

CERTIFIED TRUE EXTRACT OF THE ORDINARY RESOLUTION IN RESPECT OF THE TWO-CALL RIGHTS ISSUE PASSED AT THE EGM OF GHL HELD ON 30 MAY 2005

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GHL SYSTEMS BERHAD
(Company No. 293040-D)
(Incorporated in Malaysia)


CHIN FOOK KHEONG
Company Secretary
MIA 12596

**EXTRACT OF MINUTES OF THE EXTRAORDINARY GENERAL MEETING
HELD ON 30TH MAY, 2005.**

**ORDINARY RESOLUTION 1
PROPOSED RIGHTS ISSUE**

The meeting was called upon to move the resolution on the proposed renounceable two-call rights issue of 204,222,660 new ordinary shares of RM0.10 each on the basis of three (3) Rights Shares for every five (5) existing Shares held at an indicative issue price of RM0.10 per Rights Shares.

The resolution having been duly proposed by Ms. Yap Keng Ping and seconded by Ms. Ng Lee Ting, was put to the meeting and declared carried :-

“THAT, subject to the passing of Ordinary Resolution 6, the approval of the Securities Commission (“SC”), the approval-in-principle of Bursa Malaysia Securities Berhad and the approvals of any other relevant authorities, for the issue and the listing of and quotation for all the new ordinary shares of RM0.10 each referred to below:-


- (a) The Directors of the Company (“**Directors**”) be authorised to issue 204,222,660 new ordinary shares of RM0.10 each (“**Rights Shares**”) by way of a rights issue (“**Proposed Rights Issue**”) through a renounceable provisional allotment, to persons whose names appear in the Record of Depositors with Bursa Malaysia Depository Sdn Bhd at the close of business on an entitlement date to be determined by the Directors, as the holders of ordinary shares of RM0.10 each in the Company (“**Shares**”), including to any persons entitled on renunciation of a provisional allotment, on the basis of three (3) Rights Shares for every five (5) existing Shares held in the Company, at an issue price to be determined later. The indicative issue price of RM0.10 per Rights Share will be payable by a first call of RM0.08 in cash per Rights Share and a second call of RM0.02 per Rights Share payable out of the Company’s share premium and retained profits accounts, and on such other terms and conditions as the Directors may determine;
- (b) The Directors be authorised to apply an aggregate sum of up to RM0.64 million and RM4.00 million out of the Company’s share premium and retained profits accounts respectively, towards paying in full the second call of RM0.02 per Rights Share immediately before the issue of the Rights Shares;
- (c) The Directors be entitled to deal with all or any of the fractional entitlements arising from the Proposed Rights Issue and any Rights Shares not accepted by any entitled shareholder, including any person entitled on renunciation of a provisional allotment, in such manner as the Directors may consider appropriate;
- (d) The Rights Shares will rank pari passu in all respects with the Shares of the Company existing at the time of such issue, except that the Rights Shares shall not be entitled to participate in any rights, allotments, dividends and/or any other distributions, the entitlement date of which is prior to the allotment date of the Rights Shares;

- (e) The proceeds from the Proposed Rights Issue be utilised in the manner and for the purposes set out in the Circular dated 12 May 2005, and the Directors be authorised to revise the utilisation of the proceeds from the Proposed Rights Issue provided that such revision is less than 25% of the original utilisation of proceeds as approved by the shareholders of the Company, subject to any requirements of the SC; and
- (f) The Directors be authorised to give effect to the above with full power to assent to any modification, variation and/or amendment as may be required by the authorities, including in respect of the number of Rights Shares that a shareholder is entitled to subscribe for under the Proposed Rights Issue relative to his existing Shares held, and to do all things and enter into all agreements, arrangements, undertakings, indemnities, transfers, assignments and guarantees with any party or parties as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Rights Issue."

Certified as a True Extract of the original



TAY BENG LOCK
DIRECTOR



CHIN FOOK KHEONG
(MIA 12596)
COMPANY SECRETARY

INFORMATION ON GHL

1. HISTORY OF BUSINESS AND PRINCIPAL ACTIVITIES

GHL was incorporated in Malaysia on 29 March 1994 under the Companies Act, 1965 as a private limited company with the name of Info Era (Kuantan) Sdn Bhd. Subsequently, the Company changed its name to GHL Automation (Kuantan) Sdn Bhd and later assumed its present name on 30 January 1999. GHL was converted to a public limited company on 16 July 2002 and was listed on the MESDAQ Market on 9 April 2003.

On 28 December 1998, GHL was granted Multimedia Super Corridor status by Multimedia Development Corporation Sdn Bhd. GHL commenced operations in March 1999, and basically focused on R&D activities on software development of online transaction technologies and marketed its software solutions. Its early customers were BP Malaysia Sdn. Bhd. and Shell Malaysia Trading Sdn. Bhd.

On 29 December 2001, GHL acquired 100% equity interests in GHL Transact Sdn Bhd, GHL Payments Sdn Bhd and GHL EFTPOS Sdn Bhd vide share sale and purchase agreements with N-Blue Star Sdn Bhd, for a total cash consideration of RM4 million. On 30 May 2002, GHL obtained a new investor, BSNC Corporation Berhad, which has also become one of its substantial shareholders.

The Group's core business is primarily focused on online transactions, with emphasis on payment solutions, transaction processing and customer loyalty programs. In the physical world, the Group's merchant acquiring shared services allow merchants to operate multiple business schemes using a single counter-top EDC terminal. The Group's EDC terminals are currently designed to facilitate credit card payments, debit card, prepaid airtime reload, stored-value payments and loyalty schemes with future plans to incorporate bill payment and stored-value reload facilities. The Group's software solutions facilitate high volume credit card processing, online transaction processing ("OLTP"), transaction routing and protocol switching as well as end-to-end loyalty programs.

In the virtual world, the Group's hosting service, provided through *PayDirect.com.my*, enables merchants to leverage on its secure infrastructure, without the cost and complexity associated with operating e-commerce payment solutions themselves. The Group's customers include local financial institutions and other corporations that provide online transaction services to their customers or operate customer loyalty programs.

The Group's mission is to be a business and technology leader in online transactions, with special emphasis on payment, transaction processing and loyalty solutions, and to ensure that the Group's products and services achieve the highest possible quality at the most competitive prices.

2. SHARE CAPITAL AND MOVEMENTS IN SHARE CAPITAL

The authorised and issued and paid-up share capital of GHL as at 12 August 2005 are as follows:-

	No. of Shares	Par Value (RM)	Amount (RM)
Authorised	1,000,000,000	0.10	100,000,000
Issued and paid-up	340,371,100	0.10	34,037,110

Details of the changes in the issued and paid-up share capital of the Company since its date of incorporation are as follows:-

Date of Allotment	No. of Shares	Par Value (RM)	Consideration	Total Issued and Paid-Up Share Capital (RM)
29.03.1994	2	1.00	Cash	2
05.02.1999	99,998	1.00	Cash	100,000
15.06.2001	5,000,000	1.00	Non-cash ^a	5,100,000
31.12.2001	500,000	1.00	Bonus issue ^b	5,600,000
31.12.2001	500,000	1.00	Cash	6,100,000
31.12.2001	4,000,000	1.00	Cash	10,100,000
02.01.2002	900,178	1.00	Bonus issue ^c	11,000,178
30.05.2002	4,715,000	1.00	Cash	15,715,178
29.06.2002	-	0.10	Subdivision of shares of RM1.00 each into shares of RM0.10 each	15,715,178
05.07.2002	30,000,000	0.10	Rights issue ^d	18,715,178
25.03.2003	63,000,000	0.10	Cash ^e	25,015,178
11.06.2003	555,000	0.10	Cash ^f	25,070,678
10.07.2003	2,314,000	0.10	Cash ^f	25,302,078
07.08.2003	3,470,000	0.10	Cash ^f	25,649,078
09.09.2003	1,035,000	0.10	Cash ^f	25,752,578
10.09.2003	395,000	0.10	Cash ^f	25,792,078
08.10.2003	153,000	0.10	Cash ^f	25,807,378
09.10.2003	230,000	0.10	Cash ^f	25,830,378
10.11.2003	130,000	0.10	Cash ^f	25,843,378
11.11.2003	25,000	0.10	Cash ^f	25,845,878
08.12.2003	45,000	0.10	Cash ^f	25,850,378
07.01.2004	131,000	0.10	Cash ^f	25,863,478
06.02.2004	120,000	0.10	Cash ^f	25,875,478
09.02.2004	20,000	0.10	Cash ^f	25,877,478
10.02.2004	40,000	0.10	Cash ^f	25,881,478
03.03.2004	188,000	0.10	Cash ^f	25,900,278
04.03.2004	115,000	0.10	Cash ^f	25,911,778
05.03.2004	329,000	0.10	Cash ^f	25,944,678
06.04.2004	3,950,000	0.10	Cash ^f	26,339,678
07.04.2004	970,000	0.10	Cash ^f	26,436,678
08.04.2004	311,000	0.10	Cash ^f	26,467,778
07.05.2004	2,335,000	0.10	Cash ^f	26,701,278
10.05.2004	435,000	0.10	Cash ^f	26,744,778
11.05.2004	438,500	0.10	Cash ^f	26,788,628
15.06.2004	66,971,570	0.10	Bonus issue ^g	33,485,785
08.07.2004	223,250	0.10	Cash ^f	33,508,110
09.07.2004	50,000	0.10	Cash ^f	33,513,110
12.07.2004	23,000	0.10	Cash ^f	33,515,410
09.08.2004	161,250	0.10	Cash ^f	33,531,535
10.08.2004	30,000	0.10	Cash ^f	33,534,535
08.09.2004	192,500	0.10	Cash ^f	33,553,785
06.10.2004	124,250	0.10	Cash ^f	33,566,210
08.11.2004	134,750	0.10	Cash ^f	33,579,685
06.12.2004	643,500	0.10	Cash ^f	33,644,035
07.12.2004	12,500	0.10	Cash ^f	33,645,285
08.12.2004	50,000	0.10	Cash ^f	33,650,285
04.01.2005	486,250	0.10	Cash ^f	33,698,910
05.01.2005	50,000	0.10	Cash ^f	33,703,910
06.01.2005	42,000	0.10	Cash ^f	33,708,110
07.02.2005	1,018,750	0.10	Cash ^f	33,809,985
08.02.2005	57,000	0.10	Cash ^f	33,815,685
07.03.2005	2,214,250	0.10	Cash ^f	34,037,110

Notes:-

^a In consideration for the acquisition of software amounting to RM5,000,000 as per the software agreement dated 15 December 2000.

- b Capitalisation of RM500,000 of the retained profits of GHL to allot 500,000 ordinary shares of RM1.00 each on the basis of five (5) new ordinary shares for every 51 existing ordinary shares of RM1.00 each.*
- c Capitalisation of RM900,178 of the retained profits of GHL to allot 900,178 ordinary shares of RM1.00 each on the basis of 50 new ordinary shares for every 561 existing ordinary shares of RM1.00 each.*
- d Issuance of 30,000,000 new Shares at par to existing shareholders.*
- e Issuance of 63,000,000 new Shares at an issue price of RM0.20 per Share in conjunction with the Company's listing on the MESDAQ Market.*
- f Issuance of new Shares at various prices pursuant to the exercise of ESOS options.*
- g Capitalisation of RM6,697,157 of the share premium of GHL to allot 66,971,570 Shares on the basis of one (1) new Share for every four (4) existing Shares.*

3. SUBSTANTIAL SHAREHOLDERS

Based on the Register of Substantial Shareholders of GHL as at 12 August 2005, the substantial shareholders of GHL and their respective shareholdings are as follows:-

Substantial Shareholders	Existing as at 12.08.2005				After Two-Call Rights Issue			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Goh Kuan Ho	61,769,325	18.15	-	-	98,830,920	18.15	-	-
BSNC Corporation Berhad	57,912,562	17.01	-	-	92,660,099	17.01	-	-
Bank Simpanan Nasional ^a	-	-	57,912,562	17.01	-	-	92,660,099	17.01
Tabung Amanah Warisan Negeri Johor ^a	-	-	57,912,562	17.01	-	-	92,660,099	17.01
HSBC Holdings Plc ^b	-	-	17,788,900	5.23	-	-	28,462,240	5.23

Notes:-

- a Deemed substantial interest through BSNC Corporation Berhad. Disclosure of indirect interests by virtue of Shares held in a downstream company is restricted only to the immediate downstream company.*
- b Deemed substantial interest via its 100% interest in HSBC (Malaysia) Trustee Berhad. HSBC (Malaysia) Trustee Berhad is holding 17,788,900 GHL Shares on trust for various Malaysian unit trusts. Therefore, these shareholdings are classified as Malaysian under the CDS Record of Depositors. However, the Company has received notices by HSBC Holdings Plc, declaring interest in respect of these shareholdings.*

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4. BOARD OF DIRECTORS

The particulars of the directors of GHL and their shareholdings as at 12 August 2005 are as follows:-

Name	Nationality / Age	Designation / Occupation	Address	Existing as at 12.08.2005			After Two-Call Rights Issue		
				Direct	%	Indirect	Direct	%	Indirect
				No. of Shares		No. of Shares	No. of Shares		No. of Shares
Tunku Dato' Abdul Malek Bin Tunku Kassim	Malaysian / 70	Independent Non-Executive Chairman	No. 9, Lorong Ampang Ulu 55000 Kuala Lumpur	25,000	0.01	-	40,000	0.01	-
Tay Beng Lock	Malaysian / 44	Group Managing Director	32-9-5 Bukit Desa Condo Jalan 3/109B Taman Bukit Desa 58100 Kuala Lumpur	16,703,987	4.91	-	26,726,379	4.91	-
Yeng Fook Hoo	Malaysian / 48	Deputy Group Managing Director	A13A-2 Crown Tower Mon't Kiara Astana No. 1, Jalan Kiara 2 Off Jalan Bukit Kiara 50480 Kuala Lumpur	10,718,875	3.15	-	17,150,200	3.15	-
Chin Fook Kheong	Malaysian / 42	Group Finance Director	Lot 63A, Jalan Meranti Bukit Sierramas West 47000 Sungai Buloh Selangor Darul Ehsan	437,500	0.13	-	700,000	0.13	-
Goh Kuan Ho	Malaysian / 41	Non-Executive Director	No. 62, Desa Kekwa 43000 Kajang Selangor Darul Ehsan	61,769,325	18.15	-	98,830,920	18.15	-
Mohamad Isa Bin Abdullah	Malaysian / 49	Non-Executive Director	VR-2-11 Villa Ruby Tiara Ampang Condominium Jalan Ampang 68000 Ampang Selangor Darul Ehsan	-	-	-	-	-	-
Chong Teck Foh	Malaysian / 49	Independent Non-Executive Director	3 Jalan Kasawari 6 Taman Eng Ann 41150 Klang Selangor Darul Ehsan	-	-	-	-	-	-
Yen Siw Kuin	Malaysian / 48	Independent Non-Executive Director	64 Jalan SS2/91 47300 Petaling Jaya Selangor Darul Ehsan	-	-	-	-	-	-

5. LIST OF SUBSIDIARY AND ASSOCIATED COMPANIES AS AT 12 AUGUST 2005

Name of Company	Date / Place of Incorporation	Issued and Paid-Up Capital (RM)	Effective Equity Interest (%)	Principal Activities
GHL Transact Sdn Bhd	25.05.2000 Malaysia	754,000	100.00	Dealing with Electronic Draft Capture ("EDC") equipment and related services, including rental, installation, training and maintenance
GHL Payments Sdn Bhd	08.03.2000 Malaysia	100,000	100.00	Dealing with EDC equipment and related services, including rental, installation, training and maintenance
GHL EFTPOS Sdn Bhd	24.04.2001 Malaysia	100,000	100.00	Dealing with EDC equipment and related services, including rental, installation, training and maintenance
GHL International Sdn Bhd (formerly known as PaymentOne Sdn Bhd)	17.09.2002 Malaysia	400,000	100.00	Investment holding and dealing with EDC equipment and related services, including rental, installation, training and maintenance
Card Pay Sdn Bhd ^a	17.07.2002 Malaysia	1,250,000	52.00	Third party acquirer for e-debit and MEPS cash transactions
Whoops Sdn Bhd	23.12.2002 Malaysia	10,900,020	34.86	Marketing of pre-paid telecommunication airtime and provision of telecommunication network services
GHL China Company Limited ^a	8.11.2004 Hong Kong	HKD117,000	30.00	Dormant

Note:-

a Held through GHL International Sdn Bhd.

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6. PROFIT/(LOSS) AND DIVIDEND RECORD

The profit/(loss) and dividend record of the GHL Group is set out in the table below, based on the following:-

- The pro-forma consolidated results of the Group for the financial years ended 31 May 2000 and 2001 and the seven (7) months ended 31 December 2001, which are based on the audited financial statements of GHL and its subsidiary companies, prepared on the assumption that the Group had been in existence since 1 June 1999;
- The audited consolidated results of the Group for the three (3) financial years ended 31 December 2002 to 2004; and
- The unaudited consolidated results of the Group for the six (6) months ended 30 June 2005.

Financial Year ended 31 December	12 Months Ended 31.5.2000 RM'000	Pro-forma 12 Months Ended 31.5.2001 RM'000	7 Months Ended 31.12.2001 RM'000	2002 RM'000	2003 RM'000	2004 RM'000	Unaudited 6 Months Ended 30.6.2005 RM'000
Revenue	1,532	11,067	9,501	30,545	63,268	64,172	20,497
Profit of operating activities before interest, depreciation, amortisation and taxation	(40)	2,810	2,773	6,495	10,248	11,898	5,697
Less : Interest	-	(89)	(170)	(369)	(20)	(33)	(91)
Depreciation	(129)	(634)	(1,100)	(2,901)	(3,666)	(4,049)	(2,975)
Amortisation	-	-	-	-	-	-	-
Results of operating activities after interest, depreciation and amortisation, but before exceptional items and taxation	(169)	2,087	1,503	3,225	6,562	7,816	2,631
Exceptional items	-	-	-	-	-	-	-
Results of operating activities after interest, depreciation, amortisation and exceptional items	(169)	2,087	1,503	3,225	6,562	7,816	2,631
Share of profits/(losses) of associated companies and joint ventures	-	-	-	(10)	(335)	(23)	-
Profit before taxation	(169)	2,087	1,503	3,215	6,227	7,793	2,631
Taxation	-	-	-	(18)	(224)	(317)	(7)
Profit after taxation	(169)	2,087	1,503	3,197	6,003	7,476	2,624
Minority interest	-	-	-	-	-	176	-
Extraordinary items	-	-	-	-	-	-	-
Net profit attributable to shareholders	(169)	2,087	1,503	3,197	6,003	7,652	2,624
No. of shares in issue ('000)							
- Basic	100	100	4,776	152,674	303,585	332,598	338,285
- Diluted	N/A	N/A	N/A	N/A	358,041	336,042	N/A
Gross EPS (sen)							
- Basic	(169.00)	2,087.00	31.47	2.11	2.05	2.34	0.78
- Diluted	N/A	N/A	N/A	N/A	1.74	2.32	N/A
Net EPS (sen)							
- Basic	(169.00)	2,087.00	31.47	2.09	1.98	2.30	0.78
- Diluted	N/A	N/A	N/A	N/A	1.68	2.28	N/A
Gross dividend rate (%)	-	-	-	-	-	-	-

Commentaries

Financial Year Ended 31 May 2000

The Group recorded revenue of RM1.53 million for the financial year ended 31 May 2000 which was mainly contributed by the EDC software licence fee. The EDC software licence fee contributed approximately 75% of the total revenue. The Group made a loss after tax of RM0.17 million for the year.

Financial Year Ended 31 May 2001

The GHL Group's revenue had increased substantially to RM11.07 million in the financial year ended 31 May 2001 while profit after tax had increased to approximately RM2.09 million. This was mainly due to the success of the Group in developing and implementing a series of software and products such as e-commerce web sites and payment solution related products, and maintenance related services.

Seven (7) Months Ended 31 December 2001

Profit after tax was RM1.50 million during this period. The Group's revenue was RM9.50 million. The figure represented the Group's income for a period of 7 months due to a change in the financial year.

Financial Year Ended 31 December 2002

The Group achieved a profit after tax of RM3.20 million through an improved Group revenue of RM30.55 million. The favourable results for the year were substantially contributed by Bank Negara Malaysia's ("BNM")'s mandate that all magnetic stripe automated teller machine cards must be converted to chip-based bankcards by June 2003 as well as Visa and MasterCard's mandate that all credit cards must be converted to EuroPay-MasterCard-Visa ("EMV")-compliant before 2005. These events had resulted in banks embarking on the migration process of their existing deployed EDC terminals to be EMV-compliant.

The Group provides various products and services for the payment and online transaction processing markets. The Group's business units under the services category are the EDC Pool Program, EDC Corporate Sales, WHOOPS, and software solutions and hosting. Under the hardware category, the Group, being the distributor of VeriFone EDC terminals in Malaysia, either rents or sells the VeriFone EDC terminals. These product and service offerings registered strong growth with WHOOPS (airtime reload distribution) showing exponential growth. The lower margin and strong turnover growth of WHOOPS resulted in a lower overall combined profit growth versus the revenue growth.

Financial Year Ended 31 December 2003

The Group achieved revenue of RM63.27 million, representing a growth of 107% as compared to the preceding year's results. The encouraging revenue growth was achieved in most of the business segments, especially the WHOOPS segment, which recorded an exponential growth rate of 242.6% for the year to RM33.6 million. Profit before taxation had also increased by 94% to RM6.23 million from the previous year's results. The growth was brought about mainly by higher sales generated from EDC equipment rental, and sales of software and payment solutions.

Financial Year Ended 31 December 2004

The profit after tax of the Group increased by 27% to RM7.65 million, whilst revenue rose marginally to RM64.17 million as compared to the preceding year's results.

The improved profit was mainly due to the increased sales of EMV solutions to GHL's merchant-acquiring bank customers, as they complied with BNM's deadline of 1 January 2005 to convert all magnetic stripe terminals to chip-based terminals in compliance with the EMV standard.

Six (6) Months Ended 30 June 2005

For the half-year ended 30 June 2005, the Group recorded revenue of RM20.50 million while profit after tax was RM2.62 million. Both the revenue and profit were mainly derived from the rental of EDC terminals and the supply of EMV chip-based cards.

7. SHARE PRICES

The monthly high and low prices of GHL Shares as traded on Bursa Securities for the past twelve (12) months from September 2004 to August 2005 are as follows:-

	High RM	Low RM
2004		
September	0.39	0.34
October	0.39	0.36
November	0.40	0.37
December	0.42	0.34
2005		
January	0.35	0.31
February	0.32	0.30
March	0.30	0.27
April	0.27	0.23
May	0.23	0.20
June	0.26	0.21
July	0.23	0.21
August	0.22	0.17

The last transacted price of GHL Shares on Bursa Securities on 3 March 2005, being the last Market Day prior to the announcement of the Two-Call Rights Issue on 4 March 2005, was RM0.28.

The last transacted price of GHL Shares on Bursa Securities on 30 August 2005, being the last Market Day prior to the ex-date of the Two-Call Rights Issue, was RM0.17.

The last transacted price of GHL Shares on Bursa Securities on 2 September 2005, being the latest practicable date prior to the printing of this Abridged Prospectus, was RM0.14.

(Source: Bursa Securities)

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PRO-FORMA CONSOLIDATED BALANCE SHEETS OF THE GHL GROUP AS AT 31 DECEMBER 2004 TOGETHER WITH THE REPORTING ACCOUNTANTS' LETTER THEREON

 **AnuarulAzizanChew**

Anuarul Azizan Chew & Co (AF 0791)
Chartered Accountants

18 Jalan 1/64
Off Jalan Kolam Air/Jalan Ipoh
51200 Kuala Lumpur
Malaysia

Tel 603 40417233
Fax 603 40410395
Email aac@aacco.com.my
Websites www.aacco.com.my
www.morisoninternational.com

23 AUG 2005

The Board of Directors
GHL Systems Berhad
18C, Jalan 1/64
Off Jalan Kolam Air/Jalan Ipoh
51200 Kuala Lumpur

Dear Sirs,

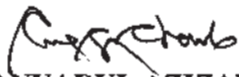
**GHL SYSTEMS BERHAD ("GHL")
PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2004**

We have reviewed the Proforma Consolidated Balance Sheets of GHL and its subsidiary companies (collectively referred to as "GHL Group") as at 31 December 2004, together with the notes thereon, for which the Directors are collectively and individually responsible. The Proforma Consolidated Balance Sheets have been prepared for inclusion in the Abridged Prospectus in connection with the renounceable two-call rights issue of 204,222,660 new ordinary shares of RM0.10 each ("Rights Shares") at an issue price of RM0.10 per Rights Share (of which the first call of RM0.08 is payable in cash on application and the second call of RM0.02 is payable out the Company's share premium and retained profits accounts) on the basis of three (3) Rights Shares for every five (5) existing ordinary shares of RM0.10 each held in GHL at the entitlement date (Hereinafter referred to as "Two-Call Rights Issue").

In our opinion:

- (a) the Proforma Consolidated Balance Sheets has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the GHL Group; and
- (c) the adjustments are appropriate for the purposes of the Proforma Consolidated Balance Sheets.

Yours faithfully,


ANUARUL AZIZAN CHEW & CO.
Firm Number: AF 0791
Chartered Accountants


TEE GUAN PIAN
Approved Number: 1886/05/06 (J/PH)
Partner of Firm

GHL Systems Berhad ("GHL") and its subsidiary companies ("GHL Group")

Proforma Consolidated Balance Sheets as at 31 December 2004

The Proforma Consolidated Balance Sheets as set out below have been prepared for illustrative purposes only to show the effect on the combined balance sheets of the GHL Group as at 31 December 2004 and also based on the assumptions that the following events had been effected on that date.

	GHL Group Audited as at 31.12.2004	Proforma I After Exercise of Options under Previous ESOS at 12.08.2005	Proforma II After Proforma I and Two-Call Rights Issue	Proforma III After Proforma II and Full Exercise of Options under ESOS
	RM	RM	RM	RM
ASSETS EMPLOYED				
PROPERTY, PLANT AND EQUIPMENT	23,570,945	23,570,945	23,570,945	23,570,945
GOODWILL ON CONSOLIDATION	1,743,593	1,743,593	1,743,593	1,743,593
CURRENT ASSETS				
Inventories	4,223,169	4,223,169	4,223,169	4,223,169
Trade receivables	28,770,853	28,770,853	28,770,853	28,770,853
Other receivables, deposits and prepayments	3,613,136	3,613,136	3,613,136	3,613,136
Tax recoverable	11,955	11,955	11,955	11,955
Fixed deposit with licensed bank	4,444,813	4,444,813	4,444,813	4,444,813
Cash and bank balances	3,473,525	4,107,000	19,894,813	32,148,172
	<u>44,537,451</u>	<u>45,170,926</u>	<u>60,958,739</u>	<u>73,212,098</u>
LESS : CURRENT LIABILITIES				
Trade payables	12,464,950	12,464,950	12,464,950	12,464,950
Other payables and accruals	3,197,535	3,197,535	3,197,535	3,197,535
Hire purchase and lease payables	694,416	694,416	694,416	694,416
Bank borrowings	1,500,000	1,500,000	1,500,000	1,500,000
Provision for taxation	1,184	1,184	1,184	1,184
	<u>17,858,085</u>	<u>17,858,085</u>	<u>17,858,085</u>	<u>17,858,085</u>
NET CURRENT ASSETS	<u>26,679,366</u>	<u>27,312,841</u>	<u>43,100,654</u>	<u>55,354,013</u>
	<u>51,993,904</u>	<u>52,627,379</u>	<u>68,415,192</u>	<u>80,668,551</u>
FINANCED BY				
SHARE CAPITAL	33,650,285	34,037,110	54,459,376	62,628,282
SHARE PREMIUM	391,384	638,034	-	4,084,453
RETAINED PROFITS	16,573,895	16,573,895	12,577,476	12,577,476
	<u>50,615,564</u>	<u>51,249,039</u>	<u>67,036,852</u>	<u>79,290,211</u>
NON-CURRENT LIABILITIES				
HIRE PURCHASE AND LEASE PAYABLES	413,424	413,424	413,424	413,424
DEFERRED TAXATION	964,916	964,916	964,916	964,916
	<u>51,993,904</u>	<u>52,627,379</u>	<u>68,415,192</u>	<u>80,668,551</u>
Net Tangible Assets ("NTA") Computation				
No. of shares in issue	336,502,850	340,371,100	544,593,760	626,282,824
@ RM0.10 per share	@ RM0.10 per share	@ RM0.10 per share	@ RM0.10 per share	@ RM0.10 per share
Shareholders' Funds	50,615,564	51,249,039	67,036,852	79,290,211
Less: Goodwill on Consolidation	(1,743,593)	(1,743,593)	(1,743,593)	(1,743,593)
NTA	48,871,971	49,505,446	65,293,259	77,546,618
NTA per share (RM)	<u>0.15</u>	<u>0.15</u>	<u>0.12</u>	<u>0.12</u>



NOTES AND ASSUMPTIONS TO THE PROFORMA CONSOLIDATED BALANCE SHEETS OF GHL GROUP

Basis of Preparation and Consolidation

1. The Proforma Consolidated Balance Sheets have been prepared using the acquisition method of accounting.
2. The Proforma Consolidated Balance Sheets are prepared for illustrative purposes only and based on the combined balance sheets of the respective companies in GHL Group as at 31 December 2004 and also on the assumptions that the transactions as stated in this letter have been effected on that date.
3. The Proforma Consolidated Balance Sheets are based on the balance sheets of GHL Group and have been prepared on bases and accounting principles consistent with those previously adopted by GHL Group in the preparation of audited financial statements.
4. GHL was incorporated in Malaysia under the Companies Act, 1965 on 29 March 1994 as a private limited company under the name of Info Era (Kuantan) Sdn. Bhd. Subsequently, GHL changed its name to GHL Automation (Kuantan) Sdn. Bhd. and later assumed its present name on 30 January 1999. On 16 July 2002, GHL had converted into public limited company. The principal activities of GHL are those of developing and selling in-house software programmes.

As at 12 August 2005, GHL has an authorised share capital of RM100,000,000 comprising 1,000,000,000 ordinary shares of RM0.10 each and the movements in the paid-up share capital are as follows:

Date of allotment	No. of shares	Par value	Consideration	Cumulative total paid-up share capital
		RM		RM
29 March 1994	2	1.00	Cash allotment	2
5 February 1999	99,998	1.00	Cash allotment	100,000
15 June 2001	5,000,000	1.00	Non-Cash allotment	5,100,000
31 December 2001	500,000	1.00	Bonus Issue	5,600,000
31 December 2001	500,000	1.00	Cash allotment	6,100,000
31 December 2001	4,000,000	1.00	Cash allotment	10,100,000
2 January 2002	900,178	1.00	Bonus issue	11,000,178
30 May 2002	4,715,000	1.00	Cash allotment	15,715,178
			Subdivision of shares of RM1.00 each into shares of RM0.10 each	
29 June 2002	-	0.10		15,715,178
5 July 2002	30,000,000	0.10	Rights Issue	18,715,178
25 March 2003	63,000,000	0.10	Cash allotment	25,015,178
11 June 2003 to 8 December 2003	8,352,000	0.10	ESOS	25,850,378
7 January 2004 to 11 May 2004	9,382,500	0.10	ESOS	26,788,628
15 June 2004	66,971,570	0.10	Bonus Issue	33,485,785
8 July 2004 to 8 December 2004	1,645,000	0.10	ESOS	33,650,285
4 January 2005 to 7 March 2005	3,868,250	0.10	ESOS	34,037,110



Proforma I

Proforma I incorporate the issuance of 3,868,250 new Shares pursuant to the exercise of the options granted under GHL's previous ESOS which has expired on 31 March 2005.

Proforma II

Proforma II incorporates the effects of Proforma I and the Two-Call Rights Issue of 204,222,660 Rights Shares at an issue price of RM0.10 per Rights Share on the basis of three (3) Rights Shares for every five (5) existing Shares held.

The proposed utilisation of net proceeds of RM15,787,812 from the first cash call of RM0.08 per Rights Share is for working capital purposes and is after taking into account the estimated expenses for the Proposals of RM550,000. The estimated expenses for the Proposals are to be borne by GHL.

The second call of RM0.02 per Rights Share is payable out of the Company's share premium and retained profits accounts.

Proforma III

Proforma III incorporates the effects of Proforma II and the full exercise of options to be granted to the executive directors and eligible employees of the GHL Group pursuant to the ESOS involving up to 15% of GHL's issued and paid-up share capital at any time during the existence of the ESOS.

Share Capital and Reserves

The movements in the issued and paid-up share capital and reserves of GHL are as follows:

	Ordinary share capital RM	Share premium RM	Retained profits RM
As at 31 December 2004	33,650,285	391,384	16,573,895
Exercise of previous ESOS	386,825	246,650	-
Proforma I	34,037,110	638,034	16,573,895
Two-Call Rights Issue and utilisation of proceeds	20,422,266	(638,034)	(3,996,419)*
Proforma II	54,459,376	-	12,577,476
Assumed full exercise of ESOS	8,168,906	4,084,453**	-
Proforma III	62,628,282	4,084,453	12,577,476

* After deducting estimated expenses for the Proposals of RM550,000 and capitalisation of the second call.

** Assuming that all the options are granted at a subscription price of RM0.15 per Share, based on the theoretical ex-rights price of the five (5)-day weighted average market price of GHL Shares as at 12 August 2005, being RM0.16, with a discount of not more than 10%.

