideration		8,344,620
Cash and cash equivalents of the subsidiaries acquired		<u>(3,071,001)</u>
Net cash outflow of the Group on acquisition		<u>5,273,619</u>

If the acquisition occurred on 1 January 2019, revenue and profit after tax of the Group for the financial year ended 31 December 2019 would be RM347,707,438 and RM26,716,346 respectively.

(ii) GHIL Electronic Payment Inc. ("GEP")

In the previous financial year, GHIL ePayments Sdn. Bhd. had subscribed for 107,995 ordinary shares in GEP for a consideration of RM845,158. GEP became a wholly owned indirect subsidiary of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

16. INVESTMENTS IN SUBSIDIARIES (cont'd)

- (i) During the financial year, the Group recognised share options granted under shares options scheme of RM287,229 (2019: RM1,518,227) in profit or loss, out of which an amount of RM179,661 (2019: RM951,112) in the financial year are in respect of employees of subsidiaries. At Company level, the amount of RM179,661 (2019: RM951,112) in the financial year are recorded as an increase in investments in subsidiaries with a corresponding credit to equity as disclosed in Note 23(d) to the financial statements.

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

	Group	
	2020 RM	2019 RM
At 1 January	97,632,613	61,042,181
Addition	19,417,731	36,590,432
Capitalised as investment in subsidiary	(5,000,000)	-
Set off with declaration of dividends	(9,000,000)	-
	103,050,344	97,632,613
Accumulated impairment loss	(1,343,782)	(1,323,761)
At 31 December	101,706,562	96,308,852

During the financial year, the Company increases its equity investment in GHL ePayments Sdn. Bhd. by subscribing 5,000,000 new ordinary shares amounting to RM5,000,000 via capitalisation of equity loan previously granted to GHL ePayments Sdn. Bhd..

- (k) 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.

- (l) The reconciliation of movement in the impairment loss are as follow:

	Company	
	2020 RM	2019 RM
At 1 January	17,080,108	15,738,248
Charge for the financial year	23,455	1,341,860
At 31 December	17,103,563	17,080,108

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

16. INVESTMENTS IN SUBSIDIARIES (cont'd)

- (m) Impairment for advances to subsidiaries are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model as disclosed in Note 20 to the financial statements. Movements in the impairment allowance for advances to subsidiaries are as follows:

	2020			
	12-month ECL RM	Lifetime ECL - not credit impaired RM	Lifetime ECL - credit impaired RM	Total RM
Company				
At 1 January 2020	-	1,323,761	-	1,323,761
Charge for the financial year	-	20,021	-	20,021
At 31 December 2020	-	1,343,782	-	1,343,782

	2019			
	12-month ECL RM	Lifetime ECL - not credit impaired RM	Lifetime ECL - credit impaired RM	Total RM
Company				
At 1 January 2019	-	-	-	-
Charge for the financial year	-	1,323,761	-	1,323,761
At 31 December 2019	-	1,323,761	-	1,323,761

- (n) The subsidiaries of the Group that have non-controlling interests ("NCI") are as follows:

	Speed Pay Plc. RM	Other individual immaterial subsidiaries RM	Total RM
2020			
NCI percentage of ownership and voting interest	-		
Carrying amount of NCI	-	183,588	183,588
(Loss)/Profit allocated to NCI	(6,583,665)	51,723	(6,531,942)
2019			
NCI percentage of ownership and voting interest	49%		
Carrying amount of NCI	6,306,021	106,983	6,413,004
(Loss)/Profit allocated to NCI	(1,734,440)	28,990	(1,705,450)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

16. INVESTMENTS IN SUBSIDIARIES (cont'd)

- (o) The summarised financial information before intra-group elimination of the subsidiaries that have material NCI as at the end of each reporting period are as follows:

	Speed Pay Plc. 2019 RM
Assets and liabilities	
Non-current assets	897,495
Current assets	1,819,483
Current liabilities	(1,183,474)
Net assets	<u>1,533,504</u>
Results	
Revenue	6,214
Loss for the financial year	(3,845,604)
Other comprehensive income	47,105
Total comprehensive loss	<u>(3,798,499)</u>
Cash flows used in operating activities	(2,584,877)
Cash flows used in investing activities	(185,986)
Cash flows from financing activities	3,438,120
Net increase in cash and cash equivalents	<u>667,257</u>

- (p) Reconciliation of profit or loss of the subsidiaries that have material NCI to the profit allocated to NCI is as follows:

	Speed Pay Plc. 2020 RM	Speed Pay Plc. 2019 RM
Loss for the financial year	(2,103,800)	(3,845,604)
Impairment on goodwill	(11,332,252)	-
Less: Loss for the financial year before acquisition	-	305,930
Loss, net of Group's adjustments	<u>(13,436,052)</u>	<u>(3,539,674)</u>
NCI percentage of ownership and voting interest	49%	49%
Loss allocated to NCI	<u>(6,583,665)</u>	<u>(1,734,440)</u>

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

17. INVESTMENTS IN JOINT VENTURES AND AN ASSOCIATE

	Group	
	2020	2019
	RM	RM
Joint ventures		
Unquoted equity shares, at cost	1,581,442	1,581,442
Share of post-acquisition reserves	(1,145,648)	(1,145,648)
Foreign exchange reserve	(46,900)	(46,900)
Accumulated impairment losses	(388,894)	(388,894)
	-	-
Associate		
Unquoted equity shares, at cost	1,426,100	1,267,300
Share of post-acquisition reserves	(710,644)	(563,043)
Accumulated impairment losses	(715,456)	(397,700)
	-	306,557
	-	306,557

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

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2020	2019	
		%	%	
Joint venture of e-pay (M) Sdn. Bhd.				
e-pay Pakistan (Private) Limited ^	Pakistan	50	50	Dormant.
Electronic Payment Network (Thailand) Co. Limited ^	Thailand	16	16	Dormant.

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

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

- (c) The Group does not have any joint venture, which is individually material to the Group for both financial years ended 31 December 2019 and 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

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

(d) The details of the associate as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2020 %	2019 %	
Associate of Mobiepay Sdn. Bhd.				
MRuncit Commerce Sdn. Bhd. #	Malaysia	29.17	29.17	Engaged in the business of developing and selling software and e-commerce.
Associate of Pay Here Sdn. Bhd.				
MRuncit Commerce Sdn. Bhd. #	Malaysia	2.59	2.59	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.

- (e) During current financial year, the Group acquired an additional of 158,800 (2019: 349,360) ordinary shares in MRuncit Commerce Sdn. Bhd. ("MRuncit") for total cash consideration of RM158,800 (2019: RM635,200) for working capital purpose.

The additional acquisition does not have any effect on the effective interest of the Group in MRuncit.

- (f) The Group does not have any associate, which is individually material to the Group for the financial year ended 31 December 2020.

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

	Group	
	2020 RM	2019 RM
Carrying amounts of interests in an associate	-	306,557
Share of results for the financial year		
Share of loss	(147,601)	(554,516)
Share of other comprehensive income	-	-
Share of total comprehensive loss	(147,601)	(554,516)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

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

(h) The reconciliation of movement in the impairment loss are as follow:

	Group	
	2020 RM	2019 RM
Investment in associate		
At 1 January	397,700	397,700
Charge for the financial year	317,756	-
At 31 December	715,456	397,700

18. DEFERRED TAX

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Balance as at 1 January	1,146,253	2,055,328	145,057	54,779
Recognised in profit or loss (Note 9)	544,948	(777,393)	(81,041)	90,278
Recognised in other comprehensive income (Note 9(d))	(156,398)	(102,505)	-	-
Exchange differences	(10,690)	(29,177)	-	-
Balance as at 31 December	1,524,113	1,146,253	64,016	145,057
Presented after appropriate offsetting:				
Deferred tax assets, net	(2,954,710)	(3,749,323)	-	-
Deferred tax liabilities, net	4,478,823	4,895,576	64,016	145,057
	1,524,113	1,146,253	64,016	145,057

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

18. DEFERRED TAX (cont'd)

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

Deferred tax liabilities of the Group

	Property, plant and equipment RM	Intangible assets RM	Others RM	Total RM
Balance as at 1 January 2020	8,817,628	168,212	939,421	9,925,261
Recognised in profit or loss	(109,906)	4,923	(520,094)	(625,077)
Exchange differences	-	-	21,957	21,957
Balance as at 31 December 2020 (before offsetting)	8,707,722	173,135	441,284	9,322,141
Offsetting	(4,870,647)	27,329	-	(4,843,318)
Balance as at 31 December 2020 (after offsetting)	3,837,075	200,464	441,284	4,478,823
Balance as at 1 January 2019	8,753,701	159,492	13,687	8,926,880
Recognised in profit or loss	63,927	8,720	919,303	991,950
Exchange differences	-	-	6,431	6,431
Balance as at 31 December 2019 (before offsetting)	8,817,628	168,212	939,421	9,925,261
Offsetting	(5,003,135)	(26,550)	-	(5,029,685)
Balance as at 31 December 2019 (after offsetting)	3,814,493	141,662	939,421	4,895,576

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

18. DEFERRED TAX (cont'd)

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

Deferred tax assets of the Group

	Unabsorbed capital allowances RM	Unused tax losses RM	Others RM	Total RM
Balance as at 1 January 2020	(3,535,030)	(991,269)	(4,252,709)	(8,779,008)
Recognised in profit or loss	3,651	(2,390)	1,168,764	1,170,025
Recognised in other comprehensive income	-	-	(156,398)	(156,398)
Exchange differences	-	-	(32,647)	(32,647)
Balance as at 31 December 2020 (before offsetting)	(3,531,379)	(993,659)	(3,272,990)	(7,798,028)
Offsetting	3,531,379	993,659	318,280	4,843,318
Balance as at 31 December 2020 (after offsetting)	-	-	(2,954,710)	(2,954,710)
Balance as at 1 January 2019	(3,597,477)	(999,326)	(2,274,749)	(6,871,552)
Recognised in profit or loss	62,447	8,057	(1,839,847)	(1,769,343)
Recognised in other comprehensive income	-	-	(102,505)	(102,505)
Exchange differences	-	-	(35,608)	(35,608)
Balance as at 31 December 2019 (before offsetting)	(3,535,030)	(991,269)	(4,252,709)	(8,779,008)
Offsetting	3,535,030	991,269	503,386	5,029,685
Balance as at 31 December 2019 (after offsetting)	-	-	(3,749,323)	(3,749,323)

The Group revisited the assumptions used for the forecasted taxable profits and assessed the likelihood of these subsidiaries being able to recover the amount of deductible temporary differences due to the impact of the COVID-19 pandemic.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

18. DEFERRED TAX (cont'd)

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

Deferred tax liabilities of the Company

	Property, plant and equipment RM	Intangible assets RM	Total RM
Balance as at 1 January 2020	119,953	25,104	145,057
Recognised in profit or loss (Note 9)	(85,964)	4,923	(81,041)
Balance as at 31 December 2020	33,989	30,027	64,016
Balance as at 1 January 2019	167,676	16,385	184,061
Recognised in profit or loss (Note 9)	(47,723)	8,719	(39,004)
Balance as at 31 December 2019	119,953	25,104	145,057

Deferred tax assets of the Company

	Others RM	Total RM
Balance as at 1 January 2019	(129,282)	(129,282)
Recognised in profit or loss	129,282	129,282
Balance as at 31 December 2019	-	-

- (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	
	2020 RM	2019 RM	2020 RM	2019 RM
Unused tax losses, expired by 31 December 2025	25,097,658	26,202,382	3,288,294	3,288,294
Unused tax losses, expired by 31 December 2026	4,538,088	2,996,436	2,432,030	-
Unused tax losses, expired by 31 December 2027	376,209	-	-	-
Unabsorbed capital allowances	3,529,867	2,415,476	2,220,175	1,546,448
Other deductible temporary differences	2,133,361	2,900,613	239,772	683,502
	35,675,183	34,514,907	8,180,271	5,518,244

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

18. DEFERRED TAX (cont'd)

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

For the Malaysian entities, the unused tax losses up to the year of assessment 2019 shall be deductible until year of assessment of 2026. The unused tax losses of the year of assessment 2020 onwards will expire in 7 years.

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.

19. INVENTORIES

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
At NRV				
EDC equipment	1,112,439	11,186,138	-	-
Others	103,546	-	-	-
At Cost				
Prepaid airtime PINS	57,760,031	48,783,974	-	-
Others	896,043	3,925,353	103,399	55,519
	<u>59,872,059</u>	<u>63,895,465</u>	<u>103,399</u>	<u>55,519</u>

- (a) Inventories are stated at lower of cost and net realisable value.
- (b) Cost of inventories is determined using the first-in, first-out formula.
- (c) During the financial year, inventories of the Group and of the Company other than prepaid airtime PINS recognised as cost of sales amounted to RM121,955,162 and RM42,714 (2019: RM128,304,802 and RM1,165,635) respectively.
- (d) In addition, the amounts recognised in the other operating expenses include the following:

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Inventories written off	<u>1,353,402</u>	<u>689,769</u>	<u>-</u>	<u>552,608</u>

- (e) In the previous financial year, inventories of the Group amounting to RM90,043 were written back due to the sales of inventories previously written off.
- (f) During the financial year, inventories of the Group amounting to RM12,063,393 (2019: RM7,174,766) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Non-current assets				
Lease receivables	380,203	-	-	-
Loans, advances and financing to customers	35,592	-	-	-
	415,795	-	-	-
Trade receivables				
Third parties	53,495,232	64,807,014	606,662	1,242,824
Lease receivables	2,392,631	3,141,759	-	-
Loans, advances and financing to customers	521,810	285,000	-	-
Associate	255,601	140,825	-	-
Subsidiaries	-	-	5,653,605	7,332,006
	56,665,274	68,374,598	6,260,267	8,574,830
Accumulated impairment losses				
- third parties	(11,506,477)	(13,698,566)	(152,729)	(951,362)
- subsidiaries	-	-	(1,557,369)	(3,709,152)
	(11,506,477)	(13,698,566)	(1,710,098)	(4,660,514)
	45,158,797	54,676,032	4,550,169	3,914,316
Other receivables				
Other receivables	87,690,712	48,442,854	14,590	241,970
Contract assets	513,611	945,898	-	-
Amounts owing by subsidiaries	-	-	50,990,309	51,625,016
Deposits	2,829,811	3,614,651	113,704	128,904
	91,034,134	53,003,403	51,118,603	51,995,890
Accumulated impairment losses				
- other receivables	(1,280,396)	(353,576)	-	(158,866)
- amounts owing by subsidiaries	-	-	(32,489,515)	(31,311,894)
	(1,280,396)	(353,576)	(32,489,515)	(31,470,760)
	89,753,738	52,649,827	18,629,088	20,525,130
Total receivables	134,912,535	107,325,859	23,179,257	24,439,446
Prepayments	3,027,290	3,846,182	1,107,337	1,272,292
Total current trade and other receivables	137,939,825	111,172,041	24,286,594	25,711,738

- (a) Trade and other receivables (other than contract assets and prepayment) are classified as financial assets and are measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

20. TRADE AND OTHER RECEIVABLES (cont'd)

- (b) Trade receivables (other than loan, advances and financing to customers and lease receivables) are non-interest bearing and the normal trade credit terms granted by the Group and the Company ranges from 30 to 180 days (2019: 30 to 180 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (c) Loan, advances and financing to customers are loans granted to Merchants which are recoverable through instalment repayments via monthly settlement of payment owing to Merchant and subject to an interest ranging at 6% to 15% per annum. Loans granted to Merchants usually has a tenure between twelve (12) to twenty-four (24) months.
- (d) Lease receivables are recoverable through instalment repayments via monthly settlement by customers and subject to an interest of 4.33% per annum. The tenure of this agreement is three (3) years.
- (e) Non-trade amounts owing by subsidiaries are unsecured, payable in cash and cash equivalents within next twelve (12) months and interest-free.
- (f) Included in other receivables of the Group is an amount of RM52,077,425 (2019: RM28,651,518) being the Payment Holding Account with Payment Network Malaysia Sdn. Bhd. ("PAYNET"), which was pending for settlement payment owing to Merchant.
- (g) Contract assets represent the timing differences in revenue recognition and the milestone billings. The milestone billings are structured and/or negotiated with customers to reflect physical completion of the contracts.

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

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

- (h) 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.
- (i) Expected credit loss assessment ("ECL") for financial institution customers are as follows:

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

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

31 December 2020	Gross carrying amount RM	Impairment loss allowance RM	Credit impairment
Group			
Grades (Low risk)	23,836,531	(82,580)	No
Grades (Loss)	251,024	(251,024)	Yes
	<u>24,087,555</u>	<u>(333,604)</u>	
Company			
Grades (Low risk)	307,162	(1,536)	No
Grades (Loss)	148,570	(148,570)	Yes
	<u>455,732</u>	<u>(150,106)</u>	

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

20. TRADE AND OTHER RECEIVABLES (cont'd)

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

31 December 2019	Gross carrying amount RM	Impairment loss allowance RM	Credit impairment
Group			
Grades (Low risk)	20,764,949	(191,673)	No
Grades (Loss)	972,763	(972,763)	Yes
	<u>21,737,712</u>	<u>(1,164,436)</u>	
Company			
Grades (Low risk)	227,680	(1,138)	No
Grades (Loss)	220,515	(220,515)	Yes
	<u>448,195</u>	<u>(221,653)</u>	

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

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

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. 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 statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

It requires management to exercise significant judgement in determining the probability of default by trade receivables, appropriate forward looking information and estimated loss given default in worst-case scenarios incorporating the impact of the COVID-19 pandemic.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

20. TRADE AND OTHER RECEIVABLES (cont'd)

(j) ECL assessment for non-financial institutions customers 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.

	Gross carrying amount RM	Impairment loss allowance RM	Credit impairment
31 December 2020			
Group			
Current (not past due)	23,070,177	(2,052,654)	No
More than 30 days past due	1,323,811	(753,240)	No
More than 60 days past due	736,241	(503,694)	No
More than 90 days past due	1,297,865	(1,297,865)	No
More than 120 days past due	6,565,420	(6,565,420)	Yes
	<u>32,993,514</u>	<u>(11,172,873)</u>	
Company			
Current (not past due)	133,529	-	No
More than 30 days past due	76,300	-	No
More than 60 days past due	74,528	(623)	No
More than 90 days past due	49,500	-	No
More than 120 days past due	5,470,678	(1,559,369)	Yes
	<u>5,804,535</u>	<u>(1,559,992)</u>	
31 December 2019			
Group			
Current (not past due)	30,636,552	(47,288)	No
More than 30 days past due	2,755,910	(70,288)	No
More than 60 days past due	2,072,543	(1,244,673)	No
More than 90 days past due	1,682,259	(1,682,259)	No
More than 120 days past due	9,489,622	(9,489,622)	Yes
	<u>46,636,886</u>	<u>(12,534,130)</u>	
Company			
Current (not past due)	395,065	-	No
More than 30 days past due	16	-	No
More than 60 days past due	10,600	(4,971)	No
More than 90 days past due	-	-	No
More than 120 days past due	7,720,954	(4,433,890)	Yes
	<u>8,126,635</u>	<u>(4,438,861)</u>	

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

20. TRADE AND OTHER RECEIVABLES (cont'd)

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

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

The probability of non-payment by other receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the twelve month or lifetime expected loss for the amounts of other receivables.

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

- (l) 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.
- (m) During the financial year, the Group did not renegotiate the term of any trade receivables.
- (n) The reconciliation of movement in the impairment losses are as follows:

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Trade receivables				
At 1 January	13,698,566	8,428,632	4,660,514	6,954,635
Charge for the financial year	7,301,977	9,081,376	181,580	135,158
Reversal of impairment losses	(9,432,736)	(1,624,105)	(3,131,996)	(2,429,279)
Written off	(104,654)	(2,327,575)	-	-
Exchange differences	43,324	140,238	-	-
At 31 December	11,506,477	13,698,566	1,710,098	4,660,514
Other receivables				
At 1 January	353,576	260,877	31,470,760	39,902,515
Charge for the financial year	1,148,469	250,873	6,865,612	5,795,683
Reversal of impairment losses	(62,783)	(157,274)	(5,687,991)	(14,227,438)
Written off	(158,866)	(900)	(158,866)	-
At 31 December	1,280,396	353,576	32,489,515	31,470,760
	12,786,873	14,052,142	34,199,613	36,131,274

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

20. TRADE AND OTHER RECEIVABLES (cont'd)

- (o) 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:

	2020		2019	
	RM	% of total	RM	% of total
By country				
Malaysia	38,295,340	83	41,557,129	75
Philippines	1,489,919	3	10,202,162	19
Thailand	5,181,280	11	2,303,923	4
Australia	603,951	2	323,646	1
Singapore	102	-	244	-
Cambodia	4,000	1	288,928	1
	45,574,592	100	54,676,032	100

At the end of each reporting period, approximately twenty-five percent (25%) (2019: 46%) of the trade receivables of the Group were due from 5 customers (2019: 10) 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 RM22,597,030 (2019: RM23,935,976), which contributes 93% (2019: 93%) of total receivables of the Company.

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Ringgit Malaysia ("RM")	116,351,994	84,349,199	11,298,365	12,311,928
Philippines Peso ("PHP")	10,506,700	16,913,581	-	-
Thai Baht ("THB")	7,738,149	4,279,358	-	-
Australian Dollar ("AUD")	605,336	323,852	240,288	272,345
United States Dollar ("USD")	33,731	1,192,538	11,640,604	11,855,173
Indonesian Rupiah ("IDR")	91,751	101,281	-	-
Singapore Dollar ("SGD")	669	166,050	-	-
	135,328,330	107,325,859	23,179,257	24,439,446

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

20. TRADE AND OTHER RECEIVABLES (cont'd)

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit after tax				
PHP/RM - strengthen by 10% (2019: 10%)	798,509	1,285,432	-	-
PHP/RM - weaken by 10% (2019: 10%)	(798,509)	(1,285,432)	-	-
THB/RM - strengthen by 10% (2019: 10%)	588,099	325,231	-	-
THB/RM - weaken by 10% (2019: 10%)	(588,099)	(325,231)	-	-
AUD/RM - strengthen by 10% (2019: 10%)	46,006	24,613	18,262	20,698
AUD/RM - weaken by 10% (2019: 10%)	(46,006)	(24,613)	(18,262)	(20,698)
USD/RM - strengthen by 10% (2019: 10%)	2,564	90,633	884,686	900,993
USD/RM - weaken by 10% (2019: 10%)	(2,564)	(90,633)	(884,686)	(900,993)
IDR/RM - strengthen by 10% (2019: 10%)	6,973	7,697	-	-
IDR/RM - weaken by 10% (2019: 10%)	(6,973)	(7,697)	-	-
SGD/RM - strengthen by 10% (2019: 10%)	51	12,620	-	-
SGD/RM - weaken by 10% (2019: 10%)	(51)	(12,620)	-	-

21. OTHER INVESTMENTS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Financial assets at fair value through profit or loss				
Unquoted unit trust in Malaysia	64,809,567	53,167,158	60,016,520	42,164,039
Unquoted short term money market fund	-	103,416	-	-
	64,809,567	53,270,574	60,016,520	42,164,039

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

21. OTHER INVESTMENTS (cont'd)

- (a) The Group and Company's other investments are classified as financial assets measured at fair value through profit or loss. These are strategic investments for which the Company considers this classification to be appropriate and relevant.
- (b) In the previous financial year, the Group's and Company's investment in unquoted shares outside Malaysia 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.

The following table shows a reconciliation of Level 3 fair values of equity investments:

	Group and Company	
	2020	2019
	RM	RM
Balance as at 1 January	-	-
Addition	-	-
Disposal	-	(2,117,588)
Fair value changes	-	2,117,588
Balance as at 31 December	-	-

In the previous financial year, the Company disposed its investment in unquoted shares. The Group and Company does not hold any equity securities as at the reporting date for each period.

- (c) Unquoted unit trust in Malaysia and unquoted short term money market funds held by the Group and the Company comprises money-market fund which is highly liquid, readily convertible to cash and are subject to insignificant risk of changes in value and hence, meet the definition to be classified as cash and cash equivalents.
- (d) Other investments are denominated in RM.
- (e) Unquoted unit trust in Malaysia and unquoted short term money market fund of the Group and of the Company are categorised as Level 2 in the fair value hierarchy. The fair value of investment is determined by reference to the counter party quotes at the close of the business at the end of the reporting period.
- (f) The following table shows a reconciliation of Level 2 fair values of other investments:

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Balance as at 1 January	53,270,574	42,833,438	42,164,039	42,732,647
Addition	97,200,000	56,780,000	89,200,000	41,080,000
Interest received	1,777,320	1,715,669	1,503,240	1,475,495
Disposal	(87,342,431)	(48,102,250)	(72,740,627)	(43,177,755)
Fair value changes	(95,896)	43,717	(110,132)	53,652
	64,809,567	53,270,574	60,016,520	42,164,039

- (g) Information on financial risk of investment is disclosed in Note 33 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

22. CASH AND BANK BALANCES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash and bank balances	135,504,861	125,630,466	5,466,566	3,128,665
Deposits with licensed banks	13,389,060	12,996,594	-	-
	148,893,921	138,627,060	5,466,566	3,128,665

- (a) Cash and bank balances and deposits with licensed banks are classified as financial assets measured at amortised cost.
- (b) The weighted average effective interest rate of deposits with licensed banks of the Group is ranging between 2.39% to 3.65% (2019: 3.19%) per annum. The average maturity days are ranging from 180 days to 310 days (2019: 188 days) per annum.
- (c) Included in the deposits of the Group is an amount of RM12,595,916 (2019: RM12,332,919) pledged to licensed banks as securities for credit facilities granted to one (1) subsidiary as disclosed in Notes 25 and 30 to the financial statements.
- (d) At the end of the reporting period, the interest rate profile of the deposits with licensed banks was:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Fixed rate	13,389,060	12,996,594	-	-

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

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Ringgit Malaysia ("RM")	98,042,097	103,192,443	4,464,532	1,710,247
Philippines Peso ("PHP")	32,381,361	16,004,258	-	-
United States Dollar ("USD")	4,235,735	5,673,259	975,209	1,391,050
Thai Baht ("THB")	12,398,282	11,948,233	26,825	27,368
Australian Dollar ("AUD")	1,135,370	1,357,932	-	-
Singapore Dollar ("SGD")	470,139	397,228	-	-
Indonesian Rupiah ("IDR")	217,928	40,540	-	-
Hong Kong Dollar ("HKD")	13,009	13,167	-	-
	148,893,921	138,627,060	5,466,566	3,128,665

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

22. CASH AND BANK BALANCES (cont'd)

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit after tax				
PHP/RM - strengthen by 10% (2019: 10%)	2,460,983	1,216,324	-	-
PHP/RM - weaken by 10% (2019: 10%)	(2,460,983)	(1,216,324)	-	-
USD/RM - strengthen by 10% (2019: 10%)	321,916	431,168	74,116	105,720
USD/RM - weaken by 10% (2019: 10%)	(321,916)	(431,168)	(74,116)	(105,720)
THB/RM - strengthen by 10% (2019: 10%)	942,269	908,066	2,039	2,080
THB/RM - weaken by 10% (2019: 10%)	(942,269)	(908,066)	(2,039)	(2,080)
AUD/RM - strengthen by 10% (2019: 10%)	86,288	103,203	-	-
AUD/RM - weaken by 10% (2019: 10%)	(86,288)	(103,203)	-	-
SGD/RM - strengthen by 10% (2019: 10%)	35,731	30,189	-	-
SGD/RM - weaken by 10% (2019: 10%)	(35,731)	(30,189)	-	-
IDR/RM - strengthen by 10% (2019: 10%)	16,563	3,081	-	-
IDR/RM - weaken by 10% (2019: 10%)	(16,563)	(3,081)	-	-
HKD/RM - strengthen by 10% (2019: 10%)	989	1,001	-	-
HKD/RM - weaken by 10% (2019: 10%)	(989)	(1,001)	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

22. CASH AND BANK BALANCES (cont'd)

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

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Cash and bank balances	135,504,861	125,630,466	5,466,566	3,128,665
Deposits with licensed banks				
- not more than three (3) months	747,706	500,000	-	-
- more than three (3) months	12,641,354	12,496,594	-	-
	148,893,921	138,627,060	5,466,566	3,128,665
Add:				
Other investments (Note 21)	64,809,567	53,270,574	60,016,520	42,164,039
Less:				
- Deposits pledged to licensed banks	(12,595,916)	(12,332,919)	-	-
- Deposits more than 3 months	(793,144)	(163,675)	-	-
	200,314,428	179,401,040	65,483,086	45,292,704

23. SHARE CAPITAL

	Group and Company			
	2020		2019	
	Number of shares	RM	Number of shares	RM
Issued and fully paid ordinary shares with no par value				
Balance as at 1 January	749,209,139	330,199,925	737,984,933	314,343,560
Issuance of ordinary shares pursuant to:				
- acquisition of subsidiaries	10,061,206	19,015,679	10,061,206	14,387,525
- ESS	1,730,000	2,269,700	1,163,000	1,468,840
- bonus issue	380,499,497	-	-	-
Balance as at 31 December	1,141,499,842	351,485,304	749,209,139	330,199,925

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

23. SHARE CAPITAL (cont'd)

- (a) The issued and fully paid-up ordinary share capital of the Company was increased by way of:
- (i) special issue of 10,061,206 (2019: 10,061,206) new ordinary shares at RM1.19 (2019: RM1.19) (closing market price at date of issue: RM1.89) (2019: RM1.43) 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
 - (ii) issuance of 1,730,000 (2019: 1,163,000) new ordinary shares for cash pursuant to the exercise of ESS.
 - (iii) bonus issue of 1 share for every 2 shares held.
- (b) 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.
- (c) Executive Share Scheme ("ESS")

The ESS of the Company came into effect on 30 August 2013 to 29 August 2018 and subsequently extended for a period of five (5) years until 29 August 2023 ("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.
- (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 2020, excluding ESS shares held, is 171,003,344 (2019: 111,177,411);
- (iii) The options granted may be exercised any time upon the satisfaction of vesting conditions of each tranche;
- (iv) The option price of a new ordinary share under the ESS shall be at a discount of not more than ten percent (10%) of the five (5)-days weighted average market price of the shares as quoted in the Daily Official List issued by Bursa Malaysia Securities Berhad immediately preceding the date of offer, or at the par value of the ordinary shares, whichever is higher;
- (v) Upon exercise of the options, the shares issued rank *pari passu* in all respects with the existing ordinary shares of the Company;
- (vi) The employees to whom the options have been granted have no right to participate, by virtue of these options, in any ordinary share issue of any other company; and
- (vii) The option price and the number of ordinary shares comprised in the ESS options are subject to adjustment in the event of any alteration in the capital structure of the Company during the scheme period in accordance with the provisions in the ESS By-Laws ("By-Laws"), subject to the determination by ESS Committee.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

23. SHARE CAPITAL (cont'd)

(d) Executive Share Scheme ("ESS") (cont'd)

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

	Outstanding as at 1.1.2020	Number of options over ordinary shares				Outstanding as at 31.12.2020	Exercisable as at 31.12.2020
		Bonus issue	Retracted*	Exercised	Forfeited*		
2020							
6 April 2018							
- first tranche	665,000	-	-	(665,000)	-	-	-
- second tranche	2,567,000	40,000	-	(2,487,000)	-	120,000	120,000
- third tranche	7,530,000	473,000	-	(6,584,000)	-	1,419,000	1,419,000
	10,762,000	513,000	-	(9,736,000)	-	1,539,000	1,539,000
Weighted average exercise price (RM)	1.08	0.72	1.08	1.08	1.08	0.72	0.72

Weighted average
remaining
contractual life
(months)

4

-

		Number of options over ordinary shares						
	Outstanding as at 1.1.2019	Movements during the financial year				Outstanding as at 31.12.2019	Exercisable as at 31.12.2019	
		Granted	Retracted*	Exercised	Forfeited*			
2019								
6 April 2018								
- first tranche	1,160,000	-	-	(495,000)	-	665,000	665,000	
- second tranche	3,825,000	-	-	(1,243,000)	(15,000)	2,567,000	2,567,000	
- third tranche	7,650,000	-	(120,000)	-	-	7,530,000	-	
	12,635,000	-	(120,000)	(1,738,000)	(15,000)	10,762,000	3,232,000	
Weighted average exercise price (RM)	1.08	1.08	1.08	1.08	1.08	1.08	1.08	
Weighted average remaining contractual life (months)	16						4	

* Due to resignation.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

23. SHARE CAPITAL (cont'd)

(d) Executive Share Scheme ("ESS") (cont'd)

During the financial year, the Group recognised share options granted under shares options scheme of RM287,229 (2019: RM1,518,227) in profit or loss, out of which an amount of RM179,661 (2019: RM951,112) was in respect of employees of subsidiaries. At Company level, the amount of RM179,661 (2019: RM951,112) was recorded as an increase in investments in subsidiaries (Note 16) with a corresponding credit to equity.

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

Offer date	Weighted average exercise price		Exercise period
	2020 RM	2019 RM	
6 April 2018			
- first tranche	0.72	1.08	6.4.2018 - 5.4.2021
- second tranche	0.72	1.08	6.4.2019 - 5.4.2021
- third tranche	0.72	1.08	6.4.2020 - 5.4.2021

Share options exercised during the financial year resulted in the issuance of 1,730,000 (2019: 1,163,000) ordinary shares at an average price of RM1.38 (2019: RM1.37) each. The related weighted average ordinary share price at the date of exercise was RM1.08 (2019: RM1.08).

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

24. RESERVES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Non-distributable				
Exchange translation reserve	(1,208,755)	260,437	-	-
Share options reserve	252,501	2,201,772	252,501	2,201,772
Retirement benefit reserve	(305,431)	59,496	-	-
ESS shares	(2,253,505)	(11,160,755)	(2,253,505)	(11,160,755)
	<u>(3,515,190)</u>	<u>(8,639,050)</u>	<u>(2,001,004)</u>	<u>(8,958,983)</u>

The nature of each category of reserves is as follows:

(a) Exchange translation reserve

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

(b) 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.

(c) Retirement benefit reserve

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

(d) ESS shares

The ESS share represents the Company's shares purchased and held by an appointed trustee from the market to transfers to participant of the Company's ESS upon exercise of options.

Movement of ESS shares are as follows:

	Group and Company			
	2020 Unit	2020 RM	2019 Unit	2019 RM
Opening as at 1 January	8,026,400	11,160,755	-	-
Purchase of ESS shares	1,230,800	2,225,353	8,601,400	11,943,043
Bonus issue	226,350	-	-	-
Transfer to employees	(8,006,000)	(11,132,603)	(575,000)	(782,288)
	<u>1,477,550</u>	<u>2,253,505</u>	<u>8,026,400</u>	<u>11,160,755</u>

The number of outstanding ordinary shares in issue after deducting the ESS Shares is 1,140,022,292 (2019: 741,182,739) ordinary shares as at 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020
CONT'D

25. BORROWINGS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Non-current liabilities				
Term loans	13,901,077	19,623,774	-	-
Islamic facility	-	-	-	-
	13,901,077	19,623,774	-	-
Current liabilities				
Term loans	8,273,777	6,080,445	-	-
Islamic facility	-	500,000	-	-
	8,273,777	6,580,445	-	-
Total borrowings				
Term loans	22,174,854	25,704,219	-	-
Islamic facility	-	500,000	-	-
	22,174,854	26,204,219	-	-

- (a) Borrowings are classified as financial liabilities and measured at amortised cost.
- (b) Term loans of the Group are:
- secured by legal charge and negative pledge on the long term leasehold land and buildings of the Group as disclosed in Notes 12 and 13 to the financial statements; and
 - guaranteed by way of corporate guarantee by the Group.
- (c) Islamic facility of the Group were:
- secured by first party charge over deposits with licensed banks as disclosed in Note 22 to the financial statements; and
 - guaranteed by way of corporate guarantee by the Group.

The Islamic facility of the Group had been fully repaid during the current financial year.

- (d) The fair values of the Group's borrowings are estimated by discounting expected future cash flows at current market interest rates available for similar financial instruments and of the same remaining maturities. Borrowings that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value, are as follows:

	Group and Company			
	2020		2019	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Borrowings	22,174,854	20,157,093	26,204,219	26,204,219

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

25. BORROWINGS (cont'd)

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Term loans	5.80%	6.26%	-	-
Islamic facility	-	5.80%	-	-

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Fixed rates	18,192,502	19,726,919	-	-
Floating rates	3,982,352	6,477,300	-	-

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	
	2020 RM	2019 RM	2020 RM	2019 RM
Ringgit Malaysia ("RM")	21,994,063	25,427,876	-	-
Philippines Peso ("PHP")	180,791	776,343	-	-
	22,174,854	26,204,219	-	-

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit after tax				
PHP/RM - strengthen by 10% (2019: 10%)	(13,740)	(59,002)	-	-
PHP/RM - weaken by 10% (2019: 10%)	13,740	59,002	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

25. BORROWINGS (cont'd)

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Not later than 1 year	8,273,777	6,080,445	-	-
Later than 1 year and not later than 2 years	5,025,599	6,477,614	-	-
Later than 2 years and not later than 3 years	4,438,543	4,470,111	-	-
Later than 3 years and not later than 4 years	2,145,116	4,035,005	-	-
Later than 4 years and not later than 5 years	2,049,725	2,144,982	-	-
More than 5 years	242,094	2,496,062	-	-
	22,174,854	25,704,219	-	-

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Not later than 1 year	-	500,000	-	-

- (k) 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 2020				
Borrowings/Total undiscounted financial liabilities	9,017,191	14,646,455	275,128	23,938,774
As at 31 December 2019				
Borrowings/Total undiscounted financial liabilities	7,761,754	19,288,024	2,605,007	29,654,785

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

25. BORROWINGS (cont'd)

(l) Reconciliation of liabilities arising from financing activities

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
At 1 January	26,204,219	24,602,516	-	-
Cash flows	(4,064,848)	1,311,792	-	-
Non-cash flows:				
- Effect of foreign exchange	35,483	289,911	-	-
At 31 December	22,174,854	26,204,219	-	-

26. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Trade payables				
Third parties	32,299,106	34,884,085	-	-
Amounts owing to subsidiaries	-	-	-	30,697
Amounts owing to associate	1,609	106,450	-	-
	32,300,715	34,990,535	-	30,697
Other payables				
Other payables	90,287,027	86,239,081	831,086	1,200,161
Contingent consideration	-	12,874,737	-	-
Amounts owing to subsidiaries	-	-	1,407,681	5,714,310
Deposits	11,103,802	12,446,699	601,879	601,879
Accruals	25,844,337	13,203,902	485,078	822,815
	127,235,166	124,764,419	3,325,724	8,339,165
Total trade and other payables	159,535,881	159,754,954	3,325,724	8,369,862

- (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 (2019: 1 to 90 days and 30 to 60 days) respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

26. TRADE AND OTHER PAYABLES (cont'd)

- (c) Other payables of the Group consist prepayments received from retailers, merchants payables and general administrative expenses payable which are non-interest bearing.
- (d) Contingent consideration of the Group arose from the Group's acquisition of subsidiary in Paysys (M) Sdn Bhd ("PMSB") in 2018. Based on the term of the SSA, the Group agreed to issue the Sellers 10,061,206 ordinary shares of the Company in each year over 2 years for a total additional consideration of 20,122,412 ordinary shares of the Company if PMSB achieves the stipulated profit tax targets for 2018 and 2019 each.

During the year, the Company has issued 10,061,020 (2019: 10,061,206) new ordinary shares of RM1.19 (2019: RM1.19) per ordinary shares to the Sellers as disclosed in Note 23(a)(i) to the financial statements as PMSB has achieves its stipulated profit targets for each year of 2019 and 2018.

As at 31 December 2020, the fair value of contingent consideration is RM Nil (2019: RM12,874,737).

- (e) Contingent consideration of the Group is 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	
	2020	2019
	RM	RM
Balance as at 1 January	12,874,737	29,803,840
Fair value loss/(gain)	6,140,942	(2,541,578)
Issuance of shares during the financial year	(19,015,679)	(14,387,525)
Balance as at 31 December	-	12,874,737

- (g) Non-trade amounts owing to subsidiaries represent payments on behalf which are unsecured, interest free and payable in cash and cash equivalents within next twelve (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 (1) year.
- (i) The currency exposure profiles of trade and other payables are as follows:

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Ringgit Malaysia ("RM")	136,898,685	144,381,281	3,293,789	8,316,858
Philippines Peso ("PHP")	10,128,429	7,714,194	-	-
Thai Baht ("THB")	8,317,917	3,151,115	-	-
Australian Dollar ("AUD")	108,445	12,220	-	-
Indonesian Rupiah ("IDR")	578,641	1,064,542	-	-
United States Dollar ("USD")	3,311,789	3,431,358	31,935	53,004
Singapore Dollar ("SGD")	191,975	244	-	-
	159,535,881	159,754,954	3,325,724	8,369,862

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

26. 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	
	2020	2019	2020	2019
	RM	RM	RM	RM
Profit after tax				
PHP/RM - strengthen by 10% (2019: 10%)	(769,761)	(586,279)	-	-
PHP/RM - weaken by 10% (2019: 10%)	769,761	586,279	-	-
THB/RM - strengthen by 10% (2019: 10%)	(632,162)	(239,485)	-	-
THB/RM - weaken by 10% (2019: 10%)	632,162	239,485	-	-
AUD/RM - strengthen by 10% (2019: 10%)	(8,242)	(929)	-	-
AUD/RM - weaken by 10% (2019: 10%)	8,242	929	-	-
IDR/RM - strengthen by 10% (2019: 10%)	(43,977)	(80,905)	-	-
IDR/RM - weaken by 10% (2019: 10%)	43,977	80,905	-	-
USD/RM - strengthen by 10% (2019: 10%)	(251,696)	(260,783)	(2,427)	(4,028)
USD/RM - weaken by 10% (2019: 10%)	251,696	260,783	2,427	4,028
SGD/RM - strengthen by 10% (2019: 10%)	(14,590)	(19)	-	-
SGD/RM - weaken by 10% (2019: 10%)	14,590	19	-	-

27. DERIVATIVE

	Group			
	Contract/ Notional amount	Liabilities	Contract/ Notional amount	Liabilities
	2020	2020	2019	2019
	RM	RM	RM	RM
Forward currency contracts	-	-	1,544,980	-

- (a) Derivatives are initially recognised at fair value through profit or loss, and subsequently remeasured to fair value with changes in fair value being recognised in profit or loss.
- (b) Forward currency contracts have been entered into operationally hedge forecast purchases denominated in foreign currencies that are expected to occur at various dates within three (3) days to one (1) month from the end of the reporting period. The forward currency contracts have maturity dates that coincide with the expected occurrence of these transactions. The fair value of these components have been determined based on the difference between the contracted rate and the forward exchange rate as applicable to a contract of similar amount and maturity profile at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

27. DERIVATIVE (cont'd)

- (c) In the previous financial year, the Group do not recognised any gain or loss arising from fair value changes of derivative financial instruments where the forward contracts have been entered on 31 December 2019.
- (d) Forward currency contracts of the Group are categorised as Level 1 in the fair value hierarchy. The fair value of forward foreign currency contract is determined using forward exchange market rates at the end of the financial year.

The fair value of a forward foreign exchange contract is the amount that would be payable or receivable upon termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and the forward exchange rate as at the end of the reporting period applied to a contract of similar amount and maturity profile.

28. EMPLOYEE BENEFITS OBLIGATIONS

	Group	
	2020	2019
	RM	RM
Present value of unfunded obligations	2,233,582	1,395,720
Recognised liability for defined benefit obligations	2,233,582	1,395,720

- (a) Liability for employee benefits obligations

GHL Systems Philippines, Inc. ("GSP"), a 99.99% owned subsidiary of GHL Asia Pacific Limited recognised liability for defined benefit obligations based on actuarial valuation report dated 4 February 2021. GSP operates a defined benefit plan that provides pension benefit for employees upon retirement based on Republic Act 7641.

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

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

	Group	
	2020	2019
	RM	RM
Profit after tax		
PHP/RM - strengthen by 10% (2019: 10%)	(169,752)	(106,075)
PHP/RM - weaken by 10% (2019: 10%)	169,752	106,075

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

28. EMPLOYEE BENEFITS OBLIGATIONS (cont'd)

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

	Group	
	2020	2019
	RM	RM
At 1 January	1,395,720	1,134,164
Service costs (Current and Past)	200,273	120,781
Interest	79,058	66,894
Remeasurement recognition in Other Comprehensive Income (Note 9)	521,325	43,009
Exchange differences	37,206	30,872
	<u>2,233,582</u>	<u>1,395,720</u>

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

	Group	
	2020	2019
	RM	RM
Current service cost	200,273	120,781
Interest on obligation	79,058	66,894
Net benefit expenses	<u>279,331</u>	<u>187,675</u>

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

	Group	
	2020	2019
	%	%
Discount rate	4.00	5.40
Average salary increase	<u>5.00</u>	<u>5.00</u>

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

	Group			
	2020		2019	
	Increase	Decrease	Increase	Decrease
	RM	RM	RM	RM
Discount rate (1% movement)	1,903,938	(2,713,371)	1,171,021	(1,654,463)
Average salary (1% movement)	<u>2,705,225</u>	<u>(1,922,245)</u>	<u>1,652,779</u>	<u>(1,168,412)</u>

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

29. CONTRACT LIABILITIES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Non-current liabilities				
Deferred income	328,409	-	-	-
Current liabilities				
Deferred income	4,542,955	4,104,741	752,779	374,692
	4,871,364	4,104,741	752,779	374,692

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

	Group RM	Company RM
At 1 January 2019	1,536,233	422,773
Advance receipts during the financial year	5,490,992	1,119,409
Recognised in profit or loss	(2,434,772)	(1,167,490)
Offset with trade receivables	(523,050)	-
Exchange differences	35,338	-
At 31 December 2019	4,104,741	374,692
Advance receipts during the financial year	6,416,172	1,483,722
Recognised in profit or loss	(5,660,772)	(1,105,635)
Exchange differences	11,223	-
At 31 December 2020	4,871,364	752,779

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

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

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Within 1 year	4,542,955	4,104,741	752,779	374,692
More than 1 year	328,409	-	-	-
	4,871,364	4,104,741	752,779	374,692

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

30. CONTINGENT LIABILITIES

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Unsecured				
Corporate guarantee given to banks for credit facilities granted to subsidiaries	-	-	122,055,160	119,451,960
Guarantees given to a third party in respect of trade and contract	5,799,584	96,910	2,000,000	1,000,000
Secured				
Guarantees given to a third party in respect of trade and contract	12,879,265	19,189,750	-	-
	18,678,849	19,286,660	124,055,160	120,451,960

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

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

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

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

- (b) Guarantees given to a third party in respect of trade and contract amounting to RM12,879,265 are secured by first party charge over deposits with licensed banks as disclosed in Note 22 to the financial statements.

31. CAPITAL COMMITMENTS

Capital commitments

	Group	
	2020	2019
	RM	RM
Capital expenditure in respect of purchase of property, plant and equipment:		
Contracted but not provided	5,017,752	5,467,540

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

32. RELATED PARTIES DISCLOSURES

(a) Identities of related parties

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

Related parties of the Group include:

- (i) Direct and indirect subsidiaries as disclosed in Note 16 to the financial statements;
 - (ii) Direct and indirect joint ventures and associate as disclosed in Note 17 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;
 - (iv) Telemas Corporation Sdn. Bhd. ("Telemas") whereby a Director of the Company, Loh Wee Hian is also the Director of Telemas; and
 - (v) Global Voice Corporation. Sdn Bhd. ("GVC") whereby a Director of the Company, Loh Wee Hian is also a Director of GVC.
- (b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2020	2019	2020	2019
	RM	RM	RM	RM
Subsidiaries:				
Sales of other hardware	-	-	-	9,467
Rental and license fees	-	-	-	8,738
Hosting services	-	-	569,000	594,000
Purchase of goods and services	-	-	66,655	1,006,137
Management fees	-	-	9,498,454	8,519,413
Share options granted under ESS	-	-	179,661	954,112
Related parties:				
Rental expenses	550,008	560,736	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

32. RELATED PARTIES DISCLOSURES (cont'd)

(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	
	2020	2019
	RM	RM
Short term employee benefits	4,573,842	4,635,846
Contributions to defined contribution plans	584,381	531,041
Share options granted under ESS	65,875	347,303
	<u>5,224,098</u>	<u>5,514,190</u>

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

	Group and Company	
	2020	2019
As at 1 January	6,844,500	7,820,000
Bonus issue	400,000	-
Resigned	-	-
Exercised	(6,044,500)	(975,500)
As at 31 December	<u>1,200,000</u>	<u>6,844,500</u>

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

33. 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 2020 and 31 December 2019.

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

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

(a) Capital management (cont'd)

The gearing ratios are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Total lease liabilities	9,061,212	15,308,900	401,533	270,265
Total borrowings	22,174,854	26,204,219	-	-
Less:				
- Cash and bank balances	(148,893,921)	(138,627,060)	(5,466,566)	(3,128,665)
- Other investments	(64,809,567)	(53,270,574)	(60,016,520)	(42,164,039)
Net cash	(182,467,422)	(150,384,515)	(65,081,553)	(45,022,439)
Total equity attributable to owners of the parent	481,757,649	442,449,971	232,835,608	200,110,747
Gearing ratio	_*	_*	_*	_*

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

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity of more than twenty-five percent (25%) of the issued and paid-up capital and such shareholders' equity is not less than RM40 million. The Group has complied with this requirement for the financial year ended 31 December 2020.

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

(b) Financial risk management

The financial risk management policy of the Group and of the Company is to ensure that adequate financial resources are available for the development of the operations of the Group and of the Company whilst managing its financial risks, including credit risk, liquidity and cash flow risks, interest rate risk, price risk and foreign currency risk. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy 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 20 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

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

(b) Financial risk management (cont'd)

(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 13, 25 and 26 to the financial statements respectively.

(iii) Interest rate risk

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

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

(iv) Price risk

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

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

During the financial year, the maximum exposure of the Group and of the Company to market risk is represented by the total carrying amount of the investment recognised in the statement of financial position, which amounted to RM64,809,567 (2019: RM53,270,574) and RM60,016,520 (2019: RM42,164,039) respectively. There has been no change to the exposure of the Group and of the Company to market risk or the manner in which the risk is managed and measured.

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

(v) Foreign currency risk

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

The sensitivity analysis for foreign currency risk has been disclosed in Notes 13, 20, 22, 25, 26 and 28 to the financial statements respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

34. MATERIAL LITIGATION

On 25 September 2019, a subsidiary, GH L ePayments Sdn. Bhd. ("eGHL" or "Defendant") had been served with a sealed Writ of Summons together with Statement of Claim both dated 19 September 2019 ("Writ") by Messrs. Shukor Baljit & Partners, the solicitors acting for Bestinet Sdn Bhd ("Plaintiff").

The Plaintiff alleges that the Defendant has misrepresented and breached the contract with respect to the development, management and maintenance of digital wallet. As a result of that, the Plaintiff suffers loss and claims for the following:

- a) Judgment for the amount of RM371,000.00;
- b) Pre-judgment interest at the rate of 5% per annum on the amount of RM371,000.00 from the date of filing of the Writ up to the date of judgment;
- c) Interest at the rate of 5% per annum on the amount of RM371,000.00 from the date of judgment to the date of full and final payment;
- d) General damages of RM3,362,492.34 to be assessed by the Court;
- e) Interest at the rate of 5% per annum on general damages from the date of judgment up to the date of full and final payment;
- f) Costs; and
- g) Any further or other relief as the Court deems fit.

Messrs. Shearn Delamore & Co. has been appointed as solicitors to represent eGHL. On 30 October 2019, the Defendant had filed Statement of Defence and Counterclaim against the Plaintiff, which the Plaintiff had, on 20 November 2019, served on eGHL with its Reply and Defence to Counterclaim. On 21 November 2019, the matter had been fixed for case management before the Registrar. The new trial dates have been fixed on 9 April 2021 and 16 April 2021.

The Directors are of the opinion, after taking appropriate legal advice, that no provision for the abovementioned claims is necessary.

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
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>Amendments to MFRS 3 Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108 Definition of Material</i>	1 January 2020
<i>Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform</i>	1 January 2020
<i>Amendment to MFRS 16 Covid-19-Related Rent Concessions</i>	1 June 2020 (early adopt)
<i>Amendments to MFRS 4 Insurance Contract - Extension of the Temporary Exemption from Applying MFRS 9</i>	17 August 2020

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

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

35.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2021

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

Title	Effective Date
<i>Interest Rate Benchmark Reform - Phase 2</i> (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
<i>Disclosure of Accounting Policies</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i>)	1 January 2023
<i>Definition of Accounting Estimates</i> (Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>)	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company do not expect the adoption of the above Standards to have significant impact on the financial statements.

36. FINANCIAL REPORTING UPDATES

IFRIC Agenda Decision - An assessment of the lease term (IFRS 16)

The IFRS Interpretations Committee ('IFRIC') issued a final agenda decision on 26 November 2019 regarding 'Lease term and useful life of leasehold improvements (IFRS 16 and IAS 16)'.

The submission to the IFRIC raised a question pertaining the determination of the lease term of a cancellable lease or a renewable lease based on the requirements of IFRS 16.B34.

Based on the final agenda decision, the IFRIC concluded that the determination of the enforceable period of a lease and the lease term itself shall include broad economic circumstances beyond purely commercial terms.

The Group anticipates an increase in lease liabilities and corresponding right-of-use assets arising from the reassessment of the lease term of existing leasing arrangements due to this final agenda decision.

The Group has implemented the requirements of this final agenda decision during the financial year ended 31 December 2020. There is no material impact on the financial statements of the Group as at the end of reporting period.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

CONT'D

37. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) The World Health Organisation declared the 2019 Novel Coronavirus infection ('COVID-19') a pandemic on 11 March 2020. The Government of Malaysia imposed the Movement Control Order ('MCO') on 18 March 2020 and has subsequently entered into various phases of the MCO and Conditional Movement Control Order ('CMCO') until 31 March 2021.

Since then, the Group and the Company has experienced significant disruption to its operations in the following respects:

- (i) Decreased demand for certain products and services as a consequence of social distancing requirements and recommendations; and
- (ii) Significant uncertainty concerning when government lockdowns will be lifted, social distancing requirements will be eased and the long-term effects of the pandemic on the demand for the primary products and services of the Group.

Consequently, the Group and the Company recognised total impairment losses on goodwill of approximately RM11 million during the financial year as a result of the COVID-19 pandemic. The details are disclosed in Note 15 to the financial statements.

Based on the assessment and information available at the date of authorisation of the financial statements, the Group has sufficient cash flows and undrawn facilities to meet its liquidity needs in the next twelve (12) months after the end of the reporting period. The Group does not anticipate significant supply disruptions and would continue to monitor its fund and operational needs.

- (b) As disclosed in Note 16(e)(i) of the financial statements, on 17 December 2020, the Group, through its subsidiary, GHL Asia Pacific Limited, disposed of its 51.0% interest in Speed Pay to the minority shareholder.

LIST OF PROPERTIES

Title/Location	Description/ Existing Use	Registered Owner	Age of Building (Years)	Land Area	Tenure	Carrying amount as at 31.12.2020 (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	14	570 square meters	Leasehold Expires on 27 August 2102	3,837,091	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	14	282 square meters	Leasehold Expires on 27 August 2102	4,853,500	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.	28	979 square meters	Freehold	3,742,736	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	34	11,164 square feet	Leasehold Expires on 11 August 2086	4,064,514	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	34	505 square feet	Leasehold Expires on 11 August 2086	173,573	13.1.2012

ANALYSIS OF SHAREHOLDINGS

AS AT 29 MARCH 2021

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

ANALYSIS BY SIZE OF HOLDINGS

Size of Holdings	Number of Holders	%	Number of Shares Held	%
Less than 99	1,439	21.83	54,890	0.005
100 - 1,000 shares	1,553	23.56	676,572	0.059
1001 - 10,000 shares	2,602	39.48	10,543,726	0.924
10,001 - 100,000 shares	781	11.85	22,910,850	2.007
100,001 to less than 5% of issued shares	213	3.23	491,300,120	43.040
5% and above of issued shares	3	0.05	616,013,684	53.965
Total	6,591	100	1,141,499,842	100

SUBSTANTIAL SHAREHOLDERS (PER REGISTER OF SUBSTANTIAL SHAREHOLDERS)

Substantial Shareholders	Number of Shares Held			
	Direct Interest	%	Indirect Interest	%
Actis Stark (Mauritius) Limited	440,356,423	38.58	-	-
APIS Growth 14 Ltd	114,657,900	10.04	-	-
Loh Wee Hian	60,556,776	5.31	69,939,736 *	6.13
Tobikiri Capital Ltd	60,999,361	5.34	-	-
Urusharta Jamaah Sdn. Bhd.	57,685,300	5.05	-	-

Notes:-

* Deemed interested by virtue of his child's interest in the Company pursuant to Section 59(11)(c) of the Companies Act 2016 and his interest in Tobikiri Capital Ltd pursuant to Section 8 of the Companies Act 2016.

DIRECTORS' SHAREHOLDINGS (PER REGISTER OF DIRECTORS' SHAREHOLDINGS)

Name of Director	Number of shares Held			
	Direct Interest	%	Indirect Interest	%
Loh Wee Hian	60,556,776	5.31	69,939,736 *	6.13

Notes:

* Deemed interested by virtue of his child's interest in the Company pursuant to Section 59(11)(c) of the Companies Act 2016 and his interest in Tobikiri Capital Ltd pursuant to Section 8 of the Companies Act 2016.

ANALYSIS OF SHAREHOLDINGS

AS AT 29 MARCH 2021

CONT'D

THIRTY LARGEST REGISTERED SHAREHOLDERS

No	Name of Shareholders	Number of shares Held	%
1	CGS-CIMB NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ACTIS STARK (MAURITIUS) LIMITED	440,356,423	38.58
2	APIS GROWTH 14 LTD	114,657,900	10.04
3	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CREDIT SUISSE (SG BR-TST-ASING)	60,999,361	5.34
4	CITIGROUP NOMINEES (TEMPATAN) SDN BHD URUSHARTA JAMAAH SDN. BHD. (2)	48,860,000	4.28
5	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR LOH WEE HIAN (PBCL-0G0040)	45,000,000	3.94
6	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	22,106,350	1.94
7	LEMBAGA TABUNG HAJI	18,369,800	1.61
8	AMANAHRAYA TRUSTEES BERHAD PB GROWTH FUND	15,741,000	1.38
9	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK PRIVATE WEALTH MANAGEMENT FOR LOH WEE HIAN (PW-M00940)(421973)	15,556,776	1.36
10	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	14,832,100	1.30
11	CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD (SFS)	14,181,500	1.24
12	HSBC NOMINEES (ASING) SDN BHD BPSS LUX FOR ABERDEEN STANDARD SICAV I - EMERGING MARKETS SMALLER COMPANIES FUND	12,481,750	1.09
13	GOH HENG LOO	12,082,755	1.06
14	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AHAM EQUITY FUND)	10,352,950	0.91
15	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SELECT TREASURES FUND	9,948,150	0.87
16	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LOH HIN YAW (PB)	8,940,375	0.78
17	HONG LEONG ASSURANCE BERHAD AS BENEFICIAL OWNER (LIFE PAR)	7,910,000	0.69
18	GOH KUAN HO	7,775,025	0.68
19	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 3)	7,560,300	0.66

ANALYSIS OF SHAREHOLDINGS

AS AT 29 MARCH 2021
CONT'D

THIRTY LARGEST REGISTERED SHAREHOLDERS (cont'd)

No	Name of Shareholders	Number of shares Held	%
20	DB (MALAYSIA) NOMINEE (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR VANDERBILT UNIVERSITY	7,218,600	0.63
21	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC TREASURES GROWTH FUND	6,593,500	0.58
22	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR AFFIN HWANG AIIAMAN GROWTH FUND (4207)	6,396,400	0.56
23	DB (MALAYSIA) NOMINEE (ASING) SDN BHD SSBT FUND AM4N FOR ABERDEEN INSTITUTIONAL COMMINGLED FUNDS LLC	6,213,200	0.54
24	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR PUBLIC INDUSTRY GROWTH FUND (N14011930270)	5,954,550	0.52
25	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR PERTUBUHAN KESELAMATAN SOSIAL (AFF HWG6939-403)	5,750,050	0.50
26	CARTABAN NOMINEES (TEMPATAN) SDN BHD TMF TRUSTEES MALAYSIA BERHAD FOR AFFIN HWANG WHOLESALE EQUITY FUND	5,705,259	0.50
27	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ASIANISLAMIC)	5,396,593	0.47
28	CARTABAN NOMINEES (TEMPATAN) SDN BHD RHB TRUSTEES BERHAD FOR MANULIFE INVESTMENT SHARIAH PROGRESSFUND	5,251,200	0.46
29	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LEEF)	5,100,000	0.45
30	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC ADVANTAGE GROWTH EQUITY FUND	5,054,850	0.44

NOTICE OF TWENTY-SEVENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Seventh Annual General Meeting of GHL Systems Berhad ("GHL" or "the Company") will be conducted entirely through live streaming from the broadcast venue at Level 3A, C-G-15, Block C, Jalan Dataran SD 1, Dataran SD PJU 9, Bandar Sri Damansara, 52200 Kuala Lumpur on **Tuesday, 25 May 2021 at 3.00 p.m.** for the following purposes:-

AGENDA

Ordinary Business

- | | | |
|----|---|--|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon. | (Please refer to the Explanatory Notes to the Agenda) |
| 2. | To re-elect Dato' Chan Choy Lin who is retiring in accordance with Clause 76 of the Company's Constitution. | (Ordinary Resolution 1) |
| 3. | To re-elect Mr Richard Henry Phillips who is retiring in accordance with Clause 78 of the Company's Constitution. | (Ordinary Resolution 2) |
| 4. | To approve the payment of Directors' fees of RM352,240.00 for the financial year ending 31 December 2021 until the next Annual General Meeting of the Company, to be paid monthly in arrears. | (Ordinary Resolution 3) |
| 5. | To approve the payment of Directors' benefits of up to an aggregate amount of RM58,500.00 for the period from 26 May 2021 until the next Annual General Meeting of the Company. | (Ordinary Resolution 4) |
| 6. | To re-appoint BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. | (Ordinary Resolution 5) |

Special Business

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

- | | | |
|----|---|-------------------------|
| 7. | PROPOSED CONTINUATION IN OFFICE OF DATUK KAMARUDDIN BIN TAIB AS INDEPENDENT NON-EXECUTIVE CHAIRMAN | (Ordinary Resolution 6) |
|----|---|-------------------------|

"THAT approval be and is hereby given to Datuk Kamaruddin bin Taib who has served as Independent Non-Executive Director of the Company for a cumulative term of more than nine years, to continue to act as the Independent Non-Executive Chairman of the Company until the conclusion of the next AGM of the Company."

NOTICE OF TWENTY-SEVENTH ANNUAL GENERAL MEETING

CONT'D

8. PROPOSED AUTHORITY TO ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 (Ordinary Resolution 7)

"THAT, pursuant to Sections 75 and 76 of the Companies Act 2016 ("the Act") 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."

9. PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK ("Proposed Share Buy-Back") (Ordinary Resolution 8)

"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.

NOTICE OF TWENTY-SEVENTH ANNUAL GENERAL MEETING

CONT'D

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."

Other Business

9. To transact any other business of which due notice shall have been given in accordance with the Company's Constitution and the Act.

By Order of the Board

TE HOCK WEE (MAICSA 7054787)/(SSM PC No. 202008002124)
WONG WAI FOONG (MAICSA 7001358)/(SSM PC No. 202008001472)
 Company Secretaries

Kuala Lumpur
 23 April 2021

NOTES:

1. IMPORTANT NOTICE

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

Shareholders will not be allowed to attend this Annual General Meeting ("AGM") in person at the Broadcast Venue on the date of the meeting.

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

Please read these Notes carefully and follow the procedures in the Administrative Guide for the AGM in order to participate remotely via RPV.

NOTICE OF TWENTY-SEVENTH ANNUAL GENERAL MEETING

CONT'D

2. For the purpose of determining who shall be entitled to participate this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 18 May 2021. Only a member whose name appears on this Record of Depositors shall be entitled to attend this AGM via RPV.
3. A member who is entitled to participate in this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
4. A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM.
5. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
7. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
8. A member who has appointed a proxy or attorney or authorised representative to participate at the AGM via RPV **must request his/her proxy or attorney or authorised representative to register himself/herself for RPV** via TIIH Online website at <https://tiih.online>. Procedures for RPV can be found in the Administrative Guide for the AGM.
9. The appointment of a proxy may be made in a hard copy form or by electronic form in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:
 - (i) In hard copy form
In the case of an appointment made in hard copy form, this proxy form must be deposited with the Company's Share Registrar at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - (ii) By electronic means via TIIH Online website
The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online website at <https://tiih.online>. Kindly refer to the Administrative Guide for the AGM on the procedures for electronic lodgement of proxy form via TIIH Online website.
10. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
11. Last date and time for lodging the proxy form is Sunday, 23 May 2021 at 3.00 p.m..
12. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

NOTICE OF TWENTY-SEVENTH ANNUAL GENERAL MEETING

CONT'D

13. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:
- (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
 - (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - (a) at least two (2) authorised officers, of whom one shall be a director; or
 - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
14. Pursuant to Paragraph 8.29A(1) of the Listing Requirements of Bursa Securities, all resolutions set out in this Notice will be put to vote by poll.

EXPLANATORY NOTES TO THE AGENDA:

- (i) Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 December 2020

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

- (ii) Ordinary Resolutions 1 and 2 - Re-election of Directors

Dato' Chan Choy Lin and Mr Richard Henry Phillips are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 27th AGM.

The Board of Directors has through the Nomination and Remuneration Committee carried out the necessary assessment on the aforesaid Directors and concluded that they met the criteria as prescribed under Paragraph 2.20A of the Main Market Listing Requirements on character, experience, integrity, competence and time to effectively discharge their roles as Directors.

- (iii) Ordinary Resolution 3 - Payment of Directors' fees

The Directors' fees proposed for the financial year ending 31 December 2021 until the next AGM of the Company, are calculated based on the current board size and assuming that the Independent Non-Executive Directors will hold office until the next AGM of the Company. This resolution is to facilitate payment of Directors' fees on current financial year basis until the next AGM of the Company. In the event the proposed Directors' fees are insufficient (due to enlarged board size), approval will be sought at the next AGM for additional fees to meet the shortfall.

- (iv) Ordinary Resolution 4 - Payment of Directors' benefits

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

- (v) Ordinary Resolution 5 - Re-appointment of Auditors

The Board has through the Audit and Risk Committee, considered the re-appointment of BDO PLT as the Auditors of the Company. The factors considered by the Audit and Risk Committee in making the recommendation to the Board to table their re-appointment at the 27th AGM are disclosed in the Audit and Risk Committee Report of the 2020 Annual Report.

- (vi) Ordinary Resolution 6 – Proposed Continuation in Office of Independent Non-Executive Chairman

Pursuant to the Malaysian Code on Corporate Governance, it is recommended that approval of shareholders be sought in the event the Company intends to retain an Independent Director who has served in that capacity for more than nine (9) years.

NOTICE OF TWENTY-SEVENTH ANNUAL GENERAL MEETING

CONT'D

The Board had via the Nomination and Remuneration Committee assessed the independence of Datuk Kamaruddin bin Taib and considered him to be independent and recommended that he continue to act as the Independent Non-Executive Chairman of the Company based on the following justifications:-

- (a) he fulfilled the criteria under the definition of Independent Directors as stated in the Main Market Listing Requirements of Bursa Securities;
- (b) he has vast experience in the field of finance and corporate, understands the business of the Company and continues to remain objective, bringing independent judgement and depth into the deliberations of the Board and Board Committees, in the best interest of the Company and shareholders; and
- (c) he has exhibited high commitment and devoted sufficient time to discharge his responsibilities as the Independent Non-Executive Chairman, and able to express unbiased views without any influence.

(vii) Ordinary Resolution 7 – Proposed Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed Ordinary Resolution 7 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 AGM 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 AGM of the Company.

The mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional costs and time. The purpose of this general mandate is for possible fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions and/or for issuance of shares as settlement of purchase consideration or such other application as the Directors may deem fit in the best interest of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM held on 26 August 2020 and the mandate will lapse at the conclusion of the 27th AGM.

(viii) Ordinary Resolution 8 – Proposed Share Buy-Back

The proposed Ordinary Resolution 8, if passed, will provide a mandate for the Company to purchase its own shares up to 10% of the total number of issued shares of the Company and shall lapse at the conclusion of the next AGM unless authority for the 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 Share Buy-Back attached in the Annual Report 2020 of the Company for further details.

STATEMENT TO SHAREHOLDERS

IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES

PROPOSED SHARES BUY-BACK PURSUANT TO PARAGRAPH 12.06(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. Disclaimer Statement

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 Shares Buy-Back)

At the last Annual General Meeting of the Company held on 26 August 2020, 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 2020, the Company's accumulated losses were RM116,648,692.

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 27th Annual General Meeting to be held on 25 May 2021, unless renewed by an ordinary resolution.

On 25 March 2021, the Company announced its intention to seek shareholders' approval at the forthcoming 27th Annual General Meeting, for the proposed renewal of the authority for the Company to purchase its own shares.

2.2 Purpose of Statement

The purpose of this Statement is to provide relevant information on the Proposed Shares Buy-Back and to seek your approval for the ordinary resolution to renew the authority for the Company to purchase its own shares, to be tabled at the forthcoming 27th Annual General Meeting. The notice of Annual General Meeting together with the Proxy Form is set out in this Annual Report.

3. Details of the Proposed Shares Buy-Back

3.1 Details of the Proposed Share Buy-Back

The Board proposes to seek the approval from the shareholders of GHL for the Company to purchase up to ten percent (10%) of its prevailing issued and paid-up ordinary share capital at any time through its appointed stockbroker.

STATEMENT TO SHAREHOLDERS

IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY
TO PURCHASE ITS OWN ORDINARY SHARES
CONT'D

3. Details of the Proposed Shares Buy-Back (cont'd)

3.1 Details of the Proposed Share Buy-Back (cont'd)

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 27th Annual General Meeting and shall remain in force until:-

- (a) the conclusion of the next AGM of GHL following the forthcoming 27th 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.

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 Shares Buy-Back will enable GHL to utilise its surplus financial resources to buy-back GHL shares. The increase in Earnings Per Share, if any, arising from the Proposed Shares Buy-Back is expected to benefit the shareholders of the Company.

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

5. Source of Fund

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

6. Potential Advantages and Disadvantages of the Proposed Renewal

The potential advantages of the Proposed Shares Buy-Back are as follows:

- (i) the Proposed Share Buy-Back is expected to stabilise the supply and demand as well as the prices of the GHL Shares traded on Bursa Securities and thereby support its fundamental value and to maintain investors' confidence in GHL;

STATEMENT TO SHAREHOLDERS

IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY
TO PURCHASE ITS OWN ORDINARY SHARES
CONT'D

6. Potential Advantages and Disadvantages of the Proposed Renewal (cont'd)

The potential advantages of the Proposed Shares Buy-Back are as follows: (cont'd)

- (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 Shares Buy-Back are as follows:

- (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 a Share Buy-Back.

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

The effects of the Proposed Shares Buy-Back on the Substantial shareholders' and Directors' shareholdings based on the Register of Substantial Shareholders and the Register of Directors' Shareholdings respectively as at 25 March 2021 are as follows:

Substantial shareholders	Before the Proposed Shares Buy-Back				After the Proposed Shares Buy-Back ^{*(a)}			
	Direct		Indirect		Direct		Indirect	
	No of shares	%	No of shares	%	No of shares	%	No of shares	%
Actis Stark (Mauritius) Limited	440,356,423	38.58	-	-	440,356,423	42.86	-	-
APIS Growth 14 Ltd	114,657,900	10.04	-	-	114,657,900	11.16	-	-
Tobikiri Capital Ltd	60,999,361	5.34	-	-	60,999,361	5.94	-	-
Loh Wee Hian	60,556,776	5.31	69,939,736*	6.13	60,556,776	5.89	69,939,736*	6.81
Urusharta Jamaah Sdn. Bhd.	57,685,300	5.05	-	-	57,685,300	5.61	-	-

Notes:

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

* Deemed interested by virtue of his child's interest in the Company pursuant to Section 59(11)(c) of the Companies Act 2016 and his interest in Tobikiri Capital Ltd pursuant to Section 8 of the Companies Act 2016.

Director	Before the Proposed Shares Buy-Back				After the Proposed Shares Buy-Back ^{*(a)}			
	Direct		Indirect		Direct		Indirect	
	No of shares	%	No of shares	%	No of shares	%	No of shares	%
Loh Wee Hian	60,556,776	5.31	69,939,736*	6.13	60,556,776	5.89	69,939,736*	6.81

Notes:

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

* Deemed interested by virtue of his child's interest in the Company pursuant to Section 59(11)(c) of the Companies Act 2016 and his interest in Tobikiri Capital Ltd pursuant to Section 8 of the Companies Act 2016.

STATEMENT TO SHAREHOLDERS

IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY
TO PURCHASE ITS OWN ORDINARY SHARES
CONT'D

8. Effects of Proposed Shares Buy-Back

Assuming that the Company buys back up to 114,149,984 GH L Shares representing 10% of its issued and paid-up share capital as at 25 March 2021 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 GH L are as follows:

8.1 Share Capital

In the event that all GH L shares purchased are cancelled, the Proposed Share Buy-Back will result in the issued and paid up share capital of GH L as at 25 March 2021 to be reduced from RM351,485,304 comprising 1,141,499,842 GH L Shares to RM316,336,774 comprising 1,027,349,858 GH L Shares. It is not expected to have any effect on the issued and paid up capital if all GH L Shares purchased are to be retained as treasury shares.

The effect of the Proposed Shares Buy-Back on the issued and paid up share capital of GH L are illustrated below:

	No of Shares	RM
Issued and paid up share capital as at 31 December 2020	1,141,499,842	351,486,304
Issued and paid up share capital as at 25 March 2021	1,141,499,842	351,486,304
After share purchase and cancellation	1,027,349,858	# 316,336,774

Notes:

Assuming up to 10% of the issued and paid up capital of GH L or 114,149,984 GH L 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 GH L 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 GH L Shares are purchased.

In the event the purchased GH L Shares which are retained as treasury shares are resold, the consolidated Net Assets per Share of GH L 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 GH L Group, the quantum of which will depend on the actual purchase price and number of purchased GH L Shares as well as any associated costs incurred in relation to the share buy-back pursuant to the Proposed Share Buy-Back. However, it is not expected to have a material adverse effect on the working capital of the Company.

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

STATEMENT TO SHAREHOLDERS

IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY
TO PURCHASE ITS OWN ORDINARY SHARES
CONT'D

8. Effects of Proposed Shares Buy-Back (cont'd)

8.4 Earnings

The effect of the Proposed Share Buy-Back on the EPS of GHL will depend on, inter-alia, the actual number of purchased GHL Shares and the effective cost of funding to the GHL Group, or any loss in interest income to GHL or opportunity cost in relation to other investment opportunity. However, the Proposed Share Buy-Back, if exercised, is not expected to have any material effect on the EPS of GHL for the financial year ending 31 December 2020.

8.5 Dividends

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

9. Malaysian Code on Take-Overs and Mergers 2016 (CODE)

The Proposed Shares Buy-Back, if carried out in full (whether shares are cancelled or treated as treasury shares) may result in a substantial shareholder and/or parties acting in concert with it incurring a mandatory general offer obligation. In this respect, the Board is mindful of the provisions under 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 twelve (12) months

The Company did not undertake any Share Buy-Back during the financial year ended 31 December 2020.

There is no cancellation of shares made in the preceding 12 months.

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

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 twelve (12) months are as follows:

	High	Low
2020	RM	RM
April	2.08	1.58
May	2.10	1.69
June	2.02	1.78
July	2.15	1.33
August	2.06	1.87
September	2.10	1.92
October	2.30	2.00
November	3.08	1.59
December	2.17	1.75
2021		
January	1.94	1.63
February	1.96	1.66
March	1.80	1.70

The last transacted market price as at 15 April 2021 (being the latest practical date prior to the printing of this Statement) was RM1.80.

(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 25 March 2021, the public shareholding spread of the Company was 28.92%. 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 Shares Buy-Back, your Board of Directors is of the opinion that the Proposed Shares Buy-Back is in the best interest of the Company. Accordingly, they recommend that you vote in favour of the ordinary resolution for the Proposed Shares Buy-Back to be tabled at the forthcoming 27th 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) Constitution of GHL;
- (ii) The audited consolidated financial statements of GHL for the past two (2) financial years ended 31 December 2019 and 2020 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.

This page has been intentionally left blank.



PROXY FORM

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

CDS Account No.

No. of shares held

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

of _____
[Full Address]

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

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

and

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

or failing ^him/her, the Chairperson of the Meeting, as ^my/our proxy/proxies to vote for ^me/us and on ^my/our behalf at the Twenty-Seventh Annual General Meeting of the Company which will be conducted entirely through live streaming from the broadcast venue at Level 3A, C-G-15, Block C, Jalan Dataran SD 1, Dataran SD PJU 9, Bandar Sri Damansara, 52200 Kuala Lumpur on **Tuesday, 25 May 2021 at 3.00 p.m.** or any adjournment thereof, and to vote as indicated below:

Description of Resolution	Resolution	For	Against
Re-election of Dato' Chan Choy Lin as Director pursuant to Clause 76 of the Constitution of the Company	Ordinary Resolution 1		
Re-election of Mr Richard Henry Phillips as Director pursuant to Clause 78 of the Constitution of the Company	Ordinary Resolution 2		
Approval of Directors' fees of RM352,240.00 for the financial year ending 31 December 2021 until the next Annual General Meeting of the Company	Ordinary Resolution 3		
Approval of Directors' benefits of up to an aggregate amount of RM58,500.00 for the period from 26 May 2021 until the next Annual General Meeting of the Company	Ordinary Resolution 4		
Re-appointment of BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration	Ordinary Resolution 5		
Proposed Continuation in Office of Datuk Kamaruddin bin Taib as Independent Non-Executive Chairman of the Company	Ordinary Resolution 6		
Proposed Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016	Ordinary Resolution 7		
Proposed Renewal of Authority for Share Buy-Back	Ordinary Resolution 8		

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

Signed this _____ day of _____ 2021

Signature*
Member

^ Delete whichever is inapplicable

* Manner of execution:

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

Shareholders will not be allowed to attend this Annual General Meeting ("AGM") in person at the Broadcast Venue on the date of the meeting.

Please read these Notes carefully and follow the procedures in the Administrative Guide for the AGM in order to participate remotely via RPV.

- Then Fold Here*

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

10. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
11. Last date and time for lodging the proxy form is Sunday, 23 May 2021 at 3.00 p.m..
12. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
13. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:
 - (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
 - (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - (a) at least two (2) authorised officers, of whom one shall be a director; or
 - (b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
14. Pursuant to Paragraph 8.29A(1) of the Listing Requirements of Bursa Securities, all resolutions set out in this Notice will be put to vote by poll.



GHL SYSTEMS BERHAD

199401007361 (293040-D)

C-G-15, Block C, Jalan Dataran SD1
Dataran SD PJU9, Bandar Sri Damansara
52200 Kuala Lumpur
Malaysia



+603-6286 3388



+603-6280 2999



www.ghl.com