



GHL SYSTEMS BERHAD
Company No: 199401007361 (293040-D)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2020
(THE FIGURES HAVE NOT BEEN AUDITED)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
		31.12.2020	31.12.2019	31.12.2020	31.12.2019
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	87,389	87,565	334,417	347,707
Cost of sales		(50,756)	(48,225)	(190,642)	(197,232)
Gross profit		36,633	39,340	143,775	150,475
Other operating income		5,830	7,429	11,452	13,807
Administration expenses		(23,844)	(22,304)	(97,367)	(99,888)
Distribution costs		(3,074)	(6,169)	(11,617)	(10,449)
Other operating expenses		(6,133)	(7,582)	(24,233)	(10,771)
Finance cost		(466)	(987)	(2,194)	(2,909)
Share of results of associated companies		14	(116)	(148)	(555)
Profit before taxation		8,960	9,610	19,668	39,710
Income tax expense		(3,072)	(2,481)	(12,660)	(12,691)
Profit for the period		5,888	7,129	7,008	27,019
Attributable to:					
Owners of the Company		5,977	7,877	13,527	28,724
Non-controlling interest		(89)	(748)	(6,519)	(1,705)
		5,888	7,129	7,008	27,019
Earnings Per Ordinary Share					
- Basic (sen)	B9	0.60	1.06	1.68	3.87
- Diluted (sen)	B9	0.60	1.06	1.68	3.86
Profit for the period		5,888	7,129	7,008	27,019
Other comprehensive income, net of tax					
Remeasurement of defined benefit liability, net of tax		(360)	59	(360)	59
Foreign currency translation differences		(1,296)	(450)	(1,588)	1,752
Reclassification adjustment relating to a subsidiary disposed during the year		-	(12)	-	(12)
Total comprehensive income for the period		4,232	6,726	5,060	28,818
Total comprehensive income attributable to:					
Owners of the Company		4,321	7,451	11,579	30,500
Non-controlling interest		(89)	(725)	(6,519)	(1,682)
		4,232	6,726	5,060	28,818

(The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements)



GHL SYSTEMS BERHAD

Company No: 199401007361 (293040-D)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020
(THE FIGURES HAVE NOT BEEN AUDITED)**

	AS AT 31.12.2020 (Unaudited) RM'000	AS AT 31.12.2019 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	99,658	106,323
Goodwill on consolidation	168,639	179,971
Intangible assets	1,169	1,433
Investment in joint ventures and an associate	(103)	307
Net investment in lease	380	-
Deferred tax assets	2,902	3,749
	<u>272,645</u>	<u>291,783</u>
Current assets		
Inventories	60,784	63,895
Trade receivables	43,320	54,676
Other receivables	92,234	56,496
Current tax assets	5,707	4,473
Other investment	64,795	53,271
Cash and bank balances	148,937	138,627
	<u>415,777</u>	<u>371,438</u>
TOTAL ASSETS	<u>688,422</u>	<u>663,221</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	351,485	330,200
Reserves	(3,718)	(8,640)
Retained earnings	133,765	120,890
Equity attributable to owners of the parent	<u>481,532</u>	<u>442,450</u>
Non controlling interest	197	6,414
Total equity	<u>481,729</u>	<u>448,864</u>
Non-current liabilities		
Bank borrowing	14,024	19,624
Contract liabilities	398	-
Lease liabilities	2,901	8,402
Employee benefits obligation	1,513	1,396
Deferred tax liabilities	4,608	4,896
	<u>23,444</u>	<u>34,318</u>
Current liabilities		
Trade payables	36,009	34,988
Other payables	123,517	124,765
Contract liabilities	4,562	4,105
Lease liabilities	6,160	6,907
Bank borrowings	8,150	6,580
Current tax liabilities	4,851	2,694
	<u>183,249</u>	<u>180,039</u>
Total liabilities	<u>206,693</u>	<u>214,357</u>
TOTAL EQUITY AND LIABILITIES	<u>688,422</u>	<u>663,221</u>
Net assets per share (sen)	42.18	59.95

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements)



GHL SYSTEMS BERHAD
Company No: 199401007361 (293040-D)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2020
(THE FIGURES HAVE NOT BEEN AUDITED)

	Share Capital RM'000	Retirement benefit Reserve RM'000	ESS Shares RM'000	Exchange Reserve RM'000	Share Options Reserve RM'000	Treasury Shares RM'000	Retained Profits / (Accumulated Losses) RM'000	Equity Attributable To Owners Of The Parent RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
At 1 January 2019	314,344	-	-	(1,455)	1,001	-	92,336	406,226	170	406,396
Effects of MFRS 16	-	-	-	-	-	-	(114)	(114)	-	(114)
At 1 January 2019 (Restated)	314,344	-	-	(1,455)	1,001	-	92,222	406,112	170	406,282
Issuance of ordinary shares	14,387	-	-	-	-	-	-	14,387	-	14,387
Issuance of ordinary shares pursuant to ESS	1,469	-	-	-	(321)	-	-	1,148	-	1,148
Purchase of ESS shares	-	-	(11,943)	-	-	-	-	(11,943)	-	(11,943)
Share options granted under ESS	-	-	782	-	1,521	-	(56)	2,247	-	2,247
Revaluation reserve - allocated goodwill	-	-	-	-	-	-	-	-	7,926	7,926
Total comprehensive income for the year	-	59	-	1,716	-	-	28,724	30,499	(1,682)	28,817
At 31 December 2019	330,200	59	(11,161)	261	2,201	-	120,890	442,450	6,414	448,864
At 1 January 2020	330,200	59	(11,161)	261	2,202	-	120,889	442,450	6,413	448,863
Issuance of ordinary shares	21,285	-	-	-	-	-	-	21,285	-	21,285
Purchase of ESS shares	-	-	(2,225)	-	-	-	-	(2,225)	-	(2,225)
Share option granted under ESS	-	-	11,133	-	(2,039)	-	(651)	8,443	-	8,443
Acquisition reserve - allocated goodwill	-	-	-	-	-	-	-	-	303	303
Total comprehensive income for the year	-	(360)	-	(1,588)	-	-	13,527	11,579	(6,519)	5,060
At 31 December 2020	351,485	(301)	(2,253)	(1,327)	163	-	133,765	481,532	197	481,729

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements)



GHL SYSTEMS BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2020
(THE FIGURES HAVE NOT BEEN AUDITED)

	CURRENT YEAR TO DATE 31.12.2020 RM'000	PRECEDING YEAR TO DATE 31.12.2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	19,668	39,710
Adjustment for:-		
Amortisation of development cost	265	265
Amortisation of contract liabilities	(10,488)	(2,435)
Bad debts written-off	2,285	575
Depreciation of property, plant and equipment	32,024	32,330
Fair value gain on other investment	(196)	(44)
Impairment loss on property, plant and equipment	3,828	507
Impairment loss on other investment	421	-
Impairment loss on goodwill on consolidation	11,332	-
Impairment loss on receivables	7,521	9,332
Impairment loss on inventories	296	-
Interest expense	2,194	2,752
Interest income	(3,358)	(3,294)
Inventories written off/ (back)	1,407	600
Lease liability written off	(51)	-
Loss/(Gain) on disposal of property, plant and equipment	(639)	(94)
Loss/ (Gain) on liquidation of subsidiary	-	48
Gain on disposal of subsidiary	(481)	-
Gain on disposal of other investment	-	(2,163)
Fair value loss on contingent consideration	6,141	(2,542)
Property, plant and equipment written-off	1,194	1,767
Reversal of impairment on trade receivables	(9,655)	(1,781)
Share options granted under ESS	198	1,518
Share of loss from an associate	148	555
Unrealised loss/ (gain) on foreign exchange	115	(56)
Operating profit before working capital changes	64,169	77,550
(Increase)/Decrease in working capital		
Inventories	7,865	7,573
Trade and other receivables	(4,564)	20,295
Trade and other payables	(6,032)	(10,309)
Advance receipt from contract liabilities	10,473	5,491
Employee benefits obligations	(291)	290
	7,451	23,340
Cash generated from operations	71,620	100,890
Interest received	3,359	3,294
Interest paid	(1,063)	(1,572)
Tax paid	(15,743)	(13,456)
Tax refund	5,152	2,350
	(8,295)	(9,384)
Net cash from operating activities	63,325	91,506
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(35,316)	(26,780)
Purchase of other investment	(159)	(635)
Decrease/(Increase) in fixed deposits pledged	(99)	(477)
Proceeds from disposal of property, plant and equipment	1,371	1,979
Proceeds from disposal of other investments	-	2,163
Addition in intangible assets	-	(1)
Acquisition of subsidiary for cash, net cash acquired	-	(5,274)
Net cash used in investing activities	(34,203)	(29,025)
Cash Flows From Financing Activities		
Purchase of ESS shares	(2,225)	(11,943)
Proceeds from issuance of shares-ESOS	10,515	1,256
Proceeds from transfer of ESS shares	-	621
Repayment of lease liabilities	(7,978)	(8,222)
Drawdown of bank borrowings	66,810	77,776
Repayment of bank borrowings	(71,880)	(76,465)
Net cash from financing activities	(4,758)	(16,977)
Net increase in cash and cash equivalents	24,364	45,504
Effect of exchange rate fluctuation	(2,825)	730
Effect of fair value changes in cash and cash equivalents	196	44
Cash and cash equivalents at beginning of the finance period	179,401	133,123
Cash and cash equivalents at end of the finance period	201,136	179,401
Cash and cash equivalents at end of the finance year:-		
Cash and bank balances	148,937	138,627
Other investments	64,795	53,271
	213,732	191,898
Less: Fixed deposits pledged to licensed banks	(12,596)	(12,497)
	201,136	179,401

(The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements)



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Part A: Explanatory notes on consolidated results for the quarter ended 31 December 2020

A1. Basis of Preparation

These condensed consolidated interim financial statements (Condensed Report) have been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134 : Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The results for this interim period are unaudited and should be read in conjunction with the Group’s audited consolidated financial statements and the accompanying notes for the year ended 31 December 2019.

A2. Significant Accounting Policies

The financial information presented herein has been prepared in accordance with the accounting policies to be used in preparing the annual consolidated financial statements for 31 December 2020 under the MFRS framework. These policies do not differ significantly from those used in the audited consolidated financial statements for 31 December 2019.

As of 1 January 2020, the Group and the Company have adopted the following revised MFRSs and Amendments to MFRSs that have been issued by the MASB:

Effective for annual periods beginning on or after 1 January 2020

Title	Effective Date
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 Definition of Business	1 January 2020
Amendments to MFRS 7, 9 and 139 Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101 and MFRS 108 Definition of Material	1 January 2020

The adoption of these MFRSs does not have any material impact on the Group’s results and financial position.

MFRSs and Amendments to MFRS issued but not yet effective

At the date of authorisation of these interim financial statements, the following MFRSs and Amendments to MFRSs were issued but not yet effective and have not been applied by the Group and the Company.

Title	Effective Date
Amendments to MFRS 17 Insurance Contracts	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 does not expect the adoption of the above Standards to have a significant impact on the financial statements.

A3. Audit Report of Preceding Annual Financial Statements

The audit report for the annual financial statements of the Group for the financial year ended 31 December 2019 was not subject to any audit qualification.

A4. Seasonal or Cyclical Factors

The business of the Group is not affected by any significant seasonal or cyclical factors, other than the general economic environment in which the Group operates.

A5. Unusual Items

There were no items or events affecting assets, liabilities, equity, net income or cash flow of the Group that are unusual of their nature, size or incidence during the current quarter.



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A6. Changes in Estimates

There were no changes in estimates that have had any material effect during the current quarter.

A7. Changes in Debts and Equity Securities

For the quarter under review, a total of 380,499,497 Bonus Shares have been issued pursuant to the Bonus Issue. The Bonus Shares was listed and quoted on the Main Market of Bursa Malaysia Securities Berhad with effect from 9.00 a.m. on Friday, 13 November 2020.

Saved as disclosed above, there were no issuance and repayment of debt and equity securities, share buy-backs and share cancellations during the current quarter.

A8. Dividend Paid

There were no dividends paid during the quarter ended 31 December 2020.

A9. Segmental Reporting

The Group has four reportable segments, as described below, which are the Group's strategic business units of the Group. The strategic business units offer different geographical locations and are managed separately. The following summary describes the geographical locations units in each of the Group's reportable segments of the Group:

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

The core revenue of the Group comprises; Shared Services, Solution Services and Transaction Payment Acquisition. The activities within each of these core businesses are explained below:

Transaction Payment Acquisition ("TPA") comprises revenue derived from two (2) distinct components: -

- i) e-pay services which provides Telco prepaid and other top-up facilities and, bill collection services for consumers ("reload and collection services") and
- ii) GHL's direct merchant acquiring and electronic payment services ("electronic payment services")

Shared Services comprises mainly revenue derived from the sales, rental and maintenance of Electronic Data Capture ("EDC") terminals and other card acceptance devices and the supply of cards to banks and other payment operators.

Solution Services comprises mainly revenue derived from the sales and services of payment solutions which include network devices and related software, outsourced payment networks, management/processing of payment and loyalty cards, internet payment processing, and the development of card management systems.

Performance is measured based on core businesses revenue and geographical profit before tax and interest, as included in the internal management reports that are reviewed by the Group Chief Executive Officer. Core businesses revenue and geographical profit are used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.



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A9. Segmental Reporting (continued)

Quarter - 31 December	Malaysia		Philippines		Thailand		Others		Adjustment and Elimination		Consolidated	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
CONTINUING OPERATIONS												
REVENUE												
<u>External Sales</u>												
Transaction Payment Acquisition	48,469	43,361	5,529	5,744	984	2,580	343	(22)	(647)	-	54,678	51,663
Shared Services	20,715	22,612	5,307	6,651	3,187	2,963	-	(63)	(56)	477	29,153	32,640
Solution Services	1,344	1,794	432	848	1,482	327	314	293	(14)	-	3,558	3,262
Inter-segment sales	4,019	9,572	-	-	-	-	-	-	(4,019)	(9,572)	-	-
	74,547	77,339	11,268	13,243	5,653	5,870	657	208	(4,736)	(9,095)	87,389	87,565
RESULTS												
EBITDA	13,057	29,329	4,116	4,384	1,377	29	565	(636)	(3,174)	(13,890)	15,941	19,216
Interest income	1,281	906	15	9	4	5	-	-	-	-	1,300	920
Interest expense	(349)	(695)	(110)	(265)	(7)	(27)	-	-	-	-	(466)	(987)
Depreciation	(5,367)	(2,964)	(1,986)	(2,395)	(750)	(755)	400	(106)	(46)	(3,254)	(7,749)	(9,474)
Amortisation of intangible assets	(66)	(65)	-	-	-	-	-	-	-	-	(66)	(65)
Profit before taxation	8,556	26,511	2,035	1,733	624	(748)	965	(742)	(3,220)	(17,144)	8,960	9,610
Taxation	(2,112)	(1,200)	(1,283)	(1,620)	(117)	-	(49)	-	489	339	(3,072)	(2,481)
Minority interest	-	-	-	-	-	-	-	-	89	748	89	748
Segment profit for the financial period after non-controlling interest	6,444	25,311	752	113	507	(748)	916	(742)	(2,642)	(16,057)	5,977	7,877
Segmental assets	744,123	694,363	72,997	64,822	32,042	33,992	1,695	4,319	(162,435)	(134,276)	688,422	663,221
Segmental liabilities	355,185	342,914	28,631	35,623	11,789	15,009	673	2,257	(189,586)	(181,446)	206,693	214,357



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A9. Segmental Reporting (continued)

Cumulative - 31 Dec	Malaysia		Philippines		Thailand		Others		Adjustment and Elimination		Consolidated	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
CONTINUING OPERATIONS												
REVENUE												
External Sales												
Transaction Payment Acquisition	178,127	173,293	17,937	18,395	4,376	12,279	368	6	(2,282)	-	198,526	203,973
Shared Services	84,925	92,516	24,677	24,564	11,460	14,732	-	-	(56)	-	121,006	131,812
Solution Services	5,565	6,685	2,260	2,673	5,903	1,379	1,192	1,185	(35)	-	14,885	11,922
Inter-segment sales	28,897	28,903	-	-	-	-	-	-	(28,897)	(28,903)	-	-
	297,514	301,397	44,874	45,632	21,739	28,390	1,560	1,191	(31,270)	(28,903)	334,417	347,707
RESULTS												
EBITDA	59,927	78,052	17,222	17,598	4,831	4,399	(414)	(2,070)	(30,773)	(26,059)	50,793	71,920
Interest income	3,317	3,270	32	13	9	11	-	-	-	-	3,358	3,294
Interest expense	(1,386)	(1,832)	(743)	(962)	(65)	(115)	-	-	-	-	(2,194)	(2,909)
Depreciation	(21,048)	(19,211)	(8,032)	(9,292)	(2,964)	(3,071)	(25)	(756)	45	-	(32,024)	(32,330)
Amortisation of intangible assets	(265)	(265)	-	-	-	-	-	-	-	-	(265)	(265)
Profit before taxation	40,545	60,014	8,479	7,357	1,811	1,224	(439)	(2,826)	(30,728)	(26,059)	19,668	39,710
Taxation	(9,035)	(9,025)	(3,234)	(3,339)	(141)	(327)	(250)	-	-	-	(12,660)	(12,691)
Minority interest	-	-	-	-	-	-	-	-	6,519	1,705	6,519	1,705
Segment profit for the financial period after non-controlling interest	31,510	50,989	5,245	4,018	1,670	897	(689)	(2,826)	(24,209)	(24,354)	13,527	28,724
Segmental assets	744,123	694,363	72,997	64,822	32,042	33,992	1,695	4,319	(162,435)	(134,276)	688,422	663,221
Segmental liabilities	355,185	342,914	28,631	35,623	11,789	15,009	673	2,257	(189,586)	(181,446)	206,693	214,357



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Company No: 199401007361 (293040-D)

A10. Valuation of Property, Plant and Equipment

The property, plant and equipment are stated at cost/valuation less accumulated depreciation and impairment losses. There was no revaluation of property, plant and equipment for the current quarter and financial year to date. The valuation of property, plant and equipment of the Group have been brought forward without amendment from the financial statements for the year ended 31 December 2019.

A11. Material Subsequent Events to the end of Current Quarter

There was no other material event subsequent to the end of the reporting period and up to the date of issuance of this report.

A12. Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial quarter under review other than the following:

On 17 December 2020, the Company has disposed all of its shares in Speed Pay Plc comprising of 1,868,702 Ordinary Shares for a consideration of USD250,000.00.

A13. Contingent Liabilities and Contingent Assets

The Group does not have any contingent liabilities or contingent assets as at the date of this report other than the following:

	RM'000
Banker's guarantee in favour of third parties	
- Secured	<u>18,752</u>

A14. Capital Commitments

Capital commitments for purchase of property, plant and equipment not provided for as at 31 December 2020 are as follows:

	RM'000
Approved but not contracted for	<u>5,016</u>



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PART B: ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of Performance

Performance of current quarter (4Q 2020) vs corresponding quarter (4Q 2019) by segment

GHL's 4Q20 group revenue posted a small decline of -0.2 yoy to RM87.4 million as compared to RM87.6 million in the corresponding period in 4Q19. The last quarter of 2020 saw the impact of a partial movement control order which was implemented in Malaysia from mid Oct 2020 which saw its performance dipped compared to the previous 3Q20. Consequently, 4Q20 registered a lower pre-tax profits of RM9.0 million compared to RM9.6 million, a decline of -6.8% yoy. 4Q20 profit after tax and minority interest was similarly lower at RM6.0 million (4Q19 PATMI RM7.9 million) due to lower GP margins and higher effective tax in 4Q20 compared to the corresponding period.

Although the COVID-19 lockdown and movement restrictions were eased in much of ASEAN in stages in the second half of 2020, unfortunately, the movement restrictions in Malaysia were tightened in October 2020 onwards due to the rising COVID-19 cases in the country. The group's revenue in this quarter was still led by the TPA and solution services divisions but shared services registered a yoy decline. The group's balance sheet remains healthy with a net cash position of RM117.7 million (31.12.2019 – Net cash RM97.1 million).

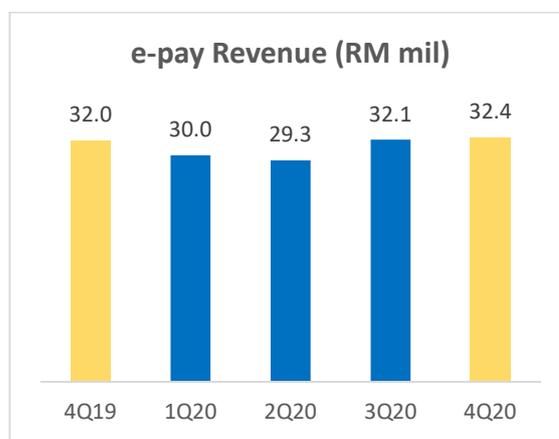
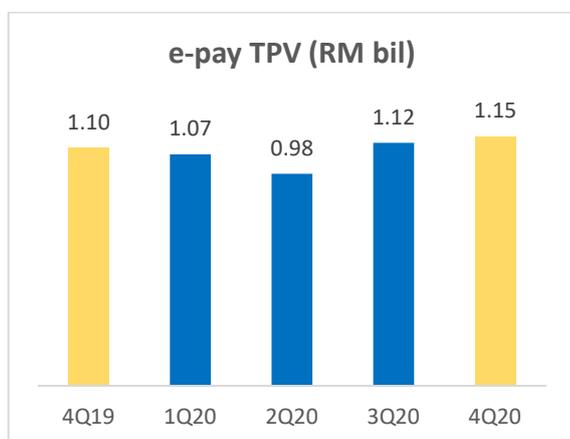
Transaction Payment Acquisition (TPA)

The TPA business has two distinct components, each in a different stage of development. These are:

- e-pay's direct contractual relationships with merchants to provide Telco prepaid and other top-up facilities and, bill collection services for consumers ("reload and collection services") and
- GHL's direct contractual relationships with merchants to provide international and domestic card payment services ("card payment services") and e-wallet payment services. Each of these is described in more detail as follows: -

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

e-pay is the largest provider of reload and collection services in Malaysia. It has approximately 42,300 acceptance points nationwide, encompassing all petrol chains, large convenience store chains and general stores. The e-pay brand is well known to consumers who use the service. With over 20 years' experience, e-pay is clearly the market leader in Malaysia within this industry segment. A summary of key data relating to the e-pay business is found in the Table 1 below. As can be seen, the transaction value processed by e-pay grew by 4.7% yoy with a marginal dip in gross profit margin spread to 100 basis points due to the change in merchant mix where the sales occurred during the quarter under review.





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

Table 1

e-pay (All stated in RM'millions unless stated otherwise)	4Q 2019	4Q 2020	% change
Transaction Value Processed	1,099.9	1,151.6	4.7%
Gross Revenue	32.0	32.4	1.3%
Gross Revenue / Transaction Value (Note 1)	2.91%	2.81%	-3.4%
Gross Profit	11.3	11.5	1.8%
Gross Profit / Transaction Value (Note 1)	1.03%	1.00%	-2.9%
Merchant Footprint - e-pay Only (Thousands)	43.5	42.3	-2.8%

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

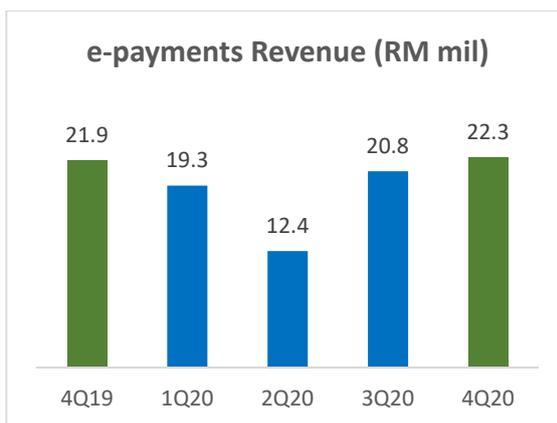
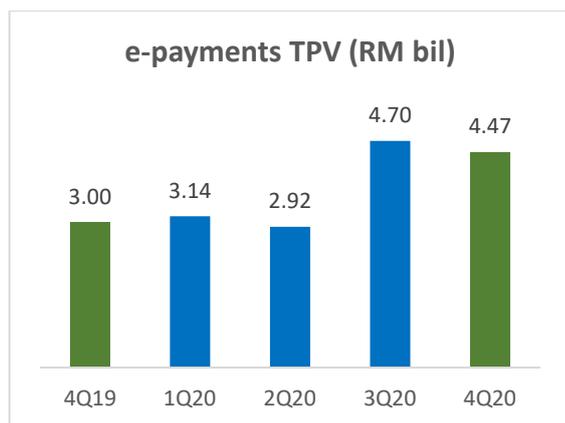
(ii) GHL (e-payment services)

This TPA electronic payment services business is driven by our direct arrangement with international schemes, TPA arrangements with leading domestic banks in our respective markets as well as a leading China e-wallet providers which is expanding into Asean and local e-wallet providers in their respective countries. The existing GHL TPA data as shown in Table 2 comprises the following activities;

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

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

The transaction value processed growth remained strong at 49.0%, with a significant switch from offline to online transactions in 2020 compared to a year before. Gross profit/transaction margin spreads however declined to 18 basis points (4Q19 - 30 basis points) due to 1) product mix change of payment types, 2) merchant 3) geographical mix. Gross profits declined -11.1% yoy to RM8.0 million (4Q19 RM9.0 million). 4Q20 MDR and GP margin spreads were however impacted by Malaysia's operations where more stringent movement controls were re-imposed in October 2020 due to rising COVID-19 infections, thus impacting offline TPV.





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(ii) GHL (e-payment services) (continued)

Table 2

GHL Electronic payments TPA <i>(All stated in RM'millions unless stated otherwise)</i>	4Q 2019	4Q 2020	% change
Transaction Value Processed	3,000.7	4,470.4	49.0%
Gross Revenue	21.9	22.3	1.8%
Gross Revenue / Transaction Value (Note 1)	0.73%	0.50%	-31.5%
Gross Profit	9.0	8.0	-11.1%
Gross Profit / Transaction Value (Note 1)	0.30%	0.18%	-40.0%
Merchant Footprint - TPA Only (Thousands)	95.3	103.9	9.0%

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

TPA division's revenues was up marginally by 5.8% yoy in 4Q20 to hit RM54.7 million (4Q19 – RM51.7 million) with both payments TPA and e-pay revenue both marginally up. e-pay revenues were up 1.3% yoy on the back of a 4.7% yoy growth in e-pay TPV processed. Payments TPA on the other hand also showed a 1.8% yoy in revenue generated with a 49% yoy growth in higher TPV processed. Despite the stellar TPV growth, the blended MDR rates were impacted by the payment type mix (eg online vs offline) and merchant mix during the quarter. e-pay remains the main contributor in the TPA segment but the GHL electronic payments TPA (encompassing card, online, mobile and nextgen payments) are growing at a faster rate.

Some key observations during the COVID-19 pandemic were as follows:

1) due to the movement lockdown where consumers were unable to go to physical shops, shifted their spending online which drove the group's online payment business eGHL strongly in 2020. As movement restrictions were relaxed, the offline segment began a gradual recovery in May 2020 onwards whereas the online segment continued its 2020 trajectory. However, this was impacted as Malaysia reimposed stricter movement controls as COVID-19 cases began growing in Sept/Oct 2020.

2) health concerns amongst consumers have given cashless payments a significant boost where both consumers and merchants turning to using cards and e-wallets to conduct transactions and avoid physical cash. This behavioural change bodes well for the group's outlook.

Shared Services

Shared services revenue in 4Q20 was down by -10.7% yoy to RM29.2 million (4Q19 – RM32.6 million) despite higher hardware sales revenue but lower rental and maintenance revenue from Malaysia and Philippines when compared to the same period a year ago.

Solutions Services

Solutions services gross revenue was up by 9.1% yoy in 4Q20 to RM3.6 million (4Q19 – RM3.3 million) due to network hardware sales in Thailand.



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Performance of current quarter (4Q 2020) vs corresponding quarter (4Q 2019) by geographical segment

GHL's 4Q20 group revenue was flat at RM87.4 million compared to RM87.6 million in the corresponding 4Q19 period. The three business pillars of the group registered a mix performance whereby TPA and Solutions services registered yoy improvements but Shared Services saw rental/maintenance revenue take a hit due to ongoing terminal retrievals by banks throughout the second half of 2020. The 3 main geographical markets contributed positively to the group's EBITDA line except for the new markets of Cambodia and Indonesia. Group wise, 4Q20 registered profit before tax of RM9.0 million compared to (4Q19 profit before tax – RM9.6 million), a decline of -6.8% yoy.

Malaysia operations accounted for 79.9% of the group revenues in 4Q20 with a 2.3% yoy improvement due to improvements in TPA but tempered by a decline in Shared and Solutions Services.

The Philippines operations was the second largest contributor, accounting for 12.9% yoy of 4Q20 group revenues. This final fourth quarter saw revenues declined by -14.9% yoy to RM11.3 million (4Q19 – RM13.2 million) dragged by flat contribution from TPA as many of the group's merchant shops were still closed during the strict community quarantine. Shared services were the main drag on revenue as rental, maintenance and hardware sales were down yoy. Solutions services were down due to lower software sales compared to a year ago.

Thailand operations' 4Q20 revenue contributed 6.5% to the group total and declined -3.7% yoy to RM5.7 million (4Q19 RM5.9 million). Improvements from its Shared Services and Solutions Services division from EDC rental and a network project for a bank customer in 4Q20 were however negated by a sizeable contraction in its TPA revenue which was badly hit by a significant drop in tourism arrivals due to the pandemic.

The group's other geographical operations recorded 4Q20 revenues of RM0.7 million (4Q19 – RM0.2 million) on an ongoing maintenance projects in Australia in its Solutions service division as well as small TPA transaction revenue from the Indonesian market. There were no Shared solutions and TPA revenues recorded by our Australian operations for the quarter under review.

Performance of current quarter (4Q20) vs preceding quarter (3Q20) by segment

Table 3

Revenue (RM million)	3Q20	4Q20
TPA	52.9	54.7
Shared Services	32.5	29.1
Solutions Services	6.4	3.6
Group revenue	91.8	87.4
Profit/(loss) Before Tax	17.1	9.0

For the quarter 4Q20 ended 31 December 2020, the group recorded revenues of RM87.4 million, down -4.8% qoq over RM91.8 million recorded in 3Q20. 3Q20's stronger topline performance was due to the relaxation of movement control and lockdown in Malaysia, Philippines and Thailand from the COVID-19 pandemic which led to higher transactions across all 3 business pillars. 4Q20 PBT performance of RM9.0 million were lower as the result of lower turnover qoq, as well as lower OPEX in the preceding 3Q20.

Performance of year to date period (4Q20) vs corresponding period (4Q19) by segment

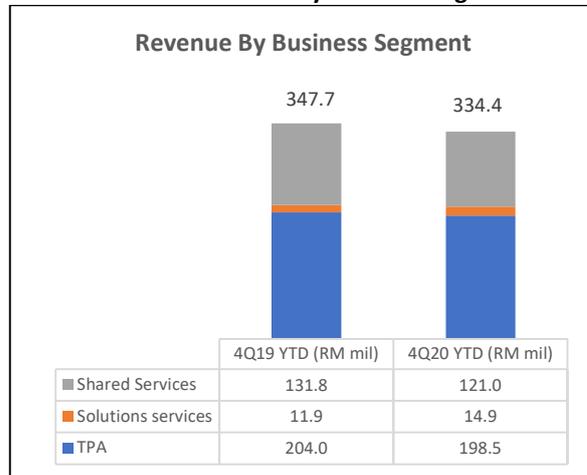
Group revenue for the twelve months of 2020 was down -3.8% yoy to RM334.4 million (4Q19 YTD – RM347.7 million) with yoy declines for TPA and Shared Services business pillars but a small growth in the Solutions Services segment contributed by a payment network project in Thailand in the second half of 2020. The group segmental performances were as follows (TPA -2.7% yoy; Shared Services -8.2% yoy; and Solutions Services, 24.9% yoy;). Despite the decline in topline revenues, the group was able to maintain gross profit margins of 43.0% (4Q19 YTD – 43.3%). 4Q20 registered a

Performance of year to date period (4Q20) vs corresponding period (4Q19) by segment (continued)

pre-tax profit of RM19.7 million compared to RM39.7 million a year ago. However, in 2020, there were two key non-cash expenditure included in the financials, namely, fair value loss on the 2018 Paysys acquisition consideration shares (RM6.1m) and write-down of the group’s Cambodia investment (RM11.9m). If these two one off items were added back, the group’s adjusted pre-tax profits would have been RM37.7 million compared to RM39.7 million in 2019.

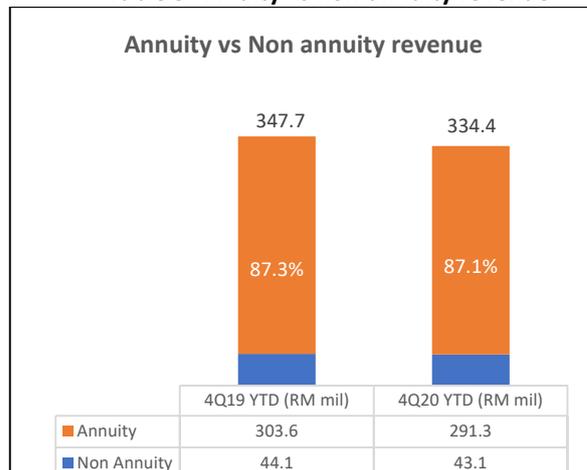
Net profit after tax and minority interest in 4Q20 YTD was RM13.5 million compared to the same period last year for 4Q19 YTD of RM28.7 million. Similarly, if the two one off items were added back, the variance would be smaller. Higher effective taxation rate for in 2020 was due to losses in the new markets of Cambodia and Indonesia as well as non allowable expenditures such as the two one off non-cash items mentioned above.

Table 4 Revenue by business segment



TPA recorded lower revenue performance (down -2.7% yoy) due to primarily to lower TPV transacted in the offline segment as many merchants were impacted due to the COVID-19 lockdown, especially in 2Q20 and in 4Q20 in the case of Malaysia where stricter lockdown was imposed from October onwards. Although TPV and revenues for the online TPA segment were up but it was insufficient to cover the decline in revenues on the offline side. Shared Services recorded a decline due to lower EDC hardware sales during the lockdown in 2Q20 and lower rental/maintenance fees collected due to EDC terminal retrievals by banks from merchants. Solutions Services performance was also up by 24.9% yoy as compared to the same period last year due to network solution contract which was implemented in 3Q20 and 4Q20 for a bank client in Thailand.

Table 5 Annuity vs non-annuity revenue



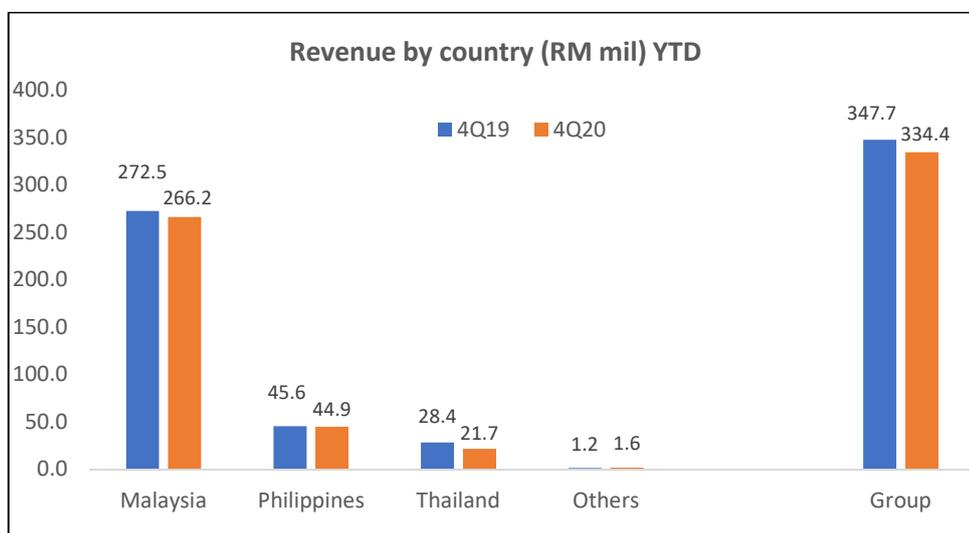


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Performance of year to date period (4Q20) vs corresponding period (4Q19) by segment (continued)

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

Performance of year to date period (4Q20) vs corresponding period (4Q19) by country



Group revenue for the twelve months of 2020 was down -3.8% yoy to RM334.4 million (4Q19 YTD – RM347.7 million) with yoy declines for TPA and Shared Services business pillars but a small growth in the Solutions Services segment contributed by a payment network project in Thailand.

Malaysian’s contribution was stable at 79.6% (4Q19 – 78.4%) of group revenues and registered a -2.3% yoy decline due to lower Solutions Services and Shared Services (slower EDC hardware sales and rental/maintenance revenue). Although TPA revenues were slightly higher yoy, overall revenue contribution from Malaysia was down.

Philippines revenue was -1.7% yoy lower at RM44.9 million (4Q19 – RM45.6m) with TPA and solutions services down marginally yoy but Shared Services showed a small improvement but overall country contribution was down -1.7% yoy.

Thailand recorded the largest percentage decline in revenue of -23.4% to RM21.7 million from RM28.4 million on the back of lower TPA transaction revenue due to closure of the tourism sector throughout 2020. Although Shared and Solutions services revenue in 2020 showed yoy improvement towards the end of 2020 as the lockdown measures eased, it was insufficient to compensate for the larger decline in the TPA segment. TPA segment saw a strong revenue contraction due to the border closures which impacted tourist arrivals and hence the group’s cross border e-wallet segment. The Thai operations remain EBITDA positive in 2020.

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



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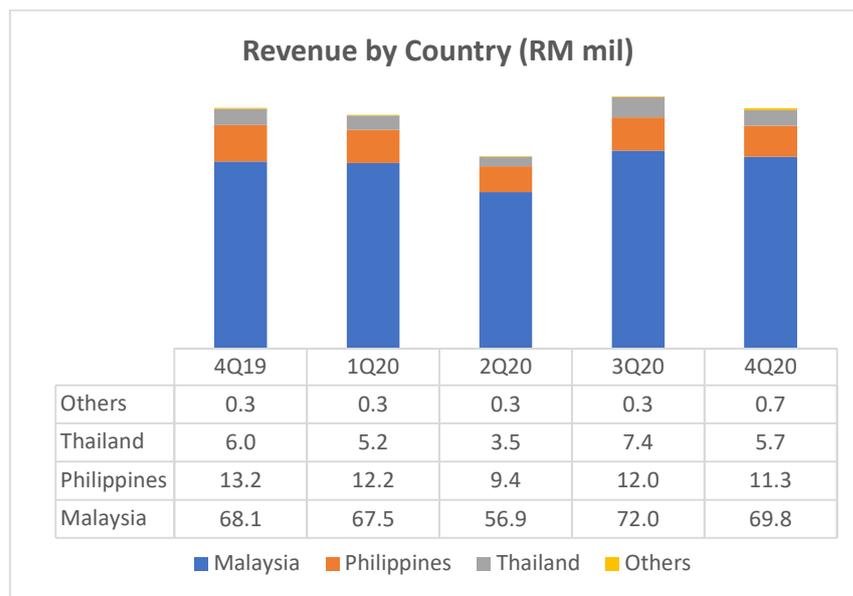
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Performance of year to date period (4Q20) vs corresponding period (4Q19) by country (continue)

As at end December 2020, the group’s payment touchpoints stood at 383,600 points, a -3.5% yoy decline. The reason for the yoy decline in payment touchpoints was due to banks retrieving back unproductive terminals. Despite the overall contraction, the group’s TPA payment touchpoint grew 5.3% yoy and this has led GHL group to process a TPV of RM19.6 billion in payment transactions (41% yoy growth)

During 4Q20, whilst the group maintained its regional footprint growth strategy, the group’s footprint investment incurred was RM2.5 million (4Q19 – RM5.1 million). The amount was scaled back due to the uncertainties of COVID-19 throughout 2020 and despite the movement relaxation in May 2020 onwards, the group remained cautious in deploying resources to grow its TPA touchpoints. This investment figure is flat qoq as merchants slowly reopened their retail presence. The group had intentionally scaled back these investments to conserve cash as the group monitors the impact of COVID-19.

The group strives to maintain its strategy of a sustainable growth in its financial performance whilst maintaining the same growth trajectory in strengthening its ASEAN presence.



B2. Current Year’s Prospects (FY 2021)

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

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



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B2. Current Year's Prospects (FY 2021) (continue)

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

With the emergence of COVID-19 vaccines towards the end of 2020 which is planned to be deployed in stages throughout 2021-2022, has brought cautious optimism that 2021 will see a gradual recovery in the global economies, and with it, the opening of borders and hence travel and trade. However, due to the uncertainties on the effectiveness of the vaccines, the near-term outlook for most businesses and consumer sentiment remain poor and the timing and extent of recovery, difficult to estimate. The group however remains positive in the long-term potential of the ASEAN e-payments industry and believes the trends of switching to e-payments and cashless channels will continue going forward.

B3. Profit before Taxation

Profit before tax is arrived at after charging/(crediting) the following items:

	Current Quarter	Preceding Year Corresponding Quarter	Current To Date	Preceding Year To Date
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Amortisation of intangible asset	66	65	265	265
Bad debts written off	2,253	372	2,285	575
Depreciation of property, plant and equipment	7,749	9,474	32,024	32,330
Fixed assets written (back)/ off	625	1,594	1,194	1,767
(Gain)/Loss on foreign exchange:				
Realised	14	(368)	(31)	(206)
Unrealised	166	63	115	(56)
(Gain)/loss on disposal of fixed Assets	(754)	1,618	(639)	(94)
Fair value loss/(gain) on contingent consideration	-	(2,542)	6,141	(2,542)
Fair value (gain)/loss in other investments	44	(44)	(196)	(44)
Impairment loss on goodwill	-	-	11,332	-
Impairment loss on property, plant and equipment	1,202	507	3,828	507
Impairment loss on receivables	3,747	8,777	7,521	9,332
Impairment loss on other investment	421	-	421	-
Impairment loss on inventories	296	-	296	-
Interest income	(1,300)	(920)	(3,358)	(3,294)
Interest expenses	466	987	2,194	2,909
Inventory written off/(back)	1,192	543	1,407	600
Rental expenses	113	140	474	867
Reversal of allowance for doubtful debts	(7,474)	(590)	(9,655)	(1,781)
Share based payment	(89)	664	198	1,518



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B4. Tax expense

	Current Quarter 31.12.2020 RM'000	Year To Date 31.12.2020 RM'000
Current tax expenses based on (loss)/profit for the financial quarter:		
Malaysian income tax	(736)	(8,147)
Foreign income tax	(1,447)	(3,624)
Relating to origination and reversal of temporary differences	(889)	(889)
Total	(3,072)	(12,660)

The Group's effective tax rate for the current quarter and for the year to date ended 31 December 2020 was higher than the statutory tax rate mainly due to goodwill impairment and fair value loss on contingent consideration and certain disallowable expenses for tax purposes.

B5. Status of Corporate Proposals

There were no other corporate proposals announced which remain uncompleted during the quarter under review as at the date of this report.

B6. Group Borrowings and Debt Securities

The Group's borrowings and debt securities as at 31 December 2020 are as follows:

	Long-term Borrowings		Short-term Borrowings		Total Borrowings	
	Foreign '000	RM'000	Foreign '000	RM'000	Foreign '000	RM'000
Secured						
<i>Bank borrowings</i>						
- Ringgit Malaysia	-	393	-	3,408	-	3,801
- Philippine Peso	1,475	123	687	57	2,162	180
Unsecured						
<i>Bank borrowings</i>						
- Ringgit Malaysia	-	13,508	-	4,685	-	18,193
		14,024		8,150		22,174



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B7. Material Litigation

**KUALA LUMPUR HIGH COURT NO. WA-22NCvC-692-09/2019
BESTINET SDN BHD v GHL EPAYMENTS SDN BHD**

On 5 September 2019, GHL Epayments Sdn. Bhd. (“Defendant”), a wholly-owned subsidiary of GHL Systems Berhad was served with a Writ and Statement of Claim from Bestinet Sdn. Bhd. (“Plaintiff”) for claims arising from alleged misrepresentation and breach of the contract in respect to the development, management and maintenance of digital wallet.

On 30 October 2019, the Defendant has filed Statement of Defence and Counterclaim against the Plaintiff by averring, amongst others, that:

- (a) there was no misrepresentation made by the Defendant to the Plaintiff that it is an e-wallet issuer;
- (b) there was no delay on the part of the Defendant in completing the project under the contract;
- (c) the Plaintiff breached the contract by way of non-payment or failure of payment to the Defendant.

The Defendant has counterclaimed against the Plaintiff for the following:

- (a) A declaration that the termination of the contract between the Plaintiff and the Defendant (through the fee quotation dated 5.4.2017 which was accepted by the Plaintiff dated 18.4.2017) by the Plaintiff was unlawful;
- (b) The outstanding invoice no. 10000867 dated 31.12.2018 and invoice no. 2019000225 dated 31.5.2019 be paid by the Plaintiff to the Defendant;
- (c) Interest on the sum of RM92,750.00 at the rate of 2% per month from 30.1.2019 to the date of judgment;
- (d) Interest on the sum of RM92,750.00 at the rate of 2% per month from 30.6.2019 to the date of judgment;
- (e) Loss of profits in the sum of RM1,855,000.00 or alternatively loss of profits and/or loss of future profits and/or loss of opportunity to be assessed by this Honourable Court;
- (f) Post judgment interest;
- (g) Costs;
- (h) Such further and/or other reliefs deemed just and proper by this Honourable Court.

On 20 November 2019, the Plaintiff has served on eGHL with its Reply and Defence to Counterclaim. On 21 November 2019, the matter which was fixed for case management before the Registrar. The Registrar had directed the parties to file the following by 23 December 2019:

- (1) Summary of Case;
- (2) Bundle of Pleadings;
- (3) Common Bundle of Documents;
- (4) Statement of Agreed facts;
- (5) Statement of Issues to be Tried; and
- (6) List of Witnesses.

The new trial dates have been fixed on 12 March 2021, 19 March 2021, 2 April 2021, 9 April 2021 and 16 April 2021.

As at the date of this report, there is no material financial and operational impact arising from the Suit on the Defendant and the Company.

Save as disclosed above, there are no other material litigations against the Company and its subsidiaries as at the date of this report.

B8. Dividend

No dividend has been declared for the financial quarter ended 31 December 2020.



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B9. Earnings Per Share

a) Basic earnings per share

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

b) Diluted earnings per share

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

	Current Quarter	Preceding Year Corresponding Quarter	Current To Date	Preceding Year To Date
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
<u>Basic</u>				
Profit attributable to owners of the Company (RM'000)	5,977	7,877	13,527	28,724
Weighted average number of ordinary shares in issue and issuable (Unit'000)	994,937	742,830	803,179	742,098
Basic earnings per ordinary share (Sen)	0.60	1.06	1.68	3.87
<u>Diluted</u>				
Profit attributable to owners of the Company (RM'000)	5,977	7,877	13,527	28,724
Weighted average number of ordinary shares in issue and issuable (Unit'000)	995,415	745,187	803,641	744,783
Diluted earnings per ordinary share (Sen)	0.60	1.06	1.68	3.86