

**GHL SYSTEMS BERHAD** 199401007361 (293040-D)

INCORPORATED IN MALAYSIA

# ANNUAL REPORT

— the **ASEAN** payment people

# 2021

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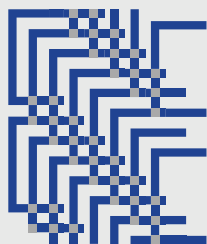


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## OUR VISION

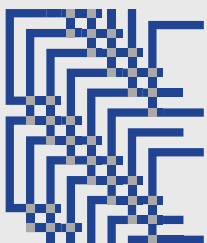
The ASEAN Payment People



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

## OUR MISSION

Payments Simplified



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.

## AWARDS & RECOGNITION

2021

Malaysian e-Payment Excellence Awards (MEEA) - Best e-Payments Acceptance Growth Award for MyDEBIT as a non-bank Acquirer

11th Malaysian Investor Relations Association (MIRA) Investor Relations (IR) Awards - Best IR Website (Mid Cap category)

## OUR CORE VALUES

### CUSTOMER IS THE BOSS

We listen, anticipate and deliver what our customer needs

### TEAMWORK

Together we can achieve more

### NO DISHONESTY

Zero-tolerance for dishonesty in any form

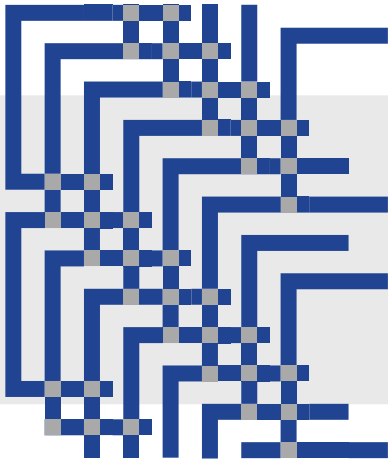
### ADDICTED TO INNOVATION

Our relentless pursuit of innovation is what drives us forward

### "BOLEH" ATTITUDE

We are passionate and driven to make a difference.

## CORPORATE PROFILE



# GHL SYSTEMS BERHAD

## the ASEAN payment people

As ASEAN's leading payment solutions provider, GHL's reach spans across six countries; Malaysia, Philippines, Thailand, Indonesia, Singapore and Australia – stretching over a vast footprint of 398,000 payment touchpoints. At the forefront of the region's cutting edge fintech, GHL empowers the payment revolution that is shaping today's spending trend, offering extensive payment options, both offline and online to fulfil merchants and consumers' needs.

Our core activities are focused on these business pillars:



Transaction  
Payment  
Acquisition



Solution  
Services



Shared  
Services

- **Transaction Payment Acquisition**

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

Riding the ASEAN cashless tide, alongside significant Asian digital payment players, GHL's **Mobile Payments** enable major local and cross border e-wallets' acceptance across our footprint of more than 398,000 payment touchpoints.

Our internet payment gateway, eGHL, offers a secure **Online Payment** gateway that covers more than 100 card and non-card payment channels, with a single integration, throughout the ASEAN region.

Our subsidiary e-pay, powering the **Prepaid Top-ups & Bill Collection** services, leads Malaysia's mobile reload & bill payment collection network, processing over 15 million transactions, amounting to over RM380 million in value, nationwide per month.

- **Shared Services**

GHL provides **Payment Acceptance Devices** such as Android All-in-One Point of Sales (POS) terminals and other devices that are able to perform numerous electronic payments, alongside complex payment application developments.

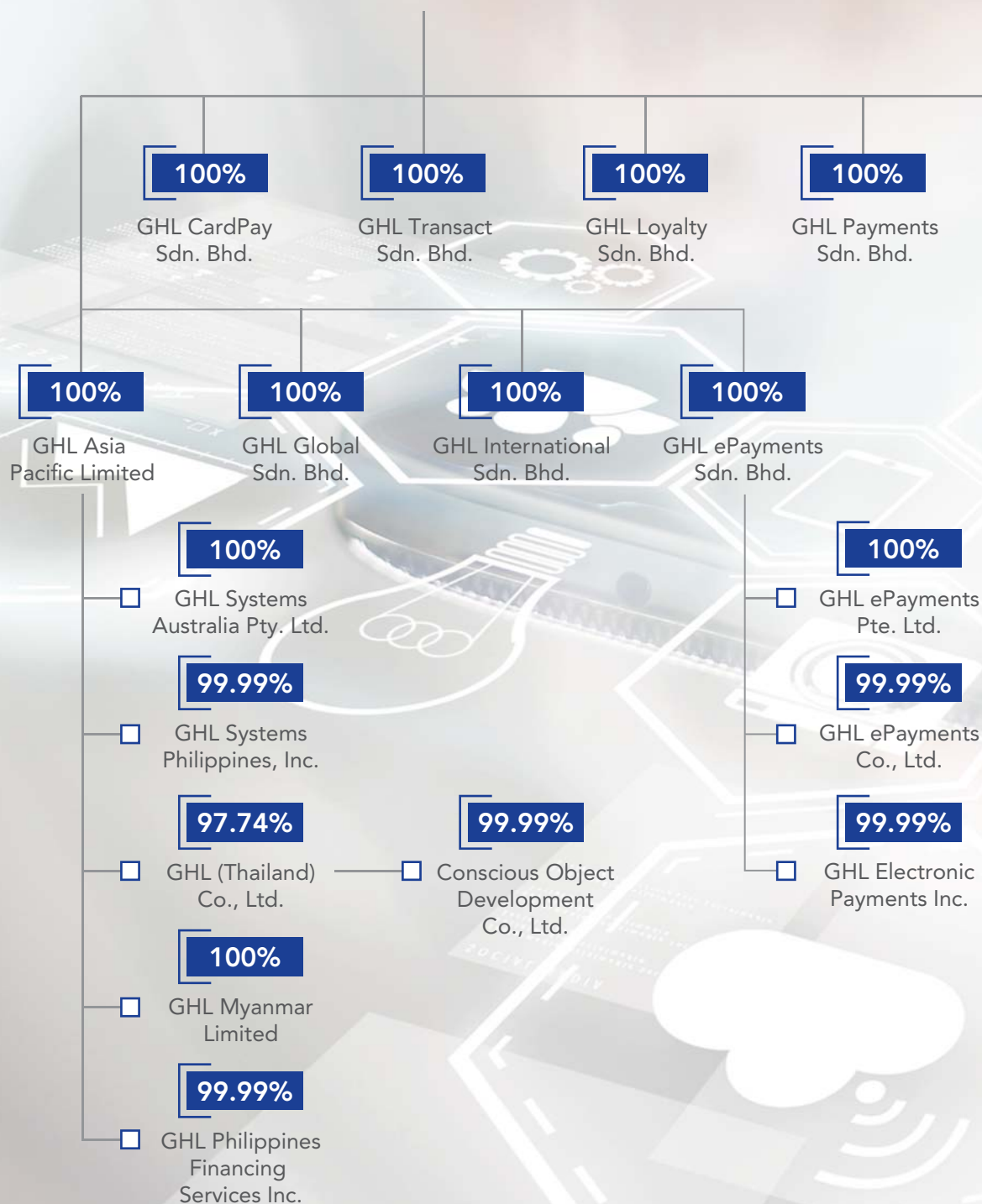
- **Solution Services**

GHL offers **Payment Solutions** that includes customised online payment platforms, payment collection solutions, integrated payment solutions, loyalty points capture/redemption solutions, loan repayment solutions, and other bank or merchant specific requirements designed to cater to our client's specific business needs. We also offer secure payment network, supplying both software and hardware solutions.

## CORPORATE STRUCTURE

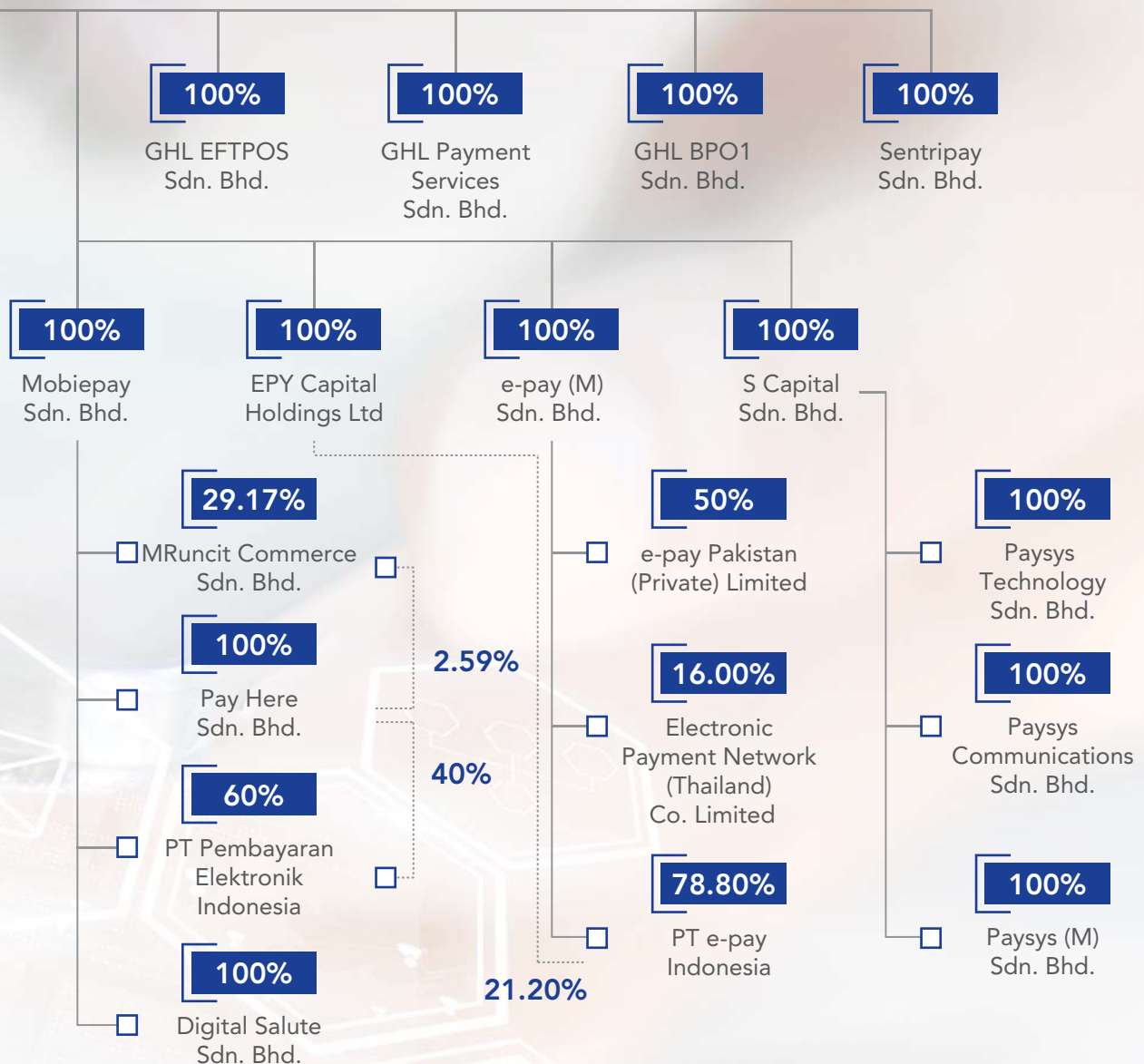


**GHL SYSTEMS BERHAD** 199401007361 (293040-D)  
INCORPORATED IN MALAYSIA



# CORPORATE STRUCTURE

CONT'D





## CORPORATE INFORMATION

# BOARD OF DIRECTORS

**DATUK KAMARUDDIN BIN TAIB**  
(Independent Non-Executive Chairman)

**LOH WEE HIAN**  
(Executive Vice Chairman)

**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)

**SEAN S. HESH**  
(Executive Director)  
(Appointed on 1 Oct 2021)

**TAN LYE SIM**  
(Independent Non-Executive Director)  
(Appointed on 1 Oct 2021)

**KUNG LEE SEE**  
(Independent Non-Executive Director)  
(Appointed on 1 Oct 2021)

**LOH HIN YAW**  
(Alternate Director to Loh Wee Hian)  
(Appointed on 1 Oct 2021)

### AUDIT AND RISK COMMITTEE

**Dato' Chan Choy Lin**  
(Chairperson)  
**Matteo Stefanel**  
(Appointed on 18 May 2021)  
**Tan Lye Sim**  
(Appointed on 25 November 2021)  
**Kung Lee See**  
(Appointed on 25 November 2021)  
**Datuk Kamaruddin Bin Taib**  
(Resigned on 25 November 2021)  
**Hossameldin Abdelhamid**  
**Mohamed Aboumoussa**  
(Resigned on 11 March 2021)

### NOMINATION AND REMUNERATION COMMITTEE

**Dato' Chan Choy Lin**  
(Chairperson, appointed on 18 February 2022)  
**Matteo Stefanel**  
(Appointed on 18 May 2021)  
**Tan Lye Sim**  
(Appointed on 25 November 2021)  
**Kung Lee See**  
(Appointed on 25 November 2021)  
**Datuk Kamaruddin Bin Taib**  
(Resigned on 18 February 2022)  
**Hossameldin Abdelhamid**  
**Mohamed Aboumoussa**  
(Resigned on 11 March 2021)

### COMPANY SECRETARIES

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

### 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

### 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

### AUDITORS

**BDO PLT (LLP0018825-LCA & AF0206)**  
Level 8  
BDO @ Menara CenTARa  
360 Jalan Tuanku Abdul Rahman  
50100 Kuala Lumpur.

### 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

### STOCK EXCHANGE LISTING

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

### WEBSITE

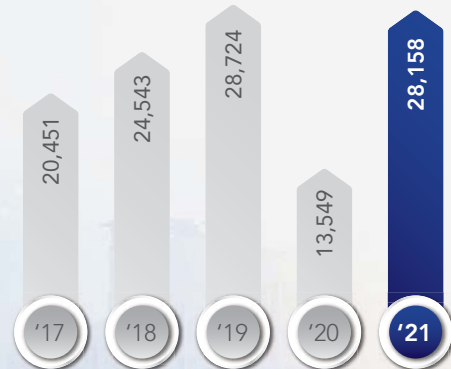
[www.ghl.com](http://www.ghl.com)

## FINANCIAL HIGHLIGHTS

### REVENUE RM'000



### PROFIT ATTRIBUTABLE TO EQUITY HOLDERS RM'000



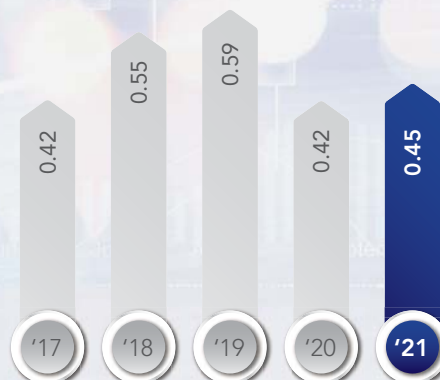
### EARNINGS BEFORE INTEREST, TAX, DEPRECIATION & AMORTISATION (EBITDA) RM'000



### SHAREHOLDERS' EQUITY RM'000



### NET ASSETS PER SHARE RM





## KEY PERFORMANCE INDICATORS

FINANCIAL HIGHLIGHTS		Year				
Financial Year Ended 31 December		2017	2018	2019	2020	2021
Revenue	RM'000	253,681	299,067	347,707*	334,514	360,166
Gross Profit	RM'000	105,726	126,876	150,475	144,326	140,109
Gross Profit Margin	%	41.68	42.42	43.28	43.14	38.90
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)	RM'000	46,910	55,680	71,920	50,827	69,239
Profit / (Loss) For The Year Attributable To Equity Holders	RM'000	20,451	24,543	28,724	13,549	28,158
Shareholders' Equity	RM'000	274,195	406,225	442,450	481,758	508,872
Net Operating Cash Flow	RM'000	56,372	2,532	91,506	44,350	88,615
Net Assets Per Share	RM	0.42	0.55	0.59	0.42	0.45
Basic Earnings Per Share	sen	3.12	3.49	2.56**	1.69	2.47
Total Borrowings	RM'000	34,186	34,668	26,204	22,175	52,390
Net Gearing Ratio		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 end to end payment services encompassing physical, e-commerce, and QR payments acceptance, and is one of the region's top merchant acquirers. GHL manages and oversees more than 398,000, 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 improved 7.7% YoY to RM360.2 million (2020 – RM334.5 million) despite the impacts of the global COVID-19 pandemic across its group operations. Declines registered in the Shared Services and Solutions Services business pillars were boosted by a 15.4% growth in its TPA business segment which accounted for 63.6% of group revenue. Geographical wise, Malaysia and Philippines' 2021 revenue grew year-on-year whereas Thailand was down as it continues to be impacted by its tourism sector.

#### 2.2 Net Profit

Pre-tax profits jumped 90.8% to RM40.7 million as compared to RM21.3 million a year ago. Pre-tax margins grew to 11.3% (2020 – 6.4%). Net profit after tax and minority interest improved in tandem by 107.8% YoY to RM28.2 million (2020 – RM13.6 million), with the improvement coming from TPA division.

#### 2.3 Taxation

The effective tax rate for 2021 was 30.8% (2020 – 57.2%) which was higher than the statutory tax rate mainly due to non-tax allowable expenses. Post-tax and minority interest profit margins were higher at 7.8% in 2021 as compared to 4.1% in 2020 but slightly below the pre-COVID figure of 8.3% in 2019.

# MANAGEMENT DISCUSSION AND ANALYSIS

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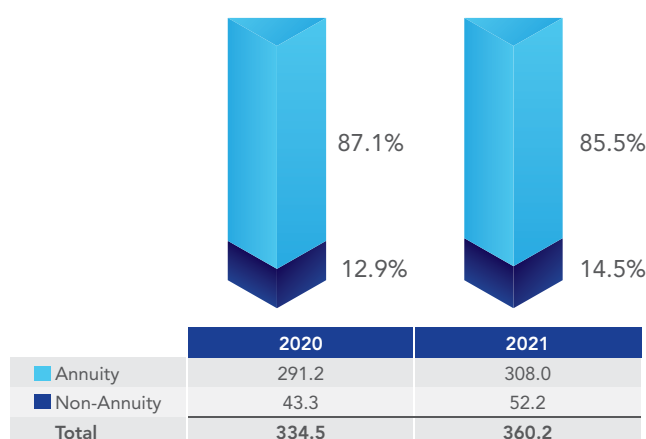
## 2. DISCUSSION AND ANALYSIS OF THE FINANCIAL RESULTS AND CONDITIONS (Cont'd)

### 2.4 Profit attributable to Equity Holders of the group

The profit attributable to equity holders of the Group recovered to RM28.2 million, a 107.8% growth YoY. Fully diluted earnings per ordinary share for the year amounted to 2.47sen, an improvement of 46.2% YoY. The performance in 2021 still reflected the COVID-19 challenges which resulted in governments introducing lockdowns and movement controls to contain the spread of the pandemic.

### 2.5 Annuity versus Non-Annuity Revenue

Annuity vs Non-Annuity Revenue (RM' million)



The annuity-based revenue component within the group's total revenue remains high at 85.5% and this compared to 87.1% achieved in FY2020 due to higher hardware and software sales recognised in 2021 compared to FY2020. Although annuity-based revenue was lower in percentage terms, in absolute terms, it was higher due to higher recurring TPA transactions captured. 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 future hardware and software needs. As TPA recovery gathers momentum in all geographical markets, we expect the annuity revenues to remain strong and recover in FY 2022.

### 2.6 Liquidity and Capital Resources

As at 31 December 2021, the Group's Net Cash Position (Note 1) amounted to RM121.8 million (31 December 2020 – RM117.7 million).

There are further funds placed in fixed income fund with financial institution included in Other Investments amounting to RM101.6 million (31 December 2020 – RM64.8 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 2021 were as follow: -

- (i) Net cash generated from operating activities increased to RM88.6 million (2020 – RM44.3 million), mainly due to an increase in working capital requirements of RM59.3 million from an increase in trade and others payables (RM23.1 million), increase in advance receipts for contract liabilities (RM6.7 million), a decrease in inventories (RM19.4 million) and decrease in trade and other receivables (RM10.5 million), and decrease in operating profit before working capital changes of RM13.3 million, and also a slight increase in movement of tax and interest of RM1.8 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 RM43.3 million (2020 – RM17.2 million) was expended on capital expenditure which was mostly in respect of the Group's purchases of EDC terminals.
- (iii) The Group repaid RM36.7 million of its bank borrowings and hire purchase payables in 2021 (2020 – RM79.1 million). The Group also drew-down fresh bank loans in 2021 of RM60.7 million (2020 – RM66.4 million) for working capital purposes.

### 2.7 Trends and Events

The 2021 COVID-19 pandemic global impact continued to be felt by the economies of the ASEAN region whereby the respective governments imposed varying degrees of movement control and lockdown on its population to contain the spread of the pandemic. These movement controls 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 rate of recovery.

Two trends could be observed arising from the movement control and social distancing measures imposed, which resulted in a quicker shift towards online ecommerce and cashless transactions at physical stores. Online activities for ecommerce as well as leisure activities grew as consumers were house bound due to the lockdown imposed. The second trend was 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.

2021 saw the peak of COVID-19 positive cases in ASEAN which resulted in more lockdown days compared to 2020 but fortunately, the vaccination effort by various governments also grew in 2021. As vaccination efforts globally increases, including the deployment of booster vaccine shots, many observers opined that the pandemic will soon reach its endemic stage. This will result in more relaxed restrictions and expectations of the reopening of borders for trade, travel and tourism bodes well for the outlook for GHL as consumer spending and consumption are expected to improve in the coming months.

During 2021, many ASEAN government and their respective central bank initiatives saw the announcements of cross border recognition of their respective national QR codes which is expected to accelerate and encourage faster adoption of cashless usage and change in consumer behaviour, especially when borders reopen and travel resumes.

# MANAGEMENT DISCUSSION AND ANALYSIS

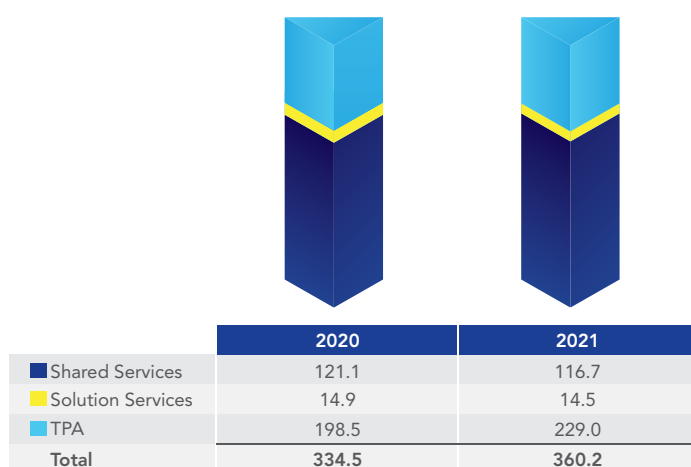
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## 3. PERFORMANCE BY BUSINESS SEGMENT AND GEOGRAPHY

### 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: -

**Revenue By Business Segment (RM' million)**



#### a) Transaction Payment Acquisition ("TPA") Segment

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

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

With both sub-segments combined, the TPA business grew 15.4% to RM229.0 million in 2021 (2020 – RM198.5 million), contributing 63.6% of total revenue in 2021 (2020 – 59.3%). The electronic payments business is growing at a much faster rate compared to the e-pay business and is complementary to each other. The electronic payments TPA gross revenue grew by 27.3% YoY to RM95.1 million (2020 – RM74.7 million) whereas the e-pay business grew at a lower rate of 8.2% to RM133.9 million in 2021 from RM123.8 million in 2020. Despite a challenging 2021, 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 49,000 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 2021 and 2020 relating to the e-pay business is found in Table 1 below. The transaction payment value by e-pay grew by 12.8% in 2021. The Gross Revenue/Transaction Value declined by 4.1% to 2.75% 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 2020	YTD 2021	% change
Transaction Payment Value	4,324.6	4,876.2	12.8%
Gross Revenue	123.8	133.9	8.2%
Gross Revenue/Transaction Payment Value <sup>(Note 1)</sup>	2.86%	2.75%	-4.1%
Gross Profit	43.4	45.0	3.7%
Gross Profit/Transaction Payment Value <sup>(Note 1)</sup>	1.00%	0.92%	-8.0%
Merchant Footprint - e-pay Only (Thousands)	42.3	49.0	15.7%

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 the 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 merchant discount rate ("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 by 20.4%, overall revenue improved by 27.3% due to merchant mix as well as payment type mix which impacts the overall MDR (gross revenue/transaction value) which improved to 0.52% from 0.49% in 2020. Over the longer term, however, margins should stabilise as more merchants are on board 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 continue to grow and gain further acceptance by consumers in 2021 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

<b>GHL Electronic payments TPA</b> (All stated in RM'millions unless stated otherwise)	<b>YTD 2020</b>	<b>YTD 2021</b>	<b>% change</b>
Transaction Payment Value	15,226.9	18,337.3	20.4%
Gross Revenue	74.7	95.1	27.3%
Gross Revenue/Transaction Payment Value <i>(Note 1)</i>	0.49%	0.52%	5.7%
Gross Profit	27.9	34.0	21.7%
Gross Profit/Transaction Payment Value <i>(Note 1)</i>	0.18%	0.19%	1.0%
Merchant Footprint - TPA Only (Thousands)	103.9	121.9	17.3%

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 3.6% YoY to RM116.7 million (2020: RM121.1 million), due to lower EDC terminals sales and deployment as the result of movement control restrictions and cautious capital expenditure spending by the banking sector in light of the uncertainty of COVID-19 in 2021. The Shared Services segment was also impacted by lower rental and maintenance revenue due to terminal retrievals by banks from its merchants that were affected by the lockdowns.

#### c) Solutions Services Segment

Solutions Services revenue marginally declined by 2.7% to RM14.5 million (2020: RM14.9 million), due to slower investment spending by customers.

### 3.2 Performance by Geographical Location

Group revenue for FY2021 was up 7.7% YoY to RM360.2 million (2020: RM334.5 million) with overall growth driven by TPA but tempered by minor YoY declines in Shared Services and Solution Services business pillars. Malaysia and Philippine markets registered growth during this period but Thailand continue to be impacted by lower TPA transactions and lower Solutions Services revenue in the comparative FY2020. Despite the improvement in top line group revenue, the group posted lower gross profit margins of 38.9% (2020 – 43.1%) due to changes in product and business division revenue mix. 2021 registered a pre-tax profit of RM40.7 million compared to RM21.3 million a year ago. In FY2020 however, there were two key non-cash items included in the financials, namely, fair value loss on the 2018 Paysys acquisition consideration shares (RM6.1million) and write-down of the group's Cambodia investment (RM11.9 million).

Malaysia's operations, which is the largest in the group, contributed 81.2% (2020 – 79.6%) of group revenue and registered a 9.8% YoY growth due to improvements in TPA and Solutions Services with a slight decline of performance in Shared Services. Malaysia was driven by its TPA division as consumers continued to switch to cashless payments.

# MANAGEMENT DISCUSSION AND ANALYSIS

CONT'D

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

### 3.2 Performance by Geographical Location (Cont'd)

Philippines' revenue was 7.4% YoY higher at RM48.1 million (2020 – RM44.8 million) driven by better TPA performance but dragged by lower Shared Services due to lower rental/maintenance revenue collected with Solutions Services registered a flat performance. The lockdown situation in the Philippines remained tight but with daily cases trending down and vaccination rate improving.

Thailand recorded a decline in revenue of 16.9% to RM18.2 million from RM21.9 million in FY2020 dragged by lower TPA transactions due to COVID-19 lockdown and lower Solutions Services revenue resulted from higher hardware sales captured in the second half of 2020 which were not repeated in 2021. However, in 2021, Shared Services recorded better EDC hardware sales which were deferred from previous year. The TPA segment continued to be affected by the contraction due to the border closures which impacted tourist arrivals and hence the group's cross border e-wallet segment.

Other countries remain the smallest contributor to group operations at RM1.5 million of group turnover compared to F2020's turnover of RM1.6 million.

As at end of December 2021, the group's payment touchpoints stood at 398,024 points, a 3.8% YoY growth overall whereas TPA touchpoints grew 16.9% but this was negated by the rental terminal retrievals by certain banks. This large merchant touchpoint base has enabled the group to process a TPV of RM23.2 billion in payment transactions (18.7% YoY growth).

Revenue By Country (RM mil)



# MANAGEMENT DISCUSSION AND ANALYSIS

CONT'D

## 4. KNOWN RISKS

In the ordinary course of its operations, the Group is exposed to 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 past 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 RM8,769.95 nett chargeback losses attributable to merchant performance risk in 2021 recorded for Malaysia, Thailand, Philippines and Indonesia.

- b) *Operational Risk* – In 2021, the Group reported a total of 239 risks of which 139 risks (90%) were classified as minor and moderate risk. The remaining 10% was 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 its exposure to foreign currency risk by purchasing USD spot at the time of recording the vendor liability. The Group does not hedge against any 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

2022 started relatively unchanged compared to the last quarter of 2021 as the COVID-19 pandemic remain the main concern. Different countries are implementing commensurate measures to contain the spread whilst juggling and keeping their economies as open as possible. Cross border travel remains nascent but vaccination efforts are being intensified by most countries and hopefully the various economies will experience a more meaningful recovery and reopening in subsequent quarters of 2022.

# MANAGEMENT DISCUSSION AND ANALYSIS

CONT'D

## 5. FUTURE PROSPECTS (Cont'd)

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 are still functioning throughout the movement control period which continued to contribute to our group TPV growth in 2021. By the second quarter of 2022, most countries are already opening their borders, which bodes well for spending in sectors like retail, tourism and leisure activities. Although the COVID-19 pandemic is moving to the endemic stage, consumer sentiment is recovering but cautious.

We are cautiously optimistic of improvements in 2022 compared to 2021 where the group recorded a revenue improvement but margins were impacted due to merchant and revenue type mix.

As COVID-19 vaccines were deployed in stages and intensified in the second half of 2021, there is now a cautious optimism on the gradual recovery in the global economies, and with it, the opening of borders and hence travel and trade. The improving rate of vaccinations has led to most countries slowly relaxing their SOPs and border closures beginning October 2021. The reopening of businesses and borders bodes well for consumption and hence cashless payments to further improve in the coming quarters barring any unforeseen resurgence of COVID-19 cases.

The emergence of the Omicron variant of the COVID-19 pandemic towards the end of 2021 had caused concerns but most countries did not revert to previous strict lockdown measures as vaccination rates are now significantly higher and booster shots are being administered. 2022 still looks poised for a gradual recovery in the global economy and this, again, bodes well for consumer spending to recover further.

However, the recent conflict in north eastern Europe has resulted in uncertainties for the global economies which has seen the significant increase in commodity prices, especially energy costs which may threaten the fragile recovery of a post COVID-19 global economy. This conflict may have wide ranging impacts on the global recovery.

The group 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 develop 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 2021.

# SUSTAINABILITY STATEMENT

## ABOUT THE STATEMENT

We proudly present GHL System Berhad's ("GHL" or 'the Group') fifth Sustainability Statement ("Statement") as our commitment to transparent disclosure of the Group's sustainability performance. This statement summarises key highlights of our Environmental, Social & Governance ("ESG") initiatives and is to be **read jointly with our first standalone Sustainability Report**. The Report provides a comprehensive disclosure from 1 January 2021 to 31 December 2021 ("FY2021") and is available on our corporate website <https://www.ghl.com/>.

We maintained disclosure on the sustainability initiatives and performance from our ASEAN operations, namely the Group Headquarters in Kuala Lumpur and the following subsidiaries:

- GHL Malaysia
- GHL Philippines
- GHL Thailand
- GHL Indonesia
- GHL Australia

As in previous reporting periods, our Sustainability Report has been prepared in accordance with Bursa Malaysia Sustainability Reporting Guide (2<sup>nd</sup> Edition) and is aligned with the Global Reporting Initiative ("GRI") Standards.

## SUSTAINABILITY APPROACH

To better incorporate sustainability in our daily operations, we have updated our sustainability framework in FY2021. Our ESG disclosures are reported according to the four core pillars: Corporate & Business Integrity, Customer Growth, Environmental Excellence and Sustainable Workforce & Community.



# SUSTAINABILITY STATEMENT

CONT'D

## SUSTAINABILITY APPROACH (Cont'd)

In FY2021, we formally adopted four Sustainable Development Goals ("SDGs") that reflect the Group's contribution and commitment to the Sustainable Development Agenda. The four goals are aligned with our core sustainability pillars and consist of the following:



## STAKEHOLDER ENGAGEMENT

We believe that clear and continuous communication with our stakeholders is crucial to build a robust and trusting partnership. We interact with our key stakeholders through various platforms to keep them abreast of their areas of concerns and interests.





# SUSTAINABILITY STATEMENT

CONT'D

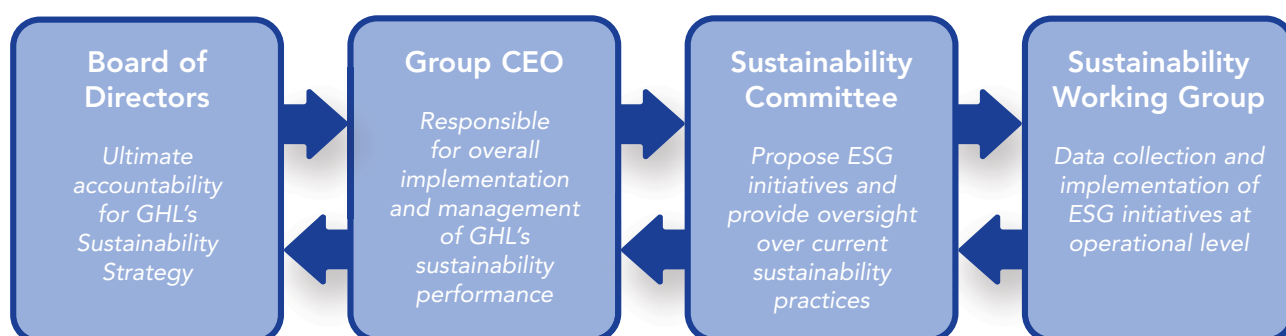
## KEY PERFORMANCE INDICATORS

For this reporting period, we established four KPIs to measure the Group's ESG performance and achievements. The KPIs are selected with our core sustainability pillars and will be tracked on an annual basis.

<b>Corporate and Business Integrity</b>  100% of staff to complete annual training on the Anti-Bribery and Corruption Policy		<b>Achieved</b>
<b>Customer Growth</b>  To maintain a Net Promoter Score, with a target of above 50% by FY2025		<b>Achieved</b>
<b>Environmental Excellence</b>  To achieve 50% reduction in carbon emissions by 2030		<b>In-Progress</b>
<b>Sustainable Workforce and Community</b>  To conduct 4 Corporate Social Responsibility ("CSR") programmes throughout reporting period.		<b>Achieved</b>

## SUSTAINABILITY GOVERNANCE STRUCTURE

In this reporting period, we have restructured our sustainability governance for better implementation and accountability within the company. Our sustainability leadership consists of four tiers, each with its own role and responsibility as illustrated in the diagram below.

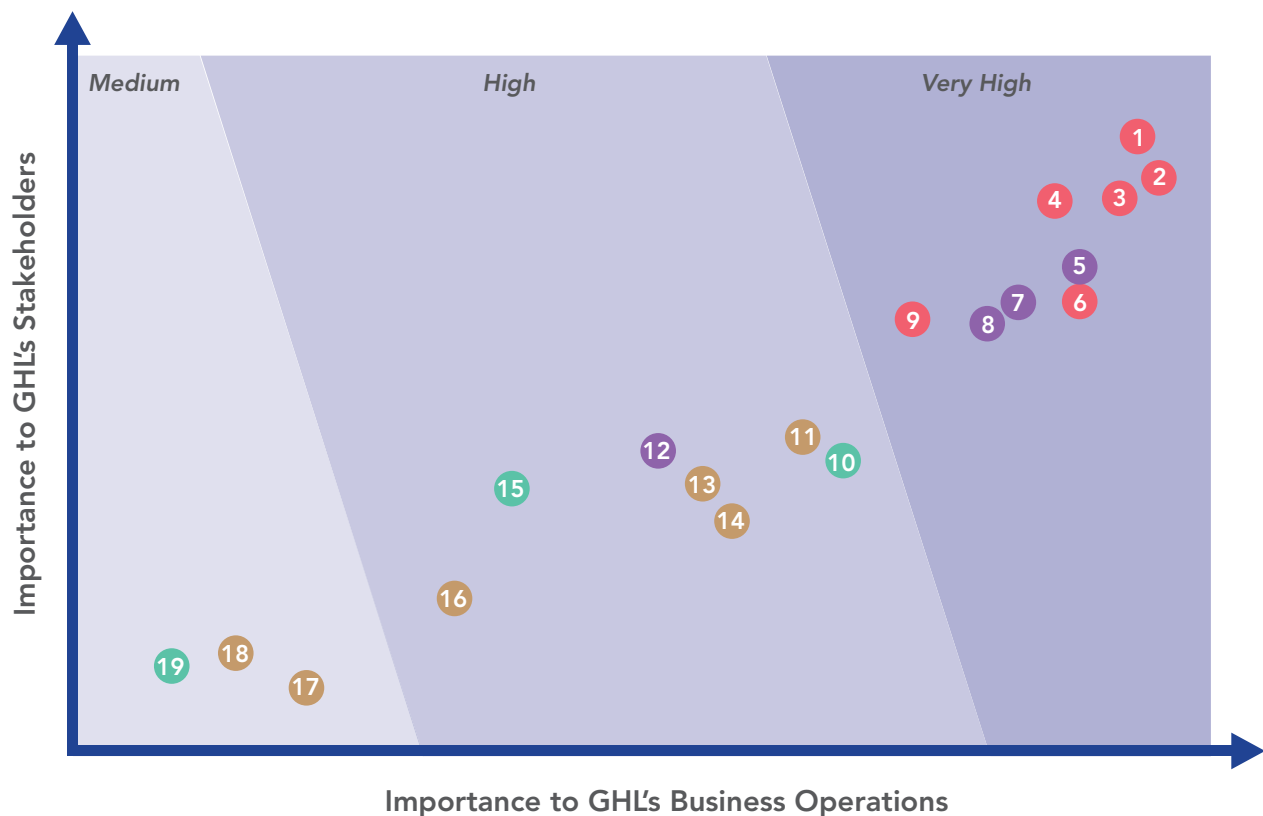


# SUSTAINABILITY STATEMENT

CONT'D

## GHL MATERIALITY ASSESSMENT

For this reporting period, GHL identified a total of 19 material sustainability matters, up from 14 in FY2020 as we expand the scope of our sustainability commitments. We also conducted a materiality assessment to identify the prioritisation of these matters, with the matrix illustrated below. In FY2021, material sustainability matters under the Corporate and Business Integrity pillar were ranked 'Very High' in the matrix, signifying its importance to GHL.



### Corporate and Business Integrity

1. Customer Data Privacy
2. Cyber Security
3. Anti-Money Laundering Policy
4. Anti-Bribery and Corruption Policy
6. Whistleblowing Policy
9. Customer Due Diligence

### Customer Growth

5. Customer Experience
7. Technology and Innovation
8. Product and Service Quality
12. Customer Empowerment Event

### Environmental Excellence

10. Climate Change
15. Waste Management
19. Water Stewardship

### Sustainable Workforce and Community

11. Conducive Workplace
13. Talent Attraction and Retention
14. Employee Diversity and Inclusivity
16. Human Capital Development
17. Corporate Social Responsibility
18. Supply Chain Management

# SUSTAINABILITY STATEMENT

CONT'D

## KEY SUSTAINABILITY DISCLOSURES

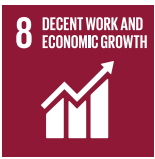
We have categorised all material sustainability matters under the four sustainability pillars, and have mapped each to the relevant stakeholder groups adopted SDGs as well as the management approach.

UN SDGs	Material Sustainability Matters	Key Stakeholder Groups	Key Highlights and Management Approach
<b>Corporate Business and Integrity</b>			
	<b>Customer Data Privacy</b>	<ul style="list-style-type: none"> <li>Customers</li> </ul>	<ol style="list-style-type: none"> <li>Periodic review of Privacy Statement with Board oversight and is publicly available to stakeholders.</li> <li>Suffered a data leak in GHL e-pay system which was rectified by our Information Technology ("IT") Team.</li> <li>Publicly disclosure of data breach incident in the EDGE newspaper to remain transparent with stakeholders.</li> </ol>
	<b>Cyber Security</b>	<ul style="list-style-type: none"> <li>Regulators/ Government</li> </ul>	<ol style="list-style-type: none"> <li>Compliance with the Payment Card Industry Security Standards Council ("PCISSC").</li> <li>Dedicated IT professionals with robust company policies/procedures.</li> <li>Established a comprehensive playbook to identify and handle suspected cyber security threats.</li> </ol>
	<b>Anti-Money Laundering Policy</b>	<ul style="list-style-type: none"> <li>Regulators/ Government</li> <li>Shareholders/ Investors</li> </ul>	<ol style="list-style-type: none"> <li>Maintained the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Policy.</li> <li>Periodic review of Policy with audits conducted, which did not identify any risk areas or non-compliance.</li> <li>Comprehensive employee training on customer due diligence and detection of suspicious transactions.</li> </ol>
	<b>Anti-Bribery and Corruption Policy</b>	<ul style="list-style-type: none"> <li>Regulators/ Government</li> <li>Employees</li> </ul>	<ol style="list-style-type: none"> <li>On-going review of Anti-Bribery and Corruption ("ABC") Policy to ensure alignment with Malaysian Anti-Corruption Commission ("MACC").</li> <li>Annual training on ABC Policy, with additional MACC training for GHL Malaysia employees.</li> <li>Group-wide on-boarding assessment, with zero operational areas identified as high risk and zero incidents of corruption recorded.</li> </ol>
	<b>Whistleblowing Policy</b>	<ul style="list-style-type: none"> <li>Employees</li> </ul>	<ol style="list-style-type: none"> <li>Maintained the Whistleblowing Policy, with translations available in the respective language of GHL's respective country of operations.</li> <li>Received no reports through the whistleblowing channel in FY2021</li> </ol>
	<b>Customer Due Diligence</b>	<ul style="list-style-type: none"> <li>Customers</li> </ul>	<ol style="list-style-type: none"> <li>Established a Know-Your-Customer customer due diligence ("CDD") procedure for customer identification and background check.</li> <li>Conducted a review of the CDD process which uncovered a potential risk area that was amended promptly.</li> </ol>

# SUSTAINABILITY STATEMENT

CONT'D

## KEY SUSTAINABILITY DISCLOSURES (Cont'd)

UN SDGs	Material Sustainability Matters	Key Stakeholder Groups	Key Highlights and Management Approach
<b>Customer Growth</b>			
	Customer Experience	<ul style="list-style-type: none"> <li>Customers</li> </ul>	<ol style="list-style-type: none"> <li>Upgraded the Merchant Portal services with dashboard enhancements to improve user experience.</li> <li>Maintained the Net Promoter Score to gauge customer satisfaction.</li> <li>Engagement of new customers through monthly Welcome Calls and provision of a Terminal User Guide.</li> </ol>
	Technology and Innovation	<ul style="list-style-type: none"> <li>Customers</li> </ul>	<ol style="list-style-type: none"> <li>Launch of CARDit programme to enable small and medium enterprise transition from traditional cash transactions.</li> </ol>
	Product and Service Quality	<ul style="list-style-type: none"> <li>Customers</li> </ul>	<ol style="list-style-type: none"> <li>Regular review of merchant experience to inform GHL service quality monitoring.</li> <li>Monthly Service-Level Agreements ("SLA") Reports for banks to communicate GHL's progress against terminal fault calls.</li> </ol>
	Customer Empowerment Event	<ul style="list-style-type: none"> <li>Customers</li> <li>Media</li> </ul>	<ol style="list-style-type: none"> <li>Key study case for the Chartered Financial Analyst ("CFA") Research Institute to present an overview of Group's operations, contribution and achievements in the cashless ecosystem.</li> <li>Group CEO speech during webinar series for Standards Chartered Corporate, Commercial &amp; Institutional Banking Financial Analyst event.</li> <li>Collaboration with Malaysian Digital Economic Corporate to present insights on digital disruption during Malaysia Tech Month 2021.</li> </ol>
<b>Sustainable Workforce and Community</b>			
	Employee Diversity and Inclusivity	<ul style="list-style-type: none"> <li>Employees</li> </ul>	<ol style="list-style-type: none"> <li>Diversity and inclusion training programme embedded into onboarding programme for new hires.</li> <li>GHL Malaysia organised a Kolam Competition to celebrate Deepavali.</li> <li>Zero incidents of discrimination recorded at GHL.</li> </ol>
	Conducive Workplace	<ul style="list-style-type: none"> <li>Employees</li> </ul>	<ol style="list-style-type: none"> <li>Board approval for the Labour &amp; Human Rights Policy.</li> <li>Regular Coffee Table and Townhall sessions for employees to voice any grievances in the workplace.</li> <li>Comprehensive workplace policy and guideline to curb COVID-19 infections.</li> <li>Distribution of a total of 663 giftbox to employees in conjunction with International Workers Day.</li> <li>Curated workshops for GHL Wellness Month to promote physical and mental care amongst employees.</li> </ol>

# SUSTAINABILITY STATEMENT

CONT'D


## KEY SUSTAINABILITY DISCLOSURES (Cont'd)

UN SDGs	Material Sustainability Matters	Key Stakeholder Groups	Key Highlights and Management Approach
<b>Sustainable Workforce and Community</b>			
	<b>Talent Attraction and Retention</b>	<ul style="list-style-type: none"> <li>Employees</li> </ul>	<ol style="list-style-type: none"> <li>1. Emphasis on meritocracy during the recruitment and promotion process as outlined in the Gender Diversity Policy.</li> <li>2. Fair remuneration to all employees in compliance with relevant local regulations.</li> <li>3. Competitive employee benefits maintained from FY2020.</li> </ol>
	<b>Human Capital Development</b>	<ul style="list-style-type: none"> <li>Employees</li> </ul>	<ol style="list-style-type: none"> <li>1. Maintained the High Potential ("HIPO") Programme to support the growth of talent staff for leadership positions.</li> <li>2. Internship opportunities for fresh university graduates.</li> <li>3. A total of 4302 training hours across the Group, amounting to an average of 4.74 hours per employee.</li> </ol>
	<b>Supply Chain Management</b>	<ul style="list-style-type: none"> <li>Suppliers</li> </ul>	<ol style="list-style-type: none"> <li>1. Continuous monitoring and planning by the Group Procurement team to minimise disruption with supply chain partners.</li> <li>2. Annual assessment of Group's suppliers, with criteria and expectations appended in contracts.</li> <li>3. 95% of all contracts awarded to local suppliers, with the remaining 5% for overseas payment terminal manufacturers.</li> </ol>
	<b>Corporate Social Responsibility</b>	<ul style="list-style-type: none"> <li>Local Community</li> <li>Employees</li> <li>Media</li> </ul>	<ol style="list-style-type: none"> <li>1. Flagship Programme "Support Our Merchants &amp; Care for Community" focused on raising donation drive to support GHL Merchants and local non-governmental organisations ("NGO").</li> <li>2. Contribution of funds to the Forest Research Institute Malaysia ("FRIM"), along with participation in tree-planting activities by GHL staff.</li> </ol>

# SUSTAINABILITY STATEMENT

CONT'D

## KEY SUSTAINABILITY DISCLOSURES (Cont'd)

UN SDGs	Material Sustainability Matters	Key Stakeholder Groups	Key Highlights and Management Approach
<b>Environmental Excellence</b>			
	<b>Climate Change</b>	<ul style="list-style-type: none"> <li>Regulators/ Government</li> <li>Shareholders/ Investors</li> </ul>	<ol style="list-style-type: none"> <li>Establishment of a Climate Change &amp; Risk Policy.</li> <li>Identified climate risk in GHL Crisis Management Strategy Policy.</li> <li>Collaboration with the CEO Action Network ("CAN") to advocate for affirmative climate action amongst business leaders.</li> <li>Partnered with Econinja on carbon sequestration programmes through tree and coral reef planting.</li> <li>Transition from on-premise data centres to cloud computing via Amazon Web Services as it is more energy efficient and sources renewable energy.</li> <li>Commenced installation of photovoltaic solar panels on headquarter office building as a pilot project.</li> </ol>
	<b>Waste Management</b>	<ul style="list-style-type: none"> <li>Regulators/ Government</li> <li>Local Community</li> </ul>	<ol style="list-style-type: none"> <li>Amount of waste generated was negligible due to work-from-home arrangements.</li> <li>Electronic waste from obsolete terminals is disposed by specialised waste authority according to national regulation and industry best practices.</li> </ol>
	<b>Water Stewardship</b>	<ul style="list-style-type: none"> <li>Local Community</li> </ul>	<ol style="list-style-type: none"> <li>Group's water related risks in water-scarce region such as Australia is deemed negligible due to minimal size of its operations.</li> <li>Total water consumption amounted to 2128 m<sup>3</sup>, a 51.4% reduction since FY2020 due to minimal staffing in office buildings.</li> </ol>

Note: More detailed disclosure of GHL's management approach is available in our Sustainability Report 2021.

## CONCLUSION

We have made significant strides integrating ESG in the Group's business strategy through the establishment of our Sustainability Framework. Moving forward, we will continue strengthening our sustainability commitments to become an ESG-centric company that brings long-term value to all.



## DIRECTORS' PROFILE



**DATUK KAMARUDDIN BIN TAIB**  
*Independent Non-Executive Chairman*  
 Malaysian, Age 65, 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 was a member of the Audit and Risk Committee and Chairman of Nomination and Remuneration Committee, subsequently resigned on 25 November 2021 and 18 February 2022 respectively. 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 an 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.

Datuk Kamaruddin has stepped down as the Independent Non-Executive Chairman and Director of HSBC Amanah Malaysia Berhad on 31st December 2021 and subsequently on 1st January 2022 was appointed as an Independent Non-Executive Director of HSBC Bank Malaysia Berhad.

He attended all eight (8) Board Meetings held during the financial year ended 31 December 2021.

## DIRECTORS' PROFILE

CONT'D



**LOH WEE HIAN, SIMON**  
*Executive Vice Chairman*  
 Malaysian, Age 60, 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 at present.

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. Simon was instrumental in merging GHL and e-pay in 2013, and has since created significant shareholder value.

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 eight (8) Board Meetings held during the financial year ended 31 December 2021.

## DIRECTORS' PROFILE

CONT'D



**DATO' CHAN CHOY LIN, CAROL**  
*Independent Non-Executive Director*  
Malaysian, Age 65, 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 was designated as Chairman of the Nomination and Remuneration Committee on 18 February 2022.

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 eight (8) Board Meetings held during the financial year ended 31 December 2021.

## DIRECTORS' PROFILE

CONT'D



### MATTEO STEFANEL

*Non-Independent Non-Executive Director  
Italian, Age 47, Male*

Mr. Matteo Stefanel was appointed as Non-Independent Non-Executive Director of the Company on 22 November 2018. He is a member of the Audit and Risk Committee and the Nomination and Remuneration Committee.

Matteo's deep expertise in financial institutions and financial infrastructure spans 25 years and three continents (Europe, Asia and Africa), both as an investor and as 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 where he was the Managing Director 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 eight (8) Board Meetings held during the financial year ended 31 December 2021.

## DIRECTORS' PROFILE

CONT'D



**RICHARD HENRY PHILLIPS**

*Non-Independent Non-Executive Director  
British, Age 58, 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.

Mr. Phillips began his career in private equity at 3i in the UK and then joined CDC. He was based in Uganda, Zimbabwe, Malaysia and Egypt before returning to the UK after 20 years abroad. Over 36 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 and the Egypt 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 attended four (4) out of five (5) Board Meetings held during the financial year ended 31 December 2021 since his appointment on 16 April 2021.

## DIRECTORS' PROFILE

CONT'D



### KUNG LEE SEE

*Independent Non-Executive Director  
Malaysian, Age 59, Female*

Ms Kung Lee See was appointed as the Independent Non-Executive Director of the Company on 1 October 2021. She was appointed as a member of the Audit and Risk Committee and the Nomination and Remuneration Committee on 25 November 2021.

Over the last 35 years, Ms Kung Lee See has worked with several organizations and has been exposed to various industries, including public accounting, banking, finance, healthcare, telecommunications, human resource consultancy and technology innovation.

Ms Kung Lee See holds a Bachelor Degree in Computer Science (with great distinction) from University of Brandon, Manitoba, Canada. After graduation in 1985, she joined Kassim Chan & Co (currently known as Deloitte Malaysia) as an External Auditor and Information Technology Auditor. In 1988, she left and joined Hong Leong Finance Berhad as a Systems Executive where she designed, developed and implemented banking applications.

In 1991, she facilitated the setting-up of Innovative Software Solutions (M) Sdn Bhd which builds software for the healthcare industry. She started as a Systems Analyst and eventually became the Deputy Managing Director. In 1995, she facilitated the setting-up of another company in healthcare system industry, before she founded WizSoft Technology Sdn Bhd ("WizSoft") in 1996. WizSoft focuses on software development, consultancy and project management for the finance, healthcare and human resource industries. In 2000, she sold part of WizSoft and was retained as the Chief Executive Officer of WizSoft until 2007.

From 2008 to 2020, she moved on to providing project management consultancy services globally, in the areas of solution architecture, development, integration, data migration, testing and deployment.

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

She attended one (1) out of one (1) Board Meetings held during the financial year ended 31 December 2021 since her appointment on 1 Oct 2021.



## DIRECTORS' PROFILE

CONT'D



**TAN LYE SIM**

*Independent Non-Executive Director  
Malaysian, Age 65, Female*

Ms Tan Lye Sim was appointed as the Independent Non-Executive Director of the Company on 1 October 2021. She was appointed as a member of the Audit and Risk Committee and the Nomination and Remuneration Committee on 25 November 2021.

Ms Tan Lye Sim is a fellow member of The Association of Chartered Certified Accountants. She is an accomplished risk practitioner with more than 30 years of experience in financial institutions.

After 13 years working with various financial institutions in London, she joined MBf Finance Berhad as Senior Manager, Head of Treasury Settlement in 1997. She was promoted to Head of Risk Management Department in 1998. She then moved into risk management consultancy services in 2002, before returning to the financial sector in 2005, holding senior positions such as the Head of Treasury Compliance of RHB Bank Berhad, Group Chief Risk Officer of Alliance Financial Group, Group Chief Risk Officer of Hong Leong Bank Berhad, Director and Head of Operational Risk Management of CIMB Investment Bank Berhad. Her last position was as Group Chief Risk Officer at Kenanga Investment Bank Berhad from 2013 to 2017.

In addition to the above, Ms Tan was an Independent Non-Executive Director of Bank Pembangunan Malaysia Berhad from September 2018 to September 2020. She was the Chairman of the Group Risk Management Committee. Ms Tan is currently an Independent Non-Executive Director of Malaysian Life Reinsurance Group Berhad.

She attended one (1) out of one (1) Board Meetings held during the financial year ended 31 December 2021 since her appointment on 1 Oct 2021.

## DIRECTORS' PROFILE

CONT'D



### SEAN S. HESH

*Executive Director and  
Group Chief Executive Officer  
American, Age 59, Male*

Sean S. Hesh was appointed as the Group Chief Executive Officer of GHL Systems Berhad on 27 November 2020 and subsequently appointed as Executive Director of the Company on 1 October 2021.

Sean is a high calibre 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 (now Fiserv) 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. 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, Europe, and 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).

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

He attended one (1) out of one (1) Board Meetings held during the financial year ended 31 December 2021 since his appointment on 1 Oct 2021.

## DIRECTORS' PROFILE

CONT'D



**Loh Hin Yaw**

*Alternate Director to Loh Wee Hian and  
Managing Director of e-pay (M) Sdn Bhd  
Malaysian, Age 28, Male*

Mr Loh Hin Yaw was appointed as the Alternate Director to Mr Loh Wee Hian on 1 Oct 2021.

Mr Loh Hin Yaw joined GHL Systems Berhad ("GHL") in March 2018 as an Associate in Special Projects department, where he was responsible for new product development. In January 2020, he was promoted to Special Projects Manager, tasked to manage and grow GHL's e-pay business and subsequently promoted to Managing Director of e-pay (M) Sdn Bhd in January 2021.

He holds a Bachelors of Commerce from University of Melbourne and Master of Business Administration from RMIT University.

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

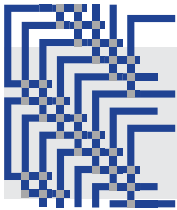
His father, Loh Wee Hian is the Executive Vice Chairman and major shareholder of the Company.

**NOTES:**

Saved as disclosed above, none of the Directors has: -

1. any family relationship with any Directors and/or major shareholders of the Company;
2. any conflict of interest with the Company;
3. any conviction for offences within the past 5 years other than traffic offences; and
4. any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

## KEY SENIOR MANAGERMENTS' PROFILE



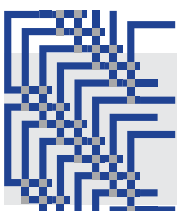
### YAP CHIH MING

*Group Chief Financial Officer  
Malaysian, Age 50, Male*

Yap Chih Ming joined GHL Systems Berhad (GHL) on 2 July 2012 as the Group Chief Financial Officer. In 2016, Chih Ming assumed the Chief Operating Officer (COO) position 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 had garnered over ten years of experience in the e-payment industry. In 1999, he joined e-pay (M) Sdn. Bhd., one of the most comprehensive electronic payment service networks across Malaysia, as the 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.



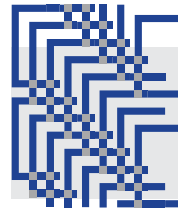
### TAN HONG SERN

*Group Chief Technology Officer  
Malaysian, Age 50, Male*

Hong Sern joined GHL Systems Berhad on 1 November 2021 as the Group Chief Technology Officer.

Hong Sern has more than 25 years of experience in IT with a proven track record in financial institutions & capital markets, which utilizes complex and mission critical IT. He was instrumental in technology and process transformation for leading financial institutions, stabilizing IT operations, building a talented team and timely technology execution in sustaining the aggressive business plan and growth.

Hong Sern holds a MBA (IT Management) and BSc (Computer Science).



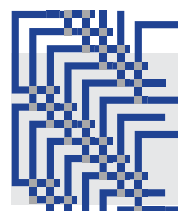
### DUNSTAN GERALD MAURICE

*Group Chief Risk Officer  
Malaysian, Age 45, 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 Bachelor's Degree in Business Administration from the Royal Melbourne Institute of Technology - RMIT Australia and a Certified Enterprise Risk Manager (ERM) – IERP UK, Faculty Member of the Institute Of Enterprise Risk Practitioners (IERP), Fellow Member of the Institute of Administrative Management (UK) and Member of the Institute of Corporate Directors Malaysia (ICDM).

In his 24 years of Risk Management experience, Dunstan has diverse exposure in the banking and financial services industry as well as compliance advisory. Prior to GHL he held various positions with various leading financial institutions such as American Express, Maybank, OCBC and CIMB. Dunstan has in-depth domain experience in consumer (retail) and merchant portfolio specialising in the areas of Credit Card Fraud, Banking Fraud, Cards Authorisation, Enterprise Risk Management (ERM) using ISO 31000 Standards and the Credit Community (Money Lending) requirements.



### KEVIN LEE

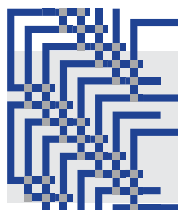
*Chief Executive Officer,  
GHL Malaysia  
Malaysian, Age 39, Male*

Kevin Lee's career at GHL 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 GHL Malaysia on 1 April 2019.

With more than 17 years of experience, while travelling extensively in the last 11 years around ASEAN, Middle East, and African region, Kevin successfully delivered and implemented large scale e-payment initiatives. 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.

## KEY SENIOR MANagements' PROFILE

CONT'D

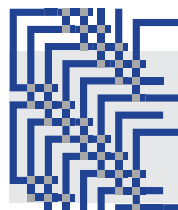


### REY MARIA R. CHUMACERA

*Chief Executive Officer  
GHL Systems Philippines, Inc.  
Filipino, Age 55, 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.

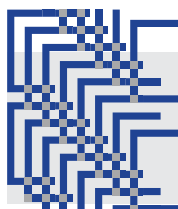


### FRANK LEONG

*Chief Operating Officer – Paysys  
Malaysian, Age 51, Male*

Frank Leong is one of the co-founders of Paysys established in Nov 1999. He started in Paysys as a Software Director overseeing all Technology and Development. He took over the role of COO on 1 June 2019 to oversee the entire operations of Paysys.

He holds a Bachelor of Science in Information Systems (Thames Valley University). Prior to Paysys he was the Systems Development Manager in Perkom which he was in charge of development of credit and debit terminal payment applications. He has 28 years of experience in the terminal payment industry.



### PRINYA JINANTUYA

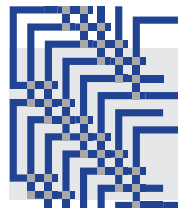
*Chief Executive Officer,  
GHL (Thailand) Co., Ltd  
Thai, Age 52, Male*

Mr. Prinya Jinantuya was appointed as the Chief Executive Officer of GHL (Thailand) Co., Ltd on 1 November 2021.

Equipped with deep expertise in financial institutions and business development experience spanning over 20 years, Prinya brings to the team an extensive knowledge of the payments and financial services industry (banking, credit cards and payment solution) in Thailand. His key areas of expertise include finance, business development, strategic planning, strategic partnership negotiation and management, marketing and project management.

Prior to GHL, Prinya served in various capacities at AMEX, VISA, MasterCard, Go Swift, Thanachart Bank, Krung Thai Bank, Siam Commercial Bank and Pine Labs, where he successfully managed the implementation of a number of large scale projects including the roll-out of mPOS, Prepaid Card BIN Sponsorship with 5 e-Wallets provider and the Government National e-Payment project in Thailand.

Prinya holds a Bachelor of Business Administration in Marketing from The University of the Thai Chamber of Commerce, Bangkok, Thailand and a Master of Business Administration in International Business Program from Pacific State University, USA.



### CHONG KOK WAI

*Group Head - Legal,  
Compliance & Sustainability  
Malaysian, Age 48, Male*

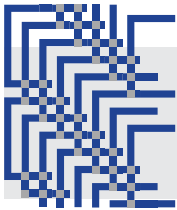
Chong Kok Wai joined GHL Systems Berhad as Group Head, Legal, Compliance & Sustainability on 2 March 2021. He holds a Bachelor of Laws (LL.B) (Hons) from University of London and was admitted to the Malaysian Bar in 2001. He is also an Associate Member of the Institute of Internal Auditors Malaysia (AIIA). He is also currently the Co-Lead in the CEO Action Network which is a closed-door peer-to-peer informal network of CEOs and Board Members focusing on sustainability advocacy capacity building action and performance.

Prior to joining GHL Systems Berhad, he was overseeing the area of Legal and Compliance in a reputable REIT as well as a registered Compliance Officer with the Securities Commission from 2016 to 2021. He was also a practising Advocate & Solicitor for 16 years specializing mainly in the areas of corporate banking litigation and conveyancing.

He started his career in Standard Chartered Bank Malaysia Berhad in the Legal Credit Risk and Loss Prevention and was in charge of monitoring legal action against delinquent and charged off accounts including but not limited to implementation of credit policy and budget planning and was awarded the Best Customer Assistance Officer for the year 1998 during the Consumer Banking Conference.

## KEY SENIOR MANagements' PROFILE

CONT'D



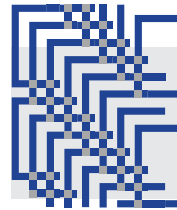
### JEREMY LOW PENG HUI

*Group Head – Operations  
Malaysian, Age 46, 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. Throughout 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 GHL 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 were recognised. On 1 January 2019, he was subsequently promoted to Group Head of Operations for GHL Systems Berhad.

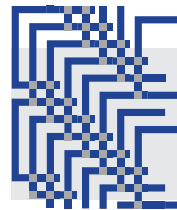
Jeremy graduated with a Bachelor of Business (Accounting) degree from the Royal Melbourne Institute of Technology (RMIT). Prior to joining e-pay (M) Sdn. Bhd., he served as a Senior Officer for the Credit Department in Star Cruises.



### SALLY CHONG

*Group Head, Human Resource  
and Administration  
Malaysian, Age 48, Female*

Sally joined GHL Malaysia on 15 May 2017 as Senior Manager managing the Human Resources and Administration function of GHL Malaysia and e-pay. She was subsequently promoted to her current position on 1 July 2021 to oversee the Group's Human Resources and Administration in May 2021. Sally has 15 years of working experience prior to joining GHL. She has worked in various roles in the Human Resource functions for several leading organizations in the Business Process Outsourcing (BPO), Telecommunications, HR Consultancy, Technology industries and graduated with a Diploma in Information Technology.



### SHOBANA DEVI JAYANDRAN

*Head, Corporate  
Communications & Marketing  
Malaysian, Aged 46, Female*

Shobana joined GHL Systems Berhad in May 2021 as the Head of Corporate Communication & Marketing, providing in-house corporate communication and marketing support to the Group's activities across all of markets and business units.

She has over 20 years of experience covering various industries spanning GLC, MNC and startups, in key corporate roles managing communications, branding, marketing, digital marketing and content management. She received her Bachelor of Arts degree in English Literature from University of Malaya and also has a Professional Diploma in Digital Marketing from Digital Marketing Institute.

#### NOTES:

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

1. any directorship in public companies and listed issuers;
2. any family relationship with any director and/or major shareholder
3. any conflict of interests that the person has with the listed issuer; and
4. 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.



## 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.

#### Helpdesk (Customer Care)

Tel : +603-5623 6000  
Email : customerservices@ghl.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,  
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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") recognizes 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 2021 ("FY 2021"). The details on how the Company has applied each Practice as set out in the MCCG during FY 2021 are disclosed in the Corporate Governance Report, which is publicly available on the Company's website at [www.ghl.com](http://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 5.4

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

### ii. Practice 8.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM200,000.

### iii. Practice 12.2

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 8.3 – Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

### ii. Practice 9.4 – Step Up

The Audit Committee should comprise solely of Independent Directors.

### iii. Practice 10.3 – 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 of Non-Executive Directors. The functions and Terms of Reference of these committees as well as the 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](http://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 emphasizes the importance for all Directors and Employees to embrace good corporate governance practices and ethical standards. In view of this, the Board has formalized ethical standards and systems of compliance through the Company's Code of Ethics and Conduct. These codes are aimed to emphasize 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](http://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](http://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)

In addition to the above, the Board has also established a Sustainability Committee spearheaded by the Group Head of Legal Compliance and Sustainability in line with the current importance of ESG Sustainability adoption in accordance with the MCCG 2021 which focus mainly on driving the Group Sustainability to keep abreast and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

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 shareholder's 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
- 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 2021, eight (8) 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	8/8
Loh Wee Hian	Executive Vice Chairman	8/8
Dato' Chan Choy Lin, Carol	Independent Non-Executive Director	8/8
Matteo Stefanel	Non-Independent Non-Executive Director	8/8
Richard Henry Phillips	Non-Independent Non-Executive Director	4/5
Sean S Hesh	Executive Director	1/1
Kung Lee See	Independent Non-Executive Director	1/1
Tan Lye Sim	Independent Non-Executive Director	1/1
Loh Hin Yaw	Alternate Director to Loh Wee Hian	-/-

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	HSBC Non-Executive Global Mandatory Training- Trimester 1 Health Safety & Well Being, Risk Management HSBC Non-Executive Global Mandatory Training- Trimester 2 Health Safety & Well Being, Risk Management HSBC Non-Executive Global Mandatory Training- Trimester 3 Conduct Including "Speak Up" Workplace Harrassment Distinguished Board Leadership Series Rethinking Our Approach to Cyber Defence in Financial Institutions Walkthrough of the new product developmentBoard Effectiveness Evaluation Industry Briefing ASEAN Healthcare Webinar: Covid 19 Vaccine Roll Out and the Recovery of ASEAN Economy BNM FIDE Forum: MASB Dialogue MFRS 17 Insurance Contracts: What Every Director Must Know Scaling up sustainable finance in ASEAN-The Malaysian Journey Implementing the Amendments in the Malaysian Code on Corporate Governance Masterclass on Inclusion& Diversity for CEOs & Board Members Flagship Event on climate change, Finance for Change Virtual Conference 1. Sustainability as a Business 2. JC3 Outcomes and Implications for Financial Institutions 3. Sustainable Finance for the Private Sector Climate Change Impact on Banks & Role of the Board Shaping the Future of FI Board Leadership The Board's Role and responsibilities in Crisis Communication Cyber Security in Covid Times

# 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
Loh Wee Hian	MACC Training Environmental Social and Governance (ESG) Gap Analysis 2022 Malaysia Budget
Dato' Chan Choy Lin, Carol	Financial Institutions' Directors Education (FIDE) Forum: Rethinking our approach to Cyber Defense in Financial Institutions FIDE Forum: Board Effectiveness Evaluation Bank Negara Malaysia ("BNM") – FIDE Forum: MFRS 17 for Insurance Industry what every director need to know KPMG Asia Pacific Board Leadership Centre: Board and Audit Committee priorities in 2021 FIDE Forum: The role of Independent Director by Deputy Governor of BNM Actis/Fidelio Partners: Master Class for Board members on Inclusion and Diversity BNM-FIDE Forum: JC3 Flagship Conference 2021 Section 17A MACC AMENDMENT ACT 2018 (Corporate Liability) Climate Governance Malaysia: Directors' Duties on Climate Change In house training: The Updated Malaysia Code on Corporate Governance 2021 KPMG- 2021 MFRS Updates Securities Commission Malaysia : Audit Oversight Board Conversation with Audit Committee Price Waterhouse Coopers/ Bursa Malaysia Berhad : Fraud Risk Management Workshop Crowe : Budget 2022 - Key tax Changes affecting business and companies
Matteo Stefanel	MACC Training Environmental, Social and Governance (ESG) Gap Analysis by AGV Sustainability & ESG Services Sdn. Bhd Anti money laundering Conduct Rules for the U.K. Senior Manager and Certification Regime Anti Bribery and Corruption
Richard Henry Phillips	MACC Training Environmental, Social and Governance (ESG) Gap Analysis by AGV Sustainability & ESG Services Sdn. Bhd Mandatory Accreditation Programme Anti money laundering Conduct Rules for the U.K. Senior Manager and Certification Regime Anti Bribery and Corruption
Tan Lye Sim	Mandatory Accreditation Programme 2022 Malaysia Budget BNM FIDE Forum Annual Dialogue with Governor
Kung Lee See	Mandatory Accreditation Programme 2022 Malaysia Budget Certificate in Business Networking Mastery
Sean S Hesh	Mandatory Accreditation Programme 2022 Malaysia Budget MACC Training
Loh Hin Yaw	Mandatory Accreditation Programme 2022 Malaysia Budget MACC Training

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

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

### 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 nine (9) members, comprising two (2) Executive Directors and six (6) Non-Executive Directors, of which four (4) are Independent Non-Executive Directors including the Chairman and one (1) Alternate Director.

It is worth to note that in line with good corporate governance and in accordance with Practice 5.2 of the MCCG 2021, half of the Board are made up of Independent Non-Executive Directors and in accordance with Practice 5.9 of the MCCG 2021, the Board comprises at least 30% of women Directors.

The Board is cognizant of the recommendation on Boardroom diversity as stated in the MCCG 2021 and acknowledges the importance of diversity in terms of skills, experience, age, gender, cultural background, and ethnicity, and recognizes the benefits of diversity at leadership and employee level. In line with the MCCG 2021, the Board has adopted a Gender Diversity Policy in 2021 and 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 calibers. 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 maximize the shareholders' value.

Recognizing the benefits of diversity in its broad spectrum and in line with the MCCG 2021 echoing the importance of Sustainability, the Company has formalized a Gender Diversity Policy which is published on the Company's website at [www.ghl.com](http://www.ghl.com). In accordance with the Gender Diversity Policy evaluation of suitability of candidates is based on the candidates' competency, character and time availability.

#### Nominating and Remuneration Committee ("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](http://www.ghl.com).

The present members of the NRC are as follow:

Designation	Directors	Designation	Attendance
Chairman	Dato' Chan Choy Lin, Carol	Independent Non-Executive	4/4
Member	Matteo Stefanal (appointed on 18 May 2021)	Non-Independent Non-Executive	2/2
Member	Hossameldin Abdelhamid Mohamed Aboumoussa (Resigned wef. 11 March 2021)	Non-Independent Non-Executive	1/1
Member	Tan Lye Sim (appointed on 25 November 2021)	Independent Non-Executive	-
Member	Kung Lee See (appointed on 25 November 2021)	Independent Non-Executive	-

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

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

### II. BOARD COMPOSITION (Cont'd)

#### Nominating and Remuneration Committee ("NRC")

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

- i. Reviewed the size, structure, and composition of Board and Board Committees based on the required skill, knowledge, and diversity
- ii. Facilitated Board, Board Committees, and Directors assessment and reviewed the results
- iii. Facilitated Board discussion on key management's annual appraisal results
- iv. Reviewed 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
- v. Reviewed Executive Directors' service contract
- vi. Reviewed the training needs of Directors and independence of Independent Directors
- vii. Reviewed and recommended the appointment and re-election of Directors
- viii. Reviewed the Executive's Share Scheme
- ix. Reviewed and recommended appointment of Group Chief Executive Officer

In February 2021, the Board through the NRC met to review and discuss the Directors performance and effectiveness of the Board, Board Committees and individual Directors taking into account the required mixed skills, experience and core competencies of the Board as well as the term of office and performance of each of its members.

Based on the annual assessment conducted, the NRC was satisfied with the existing Board composition and concluded that each Director has the requisite competence and capability to serve on the Board and had demonstrated their commitment to the Company in terms of time and participation during the year under review.

In tandem with the MCCG2021, 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.

### 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 namely the Senior Management Remuneration Policy and Procedure 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 FY2021 are disclosed under Practice 8.1 of the Corporate Governance Report that is available on the Company's official website at [www.ghl.com](http://www.ghl.com).



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

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

### III. REMUNERATION (Cont'd)

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 five (5) Senior Management personnel's remuneration for FY2021 in bands of RM, which is available in Practice 8.2 of the Corporate Governance Report that is available on the Company's official website at [www.ghl.com](http://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 four (4) 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](http://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.

This system is reviewed at least bi-annually by the Board in terms of its continuing adequacy and operating effectiveness in all material aspects.

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.

### Sustainability Strategies

The Board has taken a leap forward in the year 2021 in respect of Sustainability and in line with the MCCG 2021, the Board has set up a Sustainability Committee headed by the Group Head of Legal Compliance and Sustainability wherein a Sustainability Framework was created and apart from adopting four (4) new policies namely (1) Climate Change & Risk Policy, (2) Labour & Human Rights Policy, (3) Gender Diversity Policy and (4) the Senior Management Remuneration Policy and Procedure, the Board through the Sustainability Committee has taken great steps to adopt the ESG Sustainability Framework in line with the United Nation Sustainable Development Goals and the details of which are stated clearly in our Sustainability Report.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONT'D

## 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 recognizes 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](http://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 our 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 25 May 2021 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](http://www.ghl.com).

The Board approved this Statement in accordance with Board's Resolution dated 28 March 2022.

# AUDIT AND RISK COMMITTEE REPORT

The Audit and Risk Committee ("ARC") 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 2021 ("FY2021") 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 the following four (4) members, all of whom are Non-Executive Directors with the majority being independent.

Designation	Name	Directorship
Chairman	Dato' Chan Choy Lin, Carol	Independent Non-Executive
Member	Matteo Stefanel (appointed wef 18 May 2021)	Non-Independent Non-Executive
Member	Datuk Kamaruddin Bin Taib (Resigned wef 25 Nov 2021)	Independent Non-Executive
Member	Tan Lye Sim (appointed wef 25 Nov 2021)	Independent Non-Executive
Member	Kung Lee See (appointed wef 25 Nov 2021)	Independent Non-Executive

All members of ARC are financially literate, possess wide range of skills and expertise, 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, majority of members being Independent Directors, and one member must be a member of the MIA.

## ATTENDANCE OF MEETINGS

The ARC held five (5) meetings during FY2021. The Company Secretary is responsible for distributing the notice of the meetings to the Committee members prior to each meeting and for recording the proceedings of the meetings thereat.

# 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 FY2021 are as follows: -

Directors	Designation	Attendance
Dato' Chan Choy Lin, Carol	Chairman	5/5
Matteo Stefanel	Member	2/3
Datuk Kamaruddin Bin Taib	Member	5/5
Tan Lye Sim	Member	-/-
Kung Lee See	Member	-/-

The Group Chief Executive Officer ("CEO") and the Group Chief Financial Officer ("CFO") were invited to all ARC meetings to facilitate direct communication related to the Group's financial results while the Group Chief Risk Officer ("CRO") was invited 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 ARC meetings, 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 when confidentiality of matters being discussed needs to be preserved. The ARC members held one (1) private meeting with the External Auditors in FY2021 without the presence of the Management.

Minutes of all ARC meeting were recorded and tabled for confirmation at the following ARC meeting and were 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 processes, system of internal control audit process as well as to ensure 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](http://www.ghl.com).

## SUMMARY OF ACTIVITIES DURING FINANCIAL YEAR ENDED 31 DECEMBER 2021

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 and determined to be in line with MMLR and MCGG.

The main activities undertaken by the Committee during 2021 are summarised as follow:

### Financial Reporting:

- Reviewed the audited financial statements of the Group and of the Company in conjunction 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
- Reviewed the quarterly unaudited financial results of the Group together with the Group CFO, focusing particularly on significant changes to accounting policies and practices, and 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 2021 (Cont'd)

### External Audit:

- a. Reviewed the suitability, performance, and the independence of the External Auditors' 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; Additionally evaluated the quality of processes and performance, 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 scope, plan, key 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 the results, reports, and financial statements of the Group
- d. Reviewed and discussed with the External Auditors the issues highlighted in the management letter as well as the response from the Management and ensured, necessary corrective actions had been taken by the Management. The ARC also considered the External Auditors' suggestions on improving the accounting procedures and internal control measures
- e. Reviewed and discussed the non-audit fees for services rendered by External Auditors to ensure they are in line with the Group Policy Statement on Auditor Independence. During FY2021, non-audit services rendered by the External Auditors for the Group amounted to RM 30,118 (2020: RM11,306) for the review of Statement of Risk Management and Internal Control and tax services rendered.
- 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 communications; and recommended to the Board on the re-appointment of BDO PLT as External Auditors.

### 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 related to the business and operations
- c. Reviewed the action plans by RMC to ensure significant internal controls are promptly and timely implemented to mitigate the key risks identified
- d. Together with the Group CEO, Group CFO, and Group CRO reviewed of the results of work performed by Internal Auditors, External Auditors, and the RMC and evaluated the overall adequacy and effectiveness of the system of internal controls during the financial year.
- e. Monitored the Whistle Blowing programme as part of the risk management structure and good corporate governance practice
- f. Received updates from the 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 in order to ensure continuity of business operations.

### 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

# AUDIT AND RISK COMMITTEE REPORT

CONT'D

## SUMMARY OF ACTIVITIES DURING FINANCIAL YEAR ENDED 31 DECEMBER 2021 (Cont'd)

### Internal Audit: (Cont'd)

- c. Reviewed the annual internal audit plan to ensure adequacy of scope and coverage to ensure that 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 the Management's commitment for corrective actions as recommended in internal audit reports
- f. Reviewed the status of audit findings in ensuring appropriate actions are implemented in a timely manner 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 to avoid any potential or actual conflict of interest and to ensure decisions are based on the Group's normal commercial terms, and that adequate internal procedures had been followed to protect the 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
- d. Compliance with applicable laws and regulations

The GIA does not have any direct operational responsibility or authority over any of the activities it audited and neither had they engaged in any activity that might impair the internal auditor's judgement. All internal audit staff declare annually that they are free from any relationships or conflict of interest.

# AUDIT AND RISK COMMITTEE REPORT

CONT'D

## INTERNAL AUDIT FUNCTION (Cont'd)

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. Preparing, presenting, and obtaining approval from ARC for the Group's annual internal audit plan
- b. Collaborating with Group Compliance Department to continuously monitor the Group's compliance with the MCCG Guide, MMLR, the relevant rules and regulations
- c. Reviewing the adequacy and effectiveness of internal controls pertaining to key business processes of the Group
- d. Undertaking follow-up audits on the implementation of action plans committed by Management to ensure all audit findings highlighted are being effectively and adequately addressed
- e. Identifying of areas of opportunities for improvement in respect to operations and processes
- f. Attending 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. Reviewing Recurrent Related Party transactions annually
- h. Reviewing allocation of ESS shares to Executives
- i. Performing ad hoc audit to address specific management's concerns

During the FY2021, 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. Risk Management
- b. Merchant Sales Process
- c. Financial Controls and Settlement Process
- d. Compliance Assessment
- e. Outsourced Service Provider Review

The results of all internal audit reviews together with the related 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, 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 RM310,000. (2020: RM290,000).



# 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 for safeguarding 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 their 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 Issuers 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 the effectiveness 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 controls.

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 FY2021, 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 controls process. The Board had established the Risk Management Committee ("RMC") comprised of 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. This framework 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 regular communication to and training for the employees and stakeholders
- To be accountable and periodically report to the Board, through the ARC, for the design, implementing, and monitoring of the risk management system

# 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, CEOs of Subsidiaries, and Heads of Department are tasked to update their respective risk profiles on a half yearly basis and confirm to the Risk Department that reviews had been conducted and risk related to their areas had been assessed; and also 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 attends the RMC meetings as secretary of the committee and provides 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 progress on the implementation of the mitigating actions
- 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 existing risks and/or new risks faced by the Group with the corresponding mitigation plans.

### 2. Risk Identification, Evaluation and Ranking

The Country Heads, Heads of Department and the Management of each Business Unit, in establishing its business objectives, is required to identify and document all possible risks that can affect their business and the group, taking into consideration the effectiveness of controls that are capable of mitigating such risks. Risk identification process shall also take into consideration of the following:

- Risk specific to the achievement of business objectives
- Risks that have the potential impact on the success and continuity of the business. Thereafter, identified risks are evaluated as follow:
  - o Probability or likelihood of occurrence
  - o Significance of the risk
  - o Review and assess adequacy of risk management policies and framework in identifying, measuring, monitoring, and controlling risks

### 3. Risk Reporting and Monitoring

Each Business Unit's risks together with the controls and processes used to manage such risks are identified and 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 monitors the merchants' performance risks in its 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 documented in the Group's Credit Policy manual and also 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 high risk 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

The Group operated under its Business Continuity mode and had activated the GHL 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 all business activities;
- The Group had implemented various safety and health measures such as work-from-home, temperature screening, restricted visitors' access to the office premises, providing sanitisers at strategic locations and staff communication on health awareness.

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.

### 6. ESG (Environmental, Social & Governance) Sustainability Risks

The Board has approved four policies last year specifically related to Environmental and Social aspects of the ESG Risk Management which are the (1) Climate Change & Risk Policy, (2) Labour & Human Rights Policy, (3) Gender Diversity Policy and the (4) Senior Management Remuneration Policy and Procedure. Further to the said four policies, the Risk Management principles of the Group is also to be guided by the Governance perspective of ESG risk with the five (5) other main policies, i.e.: Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Policy, Anti-Bribery and Corruption Policy, Whistleblowing Policy and the Code of Ethics and Conduct. With all these nine (9) policies in place, the Group Risk together with the Group Legal, Compliance and Sustainability continues to ensure the ESG risks as enshrines in the said Policy are assess and comply by the Group accordingly to ensure that the Group are not expose to the said ESG risks.

## KEY INTERNAL CONTROL PROCESSES

The following areas of governance contains 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.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONT'D

## KEY INTERNAL CONTROL PROCESSES (Cont'd)

### 3. Policies and Procedures

The Group has defined and documented internal policies and standard operating procedures to ensure inter alia sound that internal controls are implemented and compliance with applicable laws and regulations are exercised. 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.

### 4. Internal Audit Function

As part of the Group's efforts to establish a sound framework for risk management and internal controls, an in-house audit function is established as a key component of its internal controls 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 defense in internal controls, 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 the agreed upon 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 Practicing Accountant (CPA) Australia and Chartered Member of The Institute of Internal Auditors Malaysia, with more than 15 years of experience in the profession. The GIA head is supported by a team of professionals whom possess the relevant qualifications and experience and have adequate resources to fulfil the internal audit plan for the next financial year.

The Head of GIA, Mr. Liow, had in March 2022 confirmed the Internal Auditors' 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") policy and procedure has been established groupwide in order to ensure continuity of the business operations in the event of an IT-disabling disaster. DR drills are conducted by the technology division together with external service providers at least once a year with continued focus on enhance the DR capability to cover all key aspects of the businesses.

# 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")

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
- Protecting cardholder data
- Maintaining a vulnerable management program
- Implementing strong access control measures
- Regularly monitoring and testing networks
- Maintaining an information security policy

The Malaysia operations obtained its first Certificate of PCIDSS compliance in 2012 by meeting all the requirements set by the standards. During the year, the Company was reassessed by a qualified security assessor from PCISSC; as part of the annual certification exercises and continues to be PCIDSS compliant on the latest 3.2 version. 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 process personal data in the course of their business activities and operations. The Group 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.

#### d. IT Security Framework

The Group had established a framework based on the standards issued by National Institute of Standards and Technology (NIST) with emphasis on identifying risks, building resilience, detecting cyber threats and responding effectively to cyber-related events.

### 6. Human Capital

#### a. Performance Appraisal & Employee Trainings

An annual appraisal system has been implemented for the employees at all levels within the Group. The Group enforces 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 required 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. A continuous improvement approach is implemented in the areas of operational efficiencies as well as manpower productivity.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONT'D

## KEY INTERNAL CONTROL PROCESSES (Cont'd)

### 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](http://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 in a confidential manner any suspected acts that are in breach of the Group's code of ethics, internal policy, and applicable laws or regulations. This policy ensures that the corporate culture of integrity, transparency and accountability are promoted 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.

#### c. Anti-Bribery and Corruption Policy

The Group has implemented a very clear and definitive policy on acts of Bribery and Corruption. The purpose of the policy is to mitigate the risk of fraud and 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 has 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 to prevent 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. The framework and mandates the Group Legal and Compliance Department to drive compliance across the Group.

#### g. Legal

The Group Legal and Compliance Department also provides legal advisory and assists in the preparation and review of any legal documentation.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

CONT'D

## 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, enhance the Groups' risk management framework and internal control system. In view of the limitations inherent in any system of risk management and internal control, the system is designed to manage, rather than eliminate, the risks of failure to achieve the Group's objectives. The system can, therefore, only provide reasonable, but not absolute, assurance against any material misstatement, financial loss or fraudulent practices.

## 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 28 March 2022.



## 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 2021 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 2021 were as follows:

	GROUP 2021 RM	COMPANY 2021 RM
Audit Fee	509,064	112,270
Non Audit Fee	30,118	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 2021, 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 1.1.2021	Total number of ESS options granted during the FYE 31.12.2021	Total number of ESS options exercised, retracted and forfeited during the FYE 31.12.2021	Total number of ESS option arises from bonus issue during the FYE 31.12.2021	Total ESS options outstanding as at 31.12.2021
1,539,000	Nil	(1,539,000)	Nil	Nil

The ESS options granted to the Directors and Chief Executive:

Aggregate options granted	Aggregate options exercised	Aggregate options outstanding
Nil	Nil	Nil

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

	During the FYE 31.12.2021	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 2021.

### 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
<b>Profit for the financial year</b>	28,142,823	19,447,041
<b>Profit attributable to:</b>		
Owners of the parent	28,158,433	19,447,041
Non-controlling interests	(15,610)	-
	28,142,823	19,447,041

### DIVIDENDS

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

### 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	
Richard Henry Phillips	(Appointed on 16 April 2021)
Kung Lee See	(Appointed on 1 October 2021)
Tan Lye Sim	(Appointed on 1 October 2021)
Sean S. Hesh*	(Appointed on 1 October 2021)
Loh Hin Yaw	(Appointed on 1 October 2021) (Alternate Director to Loh Wee Hian)

\* 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  
 Leong Wye Tuck  
 Dato' Kantharao A/L Ramaiah  
 Roderick R. C. Salazar III  
 Dunstan Gerald Maurice  
 Kevin Lee Zi Xian  
 Jason Wee Chee Siang  
 John Alexander Pastor  
 Mira Tania Hidayat (Resigned on 31 August 2021)  
 Nigel Laurie Lee (Resigned on 27 May 2021)

## 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 2021 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 1.1.2021/ Date of appointment	Number of ordinary shares			Balance as at 31.12.2021
		Bought	Bonus issue	Sold	

### Shares in the Company

#### Direct interests:

Loh Wee Hian	60,556,776	-	-	(20,500,000)	40,056,776
Loh Hin Yaw	8,940,375	-	-	-	8,940,375

#### Indirect interests:

Loh Wee Hian*	60,999,361	-	-	-	60,999,361
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\* 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).

# DIRECTORS' REPORT

CONT'D

## DIRECTORS' INTERESTS (Cont'd)

	Number of ordinary shares of PHP100 each			
	Balance as at 1.1.2021/ Date of appointment	Bought	Sold	Balance as at 31.12.2021
<b>Shares in subsidiaries,</b>				
<b>GHL Systems Philippines, Inc.</b>				
Loh Wee Hian	1	-	(1)	-
Sean S. Hesh	1	-	-	1
<b>GHL Electronic Payments Inc.</b>				
Loh Wee Hian	1	-	(1)	-
Sean S. Hesh	1	-	-	1
<b>GHL Philippines Financing Services Inc</b>				
Sean S. Hesh	1	-	-	1

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

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

## DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than 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

The Company did not issue any new shares or debentures during the financial year.

## REPURCHASE OF OWN SHARES

### ESS Shares

During the financial year, the Company, in accordance with the By-Laws of the ESS, had appointed MTrustee Berhad to purchase 61,450 units of the Company's shares (known as "ESS Shares"), amounting RM110,610 in the market to transfer to ESS participants upon exercise of options.

# DIRECTORS' REPORT

## CONT'D

### REPURCHASE OF OWN SHARES (Cont'd)

#### ESS Shares (Cont'd)

During the financial year, the Company had transferred 1,539,000 units of ESS shares, amounting RM2,364,115 with average price RM1.80 to employees for options exercised under the ESS.

As at 31 December 2021, the total number of ESS shares held by MTrustee Berhad in accordance with the By-Laws of the ESS was nil.

### EXECUTIVES' SHARE SCHEME

The ESS ("ESS2013") 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. On 25 August 2021, ESS2013 was terminated and a new ESS scheme ("ESS2021") of the Company was established and came into effect and shall be in force for a period of five (5) years until 24 August 2025 ("the scheme period"). The main features of the ESS2021 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 2021, excluding ESS shares held, is 91,319,987 (2020: 171,003,344);
- (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.

# DIRECTORS' REPORT

CONT'D

## EXECUTIVES' SHARE SCHEME (Cont'd)

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

	Number of options over ordinary shares					Outstanding as at 31.12.2021	Exercisable as at 31.12.2021
	Outstanding as at 1.1.2021	Movements during the financial year					
		Granted	Bonus issue	Exercised	Forfeited*		
Date of offer							
6 April 2018							
- first tranche	-	-	-	-	-	-	-
- second tranche	120,000	-	-	(120,000)	-	-	-
- third tranche	1,419,000	-	-	(1,419,000)	-	-	-
	1,539,000	-	-	(1,539,000)	-	-	-
Option price	0.72	-	-	0.72	-	-	-

\* Due to resignation

## DIRECTORS' REMUNERATION

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

## INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Group and the Company effected Directors' liability insurance during the financial year to protect the Directors of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors. The amount of insurance premium paid by the Company for the financial year 2021 was RM31,005 (2020: RM30,525).

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 by any item, transaction or event of a material and unusual nature.



# DIRECTORS' REPORT

## CONT'D

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

#### (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.

#### (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 the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

### 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 2021 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

**Sean S. Hesh**  
Director

Kuala Lumpur  
28 March 2022

## STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 74 to 165 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 2021 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  
28 March 2022

**Sean S. Hesh**  
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 74 to 165 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 )  
28 March 2022 )

**Yap Chih Ming**

Before me:

# INDEPENDENT AUDITORS' 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 2021 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 74 to 165.

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 2021, 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 2021, 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

TO THE MEMBERS OF GHL SYSTEMS BERHAD

(Incorporated in Malaysia)

CONT'D

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Cont'd)

### Key Audit Matters (Cont'd)

#### b) Assessment of impairment of trade receivables

As at 31 December 2021, gross trade receivables of the Group and of the Company were RM73,699,596 and RM4,698,893 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 2021, the Company's carrying amounts of costs of investments of the subsidiaries amounted to RM157,361,962 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

TO THE MEMBERS OF GHL SYSTEMS BERHAD  
(Incorporated in Malaysia)  
CONT'D

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (Cont'd)

### Key Audit Matters (Cont'd)

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

As at 31 December 2021, gross amounts owing by subsidiaries of the Company were RM33,329,204 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

TO THE MEMBERS OF GHL SYSTEMS BERHAD

(Incorporated in Malaysia)

CONT'D

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (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

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  
28 March 2022

**Lee Wee Hoong**  
03316/07/2023 J  
Chartered Accountant



# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Revenue	5	360,165,936	334,513,677	18,127,187	12,454,126
Cost of sales		(220,057,324)	(190,188,144)	(1,318,126)	(1,344,423)
Gross profit		140,108,612	144,325,533	16,809,061	11,109,703
Other operating income		1,446,166	2,300,518	10,445,185	12,686,277
Administrative expenses		(86,257,389)	(96,542,291)	(17,206,193)	(15,537,117)
Distribution expenses		(8,988,766)	(8,203,830)	(117,044)	(445,750)
Other operating expenses		(5,272,382)	(19,131,610)	(3,767,548)	(4,540,289)
Finance costs		(2,309,759)	(2,326,021)	(1,040,093)	(8,132)
Net gains on impairment of financial assets		2,277,582	1,045,073	14,366,863	1,772,795
Share of loss of associate, net of tax	17(g)	(320,060)	(147,601)	-	-
Profit before taxation	6	40,684,004	21,319,771	19,490,231	5,037,487
Taxation	9	(12,541,181)	(12,198,551)	(43,190)	94,939
Profit for the financial year from continuing operations		28,142,823	9,121,220	19,447,041	5,132,426
Loss for the financial year from discontinued operation	16(e)	-	(2,103,800)	-	-
Profit for the financial year		28,142,823	7,017,420	19,447,041	5,132,426
<b>Other comprehensive income</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
Foreign currency translations	9(d)	(2,041,361)	(1,393,331)	-	-
Reclassification adjustment relating to a subsidiary disposed off during the financial year		-	(75,861)	-	-
		(2,041,361)	(1,469,192)	-	-
<b>Item that will not be reclassified subsequently to profit or loss</b>					
Remeasurement of defined benefit liability, net of tax	9(d)	-	(364,927)	-	-
Total other comprehensive loss, net of tax		(2,041,361)	(1,834,119)	-	-
Total comprehensive income		26,101,462	5,183,301	19,447,041	5,132,426

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021  
CONT'D

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Profit attributable to:					
Owners of the parent		28,158,433	13,549,362	19,447,041	5,132,426
Non-controlling interests		(15,610)	(6,531,942)	-	-
		<u>28,142,823</u>	<u>7,017,420</u>	<u>19,447,041</u>	<u>5,132,426</u>
Total comprehensive income attributable to:					
Owners of the parent		26,117,072	11,715,243	19,447,041	5,132,426
Non-controlling interests		(15,610)	(6,531,942)	-	-
		<u>26,101,462</u>	<u>5,183,301</u>	<u>19,447,041</u>	<u>5,132,426</u>
Earnings per ordinary share attributable to equity holders of the Company (sen):					
From continuing operations		2.47	1.95		
From discontinued operation		-	(0.26)		
Basic	10	<u>2.47</u>	<u>1.69</u>		
From continuing operations		2.47	1.95		
From discontinued operation		-	(0.26)		
Diluted	10	<u>2.47</u>	<u>1.69</u>		

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

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

		Group		Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment	12	98,115,113	99,599,168	11,258,543	12,361,620
Intangible assets	14	904,066	1,168,738	110,044	136,292
Goodwill	15	168,638,985	168,638,985	-	-
Investments in subsidiaries	16	-	-	157,361,962	134,956,491
Investments in joint ventures and an associate	17	28,746	-	-	-
Trade and other receivables	20	3,360,480	415,795	-	-
Other investment	21	26,750	-	-	-
Deferred tax assets	18	2,220,044	2,954,710	-	-
		273,294,184	272,777,396	168,730,549	147,454,403
Current assets					
Inventories	19	64,047,810	59,872,059	-	103,399
Trade and other receivables	20	143,896,440	137,939,825	24,179,484	24,286,594
Current tax assets		7,390,509	2,198,181	81,746	52,178
Other investments	21	101,578,702	64,809,567	96,733,322	60,016,520
Cash and bank balances	22	180,112,080	148,893,921	4,557,515	5,466,566
		497,025,541	413,713,553	125,552,067	89,925,257
TOTAL ASSETS		770,319,725	686,490,949	294,282,616	237,379,660
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	23	351,485,304	351,485,304	351,485,304	351,485,304
Reserves	24	(3,555,547)	(3,515,190)	-	(2,001,004)
Retained earnings/(Accumulated losses)		160,942,434	133,787,535	(98,205,185)	(116,648,692)
		508,872,191	481,757,649	253,280,119	232,835,608
Non-controlling interests		167,978	183,588	-	-
TOTAL EQUITY		509,040,169	481,941,237	253,280,119	232,835,608

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

CONT'D

		Group		Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
LIABILITIES					
Non-current liabilities					
Borrowings	25	15,392,758	13,901,077	5,832,407	-
Lease liabilities	13	3,299,551	2,900,667	219,782	295,823
Contract liabilities	29	-	328,409	-	-
Employee benefits obligations	28	2,233,582	2,233,582	-	-
Deferred tax liabilities	18	6,900,796	4,478,823	107,206	64,016
		27,826,687	23,842,558	6,159,395	359,839
Current liabilities					
Borrowings	25	36,996,736	8,273,777	31,584,985	-
Lease liabilities	13	2,621,823	6,160,545	76,041	105,710
Contract liabilities	29	5,001,202	4,542,955	575,819	752,779
Trade and other payables	26	183,520,773	159,535,881	2,606,257	3,325,724
Current tax liabilities		5,312,335	2,193,996	-	-
Derivatives	27	-	-	-	-
		233,452,869	180,707,154	34,843,102	4,184,213
TOTAL LIABILITIES		261,279,556	204,549,712	41,002,497	4,544,052
TOTAL EQUITY AND LIABILITIES		770,319,725	686,490,949	294,282,616	237,379,660

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

# STATEMENTS OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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
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	
<b>Transactions with owners:</b>											
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(d)	-	-	-	-	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 2021  
CONT'D

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
Balance as at 1 January 2021		351,485,304	(2,253,505)	(305,431)	(1,208,755)	252,501	133,787,535	481,757,649	183,588	481,941,237	
Profit for the financial year		-	-	-	-	-	28,158,433	28,158,433	(15,610)	28,142,823	
Foreign currency translations, net of tax		-	-	-	(2,041,361)	-	-	(2,041,361)	-	(2,041,361)	
Total comprehensive income		-	-	-	(2,041,361)	-	28,158,433	26,117,072	(15,610)	26,101,462	
<b>Transactions with owners:</b>											
ESS shares acquired	24(d)	-	(110,610)	-	-	-	-	(110,610)	-	(110,610)	
Transfers of ESS shares to employees		-	2,364,115	-	-	(252,501)	(1,003,534)	1,108,080	-	1,108,080	
Total transactions with owners		-	2,253,505	-	-	(252,501)	(1,003,534)	997,470	-	997,470	
Balance as at 31 December 2021		351,485,304	-	(305,431)	(3,250,116)	-	160,942,434	508,872,191	167,978	509,040,169	

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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 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
<b>Transactions with owners:</b>						
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
Balance as at 1 January 2021		351,485,304	(2,253,505)	252,501	(116,648,692)	232,835,608
Profit for the financial year		-	-	-	19,447,041	19,447,041
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	-	-	19,447,041	19,447,041
<b>Transactions with owners:</b>						
ESS shares acquired	24(d)	-	(110,610)	-	-	(110,610)
Transfers of ESS shares to employees		-	2,364,115	(252,501)	(1,003,534)	1,108,080
Total transactions with owners		-	2,253,505	(252,501)	(1,003,534)	997,470
Balance as at 31 December 2021		351,485,304	-	-	(98,205,185)	253,280,119

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



# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation					
- continuing operations		40,684,004	21,319,771	19,490,231	5,037,487
- discontinued operation		-	(2,103,799)	-	-
		40,684,004	19,215,972	19,490,231	5,037,487
Adjustments for:					
Amortisation of:					
- intangible assets	14	264,672	264,671	26,248	26,248
- contract liabilities	29(b)	(12,885,360)	(5,660,772)	(1,749,039)	(1,105,635)
Bad debts written off	6	171,179	2,284,555	162	913,853
Depreciation of property, plant and equipment	12	29,255,304	32,078,675	1,302,447	1,418,565
Dividend income	6	-	-	(8,000,000)	(9,000,000)
Impairment losses on:					
- property, plant and equipment	12(d)	636,829	3,827,865	-	-
- trade and other receivables		5,985,713	8,450,446	2,109,426	7,047,192
- investments in subsidiaries	16(j)	-	-	1,130,536	23,455
- investment in associates	17(h)	-	317,756	-	-
- goodwill	15	-	11,332,252	-	-
Fair value loss on other investment	6, 21(g)	641,777	95,896	582,668	110,132
Fair value loss on contingent consideration	26(f)	-	6,140,942	-	-
Interest expense		2,125,818	2,065,181	1,040,093	8,132
Interest income		(3,275,439)	(3,058,665)	(2,309,176)	(1,538,990)
Inventories written off	19(d)	168,302	1,353,402	-	-
Inventories written back	19(e)	(1,265,912)	-	-	-
Loss/(Gain) on disposal of property, plant and equipment	6	546,974	(605,159)	-	111,726
Gain on disposal of a subsidiary	16(e)	-	(480,500)	-	-
Gain on reassessment of right-of-use assets	6	-	(834)	-	(834)
Gain on lease termination	6	(111,128)	-	(664)	-
Loss/(Gain) on disposal of other investments	6	271,893	(387,963)	271,893	(320,425)
Unrealised loss/(gain) on foreign exchange, net	6	86,812	117,689	(88,177)	1,701,687
Property, plant and equipment written off	12	20,467	328,649	-	9,546
Reversal of trade and other receivables		(8,263,295)	(9,495,519)	(16,476,289)	(8,819,987)
Reversal of inventories written down	19(g)	(1,570)	-	-	-
Reversal of impairment loss on investment in associate	17(h)	(31,206)	-	-	-
Share options granted under ESS	7	-	287,229	-	107,568
Share of loss of an associate	17(g)	320,060	147,601	-	-
Operating profit/(loss) before changes in working capital		55,345,894	68,619,369	(2,669,641)	(4,270,280)

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

CONT'D

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES (Cont'd)</b>					
Operating profit/(loss) before changes in working capital		55,345,894	68,619,369	(2,669,641)	(4,270,280)
Decrease/(Increase) in inventories		9,994,295	(9,393,389)	103,399	(47,880)
(Increase)/Decrease in trade and other receivables		(4,729,158)	(15,188,265)	1,716,396	1,122,894
Increase/(Decrease) in trade and other payables		24,725,855	1,624,720	468,865	(706,841)
Advance receipts for contract liabilities	29(b)	13,065,532	6,416,172	1,572,079	1,483,722
Increase in employee benefits obligations		-	279,331	-	-
Cash generated from/(used in) operations		98,402,418	52,357,938	1,191,098	(2,418,385)
Dividends received		-	-	8,000,000	9,000,000
Interest received		3,275,439	3,058,665	2,309,176	1,538,990
Interest paid		(1,818,001)	(1,197,596)	(1,028,564)	-
Tax paid		(11,861,159)	(15,026,200)	(29,568)	368,328
Tax refunded		616,517	5,157,125	-	(52,178)
Net cash from operating activities		88,615,214	44,349,932	10,442,142	8,436,755
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchases of property, plant and equipment	12(b)	(43,292,456)	(17,223,824)	(208,659)	(246,935)
Acquisition of interests in other investment		(30,026,750)	-	(30,000,000)	-
Disposal of subsidiaries, net of cash disposed	16(e)	-	(449,163)	-	-
Proceeds from disposals of:					
- property, plant and equipment		978,145	1,827,795	-	5,089
- right-of-use assets		-	-	-	1
- other investments		29,728,107	387,963	29,728,107	320,425
Increase investment in an associate	17(e)	(317,600)	(158,800)	-	-
Placement in deposits pledged or maturity more than 3 months		(3,113,608)	(892,466)	(1,959,355)	-
(Advances to)/Repayment from subsidiaries		-	-	(11,885,936)	3,724,922
Net cash (used in)/from investing activities		(46,044,162)	(16,508,495)	(14,325,843)	3,803,502

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021  
CONT'D

		Group		Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
CASH FLOWS FROM FINANCING ACTIVITIES					
Drawdowns of:					
- term loans		8,700,000	61,359,356	8,700,000	-
- islamic facility		22,000,000	5,000,000	-	-
- revolving loan		30,000,000	-	30,000,000	-
Proceeds from issuance of ordinary shares pursuant to:					
- ESS exercised		-	1,868,400	-	1,868,400
Proceeds from transfers of ESS shares		1,108,080	8,646,480	1,108,080	8,646,480
Purchase of ESS shares from open market	24(d)	(110,610)	(2,225,353)	(110,610)	(2,225,353)
Repayments of:					
- term loans		(8,482,887)	(64,924,204)	(1,282,608)	-
- islamic facility		(22,000,000)	(5,500,000)	-	-
- lease liabilities	13	(6,265,777)	(8,724,262)	(107,286)	(224,504)
Net cash from/(used in) financing activities		24,948,806	(4,499,583)	38,307,576	8,065,023
Net increase in cash and cash equivalents		67,519,858	23,341,854	34,423,875	20,305,280
Effect of exchange rate changes on cash and cash equivalents		(2,004,395)	(2,332,570)	7,189	(4,766)
Effect of fair value changes on cash and cash equivalents	21(g)	(641,777)	(95,896)	(582,668)	(110,132)
Cash and cash equivalents at beginning of financial year		200,314,428	179,401,040	65,483,086	45,292,704
Cash and cash equivalents at end of financial year	22(h)	265,188,114	200,314,428	99,331,482	65,483,086

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

## 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 2021 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 28 March 2022.

## 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 74 to 165 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 beyond 30 June 2021* (Amendment to MFRS 16 *Leases*) during the financial year and elected to apply the practical expedient to all rent concessions relating to leases with similar characteristics and similar circumstances.

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

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

CONT'D

## 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.

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.

2021	Malaysia RM	Philippines RM	Thailand RM	Others RM	Total RM
<b>Segment profits from continuing operations</b>	33,228,939	7,510,721	(959,714)	904,058	40,684,004
Included in the measure of segment profits are:					
Revenue from external customers from continuing operations					
- Shared services	82,757,405	20,614,906	13,245,873	-	116,618,184
- Solution services	8,391,626	2,707,831	1,997,909	1,412,138	14,509,504
- Transaction payment acquisition	201,198,345	24,881,166	2,868,034	90,703	229,038,248
	292,347,376	48,203,903	18,111,816	1,502,841	360,165,936

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

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## 4. OPERATING SEGMENTS (Cont'd)

2021 (Cont'd)	Malaysia RM	Philippines RM	Thailand RM	Others RM	Total RM
Inter-segment sales	24,340,101	-	-	-	24,340,101
Depreciation of property, plant and equipment	18,311,484	8,013,036	2,929,165	1,619	29,255,304
Amortisation of intangible assets	264,672	-	-	-	264,672
Loss/(Gain) on disposal of property, plant and equipment	589,369	-	(42,395)	-	546,974
Impairment losses on trade and other receivables	3,736,290	1,775,739	473,684	-	5,985,713
Bad debts written off	27,184	94,753	49,242	-	171,179
Reversal of impairment losses on trade and other receivables	(4,170,893)	(3,647,011)	(445,391)	-	(8,263,295)
Finance costs	2,104,759	183,191	21,809	-	2,309,759
Interest income	(3,243,716)	(28,089)	(3,634)	-	(3,275,439)
Tax expense	10,468,865	2,119,500	(231,594)	184,410	12,541,181
Share of loss of an associate	302,060	-	-	-	302,060
Unrealised loss on foreign exchange, net	22,952	-	63,860	-	86,812
<b>Segment assets</b>	<b>671,544,239</b>	<b>67,117,289</b>	<b>27,173,077</b>	<b>2,265,076</b>	<b>768,099,681</b>
Deferred tax assets					2,220,044
<b>Total assets</b>					<b>770,319,725</b>
Additions to property, plant and equipment	44,041,320	209,956	1,989,227	4,483	46,244,986
<b>Segment liabilities</b>	<b>229,659,768</b>	<b>17,663,850</b>	<b>6,667,055</b>	<b>388,087</b>	<b>254,378,760</b>
Deferred tax liabilities					6,900,796
<b>Total liabilities</b>					<b>261,279,556</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

CONT'D

## 4. OPERATING SEGMENTS (Cont'd)

2020	Malaysia RM	Philippines RM	Thailand RM	Others RM	Total RM
<b>Segment profits from continuing operations</b>	13,438,125	5,760,316	1,414,873	706,457	21,319,771
<b>Segment loss from discontinued operation</b>	-	-	-	(2,103,799)	(2,103,799)
Included in the measure of segment profits are:					
Revenue from external customers from continuing operations					
- 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
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



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021  
CONT'D

## 4. OPERATING SEGMENTS (Cont'd)

2020 (Cont'd)	Malaysia RM	Philippines RM	Thailand RM	Others RM	Total RM
<b>Segment assets</b>	588,037,430	63,594,962	30,312,907	1,590,940	683,536,239
Deferred tax assets					2,954,710
<b>Total assets</b>					<u>686,490,949</u>
Additions to property, plant and equipment	17,098,962	858,610	638,369	525	18,596,466
<b>Segment liabilities</b>	172,068,132	19,124,764	8,484,815	393,178	200,070,889
Deferred tax liabilities					4,478,823
<b>Total liabilities</b>					<u>204,549,712</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	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Revenue from contracts with customers:</b>				
- Sales of value-added solutions	172,214,988	129,995,538	3,608,477	2,899,498
- Sales of goods	35,144,800	31,341,856	-	-
- Sales of prepaid airtime top-ups	102,406,149	90,192,446	-	-
	<u>309,765,937</u>	<u>251,529,840</u>	<u>3,608,477</u>	<u>2,899,498</u>
<b>Income from leasing:</b>				
- Rental of EDC equipment	50,399,999	82,983,837	18,500	56,174
<b>Other revenue:</b>				
- Management fees	-	-	14,500,210	9,498,454
<b>Revenue from continuing operations</b>	<u>360,165,936</u>	<u>334,513,677</u>	<u>18,127,187</u>	<u>12,454,126</u>
<b>Revenue from discontinued operation (Note 16(e))</b>	-	251	-	-
	<u>360,165,936</u>	<u>334,513,928</u>	<u>18,127,187</u>	<u>12,454,126</u>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

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	Malaysia	Philippines	Thailand	Others	Total
31 December 2021	RM	RM	RM	RM	RM
<b>Major product and service line</b>					
Sales of value-added solutions	116,431,711	48,102,498	6,266,246	1,414,533	172,214,988
Sales of goods	30,151,506	63,208	4,930,086	-	35,144,800
Sales of prepaid airtime top-ups	102,406,149	-	-	-	102,406,149
Total revenue from external customers	248,989,366	48,165,706	11,196,332	1,414,533	309,765,937
<b>Timing of revenue recognition</b>					
Transferred over time	19,571,426	-	-	-	19,571,426
Transferred at a point in time	229,417,940	48,165,706	11,196,332	1,414,533	290,194,511
Revenue from external customers	248,989,366	48,165,706	11,196,332	1,414,533	309,765,937

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

CONT'D

## 5. REVENUE (Cont'd)

*Disaggregation of revenue from contracts with customers (Cont'd)*

Group	Malaysia	Philippines	Thailand	Others	Total
31 December 2020	RM	RM	RM	RM	RM
<b>Major product and service line</b>					
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 airtime top-ups	90,192,446	-	-	-	90,192,446
Revenue from external customers from continuing operations	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
<b>Timing of revenue recognition</b>					
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

	Company	
	2021	2020
	RM	RM
<b>Major product and service line</b>		
Sales of value-added solutions	3,192,977	2,899,498
Sales of goods	415,500	-
Revenue from external customers	3,608,477	2,899,498
<b>Timing of revenue recognition</b>		
Transferred over time	1,417,639	1,098,967
Transferred at a point in time	2,190,838	1,800,531
Revenue from external customers	3,608,477	2,899,498

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

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) 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 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.

### (b) 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.

### (c) Sales of prepaid airtime 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	
	2021	2020
	RM	RM
Sales of prepaid airtime top-ups:		
Gross billing	2,097,986,871	1,813,546,693
Cost of purchase from telecommunication service providers	(1,995,580,722)	(1,723,354,247)
	<u>102,406,149</u>	<u>90,192,446</u>

### (d) 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.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021  
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 TAXATION

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

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
After charging:				
Auditors' remuneration				
- statutory audit	509,064	480,332	112,270	112,270
- non-audit services	30,118	11,306	5,950	5,950
Bad debts written off	171,179	2,284,555	162	913,853
Interest expense on:				
- lease liabilities	307,817	867,585	11,529	8,132
- term loans	1,013,692	1,176,366	236,153	-
- bankers' acceptance	11,898	21,230	-	-
- revolving loans	792,411	-	792,411	-
Bank charges	183,941	260,840	-	-
Loss on foreign exchange:				
- realised	17,417	42,709	-	-
- unrealised	86,812	117,689	-	1,701,687
Loss on disposals of:				
- property, plant and equipment	546,974	-	-	111,726
- other investments	271,893	-	271,893	-
- financial asset	6,800	-	-	-
Fair value loss on other investments	641,777	95,896	582,668	110,132
And crediting:				
Dividend income from a subsidiary	-	-	8,000,000	9,000,000
Gain on disposals of:				
- property, plant and equipment	-	605,159	-	-
- other investments	-	387,963	-	320,425
Gain on reassessment of right-of-use assets	-	834	-	834
Gain on lease termination	111,128	-	664	-
Gain on foreign exchange:				
- realised	-	-	47,168	1,612,921
- unrealised	-	-	88,177	-
Interest income from:				
- deposits with licensed banks	903,116	1,281,345	48,295	35,750
- other investments	2,372,323	1,777,320	2,260,881	1,503,240

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

CONT'D

## 6. PROFIT BEFORE TAXATION (Cont'd)

### (a) Dividend income

Dividend income is recognised when the right to receive payment is established.

### (b) Interest income

Interest income is recognised as on a time proportion basis that reflects the effective yield on assets.

## 7. EMPLOYEE BENEFITS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Salaries and bonuses	62,799,587	61,630,708	12,165,302	10,107,153
Contributions to defined contribution plan	5,951,328	6,587,072	1,040,978	1,123,559
Social security contributions	685,077	615,056	51,022	51,325
Share options granted under ESS	-	287,229	-	107,568
Other benefits	1,661,853	3,267,296	1,199,376	382,680
	71,097,845	72,387,361	14,456,678	11,772,285

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

## 8. DIRECTORS' REMUNERATION

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Directors of the Group and the Company:				
Executive:				
Salaries, bonus and allowances	3,314,112	1,650,000	2,794,112	1,650,000
Defined contribution plan	278,400	198,000	216,000	198,000
Social security contributions	2,918	923	1,071	923
Non-Executive:				
Fees	276,000	240,000	276,000	240,000
Allowances	69,000	43,500	69,000	43,500
Total	3,940,430	2,132,423	3,356,183	2,132,423

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 RM74,138 (2020: RM53,500) and RM14,988 (2020: RM7,200) respectively.

# NOTES TO THE FINANCIAL STATEMENTS

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## 9. TAXATION

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Current tax expense based on profit for the financial year from continuing operations:				
Malaysia income tax	7,212,370	7,764,374	-	-
Foreign income tax	2,324,106	3,788,293	-	-
(Over)/Under-provision in prior years	(82,421)	100,936	-	(13,898)
	9,454,055	11,653,603	-	(13,898)
Deferred tax (Note 18):				
Relating to origination and reversal of temporary differences	2,733,920	341,146	6,148	(18,739)
Under/(Over)-provision in prior years	353,206	203,802	37,042	(62,302)
	3,087,126	544,948	43,190	(81,041)
Current tax expense based on profit for the financial year from continuing operations	12,541,181	12,198,551	43,190	(94,939)
Current tax expense based on profit for the financial year from discontinued operation (Note 16(e))	-	1	-	-
Tax expense for the financial year	12,541,181	12,198,552	43,190	(94,939)

- (a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2020: 24%) of the estimated taxable profits for the fiscal year.
- (b) Taxation for other taxation authorities are calculated at the rates prevailing in those respective jurisdictions.



# NOTES TO THE FINANCIAL STATEMENTS

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## 9. TAXATION (Cont'd)

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

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Profit before taxation from continuing operations	40,684,004	21,319,771	19,490,231	5,037,487
Loss before taxation from discontinued operation	-	(2,103,799)	-	-
	40,684,004	19,215,972	19,490,231	5,037,487
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	9,764,161	4,611,833	4,677,655	1,208,997
Tax effects in respect of:				
Non-allowable expenses	4,565,068	10,781,527	1,516,861	3,172,538
Non-taxable income	(2,304,024)	(4,186,573)	(6,496,778)	(5,039,160)
Higher tax rates in foreign jurisdiction	465,581	408,561	-	-
Utilisation of previously unrecognised deferred tax assets	(1,339,614)	(800,983)	-	-
Deferred tax assets not recognised	1,119,224	1,079,449	308,410	638,886
	12,270,396	11,893,814	6,148	(18,739)
(Over)/Under-provision of income tax expense in prior years	(82,421)	100,936	-	(13,898)
Under/(Over)-provision of deferred tax in prior years	353,206	203,802	37,042	(62,302)
Tax expense for the financial year	12,541,181	12,198,552	43,190	(94,939)

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

Group	Before tax RM	Tax effect RM	After tax RM
<b>2021</b>			
Foreign currency translations	(2,041,361)	-	(2,041,361)
<b>2020</b>			
Foreign currency translations	(1,393,331)	-	(1,393,331)
Remeasurement of defined benefit liability (Note 28)	(521,325)	156,398	(364,927)
	(1,914,656)	156,398	(1,758,258)

# NOTES TO THE FINANCIAL STATEMENTS

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## 10. EARNINGS PER SHARE

### (a) Basic

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

	Group	
	2021	2020
Profit for the financial year attributable to equity holders of the parent (RM)	28,158,433	13,549,362
Weighted average number of ordinary shares in issue	1,141,403,440	803,179,132
Basic earnings per ordinary share (sen)	2.47	1.69

### (b) Diluted

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

	Group	
	2021	2020
Profit for the financial year attributable to equity holders of the parent (RM)	28,158,433	13,549,362
Weighted average number of ordinary shares in issue applicable to basic earnings per ordinary share	1,141,403,440	803,179,132
Effect of dilution:		
- ESS	-	462,179
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share	1,141,403,440	803,641,311
Diluted earnings per ordinary share (sen)	2.47	1.69

## 11. DIVIDENDS

No dividend has been paid, declared or proposed 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

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## 12. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.1.2021	Additions	Transferred from inventories (Note 19(f))	Transfers	Written off	Disposals/ Termination	Depreciation charges for the financial year	Impairment	Exchange differences	Balance as at 31.12.2021
2021	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>Carrying amount</b>										
<b>Long term leasehold land:</b>										
- Right-of-use assets	1,378,787	-	-	-	-	-	(16,414)	-	-	1,362,373
<b>Buildings:</b>										
- Owned	15,292,627	-	-	-	-	-	(322,347)	-	(78,691)	14,891,589
- Right-of-use assets	1,767,067	2,952,530	-	-	-	(21,686)	(1,145,778)	-	(23,097)	3,529,036
<b>Computer equipment</b>	3,295,482	1,572,466	518	(1,562)	(3,475)	(3,901)	(1,797,898)	-	(29,674)	3,031,956
<b>EDC equipment:</b>										
- Owned	64,488,998	40,555,108	4,058,756	(19,515,194)	(16,687)	(1,407,596)	(23,828,377)	(636,829)	(504,906)	63,193,273
- Right-of-use assets	6,597,902	-	-	-	-	-	-	-	(142,455)	6,455,447
<b>Computer software</b>	1,144,497	531,926	-	-	-	-	(461,804)	-	(22,231)	1,192,388
<b>Motor vehicles:</b>										
- Owned	203,425	-	-	-	-	-	(41,512)	-	(3,361)	158,552
- Right-of-use assets	1,515,704	-	-	-	-	(95,294)	(462,013)	-	(5,915)	952,482
<b>Furniture, fittings and office equipment:</b>										
- Owned	1,407,012	147,781	-	-	(305)	(698)	(346,202)	-	(10,710)	1,196,878
- Right-of-use assets	172,619	-	-	-	-	-	(48,520)	-	-	124,099
<b>Renovation</b>	2,335,048	485,175	-	-	-	-	(784,439)	-	(8,744)	2,027,040
	99,599,168	46,244,986	4,059,274	(19,516,756)	(20,467)	(1,529,175)	(29,255,304)	(636,829)	(829,784)	98,115,113

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

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## 12. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Group 2021	At 31.12.2021			
	Cost RM	Accumulated depreciation RM	Accumulated impairment losses RM	Carrying amount RM
<b>Long term leasehold land:</b>				
- Right-of-use assets	1,625,000	(262,627)	-	1,362,373
<b>Buildings:</b>				
- Owned	17,040,281	(2,148,692)	-	14,891,589
- Right-of-use assets	6,909,461	(3,380,425)	-	3,529,036
<b>Computer equipment</b>	31,505,191	(27,966,297)	(506,938)	3,031,956
<b>EDC equipment:</b>				
- Owned	191,517,286	(114,955,656)	(13,368,357)	63,193,273
- Right-of-use assets	19,592,777	(13,137,330)	-	6,455,447
<b>Computer software</b>	7,141,092	(5,605,328)	(343,376)	1,192,388
<b>Motor vehicles:</b>				
- Owned	202,407	(43,855)	-	158,552
- Right-of-use assets	2,479,501	(1,527,019)	-	952,482
<b>Furniture, fittings and office equipment:</b>				
- Owned	7,574,330	(6,377,452)	-	1,196,878
- Right-of-use assets	245,027	(120,928)	-	124,099
<b>Renovation</b>	6,874,373	(4,847,333)	-	2,027,040
<b>Total</b>	<b>292,706,726</b>	<b>(180,372,942)</b>	<b>(14,218,671)</b>	<b>98,115,113</b>

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

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## 12. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Group	Balance as at 1.1.2020	Additions	Disposal of subsidiary (Note 16(e))	Transferred from inventories (Note 19(f))	Transfers	Written off	Disposals/ Termination	Depreciation charges for the financial year	Impairment	Exchange differences	Balance as at 31.12.2020
2020	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>Carrying amount</b>											
<b>Long term leasehold land:</b>											
- Right-of-use assets	1,395,201	-	-	-	-	-	-	(16,414)	-	-	1,378,787
<b>Buildings:</b>											
- 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
<b>Computer equipment</b>	3,484,677	2,069,031	(151,581)	-	-	(4)	(18)	(2,132,773)	-	26,150	3,295,482
<b>EDC equipment:</b>											
- 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
<b>Computer software</b>	1,657,909	316,645	(101,185)	-	-	(43,229)	(28,260)	(684,800)	-	27,417	1,144,497
<b>Motor vehicles:</b>											
- 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
<b>Furniture, fittings and office equipment:</b>											
- 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
<b>Renovation</b>	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 2021

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## 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
<b>Long term leasehold land:</b>				
- Right-of-use assets	1,625,000	(246,213)	-	1,378,787
<b>Buildings:</b>				
- Owned	17,132,082	(1,839,455)	-	15,292,627
- Right-of-use assets	4,152,071	(2,385,004)	-	1,767,067
<b>Computer equipment</b>	30,248,428	(26,446,008)	(506,938)	3,295,482
<b>EDC equipment:</b>				
- 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
<b>Computer software</b>	6,742,261	(5,228,387)	(369,377)	1,144,497
<b>Motor vehicles:</b>				
- Owned	206,873	(3,448)	-	203,425
- Right-of-use assets	2,784,161	(1,268,457)	-	1,515,704
<b>Furniture, fittings and office equipment:</b>				
- Owned	7,490,081	(6,083,069)	-	1,407,012
- Right-of-use assets	245,027	(72,408)	-	172,619
<b>Renovation</b>	6,452,101	(4,117,053)	-	2,335,048
<b>Total</b>	286,431,150	(172,932,032)	(13,899,950)	99,599,168

# NOTES TO THE FINANCIAL STATEMENTS

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CONT'D

## 12. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Company 2021	Balance as at 1.1.2021 RM	Additions RM	Termination RM	Depreciation charges for the financial year RM	Balance as at 31.12.2021 RM
<b>Carrying amount</b>					
<b>Long term leasehold land:</b>					
- Right-of-use assets	1,378,787	-	-	(16,414)	1,362,373
<b>Buildings:</b>					
- Owned	7,311,804	-	-	(172,237)	7,139,567
- Right-of-use assets	37,507	-	(9,289)	(22,269)	5,949
<b>Computer equipment</b>	247,969	193,480	-	(184,331)	257,118
<b>Computer software</b>	286,277	-	-	(65,936)	220,341
<b>Motor vehicles:</b>					
- Right-of-use assets	346,605	-	-	(70,496)	276,109
<b>Furniture, fittings and office equipment:</b>					
- Owned	541,431	13,179	-	(95,082)	459,528
- Right-of-use assets	43,894	-	-	(14,845)	29,049
<b>Renovation</b>	2,167,346	2,000	-	(660,837)	1,508,509
	12,361,620	208,659	(9,289)	(1,302,447)	11,258,543

Company 2021	At 31.12.2021		
	Cost RM	Accumulated depreciation RM	Carrying amount RM
<b>Long term leasehold land:</b>			
- Right-of-use assets	1,625,000	(262,627)	1,362,373
<b>Buildings:</b>			
- Owned	8,350,000	(1,210,433)	7,139,567
- Right-of-use assets	63,651	(57,702)	5,949
<b>Computer equipment</b>	5,504,374	(5,247,256)	257,118
<b>Computer software</b>	1,799,737	(1,579,396)	220,341
<b>Motor vehicles:</b>			
- Right-of-use assets	352,480	(76,371)	276,109
<b>Furniture, fittings and office equipment:</b>			
- Owned	2,429,589	(1,970,061)	459,528
- Right-of-use assets	68,656	(39,607)	29,049
<b>Renovation</b>	3,623,223	(2,114,714)	1,508,509
<b>Total</b>	23,816,710	(12,558,167)	11,258,543

# NOTES TO THE FINANCIAL STATEMENTS

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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 RM	Depreciation charges for the financial year RM	Balance as at 31.12.2020 RM
<b>Carrying amount</b>							
<b>Long term leasehold land:</b>							
- Right-of-use assets	1,395,201	-	-	-	-	(16,414)	1,378,787
<b>Buildings:</b>							
- Owned	7,484,041	-	-	-	-	(172,237)	7,311,804
- Right-of-use assets	62,237	-	14,724	-	-	(39,454)	37,507
<b>Computer equipment</b>							
	391,748	136,348	-	(1)	(18)	(280,108)	247,969
<b>Computer software</b>							
	359,971	-	-	-	-	(73,694)	286,277
<b>Motor vehicles:</b>							
- Right-of-use assets	170,849	352,480	-	-	(111,709)	(65,015)	346,605
<b>Furniture, fittings and office equipment:</b>							
- 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
<b>Renovation</b>							
	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
<b>Long term leasehold land:</b>			
- Right-of-use assets	1,625,000	(246,213)	1,378,787
<b>Buildings:</b>			
- Owned	8,350,000	(1,038,196)	7,311,804
- Right-of-use assets	118,498	(80,991)	37,507
<b>Computer equipment</b>			
	5,310,894	(5,062,925)	247,969
<b>Computer software</b>			
	1,799,737	(1,513,460)	286,277
<b>Motor vehicles:</b>			
- Right-of-use assets	352,480	(5,875)	346,605
<b>Furniture, fittings and office equipment:</b>			
- Owned	2,416,410	(1,874,979)	541,431
- Right-of-use assets	68,656	(24,762)	43,894
<b>Renovation</b>			
	3,621,223	(1,453,877)	2,167,346
<b>Total</b>	23,662,898	(11,301,278)	12,361,620



# NOTES TO THE FINANCIAL STATEMENTS

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## 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	
	2021	2020	2021	2020
	RM	RM	RM	RM
Purchase of property, plant and equipment	46,244,986	18,596,466	208,659	580,685
Leases	(2,952,530)	(1,372,642)	-	(333,750)
Cash payments on purchases of property, plant and equipment	43,292,456	17,223,824	208,659	246,935

- (c) As at the end of the reporting period, buildings with the carrying amount of RM15,106,923 (2020: RM8,491,973) 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 RM636,829 (2020: RM3,827,865) was recognised in other operating expenses due to technological obsolescence.

# NOTES TO THE FINANCIAL STATEMENTS

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## 13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group as lessee

Right-of-use assets

Group 2021	Balance as at 1.1.2021	Addition/ Reassessment	Disposals/ Termination	Depreciation charges for the financial year	Exchange difference	Balance as at 31.12.2021
	RM	RM	RM	RM	RM	RM
<b>Carrying amount</b>						
Long term leasehold land	1,378,787	-	-	(16,414)	-	1,362,373
Buildings	1,767,067	2,952,530	(21,686)	(1,145,778)	(23,097)	3,529,036
Motor vehicles	1,515,704	-	(95,294)	(462,013)	(5,915)	952,482
EDC equipment	6,597,902	-	-	-	(142,455)	6,455,447
Office equipment	172,619	-	-	(48,520)	-	124,099
	11,432,079	2,952,530	(116,980)	(1,672,725)	(171,467)	12,423,437

Group 2020	Balance as at 1.1.2020	Addition/ Reassessment	Disposals/ Termination	Depreciation charges for the financial year	Exchange difference	Balance as at 31.12.2020
	RM	RM	RM	RM	RM	RM
<b>Carrying amount</b>						
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

# NOTES TO THE FINANCIAL STATEMENTS

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

The Group as lessee (Cont'd)

Lease liabilities

Group	Balance as at 1.1.2021 RM	Addition RM	Reassessment RM	Termination RM	Lease payments RM	Interest expense RM	Exchange difference RM	Balance as at 31.12.2021 RM
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2021

Carrying amount

Buildings	1,867,689	1,096,493	1,856,037	(111,128)	(1,315,614)	101,114	(6,281)	3,488,310
Motor vehicles	1,144,456	-	-	-	(307,448)	34,023	-	871,031
EDC equipment	5,870,697	-	-	-	(4,588,354)	166,359	(16,999)	1,431,703
Office equipment	178,370	-	-	-	(54,361)	6,321	-	130,330
	9,061,212	1,096,493	1,856,037	(111,128)	(6,265,777)	307,817	(23,280)	5,921,374

2020

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

	Group	
	2021 RM	2020 RM

Represented by:

Current liabilities	2,621,823	6,160,545
Non-current liabilities	3,299,551	2,900,667
	5,921,374	9,061,212

Lease liabilities owing to financial institutions	2,302,734	7,015,153
Lease liabilities owing to non-financial institutions	3,618,640	2,046,059
	5,921,374	9,061,212

# NOTES TO THE FINANCIAL STATEMENTS

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

The Group as lessee (Cont'd)

Right-of-use assets

Company 2021	Balance as at 1.1.2021 RM	Termination RM	Depreciation RM	Balance as at 31.12.2021 RM
<b>Carrying amount</b>				
Long term leasehold land	1,378,787	-	(16,414)	1,362,373
Buildings	37,507	(9,289)	(22,269)	5,949
Office equipment	43,894	-	(14,845)	29,049
Motor vehicles	346,605	-	(70,496)	276,109
	1,806,793	(9,289)	(124,024)	1,673,480

Company 2020	Balance as at 1.1.2020 RM	Addition RM	Reassessment RM	Disposal RM	Depreciation RM	Balance as at 31.12.2020 RM
<b>Carrying amount</b>						
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
	1,672,132	366,230	14,724	(111,709)	(134,584)	1,806,793

# NOTES TO THE FINANCIAL STATEMENTS

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

The Group as lessee (Cont'd)

Lease liabilities

Company 2021	Balance as at 1.1.2021 RM	Termination RM	Lease payments RM	Interest expense RM	Balance as at 31.12.2021 RM
<b>Carrying amount</b>					
Buildings	36,117	(9,953)	(21,474)	488	5,178
Office equipment	45,416	-	(16,440)	1,435	30,411
Motor vehicles	320,000	-	(69,372)	9,606	260,234
	401,533	(9,953)	(107,286)	11,529	295,823

Company 2020	Balance as at 1.1.2020 RM	Addition RM	Reassessment RM	Lease payments RM	Interest expense RM	Balance as at 31.12.2020 RM
<b>Carrying amount</b>						
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

Represented by:

	Company	
	2021 RM	2020 RM
Current liabilities	76,041	105,710
Non-current liabilities	219,782	295,823
	295,823	401,533
Lease liabilities owing to financial institutions	260,234	320,000
Lease liabilities owing to non-financial institutions	35,589	81,533
	295,823	401,533

# NOTES TO THE FINANCIAL STATEMENTS

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## 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 RM1,362,373 (2020: RM459,596) 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% (2020: 3.22% to 8.82%) and 3.22% to 3.96% (2020: 3.22% to 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	
	2021 RM	2020 RM	2021 RM	2020 RM
Depreciation charge of right-of-use assets (included in administrative expenses)	1,672,725	3,835,739	124,024	134,584
Interest expense on lease liabilities (included in finance costs)	307,817	867,585	11,529	8,132
Expense relating to short-term leases (included in administrative expenses)	221,603	239,034	-	8,216
Expense relating to leases of low-value assets (included in administrative expenses)	93,546	360,956	14,595	4,190

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

CONT'D

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

### The Group as lessee (Cont'd)

(e) The following are the amounts recognised in profit or loss: (Cont'd)

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Loss/(Gain) on disposal of property, plant and equipment and right-of-use assets (included in administrative expenses)	546,974	(605,159)	-	111,726
Gain on reassessment of right-of-use assets (included in administrative expenses)	-	(834)	-	(834)
Gain on lease termination	(111,128)	-	(664)	-
	<u>2,731,537</u>	<u>4,697,321</u>	<u>149,484</u>	<u>266,014</u>

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

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Ringgit Malaysia ("RM")	4,113,845	2,788,696	295,823	401,533
Philippines Peso ("PHP")	1,431,703	5,870,697	-	-
Thai Baht ("THB")	375,826	401,819	-	-
	<u>5,921,374</u>	<u>9,061,212</u>	<u>295,823</u>	<u>401,533</u>

(g) The following table demonstrates the sensitivity analysis of the Group 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	
	2021	2020	2021	2020
	RM	RM	RM	RM
Profit after tax				
PHP/RM - strengthen by 10% (2020: 10%)	108,809	446,173	-	-
PHP/RM - weaken by 10% (2020: 10%)	(108,809)	(446,173)	-	-
THB/RM - strengthen by 10% (2020: 10%)	28,563	30,538	-	-
THB/RM - weaken by 10% (2020: 10%)	(28,563)	(30,538)	-	-

# NOTES TO THE FINANCIAL STATEMENTS

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

### The Group as lessee (Cont'd)

- (h) 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	
	2021	2020	2021	2020
	RM	RM	RM	RM
<b>Lease liabilities</b>				
On demand or within one (1) year	2,804,301	6,411,876	84,532	117,312
One (1) to five (5) years	3,514,230	2,966,198	230,466	314,998
	<u>6,318,531</u>	<u>9,378,074</u>	<u>314,998</u>	<u>432,310</u>

- (i) 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	
	2021	2020	2021	2020
	RM	RM	RM	RM
<b>Lease liabilities</b>				
At beginning of financial year	9,061,212	15,308,900	401,533	270,265
Cash flows	(6,265,777)	(8,724,262)	(107,286)	(224,504)
Non-cash flows:				
- Reassessment	1,997,255	18,366	-	13,890
- Additions	955,652	1,372,642	-	333,750
- Termination	(111,128)	(194,355)	(9,953)	-
- Unwinding of interest	307,817	867,585	11,529	8,132
- Exchange difference	(23,657)	412,336	-	-
At end of financial year	<u>5,921,374</u>	<u>9,061,212</u>	<u>295,823</u>	<u>401,533</u>



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

CONT'D

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

### The Group as lessee (Cont'd)

(j) The following are total cash outflows for leases as a lessee:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
<b>Included in net cash from operating activities:</b>				
Payment relating to short-term leases and low-value assets	315,149	599,990	14,595	12,406
<b>Included in net cash (used in)/from investing activities:</b>				
Proceeds from disposal of right-of-use assets	-	-	-	(1)
<b>Included in net cash from/(used in) financing activities:</b>				
Payment of lease liabilities	6,265,777	8,724,262	107,286	224,504
Total cash outflows for leases	6,580,926	9,324,252	121,881	236,909

### 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	
	2021	2020
	RM	RM
Not later than one (1) year	10,406,368	10,119,588
Later than one (1) year and not later than two (2) years	2,633,357	8,276,639
Later than two (2) years and not later than three (3) years	-	265,686
	13,039,725	18,661,913

# NOTES TO THE FINANCIAL STATEMENTS

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## 14. INTANGIBLE ASSETS

Group 2021	Balance as at 1.1.2021 RM	Amortisation charge for the financial year RM	Balance as at 31.12.2021 RM
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### Carrying amount

Completed development costs	1,168,738	(264,672)	904,066
-----------------------------	-----------	-----------	---------

Group	As at 31.12.2021		
	Cost RM	Accumulated amortisation RM	Carrying amount RM
Completed development costs	15,546,711	(14,642,645)	904,066

Group 2020	Balance as at 1.1.2020 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
-----------------------------	-----------	-----------	-----------

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

# NOTES TO THE FINANCIAL STATEMENTS

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## 14. INTANGIBLE ASSETS (Cont'd)

Company 2021	Balance as at 1.1.2021 RM	Amortisation charge for the financial year RM	Balance as at 31.12.2021 RM
-----------------	------------------------------------	---	--------------------------------------

### Carrying amount

Completed development costs	136,292	(26,248)	110,044
-----------------------------	---------	----------	---------

Company	As at 31.12.2021		
	Cost RM	Accumulated amortisation RM	Carrying amount RM

Completed development costs	13,162,478	(13,052,434)	110,044
-----------------------------	------------	--------------	---------

Company 2020	Balance as at 1.1.2020 RM	Amortisation charge for the financial year RM	Balance as at 31.12.2020 RM
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### Carrying amount

Completed development costs	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
-----------------------------	------------	--------------	---------

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.

# NOTES TO THE FINANCIAL STATEMENTS

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## 15. GOODWILL

Group 2021	Balance as at 1.1.2021 RM	Impairment during the financial year RM	Balance as at 31.12.2021 RM
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### Carrying amount

Goodwill	168,638,985	-	168,638,985
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Group	As at 31.12.2021		
	Cost	Accumulated impairment losses	Carrying amount
	RM	RM	RM
Goodwill	171,607,014	(2,968,029)	168,638,985

Group 2020	Balance as at 1.1.2020 RM	Impairment during the financial 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	Accumulated impairment losses	Carrying amount
	RM	RM	RM
Goodwill	171,607,014	(2,968,029)	168,638,985

- (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.

Goodwill is tested for impairment by the Group at least on an annual basis, and whenever there is an indication that the goodwill may be impaired. 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

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## 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	
	2021	2020
	RM	RM
e-pay group of companies <sup>#</sup>	105,629,787	105,629,787
Paysys group of companies <sup>^</sup>	63,009,198	63,009,198
	<u>168,638,985</u>	<u>168,638,985</u>

<sup>#</sup> e-pay group of companies represents e-pay (M) Sdn. Bhd. and its subsidiaries, Mobiepay Sdn. Bhd. and its subsidiaries, S Capital Sdn. Bhd. and Sentripay Sdn. Bhd..

<sup>^</sup> 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:

	2021	2020
	%	%
<b>Growth rates</b>		
e-pay group of companies	5	2
Paysys group of companies	<u>6 - 10</u>	<u>3</u>

#### (ii) Pre-tax discount rate

Discount rates reflect the current market assessment of the risks specific to the Group. Discount rate of 11.3% (2020: 10.3%) 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

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## 15. GOODWILL (Cont'd)

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

(iii) Terminal value

	2021	2020
	%	%
<b>Terminal growth rates</b>		
e-pay group of companies	5	2
Paysys group of companies	5	5

In the previous financial year, impairment of goodwill amounting to RM11,332,252 was recognised 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 previous financial year as disclosed in Note 16(e) 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 2021 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	
	2021	2020
	RM	RM
Unquoted shares, at cost	45,416,124	45,416,124
Accumulated impairment losses	(16,162,619)	(15,662,619)
	29,253,505	29,753,505
Equity contributions in subsidiaries in respect of ESS	3,593,586	3,593,586
Accumulated impairment losses	(97,162)	(97,162)
	3,496,424	3,496,424
Advances to subsidiaries	135,919,430	103,050,344
Accumulated impairment losses	(11,307,397)	(1,343,782)
	124,612,033	101,706,562
	157,361,962	134,956,491

(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 2021

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## 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
		2021 %	2020 %	
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 2021

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## 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
		2021 %	2020 %	
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 2021

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
		2021 %	2020 %	
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.
GHL Philippines Financing Services Inc.	Philippines	99.99	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.	Philippines	99.99	99.99	Dormant.
GHL ePayments Pte. Ltd. ^	Singapore	100.00	100.00	Dormant.
Subsidiaries of EPY Capital Holdings Limited				
PT e-pay Indonesia *	Indonesia	21.20	21.20	Dormant.

# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

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## 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
		2021 %	2020 %	
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 IT consulting and management services.
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.
Subsidiaries 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..

# NOTES TO THE FINANCIAL STATEMENTS

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## 16. INVESTMENTS IN SUBSIDIARIES (Cont'd)

- (e) Disposal of a subsidiary during the financial year ended 31 December 2020

Speed Pay Plc ("Speed Pay")

In the previous financial 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 31 December 2020, 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.

As at 31 December 2021, the shares of Speed Pay held by GHL Asia Pacific Limited, has yet to be transferred to Mr Lim Sambat.

Loss attributable to the discontinued operation was as follows:

	Note	Group 2020 RM
<b>Results of discontinued operation</b>		
Revenue	5	251
Expenses		(2,104,050)
Results from operating activities		(2,103,799)
Taxation	9	(1)
Results from operating activities, net of tax		(2,103,800)
Gain on sale of discontinued operation		480,500
Loss for the financial year		(1,623,300)

In the previous financial year, 51% of the loss from discontinued operation of RM1,072,938 was attributable to owners of the company.

# NOTES TO THE FINANCIAL STATEMENTS

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## 16. INVESTMENTS IN SUBSIDIARIES (Cont'd)

- (e) Disposal of a subsidiary during the financial year ended 31 December 2020 (Cont'd)

Speed Pay Plc ("Speed Pay") (Cont'd)

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

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

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	<u>(10,734,373)</u>
	225,599
Less: Non-controlling interests	<u>302,526</u>
Gain on disposal of subsidiary	<u>480,500</u>

# NOTES TO THE FINANCIAL STATEMENTS

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## 16. INVESTMENTS IN SUBSIDIARIES (Cont'd)

- (f) Acquisition of a subsidiary during the financial year ended 31 December 2020

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

- (g) In the previous financial year, the Group recognised share options granted under shares options scheme of RM287,229 in profit or loss, out of which an amount of RM179,661 was in respect of employees of subsidiaries. At Company level, the amount of RM179,661 was recorded as an increase in investments in subsidiaries with a corresponding credit to equity as disclosed in Note 23(d) to the financial statements.

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

	Company	
	2021	2020
	RM	RM
Balance as at 1 January	103,050,344	97,632,613
Reclassification of balance from amount owing by subsidiaries to equity loan	32,869,086	19,417,731
Capitalised as investment in subsidiary	-	(5,000,000)
Set off with declaration of dividends	-	(9,000,000)
	135,919,430	103,050,344
Accumulated impairment losses	(11,307,397)	(1,343,782)
Balance as at 31 December	124,612,033	101,706,562

During the financial year, the Company increased its equity loan via capitalisation of non-trade amount owing by subsidiaries as disclosed in Note 20(f) to the financial statements.

In the previous financial year, the Company increased 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..

- (i) 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.

# NOTES TO THE FINANCIAL STATEMENTS

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## 16. INVESTMENTS IN SUBSIDIARIES (Cont'd)

- (j) The reconciliation of movement in the impairment loss are as follows:

	Company	
	2021 RM	2020 RM
Balance as at 1 January	17,103,563	17,080,108
Charge for the financial year	1,130,536	23,455
Reclassification from amount owing by subsidiary	9,333,079	-
Balance as at 31 December	27,567,178	17,103,563

- (k) In the previous financial year, impairment for advances to subsidiaries were 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. During the current financial year, there is a change in contractual term of advances to subsidiaries to long term capital and impairment for advances to subsidiaries is recognised based on MFRS 136. Movements in the impairment allowance for advances to subsidiaries are as follows:

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

- (l) The Group does not have any subsidiary that has non-controlling interests, which is individually material to the Group for both financial years ended 31 December 2021 and 31 December 2020.

## 17. INVESTMENTS IN JOINT VENTURES AND AN ASSOCIATE

	Group	
	2021 RM	2020 RM
<b>Joint ventures</b>		
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)
	-	-

# NOTES TO THE FINANCIAL STATEMENTS

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

	Group	
	2021 RM	2020 RM
<b>Associate</b>		
Unquoted equity shares, at cost	1,743,700	1,426,100
Share of post-acquisition reserves	(1,030,704)	(710,644)
Accumulated impairment losses	(684,250)	(715,456)
	28,746	-
	28,746	-

(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
		2021 %	2020 %	
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 2021 and 31 December 2020.

# NOTES TO THE FINANCIAL STATEMENTS

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

(d) The details of the associate are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2021 %	2020 %	
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 317,600 (2020: 158,800) ordinary shares in MRuncit Commerce Sdn. Bhd. ("MRuncit") for a total cash consideration of RM317,600 (2020: RM158,800) 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	
	2021 RM	2020 RM
Carrying amounts of interests in an associate	28,746	-
<b>Share of results for the financial year</b>		
Share of loss	(320,060)	(147,601)
Share of other comprehensive income	-	-
Share of total comprehensive loss	(320,060)	(147,601)



# NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

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

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

	Group	
	2021	2020
	RM	RM
<b>Investment in associate</b>		
Balance as at 1 January	715,456	397,700
Charge for the financial year	-	317,756
Reversal of impairment during the financial year	(31,206)	-
Balance as at 31 December	684,250	715,456

## 18. DEFERRED TAX

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

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Balance as at 1 January	1,524,113	1,146,253	64,016	145,057
Recognised in profit or loss (Note 9)	3,087,126	544,948	43,190	(81,041)
Recognised in other comprehensive income (Note 9(d))	-	(156,398)	-	-
Exchange differences	69,513	(10,690)	-	-
Balance as at 31 December	4,680,752	1,524,113	107,206	64,016
Presented after appropriate offsetting:				
Deferred tax assets, net	(2,220,044)	(2,954,710)	-	-
Deferred tax liabilities, net	6,900,796	4,478,823	107,206	64,016
	4,680,752	1,524,113	107,206	64,016

# NOTES TO THE FINANCIAL STATEMENTS

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## 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 2021	8,707,722	173,135	441,284	9,322,141
Recognised in profit or loss	2,415,650	(5,783)	270,013	2,679,880
Exchange differences	-	-	(867)	(867)
Balance as at 31 December 2021 (before offsetting)	11,123,372	167,352	710,430	12,001,154
Offsetting	(4,954,125)	-	(146,233)	(5,100,358)
Balance as at 31 December 2021 (after offsetting)	6,169,247	167,352	564,197	6,900,796
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

# NOTES TO THE FINANCIAL STATEMENTS

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## 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 (Cont'd)

	Unabsorbed capital allowances RM	Unused tax losses RM	Others RM	Total RM
Balance as at 1 January 2021	(3,531,379)	(993,659)	(3,272,990)	(7,798,028)
Recognised in profit or loss	(50,103)	-	457,349	407,246
Exchange differences	-	-	70,380	70,380
Balance as at 31 December 2021 (before offsetting)	(3,581,482)	(993,659)	(2,745,261)	(7,320,402)
Offsetting	3,581,482	993,659	525,217	5,100,358
Balance as at 31 December 2021 (after offsetting)	-	-	(2,220,044)	(2,220,044)
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)

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.

### Deferred tax liabilities of the Company

	Property, plant and equipment RM	Intangible assets RM	Total RM
Balance as at 1 January 2021	33,989	30,027	64,016
Recognised in profit or loss (Note 9)	48,973	(5,783)	43,190
Balance as at 31 December 2021	82,962	24,244	107,206
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

# NOTES TO THE FINANCIAL STATEMENTS

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## 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:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Unused tax losses, expiring on 31 December 2025	-	21,684,354	-	3,288,294
Unused tax losses, expiring on 31 December 2026	-	6,270,568	-	2,270,022
Unused tax losses, expiring on 31 December 2027	-	2,270,022	-	-
Unused tax losses, expiring on 31 December 2028	16,667,533	-	-	-
Unused tax losses, expiring on 31 December 2029	5,824,406	-	3,288,294	-
Unused tax losses, expiring on 31 December 2030	2,270,022	-	2,270,022	-
Unused tax losses, expiring on 31 December 2031	2,750,536	-	209,047	-
Unabsorbed capital allowances	4,547,779	3,334,321	2,822,480	2,181,387
Other deductible temporary differences	541,888	(38,810)	674,674	239,772
	<b>32,602,164</b>	<b>33,520,455</b>	<b>9,264,517</b>	<b>7,979,475</b>

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.

In the previous financial year, for the Malaysian entities, the unused tax losses up to the year of assessment 2018 shall be deductible until year of assessment of 2025. The unused tax losses of the year of assessment 2019 onwards will expire in 7 years.

From the current financial year onwards, for the Malaysian entities, the unused tax losses up to the year of assessment 2019 shall be deductible until year of assessment of 2029. The unused tax losses of the year of assessment 2020 onwards will expire in 10 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.

# NOTES TO THE FINANCIAL STATEMENTS

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## 19. INVENTORIES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>At NRV</b>				
EDC equipment	103,380	1,112,439	-	-
Others	101,976	103,546	-	-
<b>At cost</b>				
EDC equipment	112,316	-	-	-
Prepaid airtime PINS	62,231,053	57,760,031	-	-
Others	1,499,085	896,043	-	103,399
	<u>64,047,810</u>	<u>59,872,059</u>	<u>-</u>	<u>103,399</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 RM105,785,784 and RM177,369 (2020: RM121,955,162 and RM42,714) respectively.
- (d) In addition, the amounts recognised in the other operating expenses include the following:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Inventories written off	<u>168,302</u>	<u>1,353,402</u>	<u>-</u>	<u>-</u>

- (e) During the financial year, the Group wrote back inventories of RM1,265,912 (2020: RM Nil) which were previously written off as the Group is able to realise these inventories in the current financial year.
- (f) During the financial year, inventories of the Group amounting to RM4,059,274 (2020: RM12,063,393) 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.
- (g) During the financial year, the Group reversed RM1,570 (2020: RM Nil) in respect of inventories written down in the previous financial years that were subsequently not required as the Group was able to sell those inventories above their carrying amounts.

# NOTES TO THE FINANCIAL STATEMENTS

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## 20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
<b>Non-current assets</b>				
Trade receivables				
Lease receivables	3,358,184	380,203	-	-
Loans, advances and financing to customers	2,296	35,592	-	-
	3,360,480	415,795	-	-
<b>Current assets</b>				
Trade receivables				
Third parties	63,849,924	53,495,232	269,504	606,662
Lease receivables	5,900,374	2,392,631	-	-
Loans, advances and financing to customers	588,818	521,810	-	-
Associate	-	255,601	-	-
Subsidiaries	-	-	4,429,389	5,653,605
	70,339,116	56,665,274	4,698,893	6,260,267
Accumulated impairment losses				
- third parties	(9,568,003)	(11,506,477)	(154,288)	(152,729)
- subsidiaries	-	-	(1,557,369)	(1,557,369)
	(9,568,003)	(11,506,477)	(1,711,657)	(1,710,098)
	60,771,113	45,158,797	2,987,236	4,550,169
Other receivables				
Third parties	76,173,273	87,690,712	241,068	14,590
Amounts owing by subsidiaries	-	-	28,899,815	50,990,309
Deposits	2,407,260	2,829,811	97,879	113,704
	78,580,533	90,520,523	29,238,762	51,118,603
Accumulated impairment losses				
- other receivables	(876,946)	(1,280,396)	-	-
- amounts owing by subsidiaries	-	-	(8,788,014)	(32,489,515)
	(876,946)	(1,280,396)	(8,788,014)	(32,489,515)
	77,703,587	89,240,127	20,450,748	18,629,088
Contract assets	1,209,304	513,611	-	-
Prepayments	4,212,436	3,027,290	741,500	1,107,337
	143,896,440	137,939,825	24,179,484	24,286,594
<b>Total trade and other receivables</b>	<b>147,256,920</b>	<b>138,355,620</b>	<b>24,179,484</b>	<b>24,286,594</b>

# NOTES TO THE FINANCIAL STATEMENTS

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## 20. TRADE AND OTHER RECEIVABLES (Cont'd)

- (a) Trade and other receivables (other than contract assets and prepayments) are classified as financial assets and are measured at amortised cost.
- (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 (2020: 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 16.8% (2020: 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 a weighted average annual interest of 4.33% (2020: 4.33%). 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) During the financial year, the Company has capitalised amounts owing by subsidiaries amounting to RM32,869,086 (2020: RM19,417,731) as equity loan.
- (g) Included in third party other receivables of the Group is an amount of RM39,779,449 (2020: RM52,077,425) being the Payment Holding Account with Payment Network Malaysia Sdn. Bhd. ("PAYNET"), which was pending for settlement payment owing to Merchant.
- (h) 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.

- (i) 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.
- (j) 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.

# NOTES TO THE FINANCIAL STATEMENTS

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## 20. TRADE AND OTHER RECEIVABLES (Cont'd)

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

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

	Gross carrying amount RM	Impairment loss allowance RM	Credit impaired
<b>31 December 2021</b>			
<b>Group</b>			
Grades (Low risk)	44,932,578	(393,246)	No
Grades (Loss)	239,474	(239,474)	Yes
	<u>45,172,052</u>	<u>(632,720)</u>	
<b>Company</b>			
Grades (Low risk)	83,424	-	No
Grades (Loss)	152,280	(152,280)	Yes
	<u>235,704</u>	<u>(152,280)</u>	
<b>31 December 2020</b>			
<b>Group</b>			
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>	
<b>Company</b>			
Grades (Low risk)	307,162	(1,536)	No
Grades (Loss)	148,570	(148,570)	Yes
	<u>455,732</u>	<u>(150,106)</u>	

- (k) 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 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.



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## 20. TRADE AND OTHER RECEIVABLES (Cont'd)

(k) ECL assessment for non-financial institutions customers are as follows: (Cont'd)

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.

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 impaired
<b>31 December 2021</b>			
<b>Group</b>			
Current (not past due)	16,391,646	(31,537)	No
More than 30 days past due	3,557,188	(325,036)	No
More than 60 days past due	629,022	(629,022)	No
More than 90 days past due	1,514,754	(1,514,754)	No
More than 120 days past due	6,434,934	(6,434,934)	Yes
	<u>28,527,544</u>	<u>(8,935,283)</u>	
<b>Company</b>			
Current (not past due)	661,129	(8)	No
More than 30 days past due	44,500	-	No
More than 60 days past due	45,189	-	No
More than 90 days past due	44,500	-	No
More than 120 days past due	3,667,871	(1,559,369)	Yes
	<u>4,463,189</u>	<u>(1,559,377)</u>	

# NOTES TO THE FINANCIAL STATEMENTS

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## 20. TRADE AND OTHER RECEIVABLES (Cont'd)

- (k) 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. (Cont'd)

	Gross carrying amount RM	Impairment loss allowance RM	Credit impaired
<b>31 December 2020</b>			
<b>Group</b>			
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>	
<b>Company</b>			
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>	

- (l) 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.

# NOTES TO THE FINANCIAL STATEMENTS

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## 20. TRADE AND OTHER RECEIVABLES (Cont'd)

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Trade receivables</b>				
Balance as at 1 January	11,506,477	13,698,566	1,710,098	4,660,514
Charge for the financial year	5,985,713	7,301,977	23,351	181,580
Reversal of impairment losses	(7,859,845)	(9,432,736)	(21,792)	(3,131,996)
Written off	(1,946)	(104,654)	-	-
Exchange differences	(62,396)	43,324	-	-
Balance as at 31 December	9,568,003	11,506,477	1,711,657	1,710,098
<b>Other receivables</b>				
Balance as at 1 January	1,280,396	353,576	32,489,515	31,470,760
Charge for the financial year	-	1,148,469	2,086,075	6,865,612
Reversal of impairment losses	(403,450)	(62,783)	(16,454,497)	(5,687,991)
Reclassification to equity loan	-	-	(9,333,079)	-
Written off	-	(158,866)	-	(158,866)
Balance as at 31 December	876,946	1,280,396	8,788,014	32,489,515
	10,444,949	12,786,873	10,499,671	34,199,613

- (p) 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:

	2021		2020	
	RM	% of total	RM	% of total
<b>By country</b>				
Malaysia	55,622,048	86	38,295,340	83
Philippines	5,043,069	8	1,489,919	3
Thailand	3,099,090	5	5,181,280	11
Australia	-	-	603,951	2
Singapore	58	-	102	-
Cambodia	365,703	1	4,000	1
Indonesia	792	-	-	-
United States	833	-	-	-
	64,131,593	100	45,574,592	100

# NOTES TO THE FINANCIAL STATEMENTS

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## 20. TRADE AND OTHER RECEIVABLES (Cont'd)

(p) (Cont'd)

At the end of each reporting period, approximately thirty four percent (34%) (2020: 25%) of the trade receivables of the Group were due from 5 customers (2020: 5) customers.

At the end of each reporting period, the Company does not have significant concentration of credit risk other than amounts owing by subsidiaries of RM22,983,821 (2020: RM22,597,030), which contributes 98% (2020: 97%) of total receivables of the Company.

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Ringgit Malaysia ("RM")	126,494,625	115,838,383	22,193,409	11,298,365
Philippines Peso ("PHP")	9,011,275	10,506,700	-	-
Thai Baht ("THB")	5,960,134	7,738,149	-	-
Australian Dollar ("AUD")	1,520	605,336	-	240,288
United States Dollar ("USD")	366,536	33,731	1,244,575	11,640,604
Indonesian Rupiah ("IDR")	792	91,751	-	-
Singapore Dollar ("SGD")	298	669	-	-
	141,835,180	134,814,719	23,437,984	23,179,257

# NOTES TO THE FINANCIAL STATEMENTS

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## 20. TRADE AND OTHER RECEIVABLES (Cont'd)

- (r) 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	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit after tax				
PHP/RM - strengthen by 10% (2020: 10%)	684,857	798,509	-	-
PHP/RM - weaken by 10% (2020: 10%)	(684,857)	(798,509)	-	-
THB/RM - strengthen by 10% (2020: 10%)	452,970	588,099	-	-
THB/RM - weaken by 10% (2020: 10%)	(452,970)	(588,099)	-	-
AUD/RM - strengthen by 10% (2020: 10%)	116	46,006	-	18,262
AUD/RM - weaken by 10% (2020: 10%)	(116)	(46,006)	-	(18,262)
USD/RM - strengthen by 10% (2020: 10%)	27,857	2,564	94,588	884,686
USD/RM - weaken by 10% (2020: 10%)	(27,857)	(2,564)	(94,588)	(884,686)
IDR/RM - strengthen by 10% (2020: 10%)	60	6,973	-	-
IDR/RM - weaken by 10% (2020: 10%)	(60)	(6,973)	-	-
SGD/RM - strengthen by 10% (2020: 10%)	23	51	-	-
SGD/RM - weaken by 10% (2020: 10%)	(23)	(51)	-	-

## 21. OTHER INVESTMENTS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Financial assets at fair value through profit or loss</b>				
<b>Non-current assets</b>				
Quoted shares in Malaysia	26,750	-	-	-
<b>Current assets</b>				
Unquoted unit trusts in Malaysia	101,578,702	64,809,567	96,733,322	60,016,520
	101,605,452	64,809,567	96,733,322	60,016,520

# NOTES TO THE FINANCIAL STATEMENTS

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## 21. OTHER INVESTMENTS (Cont'd)

- (a) The Group's 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) Unquoted unit trust in Malaysia 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.
- (c) Quoted shares in Malaysia of the Group are categorised as Level 1 in the fair value hierarchy. The fair value of quoted shares is determined by reference to exchange quoted market prices at the end of the reporting period.
- (d) Unquoted unit trust in Malaysia 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.
- (e) Other investments are denominated in RM.
- (f) The following table shows a reconciliation of Level 1 fair value of other investment:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Balance as at 1 January	-	-	-	-
Addition	26,750	-	-	-
Balance as at 31 December	26,750	-	-	-

- (g) The following table shows a reconciliation of Level 2 fair values of other investments:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Balance as at 1 January	64,809,567	53,270,574	60,016,520	42,164,039
Addition	107,050,000	97,200,000	107,050,000	89,200,000
Interest received	2,372,323	1,777,320	2,260,881	1,503,240
Disposal	(72,011,411)	(87,342,431)	(72,011,411)	(72,740,627)
Fair value changes	(641,777)	(95,896)	(582,668)	(110,132)
Balance as at 31 December	101,578,702	64,809,567	96,733,322	60,016,520

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

# NOTES TO THE FINANCIAL STATEMENTS

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## 22. CASH AND BANK BALANCES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash and bank balances	163,609,412	135,504,861	2,598,160	5,466,566
Deposits with licensed banks	16,502,668	13,389,060	1,959,355	-
	180,112,080	148,893,921	4,557,515	5,466,566

- (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 1.21% to 1.80% (2020: 2.39% to 3.65%) per annum. The average maturity days are ranging from 30 days to 365 days (2020: 180 days to 310 days) per annum.
- (c) Included in the deposits of the Group and of the Company are RM15,647,164 (2020: RM12,595,916) and RM1,959,355 (2020: RM Nil) respectively 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	
	2021 RM	2020 RM	2021 RM	2020 RM
Fixed rate	16,502,668	13,389,060	1,959,355	-

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	
	2021 RM	2020 RM	2021 RM	2020 RM
Ringgit Malaysia ("RM")	127,235,606	98,042,097	4,366,367	4,464,532
Philippines Peso ("PHP")	38,759,338	32,381,361	-	-
United States Dollar ("USD")	2,896,356	4,235,735	166,212	975,209
Thai Baht ("THB")	8,243,847	12,398,282	24,936	26,825
Australian Dollar ("AUD")	2,407,638	1,135,370	-	-
Singapore Dollar ("SGD")	289,652	470,139	-	-
Indonesian Rupiah ("IDR")	102,853	217,928	-	-
Hong Kong Dollar ("HKD")	176,790	13,009	-	-
	180,112,080	148,893,921	4,557,515	5,466,566

# NOTES TO THE FINANCIAL STATEMENTS

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## 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	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit after tax				
PHP/RM - strengthen by 10% (2020: 10%)	2,945,710	2,460,983	-	-
PHP/RM - weaken by 10% (2020: 10%)	(2,945,710)	(2,460,983)	-	-
USD/RM - strengthen by 10% (2020: 10%)	220,123	321,916	12,632	74,116
USD/RM - weaken by 10% (2020: 10%)	(220,123)	(321,916)	(12,632)	(74,116)
THB/RM - strengthen by 10% (2020: 10%)	626,532	942,269	1,895	2,039
THB/RM - weaken by 10% (2020: 10%)	(626,532)	(942,269)	(1,895)	(2,039)
AUD/RM - strengthen by 10% (2020: 10%)	182,980	86,288	-	-
AUD/RM - weaken by 10% (2020: 10%)	(182,980)	(86,288)	-	-
SGD/RM - strengthen by 10% (2020: 10%)	22,014	35,731	-	-
SGD/RM - weaken by 10% (2020: 10%)	(22,014)	(35,731)	-	-
IDR/RM - strengthen by 10% (2020: 10%)	7,817	16,563	-	-
IDR/RM - weaken by 10% (2020: 10%)	(7,817)	(16,563)	-	-
HKD/RM - strengthen by 10% (2020: 10%)	13,436	989	-	-
HKD/RM - weaken by 10% (2020: 10%)	(13,436)	(989)	-	-

- (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

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## 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	
	2021	2020	2021	2020
	RM	RM	RM	RM
Cash and bank balances	163,609,412	135,504,861	2,598,160	5,466,566
Deposits with licensed banks				
- not more than three (3) months	2,047,899	747,706	1,959,355	-
- more than three (3) months	14,454,769	12,641,354	-	-
	180,112,080	148,893,921	4,557,515	5,466,566
Add:				
Other investments (Note 21)	101,578,702	64,809,567	96,733,322	60,016,520
Less:				
- Deposits pledged to licensed banks	(15,647,164)	(12,595,916)	(1,959,355)	-
- Deposits more than 3 months	(855,504)	(793,144)	-	-
	265,188,114	200,314,428	99,331,482	65,483,086

## 23. SHARE CAPITAL

	Group and Company			
	2021		2020	
	Number of shares	RM	Number of shares	RM
<b>Issued and fully paid ordinary shares with no par value</b>				
Balance as at 1 January	1,141,499,842	351,485,304	749,209,139	330,199,925
Issuance of ordinary shares pursuant to:				
- acquisition of subsidiaries	-	-	10,061,206	19,015,679
- ESS	-	-	1,730,000	2,269,700
- bonus issue	-	-	380,499,497	-
Balance as at 31 December	1,141,499,842	351,485,304	1,141,499,842	351,485,304

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

# NOTES TO THE FINANCIAL STATEMENTS

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## 23. SHARE CAPITAL (Cont'd)

- (a) In the previous financial year, the issued and fully paid-up ordinary share capital of the Company was increased by way of: (Cont'd)
  - (ii) issuance of 1,730,000 new ordinary shares for cash pursuant to the exercise of ESS; and
  - (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 ("ESS2013") 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. On 25 August 2021, ESS2013 was terminated and a new ESS scheme ("ESS2021") of the Company was established and came into effect and shall be in force for a period of five (5) years until 24 August 2025 ("the scheme period"). The main features of the ESS2021 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 2021, excluding ESS shares held, is 91,319,987 (2020: 171,003,344);
- (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

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## 23. SHARE CAPITAL (Cont'd)

### (c) Executive Share Scheme ("ESS") (Cont'd)

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

	Number of options over ordinary shares						Exercisable as at 31.12.2021
	Outstanding as at 1.1.2021	Bonus issue	Retracted*	Exercised	Forfeited*	Outstanding as at 31.12.2021	
<b>2021</b>							
6 April 2018							
- first tranche	-	-	-	-	-	-	-
- second tranche	120,000	-	-	(120,000)	-	-	-
- third tranche	1,419,000	-	-	(1,419,000)	-	-	-
	<u>1,539,000</u>	<u>-</u>	<u>-</u>	<u>(1,539,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Weighted average exercise price (RM)	<u>0.72</u>	<u>0.72</u>	<u>0.72</u>	<u>0.72</u>	<u>0.72</u>	<u>0.72</u>	<u>0.72</u>
Weighted average remaining contractual life (months)	<u>-</u>						<u>-</u>

\* Due to resignation.

# There is no issuance of new ESS under ESS2021 during the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

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## 23. SHARE CAPITAL (Cont'd)

### (c) Executive Share Scheme ("ESS") (Cont'd)

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

	Number of options over ordinary shares						Exercisable as at 31.12.2020
	Outstanding as at 1.1.2020	Bonus issue	Retracted*	Exercised	Forfeited*	Outstanding as at 31.12.2020	
<b>2020</b>							
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						-

\* Due to resignation.

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

Offer date	Weighted average exercise price		Exercise period
	2021 RM	2020 RM	
6 April 2018			
- first tranche	0.72	0.72	6.4.2018 - 5.4.2021
- second tranche	0.72	0.72	6.4.2019 - 5.4.2021
- third tranche	0.72	0.72	6.4.2020 - 5.4.2021

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

# NOTES TO THE FINANCIAL STATEMENTS

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## 23. SHARE CAPITAL (Cont'd)

### (c) Executive Share Scheme ("ESS") (Cont'd)

The fair values of share options granted were estimated by using the Trinomial option pricing model, taking into account the terms and conditions upon which the options were granted. The risk-free rate is based on Malaysian Government Securities ("MGSSs"). 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

- (d) In the previous financial year, the Group recognised share options granted under shares options scheme of RM287,229 in profit or loss, out of which an amount of RM179,661 was in respect of employees of subsidiaries. At Company level, the amount of RM179,661 was recorded as an increase in investments in subsidiaries (Note 16 (g)) with a corresponding credit to equity.

## 24. RESERVES

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
<b>Non-distributable</b>				
Exchange translation reserve	(3,250,116)	(1,208,755)	-	-
Share options reserve	-	252,501	-	252,501
Retirement benefit reserve	(305,431)	(305,431)	-	-
ESS shares	-	(2,253,505)	-	(2,253,505)
	(3,555,547)	(3,515,190)	-	(2,001,004)

# NOTES TO THE FINANCIAL STATEMENTS

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## 24. RESERVES (Cont'd)

The nature of each category of reserves is as follows:

### (a) Exchange translation reserve

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

### (b) Share options reserve

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

### (c) Retirement benefit reserve

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

### (d) ESS shares

The ESS shares 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			
	2021		2020	
	Unit	RM	Unit	RM
Balance as at 1 January	1,477,550	2,253,505	8,026,400	11,160,755
Purchase of ESS shares	61,450	110,610	1,230,800	2,225,353
Bonus issue	-	-	226,350	-
Transfer to employees	(1,539,000)	(2,364,115)	(8,006,000)	(11,132,603)
Balance as at 31 December	-	-	1,477,550	2,253,505

The number of outstanding ordinary shares in issue after deducting the ESS shares is 1,141,499,842 (2020: 1,140,022,292) ordinary shares as at 31 December 2021.

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## 25. BORROWINGS

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
<b>Non-current liabilities</b>				
Term loans	15,392,758	13,901,077	5,832,407	-
Revolving loans	-	-	-	-
	15,392,758	13,901,077	5,832,407	-
<b>Current liabilities</b>				
Term loans	6,996,736	8,273,777	1,584,985	-
Revolving loans	30,000,000	-	30,000,000	-
	36,996,736	8,273,777	31,584,985	-
<b>Total borrowings</b>				
Term loans	22,389,494	22,174,854	7,417,392	-
Revolving loans	30,000,000	-	30,000,000	-
	52,389,494	22,174,854	37,417,392	-

- (a) Borrowings are classified as financial liabilities and measured at amortised cost.
- (b) Term loans of the Group and of the Company are:
- (i) secured by legal charge and negative pledge on the long term leasehold land and buildings of the Group and the Company as disclosed in Notes 12 and 13 to the financial statements; and
  - (ii) guaranteed by way of corporate guarantee by the Group and the Company.
- (c) Revolving loans of the Group and of the Company are:
- (i) secured by legal charge and negative pledge on the long term leasehold land and buildings of the Group and the Company as disclosed in Notes 12 and 13 to the financial statements;
  - (ii) secured by first party charge over deposits with licensed banks as disclosed in Note 22 to the financial statements; and
  - (iii) guaranteed by way of corporate guarantee by two (2) of its subsidiaries, e-pay (M) Sdn. Bhd. and Paysys (M) Sdn. Bhd..
- (d) During the financial year, the Group obtained Islamic facility from a licensed bank which was secured by:
- (i) first party charge over deposits with licensed banks as disclosed in Note 22 to the financial statements; and
  - (ii) guaranteed by way of corporate guarantee by the Group.

The Islamic facility of the Group had been drawn down but fully repaid prior to the end of the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

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## 25. BORROWINGS (Cont'd)

- (e) The fair values of the Group's and of the Company'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:

	2021		2020	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Group	52,389,494	52,389,494	22,174,854	20,157,093
Company	37,417,392	37,417,392	-	-

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.

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Term loans	5.20%	5.80%	3.35%	-
Revolving loans	3.11%	-	3.11%	-
Islamic facility	2.82%	5.80%	-	-

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Fixed rates	-	18,192,502	-	-
Floating rates	52,389,494	3,982,352	37,417,392	-

The following table demonstrates the sensitivity analysis of the Group and of the Company if interest rates at the end of each reporting period changed by hundred (100) basis points with all other variables held constant:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Effects of profit after taxation</b>				
100 basis point higher	398,160	30,266	284,372	-
100 basis point lower	(398,160)	(30,266)	(284,372)	-



# NOTES TO THE FINANCIAL STATEMENTS

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## 25. BORROWINGS (Cont'd)

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Ringgit Malaysia ("RM")	52,268,824	21,994,063	37,417,392	-
Philippines Peso ("PHP")	120,670	180,791	-	-
	52,389,494	22,174,854	37,417,392	-

(i) The following table demonstrates the sensitivity analysis of the Group 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	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit after tax				
PHP/RM - strengthen by 10% (2020: 10%)	(9,171)	(13,740)	-	-
PHP/RM - weaken by 10% (2020: 10%)	9,171	13,740	-	-

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Not later than 1 year	6,996,736	8,273,777	1,584,985	-
Later than 1 year and not later than 2 years	6,524,728	5,025,599	1,639,206	-
Later than 2 years and not later than 3 years	3,973,507	4,438,543	1,694,588	-
Later than 3 years and not later than 4 years	3,930,085	2,145,116	1,752,619	-
Later than 4 years and not later than 5 years	792,808	2,049,725	745,994	-
More than 5 years	171,630	242,094	-	-
	22,389,494	22,174,854	7,417,392	-

(k) The maturity of the revolving loans is as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Not later than 1 year	30,000,000	-	30,000,000	-

# NOTES TO THE FINANCIAL STATEMENTS

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## 25. BORROWINGS (Cont'd)

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

	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
<b>Group</b>				
<b>As at 31 December 2021</b>				
Borrowings/Total undiscounted financial liabilities	38,148,601	16,018,584	183,626	54,350,811
<b>As at 31 December 2020</b>				
Borrowings/Total undiscounted financial liabilities	9,017,191	14,646,455	275,128	23,938,774
<b>Company</b>				
<b>As at 31 December 2021</b>				
Borrowings/Total undiscounted financial liabilities	32,139,188	6,180,583	-	38,319,771
<b>As at 31 December 2020</b>				
Borrowings/Total undiscounted financial liabilities	-	-	-	-

- (m) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's and the 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	
	2021 RM	2020 RM	2021 RM	2020 RM
Balance as at 1 January	22,174,854	26,204,219	-	-
Cash flows	30,217,113	(4,064,848)	37,417,392	-
Non-cash flows:				
- Effect of foreign exchange	(2,473)	35,483	-	-
At 31 December	52,389,494	22,174,854	37,417,392	-

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## 26. TRADE AND OTHER PAYABLES

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
<b>Trade payables</b>				
Third parties	60,481,037	32,299,106	-	-
Associate	8,546	1,609	-	-
	60,489,583	32,300,715	-	-
<b>Other payables</b>				
Third parties	99,206,283	90,287,027	556,985	831,086
Amounts owing to subsidiaries	-	-	219,349	1,407,681
Deposits	10,079,764	11,103,802	601,879	601,879
Accruals	13,745,143	25,844,337	1,228,044	485,078
	123,031,190	127,235,166	2,606,257	3,325,724
<b>Total trade and other payables</b>	183,520,773	159,535,881	2,606,257	3,325,724

- (a) Trade and other payables are classified as financial liabilities and measured at amortised cost.
- (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 (2020: 1 to 90 days and 30 to 60 days) respectively.
- (c) Other payables of the Group consist prepayments received from retailers, merchants payables and general administrative expenses payable which are non-interest bearing.
- (d) 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.
- (e) In the previous financial year, 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.

In the previous financial year, the Company had issued the final tranche of 10,061,020 new ordinary shares of RM1.19 per ordinary share to the Sellers as disclosed in Note 23(a)(i) to the financial statements as PMSB had achieved its stipulated profit targets for each financial year of 2019 and 2018.

# NOTES TO THE FINANCIAL STATEMENTS

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## 26. TRADE AND OTHER PAYABLES (Cont'd)

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

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

	Group	
	2021 RM	2020 RM
Balance as at 1 January	-	12,874,737
Fair value loss	-	6,140,942
Issuance of shares during the financial year	-	(19,015,679)
Balance as at 31 December	-	-

- (g) 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.
- (h) The currency exposure profiles of trade and other payables are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Ringgit Malaysia ("RM")	159,207,164	136,898,685	2,603,133	3,293,789
Philippines Peso ("PHP")	9,254,331	10,128,429	-	-
Thai Baht ("THB")	3,423,140	8,317,917	-	-
Australian Dollar ("AUD")	-	108,445	-	-
Indonesian Rupiah ("IDR")	263,201	578,641	-	-
United States Dollar ("USD")	11,367,266	3,311,789	3,124	31,935
Singapore Dollar ("SGD")	5,671	191,975	-	-
	183,520,773	159,535,881	2,606,257	3,325,724

# NOTES TO THE FINANCIAL STATEMENTS

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## 26. TRADE AND OTHER PAYABLES (Cont'd)

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

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Profit after tax				
PHP/RM - strengthen by 10% (2020: 10%)	(703,329)	(769,761)	-	-
PHP/RM - weaken by 10% (2020: 10%)	703,329	769,761	-	-
THB/RM - strengthen by 10% (2020: 10%)	(260,159)	(632,162)	-	-
THB/RM - weaken by 10% (2020: 10%)	260,159	632,162	-	-
AUD/RM - strengthen by 10% (2020: 10%)	-	(8,242)	-	-
AUD/RM - weaken by 10% (2020: 10%)	-	8,242	-	-
IDR/RM - strengthen by 10% (2020: 10%)	(20,003)	(43,977)	-	-
IDR/RM - weaken by 10% (2020: 10%)	20,003	43,977	-	-
USD/RM - strengthen by 10% (2020: 10%)	(863,912)	(251,696)	(237)	(2,427)
USD/RM - weaken by 10% (2020: 10%)	863,912	251,696	237	2,427
SGD/RM - strengthen by 10% (2020: 10%)	(431)	(14,590)	-	-
SGD/RM - weaken by 10% (2020: 10%)	431	14,590	-	-

## 27. DERIVATIVE

	Group			
	Contract/ Notional amount	Liabilities	Contract/ Notional amount	Liabilities
	2021	2021	2020	2020
	RM	RM	RM	RM
Forward currency contracts	5,410,301	-	-	-

- (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 twenty-seven (27) days to ninety-seven (97) days 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.

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## 27. DERIVATIVE (Cont'd)

- (c) During the financial year, the Group did not recognise any gain or loss arising from fair value changes of derivative financial instruments where the amount is insignificant.
- (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	
	2021	2020
	RM	RM
Present value of unfunded obligations	2,233,582	2,233,582
Recognised liability for defined benefit obligations	2,233,582	2,233,582

- (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	
	2021	2020
	RM	RM
Profit after tax		
PHP/RM - strengthen by 10% (2020: 10%)	(169,752)	(169,752)
PHP/RM - weaken by 10% (2020: 10%)	169,752	169,752

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## 28. EMPLOYEE BENEFITS OBLIGATIONS (Cont'd)

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

	Group	
	2021	2020
	RM	RM
Balance as at 1 January	2,233,582	1,395,720
Service costs (Current and Past)	-	200,273
Interest	-	79,058
Remeasurement recognition in Other Comprehensive Income (Note 9)	-	521,325
Exchange differences	-	37,206
Balance as at 31 December	2,233,582	2,233,582

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

	Group	
	2021	2020
	RM	RM
Current service cost	-	200,273
Interest on obligation	-	79,058
Net benefit expenses	-	279,331

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

	Group	
	2021	2020
	%	%
Discount rate	4.00	4.00
Average salary increase	5.00	5.00

(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			
	2021		2020	
	Increase	Decrease	Increase	Decrease
	RM	RM	RM	RM
Discount rate (1% movement)	1,903,938	(2,713,371)	1,903,938	(2,713,371)
Average salary (1% movement)	2,705,225	(1,922,245)	2,705,225	(1,922,245)

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.

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## 29. CONTRACT LIABILITIES

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
<b>Non-current liabilities</b>				
Deferred income	-	328,409	-	-
<b>Current liabilities</b>				
Deferred income	5,001,202	4,542,955	575,819	752,779
	5,001,202	4,871,364	575,819	752,779

- (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
Balance as at 1 January 2020	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	-
Balance as at 31 December 2020	4,871,364	752,779
Advance receipts during the financial year	13,065,532	1,572,079
Recognised in profit or loss	(12,885,360)	(1,749,039)
Exchange differences	(50,334)	-
Balance as at 31 December 2021	5,001,202	575,819

- (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	
	2021	2020	2021	2020
	RM	RM	RM	RM
Within one (1) year	5,001,202	4,542,955	575,819	752,779
More than one (1) year	-	328,409	-	-
	5,001,202	4,871,364	575,819	752,779



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## 30. CONTINGENT LIABILITIES

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
<b>Unsecured</b>				
Corporate guarantee given to banks for credit facilities granted to subsidiaries	-	-	245,532,380	122,055,160
Guarantees given to a third party in respect of trade and contract	10,643,612	5,799,584	2,000,000	2,000,000
<b>Secured</b>				
Guarantees given to a third party in respect of trade and contract	9,527,806	12,879,265	-	-
	<u>20,171,418</u>	<u>18,678,849</u>	<u>247,532,380</u>	<u>124,055,160</u>

- (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 RM9,527,806 (2020: 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

	Group	
	2021	2020
	RM	RM
Capital expenditure in respect of purchase of property, plant and equipment:		
Contracted but not provided	<u>13,434,508</u>	<u>5,017,752</u>

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## 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	
	2021	2020	2021	2020
	RM	RM	RM	RM
<b>Subsidiaries:</b>				
Hosting services	-	-	534,000	569,000
Purchase of goods and services	-	-	51,123	66,655
Management fees	-	-	14,500,210	9,498,454
Share options granted under ESS	-	-	-	179,661
<b>Related parties:</b>				
Rental expenses	560,736	550,008	-	-

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

# NOTES TO THE FINANCIAL STATEMENTS

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## 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	
	2021	2020
	RM	RM
Short term employee benefits	8,791,465	4,573,842
Contributions to defined contribution plans	686,748	584,381
Share options granted under ESS	496,323	65,875
	<u>9,974,536</u>	<u>5,224,098</u>

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

	Group and Company	
	2021	2020
Balance as at 1 January	1,200,000	6,844,500
Bonus issue	-	400,000
Exercised	(1,200,000)	(6,044,500)
Balance as at 31 December	<u>-</u>	<u>1,200,000</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 2021 and 31 December 2020.

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

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## 33. CAPITAL AND FINANCIAL RISK MANAGEMENT (Cont'd)

### (a) Capital management (Cont'd)

The gearing ratios are as follows:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Total lease liabilities	5,921,374	9,061,212	295,823	401,533
Total borrowings	52,389,494	22,174,854	37,417,392	-
Less:				
- Cash and bank balances	(180,112,080)	(148,893,921)	(4,557,515)	(5,466,566)
- Other investments	(101,578,702)	(64,809,567)	(96,733,322)	(60,016,520)
Net cash	(223,379,914)	(182,467,422)	(63,577,622)	(65,081,553)
Total equity attributable to owners of the parent	508,872,191	481,757,649	253,280,119	232,835,608
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 2021.

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 risk, 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 2021

CONT'D

## 33. CAPITAL AND FINANCIAL RISK MANAGEMENT (Cont'd)

### (b) Financial risk management (Cont'd)

#### (ii) Liquidity and cash flow risk

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

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

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 deposits with licensed banks and borrowings.

The Directors were of the opinion that the Company was not subject to significant exposure to interest rate risk as the changes in market interest rates were insignificant.

The interest profile and sensitivity analysis of interest rate risk have been disclosed in Notes 22 and 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 the Company is exposed to price risks arising from investment held by the Group and the Company. The investment comprises mainly 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 RM101,578,702 (2020: RM64,809,567) and RM96,733,322 (2020: RM60,016,520) 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 2021

CONT'D

## 34. MATERIAL LITIGATION

On 25 September 2019, a subsidiary, GHL 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 trial of the case was concluded on 28 January 2022 and is now at the stage of post-trial submissions.

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>Interest Rate Benchmark Reform - Phase 2</i> (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021
<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i> (Amendment to MFRS 16 Leases)	1 April 2021 (early adopt)

Adoption of the above Standards and Amendments 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 2021

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 2022

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
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>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i> (Amendment 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 112 <i>Deferred tax related to Assets and Liabilities arising from a Single Transaction</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 are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for the future financial years.

## LIST OF PROPERTIES

Title/Location	Description /Existing Use	Registered Owner	Age of Building (Years)	Land Area	Tenure	Carrying amount as at 31.12.2021 (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	15	570 square meters	Leasehold Expires on 27 August 2102	3,750,440	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	15	282 square meters	Leasehold Expires on 27 August 2102	4,751,500	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.	29	979 square meters	Freehold	3,578,702	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	35	11,164 square feet	Leasehold Expires on 11 August 2086	4,008,181	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	35	505 square feet	Leasehold Expires on 11 August 2086	165,140	13.1.2012



# ANALYSIS OF SHAREHOLDINGS

AS AT 29 MARCH 2022

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	1,478	25.63	56,298	0.004
100 - 1,000 shares	1,345	23.32	528,943	0.046
1001 - 10,000 shares	2,053	35.60	8,333,106	0.730
10,001 - 100,000 shares	688	11.93	19,834,323	1.737
100,001 to less than 5% of issued shares	200	3.47	496,733,488	43.515
5% and above of issued shares	3	0.05	616,013,684	53.965
<b>Total</b>	<b>5,767</b>	<b>100</b>	<b>1,141,499,842</b>	<b>100</b>

## 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	-	-
Tobikiri Capital Ltd	60,999,361	5.34	-	-
Loh Wee Hian	41,163,876	3.61	60,999,361 *	5.34

### Notes:-

\* Deemed interested by virtue of 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	41,163,876	3.61	60,999,361 *	5.34
Loh Hin Yaw	10,540,375	0.92	-	-

### Notes:

\* Deemed interested by virtue his interest in Tobikiri Capital Ltd pursuant to Section 8 of the Companies Act 2016.

# ANALYSIS OF SHAREHOLDINGS

AS AT 29 MARCH 2022

CONT'D

## THIRTY LARGEST REGISTERED SHAREHOLDERS (Based on the Record of Depositors)

(Without aggregating the shares from different securities accounts belonging to the same depositor)

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	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK OF SINGAPORE LIMITED (FOREIGN)	60,999,361	5.34
4	CITIGROUP NOMINEES (TEMPATAN) SDN BHD URUSHARTA JAMAAH SDN. BHD. (2)	47,782,500	4.19
5	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LOH WEE HIAN (PB)	38,107,100	3.34
6	LEMBAGA TABUNG HAJI	36,199,900	3.17
7	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	22,106,350	1.94
8	CIMB GROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR DBS BANK LTD (SFS)	17,492,200	1.53
9	AMANAHRAYA TRUSTEES BERHAD PB GROWTH FUND	15,705,000	1.38
10	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	14,832,100	1.30
11	GOH HENG LOO	12,082,755	1.06
12	MAYBANK NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR PRINCIPAL DALI EQUITY GROWTH FUND (UT-CIMB-DALI) (419455)	11,177,100	0.98
13	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LOH HIN YAW (PB)	10,540,375	0.92
14	HONG LEONG ASSURANCE BERHAD AS BENEFICIAL OWNER (LIFE PAR)	10,512,000	0.92
15	HSBC NOMINEES (ASING) SDN BHD BPSS LUX FOR ABERDEEN STANDARD SICAV I - EMERGING MARKETS SMALLER COMPANIES FUND	10,004,250	0.88
16	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC SELECT TREASURES FUND	9,948,150	0.87
17	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AHAM EQUITY FUND)	9,621,150	0.84
18	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	9,371,950	0.82
19	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC TREASURES GROWTH FUND	9,019,900	0.79
20	GOH KUAN HO	7,775,025	0.68
21	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR AFFIN HWANG AIIMAN GROWTH FUND (4207)	6,396,400	0.56
22	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR PERTUBUHAN KESELAMATAN SOSIAL (AFF HWG6939-403)	5,750,050	0.50

# ANALYSIS OF SHAREHOLDINGS

AS AT 29 MARCH 2022

CONT'D

## THIRTY LARGEST REGISTERED SHAREHOLDERS (Based on the Record of Depositors) (Cont'd)

(Without aggregating the shares from different securities accounts belonging to the same depositor)

No	Name of Shareholders	Number of shares Held	%
23	CARTABAN NOMINEES (TEMPATAN) SDN BHD TMF TRUSTEES MALAYSIA BERHAD FOR AFFIN HWANG WHOLESALE EQUITY FUND	5,705,259	0.50
24	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (MEF)	5,552,900	0.49
25	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT SHARIAH PROGRESS FUND	5,251,200	0.46
26	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR PUBLIC INDUSTRY GROWTH FUND (N14011930270)	5,154,550	0.45
27	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC ADVANTAGE GROWTH EQUITY FUND	5,054,850	0.44
28	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LEEF)	4,976,000	0.44
29	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ASIANISLAMIC)	4,646,593	0.41
30	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC EMERGING OPPORTUNITIES FUND	4,355,350	0.38

# NOTICE OF TWENTY-EIGHTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 28th Annual General Meeting ("AGM") of 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 Thursday, 26 May 2022 at 3.00 p.m. to transact the following businesses:-

## As Ordinary Business

- |    |   |  |
|----|---|--|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon.    | <b>[Please refer to the Explanatory Notes to the Agenda]</b> |
| 2. | To re-elect the following Directors who are retiring pursuant to Clause 76(3) of the Constitution of the Company:-  |  |
|    | (i) Loh Wee Hian  | (Ordinary Resolution 1)                                      |
|    | (ii) Matteo Stefanel  | (Ordinary Resolution 2)                                      |
| 3. | To re-elect the following Directors who are retiring pursuant to Clause 78 of the Constitution of the Company:-   |  |
|    | (i) Sean S Hesh   | (Ordinary Resolution 3)                                      |
|    | (ii) Tan Lye Sim  | (Ordinary Resolution 4)                                      |
|    | (iii) Kung Lee See  | (Ordinary Resolution 5)                                      |
| 4. | To approve the payment of additional Directors' fees amounting to RM106,073.16 for the financial year ended 31 December 2021 until 26 May 2022.               | (Ordinary Resolution 6)                                      |
| 5. | To approve the payment of Directors' fees of RM423,840.00 for the period from 27 May 2022 until the next AGM of the Company, to be paid monthly in arrears.   | (Ordinary Resolution 7)                                      |
| 6. | To approve the payment of additional Directors' benefits of up to an aggregate amount of RM91,110.00 for the period from 26 May 2021 to 26 May 2022.          | (Ordinary Resolution 8)                                      |
| 7. | To approve the payment of Directors' benefits of up to an aggregate amount of RM166,860.00 for the period from 27 May 2022 until the next AGM of the Company. | (Ordinary Resolution 9)                                      |
| 8. | To re-appoint BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.  | (Ordinary Resolution 10)                                     |

## As Special Business

To consider and if thought fit, to pass, with or without modifications, the following Ordinary Resolutions:-

- |    |   |                          |
|----|---|--------------------------|
| 9. | <b>PROPOSED GRATUITY PAYMENT TO DATUK KAMARUDDIN BIN TAIB</b> | (Ordinary Resolution 11) |
|----|---|--------------------------|

"THAT approval be and is hereby given for the Company to grant a gratuity payment amounting to RM100,000.00 to Datuk Kamaruddin bin Taib, in recognition and appreciation of his long service and contribution to the Company as the Independent Non-Executive Chairman of the Company, who will step down from his position on 27 May 2022 AND THAT authority be and is hereby given to the Directors of the Company to take all such actions as they may consider necessary and/or desirable to give full effect to this resolution."

# NOTICE OF TWENTY-EIGHTH ANNUAL GENERAL MEETING

CONT'D

## 10. AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 (Ordinary Resolution 12) OF THE COMPANIES ACT 2016

"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 and allot shares in the Company from time to time until the conclusion of the next Annual General Meeting ("AGM"), at such price and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued pursuant to this resolution, when aggregated with the total number of such shares issued during the preceding 12 months 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 held 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 the earlier, unless revoked or varied by an ordinary resolution of the Company at a general meeting."

## 11. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR SHARE BUY-BACK (Ordinary Resolution 13)

"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 ("Share Buy-Back Mandate") 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-EIGHTH 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 Share Buy-Back Mandate 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."

12. To transact any other business of which due notice shall have been given in accordance with the Constitution of the Company 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  
 22 April 2022

## NOTES:

1. *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 the 28<sup>th</sup> AGM in person at the broadcast venue on the day of the meeting.*

*Shareholders are to attend, speak (including posing question to the Board via real time submission of typed texts) and vote remotely at the 28<sup>th</sup> AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn Bhd via its TIH Online website at <https://tiah.online>.*

*For further information, kindly refer to the Administrative Guide for the 28<sup>th</sup> AGM.*

2. *For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 19 May 2022. Only a member whose name appears on this Record of Depositors shall be entitled to attend this meeting or appoint a proxy to attend, participate, speak and vote on his/her/its behalf.*
3. *A member who is entitled to attend and vote at a general meeting may appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.*

# NOTICE OF TWENTY-EIGHTH ANNUAL GENERAL MEETING

CONT'D

4. A member who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the general meeting.
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, an authorised nominee or an exempt authorised nominee 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. The appointment shall not be valid unless he specifies the proportion of his shareholdings to be represented by each proxy.
8. The appointment of a proxy may be made in a hard copy form or by electronic means 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 28<sup>th</sup> AGM or adjourned general meeting at which the person named in the appointment proposes to vote:
  - (i) In hard copy form  
Tricor Investor & Issuing House Services Sdn Bhd at 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 Tricor TIIH Online website at <https://tiih.online>  
Please follow the procedure as set out in the Administrative Guide of the 28<sup>th</sup> AGM for the electronic submission of proxy form via TIIH Online.
9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Share Registrar at 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 general meeting 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.
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 **Tuesday, 24 May 2022 at 3.00 p.m.**
12. For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please deposit the **ORIGINAL** certificate of appointment executed in the manner as stated in the proxy form with the Share Registrar of the Company at 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 if this has not been lodged with the Company's Share Registrar earlier.
13. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the 28<sup>th</sup> AGM will be put to vote by way of poll.

# NOTICE OF TWENTY-EIGHTH ANNUAL GENERAL MEETING

CONT'D

## EXPLANATORY NOTES TO THE AGENDA

(i) **Item 1 of the Agenda**  
**Audited Financial Statements for the financial year ended 31 December 2021**

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 AGM. As such, this Agenda item is not a business which requires a motion to be put forward to vote by shareholders.

(ii) **Ordinary Resolutions 1 to 5**  
**Re-election of Directors**

The following Directors of the Company are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 28<sup>th</sup> AGM:-

- (1) Loh Wee Hian
- (2) Matteo Stefanel
- (3) Sean S Hesh
- (4) Tan Lye Sim
- (5) Kung Lee See

Loh Wee Hian is the Executive Vice Chairman and a substantial shareholder of the Company. He has no conflict of interest with the Company. He is the father of Loh Hin Yaw, the Alternate Director to himself. He has no family relationship with any major shareholder of the Company.

Matteo Stefanel is the Non-Independent Non-Executive Director of the Company. He has no conflict of interest with the Company and has no family relationship with any Director and/or major shareholder of the Company.

Sean S Hesh is the Executive Director of the Company and the Group Chief Executive Officer. He has no conflict of interest with the Company and has no family relationship with any Director and/or major shareholder of the Company.

Tan Lye Sim is the Independent Non-Executive Director of the Company. She has no conflict of interest with the Company and has no family relationship with any Director and/or major shareholder of the Company.

Kung Lee See is the Independent Non-Executive Director of the Company. She has no conflict of interest with the Company and has no family relationship with any Director and/or major shareholder of the Company.

The Board had, 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 of Bursa Malaysia Securities Berhad on character, experience, integrity, competence and time commitment to effectively discharge their roles as Directors. The aforesaid Directors have devoted sufficient time to carry out their responsibilities throughout their tenure. They also possess relevant qualification, knowledge and experience which complement the current Board's competencies. In addition, the aforesaid Independent Non-Executive Directors continue to bring independent and objective judgement to the Board.

Based on the above, the Board is supportive of the re-election of the aforesaid retiring Directors.

(iii) **Ordinary Resolution 6**  
**Payment of additional Directors' fees amounting to RM106,073.16 for the financial year ended 31 December 2021 until 26 May 2022**

At the Twenty-Seventh AGM of the Company held on 25 May 2021, the shareholders had approved RM352,240.00 as total Directors' fees payable to the Directors of the Company for the financial year ended 31 December 2021 until the next AGM of the Company. The proposed resolution on the payment of additional Directors' fees amounting to RM106,073.16 for the said period is due to the appointment of additional Independent Non-Executive Directors of the Company, Ms Tan Lye Sim and Ms Kung Lee See, on 1 October 2021.

(iv) **Ordinary Resolution 7**  
**Payment of Directors' fees of RM423,840.00 from 27 May 2022 until the next AGM of the Company**

The proposed Ordinary Resolution 7, if passed, will facilitate the payment of Directors' fees from 27 May 2022 until the next AGM of the Company. In the event the Company appoints additional Directors, approval on additional Directors' fees will be sought at the next AGM.



# NOTICE OF TWENTY-EIGHTH ANNUAL GENERAL MEETING

CONT'D

- (v) **Ordinary Resolution 8**  
Payment of additional Directors' benefits of up to an aggregate amount of RM91,110.00 for the period from 26 May 2021 to 26 May 2022

At the Twenty-Seventh AGM of the Company held on 25 May 2021, the shareholders had approved an aggregate amount of up to RM58,500.00 as total Directors' benefits payable to the Directors of the Company for the period from 26 May 2021 until the next AGM of the Company. The proposed resolution on the payment of additional Director's benefit amounting to RM91,110.00 for the said period is due to the appointment of additional Independent Non-Executive Directors of the Company, Ms Tan Lye Sim and Ms Kung Lee See, on 1 October 2021, as well as additional meetings have been and to be conducted during the period.

- (vi) **Ordinary Resolution 9**  
Payment of Directors' benefits of up to an aggregate amount of RM166,860.00 for the period from 27 May 2022 until the next AGM of the Company

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.

- (vii) **Ordinary Resolution 10**  
Re-appointment of Auditors

The Board had, 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 28<sup>th</sup> AGM are disclosed in the Audit and Risk Committee Report of the Annual Report 2021.

- (viii) **Ordinary Resolution 11**  
Proposed gratuity payment to Datuk Kamaruddin Bin Taib

Datuk Kamaruddin Bin Taib was appointed to the Board as an Independent Non-Executive Director on 26 April 2012, and re-designated as the Independent Non-Executive Chairman on 1 September 2012.

Datuk Kamaruddin Bin Taib had on 21 April 2022 notified the Board of his resignation which shall take effect on 27 May 2022. In recognition of Datuk Kamaruddin Bin Taib's commitment, dedication and contribution to the Company service as the Chairman of the Board for more than 9 years and as a gesture of appreciation, the Board recommended for the proposed gratuity payment of RM100,000.00 to him be approved. The proposed gratuity payment will be a one-off payment from the Company which, if approved by shareholders, shall be paid in 2022.

- (ix) **Ordinary Resolution 12**  
Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016

This proposed resolution, if passed, will empower the Directors to issue and allot up to a maximum of 10% of the total number of issued shares of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is the earlier.

This is a renewal of the mandate obtained from shareholders at the last AGM held on 25 May 2021. 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, if passed, will enable the Directors to take swift action in case of a need to issue and allot new shares in the Company for 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 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 25 May 2021 and the mandate will lapse at the conclusion of the 28<sup>th</sup> AGM.

- (x) **Ordinary Resolution 13**  
Proposed Share Buy-Back

The proposed Ordinary Resolution 13, 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 2021 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 25 May 2021, 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 2021, the Company's accumulated losses were RM98,205,185.

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 28th Annual General Meeting to be held on 26 May 2022, unless renewed by an ordinary resolution.

On 29 March 2022, the Company announced its intention to seek shareholders' approval at the forthcoming 28th 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 28th 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 28th Annual General Meeting and shall remain in force until:-

- (a) the conclusion of the next AGM of GHL following the forthcoming 28th 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)

- (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 29 March 2022 are as follows:

Substantial shareholders	Before the Proposed Shares Buy-Back				After the Proposed Shares Buy-Back <sup>*(a)</sup>			
	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	41,163,876	3.61	60,999,361*	5.34	41,163,876	4.01	60,999,361*	5.94

### Notes:

<sup>\*(a)</sup> Assuming that 10% of the issued and paid up capital is purchased and retained as treasury shares.

\* Deemed interested by virtue of 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 <sup>*(a)</sup>			
	Direct		Indirect		Direct		Indirect	
	No of shares	%	No of shares	%	No of shares	%	No of shares	%
Loh Wee Hian	41,163,876	3.61	60,999,361*	5.34	41,163,876	4.01	60,999,361*	5.94
Loh Hin Yaw	10,540,375	0.92	-	-	10,540,375	1.03	-	-

### Notes:

<sup>\*(a)</sup> Assuming that 10% of the issued and paid up capital is purchased and retained as treasury shares.

\* Deemed interested by virtue of 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 GHL Shares representing 10% of its issued and paid-up share capital as at 29 March 2022 and such shares purchased are cancelled or alternatively be retained as treasury shares or both, the financial effects of the Proposed Share Buy-Back on the share capital of the Company, Net Assets, working capital, earnings and dividends of GHL are as follows:

### 8.1 Share Capital

In the event that all GHL shares purchased are cancelled, the Proposed Share Buy-Back will result in the issued and paid up share capital of GHL as at 29 March 2022 to be reduced from RM351,485,304 comprising 1,141,499,842 GHL Shares to RM316,336,774 comprising 1,027,349,858 GHL Shares. It is not expected to have any effect on the issued and paid up capital if all GHL Shares purchased are to be retained as treasury shares.

The effect of the Proposed Shares Buy-Back on the issued and paid up share capital of GHL are illustrated below:

	No of Shares	RM
Issued and paid up share capital as at 31 December 2021	1,141,499,842	351,485,304
Issued and paid up share capital as at 29 March 2022	1,141,499,842	351,485,304
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 GHL or 114,149,984 GHL Shares are purchased and cancelled.

### 8.2 Net Assets

The Proposed Share Buy-Back, if implemented may increase or decrease the net assets and net assets per share depending on the purchase prices of GHL Shares pursuant to the Proposed Share Buy-Back. The consolidated net assets per share will increase if the purchase price is less than the audited consolidated net assets per share and conversely, the consolidated net assets per share will decrease if the purchase price exceeds the consolidated net assets per share at the time when the GHL Shares are purchased.

In the event the purchased GHL Shares which are retained as treasury shares are resold, the consolidated net assets per share of GHL will increase or decrease depending on whether a gain or a loss is realised upon the resale. The quantum of the increase or decrease in net assets will depend on the actual selling price and the number of the treasury shares resold to the market.

### 8.3 Working Capital

The Proposed Share Buy-Back, as and when implemented, will reduce the working capital of the GHL Group, the quantum of which will depend on the actual purchase price and number of purchased GHL Shares as well as any associated costs incurred in relation to the share buy-back pursuant to the Proposed Share Buy-Back. However, it is not expected to have a material adverse effect on the working capital of the Company.

The working capital and the cash flow of the Company will also increase accordingly when the Proposed Share Buy-Back which are retained as treasury shares are resold. The quantum of the increase in working capital and cash flow will depend on the actual selling price and the number of the treasury shares resold to the market.

# STATEMENT TO SHAREHOLDERS

IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES  
CONT'D

## 8. Effects of Proposed Shares Buy-Back (Cont'd)

### 8.4 Earnings

The effect of the Proposed Share Buy-Back on the EPS of GHL will depend on, inter-alia, the actual number of purchased GHL Shares and the effective cost of funding to the GHL Group, or any loss in interest income to GHL or opportunity cost in relation to other investment opportunity. However, the Proposed Share Buy-Back, if exercised, is not expected to have any material effect on the EPS of GHL for the financial year ended 31 December 2021.

### 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 2021.

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
2021	RM	RM
April	1.88	1.72
May	1.82	1.70
June	1.89	1.71
July	1.90	1.75
August	2.02	1.86
September	2.00	1.79
October	2.05	1.87
November	2.02	1.78
December	1.90	1.74
2022		
January	1.78	1.55
February	1.75	1.45
March	1.53	1.51

The last transacted market price as at 14 April 2022 (being the latest practical date prior to the printing of this Statement) was RM1.58.

(Source : Bloomberg)

## 13. Public Shareholding Spread

The Proposed Share Buy-Back will be carried out in accordance with the prevailing law at the time of the purchase including compliance with 25% public shareholding spread in the hands of public shareholders as required under Paragraph 12.14 of the Listing Requirements.

As at 29 March 2022, the public shareholding spread of the Company was 41.15%. 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 28th 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) The Constitution of GHL;
- (ii) The audited consolidated financial statements of GHL for the past two (2) financial years ended 31 December 2020 and 2021 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.





**GHL SYSTEMS BERHAD** (199401007361) (293040-D)  
(Incorporated in Malaysia)

## PROXY FORM

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 28<sup>th</sup> Annual General Meeting ("AGM") 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 Thursday, 26 May 2022 at 3.00 p.m. or at any adjournment thereof, and to vote as indicated below:

Description of Resolution	Resolution	For	Against
Re-election of Loh Wee Hian as Director.	Ordinary Resolution 1		
Re-election of Matteo Stefanel as Director.	Ordinary Resolution 2		
Re-election of Sean S Hesh as Director.	Ordinary Resolution 3		
Re-election of Tan Lye Sim as Director.	Ordinary Resolution 4		
Re-election of Kung Lee See as Director.	Ordinary Resolution 5		
Payment of additional Directors' fees amounting to RM106,073.16 for the financial year ended 31 December 2021 until 26 May 2022.	Ordinary Resolution 6		
Payment of Directors' fees of RM423,840.00 for the period from 27 May 2022 until the next AGM of the Company.	Ordinary Resolution 7		
Payment of additional Directors' benefits of up to an aggregate amount of RM91,110.00 for the period from 26 May 2021 to 26 May 2022.	Ordinary Resolution 8		
Payment of Directors' benefits of up to an aggregate amount of RM166,860.00 for the period from 27 May 2022 until the next AGM of the Company.	Ordinary Resolution 9		
Re-appointment of BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	Ordinary Resolution 10		
Proposed gratuity payment to Datuk Kamaruddin bin Taib.	Ordinary Resolution 11		
Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.	Ordinary Resolution 12		
Proposed renewal of shareholders' mandate for share buy-back.	Ordinary Resolution 13		

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 \_\_\_\_\_, 2022

Signature#  
Member

# 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, one of whom 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.

**NOTES:**

1. 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 the 28<sup>th</sup> AGM in person at the broadcast venue on the day of the meeting.  
Shareholders are to attend, speak (including posing question to the Board via real time submission of typed texts) and vote remotely at the 28<sup>th</sup> AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn Bhd via its TIH Online website at <https://tiah.online>.  
For further information, kindly refer to the Administrative Guide for the 28<sup>th</sup> AGM.
2. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 19 May 2022. Only a member whose name appears on this Record of Depositors shall be entitled to attend this meeting or appoint a proxy to attend, participate, speak and vote on his/her/its behalf.
3. A member who is entitled to attend and vote at a general meeting may appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his place. A proxy may but need not be a member of the Company.
4. A member who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to attend, participate, speak and vote instead of the member at the general meeting.
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, an authorised nominee or an exempt authorised nominee 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. The appointment shall not be valid unless he specifies the proportion of his shareholdings to be represented by each proxy.
8. The appointment of a proxy may be made in a hard copy form or by electronic means 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 28<sup>th</sup> AGM or adjourned general meeting at which the person named in the appointment proposes to vote:
  - (i) In hard copy form  
Tricor Investor & Issuing House Services Sdn Bhd at 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 Tricor TIH Online website at <https://tiah.online>  
Please follow the procedure as set out in the Administrative Guide of the 28<sup>th</sup> AGM for the electronic submission of proxy form via TIH Online.

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AFFIX  
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The Share Registrar

**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

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9. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Company's Share Registrar at 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 general meeting 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.
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 **Tuesday, 24 May 2022 at 3.00 p.m.**
12. For a corporate member who has appointed a representative instead of a proxy to attend this meeting, please deposit the **ORIGINAL** certificate of appointment executed in the manner as stated in the proxy form with the Share Registrar of the Company at 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 if this has not been lodged with the Company's Share Registrar earlier.
13. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the 28th AGM will be put to vote by way of poll.



**GHL SYSTEMS BERHAD** 199401007361 (293040-D)

C-G-15, Block C, Jalan Dataran SD1,  
Dataran SD PJU 9, Bandar Sri Damansara  
52200 Kuala Lumpur, Malaysia

[www.ghl.com](http://www.ghl.com)