



# **GHL SYSTEMS BERHAD**

Formerly known as GHL Systems Sdn. Bhd.  
Company No. 293040-D  
Incorporated in Malaysia under the Companies Act, 1965

## ANNUAL REPORT 2002

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## CORPORATE INFORMATION

### Board of Directors

- **Tunku Dato' Abdul Malek Bin Tunku Kassim**  
(Chairman and Non-Executive Director)
- **Tay Beng Lock**  
(Group Managing Director)
- **Yeng Fook Hoo**  
(Deputy Group Managing Director)
- **Goh Kuan Ho**  
(Non-Executive Director)
- **Mohamad Isa Bin Abdullah**  
(Non-Executive Director)
- **Chong Teck Foh**  
(Independent Non-Executive Director)
- **Yen Siw Kuin**  
(Independent Non-Executive Director)

### Audit Committee

Yen Siw Kuin  
Chong Teck Foh  
Mohamad Isa Bin Abdullah

### Secretaries

Bernard Lim Boon Siang (LS/00770)  
Chin Fook Kheong (MIA 12595)

### Auditors

Anuarul, Azizan, Chew & Co.  
18 Jalan 1/64  
Off Jalan Kolam Air/Jalan Ipoh  
51200 Kuala Lumpur

### Sponsor

AmMerchant Bank Berhad (formerly known as Arab-Malaysian Merchant Bank Berhad)  
22nd Floor, Bangunan AmBank Group  
55 Jalan Raja Chulan  
50200 Kuala Lumpur  
Tel: 603 2078 2633 / 44 / 55 Fax: 603 2078 8596 / 2032 4814

### Registered Office

36A Lorong Gelugor  
Off Persiaran Sultan Ibrahim  
41300 Klang  
Selangor Darul Ehsan  
Tel: 603 3343 8148 / 3343 8149

### Head Office

No. 37, Cangkat Bukit Bintang  
50200 Kuala Lumpur  
E-mail: KL@ghl.com  
Tel: 603 2116 1688 Fax: 603 2144 3432  
Website: <http://www.ghl.com>

### Registrars

Signet Share Registration Services Sdn. Bhd.  
11th Floor, Tower Block  
Kompleks Antarabangsa  
Jalan Sultan Ismail  
50250 Kuala Lumpur  
Tel: 603 2145 4337 Fax: 603 2142 1353

## CORPORATE INFORMATION

### Principal Banker

Affin Bank Berhad  
 Ground Floor, Menara Affin  
 80 Jalan Raja Chulan  
 P.O. Box 12744  
 50788 Kuala Lumpur

Ambank Berhad (formerly known as Arab-Malaysian Bank Berhad)  
 Ground Floor, Plaza See Hoy Chan  
 Jalan Raja Chulan  
 50200 Kuala Lumpur

Malayan Banking Berhad

- G-Floor, Bangunan Yayasan  
 Jalan Bukit Bintang  
 55100 Kuala Lumpur
- 9 & 11, Jalan Bunga Tanjung 9C  
 Taman Putra  
 56100 Ampang  
 Selangor Darul Ehsan

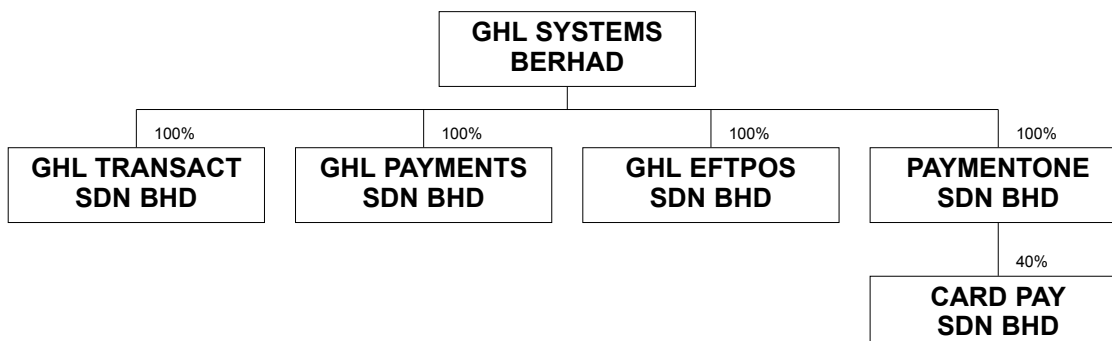
### Solicitors

- Rajah, Lau & Associates  
 B-13-13, Block B  
 13th Floor, Unit 13  
 Megan Phileo Avenue  
 No. 12, Jalan Yap Kwan Seng  
 50450 Kuala Lumpur
- Tan Eng Choong & Co  
 No. 23 Jalan Pudu Lama  
 Bukit Mahkamah  
 50200 Kuala Lumpur

### Stock Exchange Listing

MESDAQ Market of the Kuala Lumpur Stock Exchange

### GHL Systems Berhad Group Structure



## FINANCIAL HIGHLIGHTS

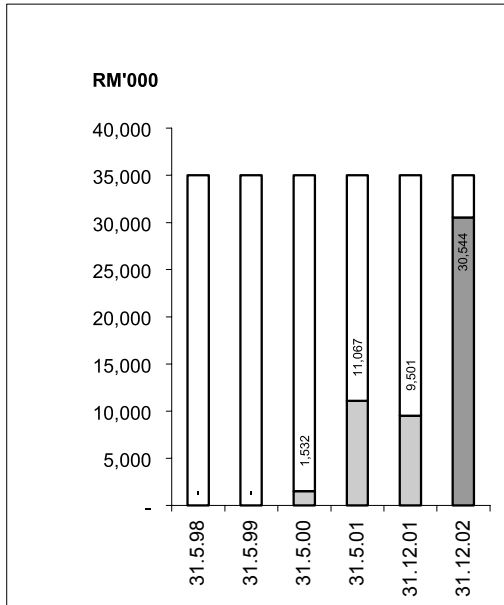
### GROUP

	<------(Proforma)----->					(Audited)
	31.05.98	31.05.99	31.05.00	31.05.01	31.12.01	31.12.02
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Turnover	-	-	1,532	11,067	9,501	30,544
Cost of sales	-	-	(224)	(436)	(1,148)	(13,885)
Gross profit	-	-	1,308	10,631	8,353	16,660
Other operating income	-	-	-	9	65	730
Other operating expenses	(14)	(333)	(1,477)	(8,464)	(6,744)	(13,796)
Profit/(Loss)from operations	(14)	(333)	(169)	2,176	1,673	3,594
Financing cost	-	-	-	(89)	(170)	(370)
Share of loss in associated company	-	-	-	-	-	(9)
Profit/(Loss) for the year	(14)	(333)	(169)	2,087	1,503	3,215
Number of ordinary shares (Based on weighted average)	++	32	100	100	4,776	#152,699
Number of ordinary shares of RM1.00 in issue	++	100	100	100	10,100	#187,152
Net earnings per share (RM)	(7,000)	(10.46)	(1.69)	20.87	0.31	0.02
Shareholders' funds	(18)	(251)	(419)	1,667	12,670	22,178
Net tangible assets (NTA)	(18)	(251)	(419)	1,667	9,624	20,555
NTA per share (RM)	(9,000)	(2.51)	(4.19)	16.67	0.50	0.13
Current ratio (times)	0.00	0.01	0.29	0.82	0.93	1.81
Total borrowings	-	-	-	3,842	3,085	317
Gearing (all interest-bearings debts over shareholders' funds) (times)	-	-	-	2.30	0.24	0.01

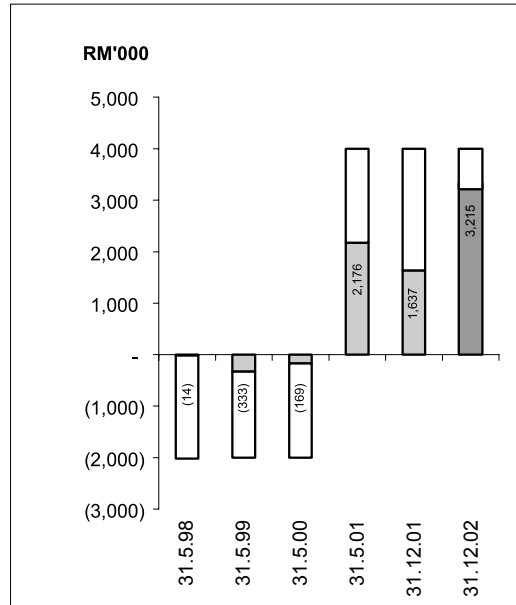
**++ Represents RM 2**

**# Ordinary shares of RM0.10 each**

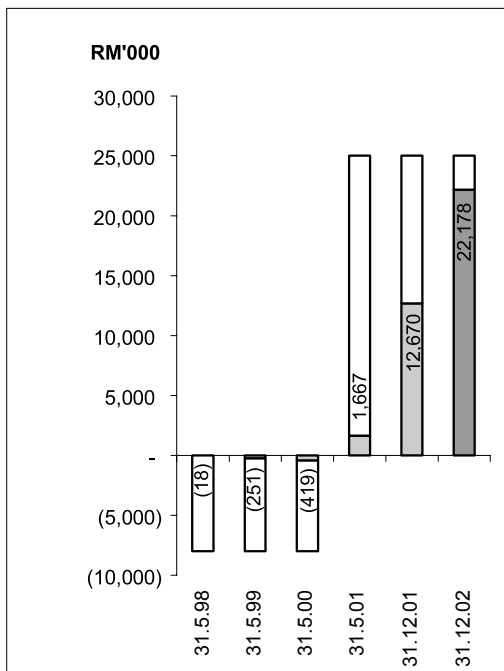
## FINANCIAL HIGHLIGHTS



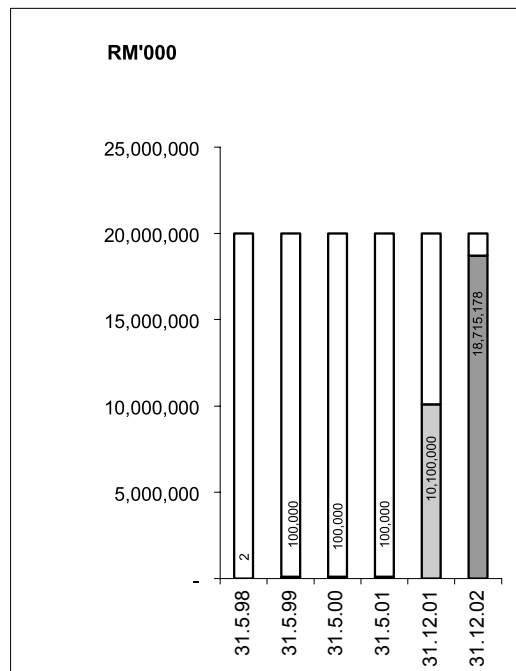
**Turnover**



**Profit/(loss) for the year**



**Shareholders' fund**



**Paid-up capital**

1. The proforma Group financial highlights for the past financial years/periods ended 31 May 1998 to 31 December 2001 have been prepared based on the assumption that the Group had been in existence upon the incorporation of its subsidiaries.
2. As at 9 April 2003, through the initial public offering ("IPO") of the Company, the issued and paid-up share capital of the Company was increased to RM25,015,175.00 which comprised 250,151,750 ordinary shares of RM0.10 each.

## CHAIRMAN'S STATEMENT

**On behalf of the Board of Directors, it is my pleasure to present to you the annual report and audited financial statements of the Group and the Company for the financial year ended 31 December 2002.**

I am pleased to report that the Group achieved a profit after tax of RM3.2 million through an improved Group turnover of RM30.5 million. This represents a profit growth of 25.0% and revenue growth of 88.0%. The favourable results for the year were substantially contributed by Bank Negara Malaysia's ("BNM") mandate that all magnetic strip ATM 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 EMV ("EuroPay-MasterCard-Visa") compliant before 2005. These events have resulted in banks embarking on the migration process of their existing deployed Electronic Data Capture ("EDC") terminals to be EMV-compliant. The Group provides various products and services for payment and online transaction processing ("OLTP") 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 growths with WHOOPS (airtime reload distribution) showing exponential growth. The lower margin and strong turnover growth in WHOOPS resulted in a lower overall combined profit growth versus the revenue growth.

This annual report is the Group's first as a listed company. GHL Systems Berhad made an Initial Public Offering ("IPO") of its 63,000,000 new ordinary shares of RM0.10 each at an issue price of RM0.20 per ordinary share ("Issue") on 6 March 2003 and was admitted to the MESDAQ Market on 9 April 2003.

### Research and Development

The Group's research and development ("R&D") activities are housed under GHL Systems and the R&D centre is located in Technology Park Malaysia. All R&D expenses incurred during the year which mainly consisted of salaries and wages of full-time professionals to conduct in-house R&D were charged out to the income statement. GHL Systems latest R&D innovation is NetMATRIX.

NetMATRIX is the Company's latest innovation to mitigate the fraud problems face by the credit card industry. One of the major threats is the skimming of sensitive card information via wire-taps by the fraud syndicates through telephone lines connecting the terminals to the host. NetMATRIX is a solution to this threat as it encrypts and digitally signs transactions between the terminals and the host. NetMATRIX effectively secures the communications contents and prevents skimming. This solution can be deployed by financial institutions with minimal re-configuration to their existing infrastructure, and is designed to work with numerous types of terminals.

The Group will continue in its endeavour to continuously develop and enhance its existing technology in NetMerchant, NetSync, NetAccess and PivotPoints.

### Dividend

The Board of Directors deemed it beneficial for the Company to build up reserves to consider viable business opportunities to exploit the momentum of the economic recovery in the near future and as such is recommending that no dividend be declared for the financial year ended 31 December 2002.

### Utilization Of Proceeds From Initial Public Offering

The proceeds from the Group's IPO amounted to RM12.6 million, of which RM11.294 million is for RM1.306 million is to defray listing expenses. Proceeds earmarked for listing expenses have been disbursed accordingly. As at to date, proceeds earmarked for working capital have yet to be utilised.

I am pleased to report that the Group is on track in its effort to acquire new EMV EDC terminals, upgrade PinPads to existing EDC to EMV compliance and Bankcard's SAM chips for acquiring of Bankcard. This is in line with the Group's objective to expand its business through the widening of its existing customer base and the achievement of its growth targets. Hence, we are confident that all the proceeds from the IPO will be fully deployed within 24 months from the Company's admission to the MESDAQ Market as stated in the prospectus.

### Employee Share Option Scheme.

On 31 March 2002, the Group announced its proposal to implement an Employee's Share Option Scheme ("ESOS") for eligible employees and executive directors of GHL Systems Berhad and its subsidiaries. The approval for the Issue (inclusive of the ESOS) was obtained from the

## CHAIRMAN'S STATEMENT

Security Commission ("SC") on 12 November 2002 and from the Kuala Lumpur Stock Exchange ("KLSE") on 15 November 2002 for the admission to the Official List of the MESDAQ Market of the KLSE ("MESDAQ Market"), and for the listing of and quotation for the entire issued and paid-up share capital of the Company on the MESDAQ Market. At the Extraordinary General Meeting held on 11 February 2003, shareholders' approval was obtained for the ESOS.

### Code on Corporate Governance

The provisions of the revised Kuala Lumpur Stock Exchange Listing Requirements and the Code on Corporate Governance came into effect on 1st June 2001 and will be adhered to by the Company. The Board had already initiated steps, such as modifying board composition, setting up Internal Audit, Employees' Share Option Scheme ("ESOS") and the Remuneration as well as the Nominations Committees, in order to achieve compliance with the Code.

### Achievements

We are truly honoured that in the process of fulfilling our commitment to customer service and continuous improvement, the Group had been awarded numerous awards and accreditation by industry organizations and international quality assurance bodies throughout our years of operation. These awards include the Microsoft Certified Solution Provider (MCSP) Excellence Award For E-Commerce (1999 & 2000), VeriFone President Club 2000 Award for outstanding performance in Asia Pacific (2000) and VeriFone Innovation Award (2001).

The latest feathers in our cap are the VeriFone President Club 2002 Award for outstanding performance in Asia Pacific in 2002 and the VeriFone Innovation Award (2002).

These awards and recognition serve as a source of inspiration and encouragement for the Board of Directors, management and staff in their effort to establish the Company as an organization recognized for its commitment to quality and total customer satisfaction.

### Prospects and Future Outlook

Bank Negara Malaysia's mandate that all magnetic-stripe ATM 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 EMV (EuroPay-MasterCard-Visa) before 2005 had resulted in banks embarking on an aggressive migration of existing Electronic Draft Capture ("EDC") terminals applicable for magnetic strip cards only to EMV-compliant EDC terminals. With this move towards EMV-compliant EDC terminals, the credit card EDC terminal rental business is expected to experience stronger growth as fraud cases are expected to decline with the migration to the newer chip-based EMV standard for credit card. There is tremendous opportunity in renting out BankCard EDC terminals for the acceptance of e-debit and e-purse within MyKad and BankCard to the small and medium size merchants. The Group strongly envisages that Malaysia will follow the trend of Australia and Singapore in the popularity of debit card acceptance with the small and medium size retail merchants.

At current sales volume of approximately RM2 million per month, WHOOPS presently ranks second in the electronic reload airtime market. The Group is expanding WHOOPS into newer reloading channels beyond the current reloading through EDC terminals such as ATM, Internet and SMS. In the third quarter of 2002, prepaid mobile users constituted 66.9% of Malaysia's 8.58 million mobile subscribers, increasing from 49.3% out of the total mobile subscriber base of approximately 5.12 million in 2000. [Source: The Malaysian Communications and Multimedia Commission - Statistics & Records]. The Group estimates that the prepaid mobile users market generates approximately RM120 million worth of reload transactions per month.

Thus, barring unforeseen circumstances, the Group expects to turn in a better performance in the coming year.

### Acknowledgements

On behalf of the Board of Directors, I would like to commend all staff for their dedication, commitment and diligence.

In addition, I also wish to record my thanks to our valued customers, suppliers, bankers, advisors, relevant authorities, business associates and shareholders for contributing towards the success of our IPO and listing on the MESDAQ Market and for their continued confidence and advice.

Tunku Dato' Abdul Malek Bin Tunku Kassim  
Chairman

## PROFILE OF DIRECTORS

**Tunku Dato' Abdul Malek Bin Tunku Kassim**, a Malaysian aged 68, is the Non-Executive Chairman. He graduated from Queen's University of Belfast, United Kingdom in 1959 with a Bachelor of Science (Economics) degree and subsequently obtained a Master's degree in Arts from Vanderbilt University, USA in 1973. He was admitted as a Fellow member of the Institute of Bankers Malaysia in 1992.

Tunku Dato' Abdul Malek started his career as an administrator with the Kedah Civil Service from 1959 to 1962. From there, he joined the Malaysian Civil Service where he was posted to the Treasury, Ministry of Finance as an officer in the Economic and Tax Divisions from 1962 to 1974. He was seconded to the International Monetary Fund ("**IMF**") in Washington DC as an adviser to an Executive Director in the IMF's Board of Directors from 1975 to 1976. Upon his return to Kuala Lumpur to resume service with the Ministry of Finance, he was appointed head of the Tax Division and later, the Finance Division. In 1983, he was appointed to the Board of the Asian Development Bank ("**ADB**") in Manila as an Executive Director.

Upon his return to Malaysia after his stint with the ADB in 1987, Tunku Dato' Abdul Malek became an Executive Director of Kewangan Usaha Bersatu Berhad ("**KUBB**") from 1987 until 1993. During his tenure at KUBB, he was also a Chairman of the Association of Finance Companies, a director of Cagamas Berhad as well as a Council Member of the Institute of Bankers Malaysia. He was in retirement from 1993 to 1995. Between 1995 and 1999, he was on the Boards of Directors of Commerce Asset-Holding Berhad, Commerce International Merchant Bankers Berhad and CIMB Securities Sdn. Bhd.

In June 1999, he joined BSN Commercial Bank (Malaysia) Berhad ("**BSNC Bank**") as a director and its Chairman. BSNC Bank was renamed BSNC Corporation Berhad ("**BSNC**") following the disposal of its banking business to Affin Bank and Tunku Dato' Abdul Malek remained in his position as Chairman. He is also currently a director of Amal Assurance Berhad.

**Tay Beng Lock**, a Malaysian aged 41, is the Group Managing Director. He obtained his Bachelor's degree in Electrical Engineering with distinction from Carleton University, Canada in 1984 and a Master's degree in Business Administration with distinction from Middlesex University, United Kingdom in 1986. He began his career in 1984 as a Sales Engineer with Mecomb Malaysia Sdn. Bhd., where he was responsible for the sales of electronic test and measurement instruments to the telecommunications and broadcasting industries. He moved to Hewlett-Packard Sales (Malaysia) Sdn. Bhd. in 1986, taking up the position of Staff Field Engineer. When he left Hewlett-Packard Sales (Malaysia) Sdn. Bhd. in 1992, he was its Business Manager and was managing the company's overall Test and Measurement business in Malaysia. He then joined Delteq (M) Sdn. Bhd. as its General Manager and was responsible for the overall management of the company's operations.

In 1996, Mr. Tay left Delteq (M) Sdn. Bhd. to join GHL Automation Sdn. Bhd. as its General Manager and was responsible for the overall management of the company's operations. He left eight (8) months later to join Tekmark Sdn. Bhd. as its Chief Executive Officer for a period of three (3) months. In late 1997, he joined GHL Technologies Sdn. Bhd. ("**GHL Technologies**") and subsequently became the Managing Director of GHL Technologies as well as GHL Transact and GHL Payments. He is well-placed to lead the Group; with 18 years of experience in sales, he was instrumental in convincing several local banks to outsource their merchant acquiring businesses to the Group.

**Yeng Fook Hoo**, a Malaysian aged 46, is the Deputy Group Managing Director. He obtained his Bachelor's degree in Economics and Mathematics from the University of London in 1979 and completed a Senior Management Program at Harvard Business School in 1988. He has 17 years of experience in the banking industry, with ten (10) years of experience in handling the implementation of major banking systems.

## PROFILE OF DIRECTORS

Mr. Yeng started his career with Pacific Bank Berhad as a Trainee Officer in 1981. In 1984, he was promoted to Branch Manager, managing three (3) branches in Rengit, Batu Pahat and Johor Bahru. In 1988, he was promoted to the position of Senior Manager of Operations / Information Technology ("**IT**"), whereby he created and implemented the first integrated bank-in slip to streamline and simplify the bank-in process for Pacific Bank Berhad's customers, and was also responsible for conceiving, designing, creating and implementing the first "instant" ATM card that allowed customers to use their new and replacement ATM cards instantly at the point of registration. He was also instrumental in co-developing and overseeing the migration effort of Pacific Bank Berhad's retail backend banking system from the legacy Honeywell System to the new Tandem System. This extensive exercise was completed within nine (9) months. He left Pacific Bank Berhad in 1994 to join Hong Leong Bank Berhad.

From 1994 to 1997, Mr. Yeng was the General Manager of the Operations / IT division of Hong Leong Bank Berhad, where he implemented a new branch delivery system and the first branch system operating on a Windows platform. When he joined the Company in 1997, he was managing the research and development efforts for various transaction-processing and payment-related technologies and solutions such as NetAccess, NetMerchant, NetSync and PivotPoints. He also oversees the operations of WHOOPS and PayDirect. In addition, he was also responsible for conceiving the EDC Pool Program, which was successfully implemented with three (3) partner banks. He was designated as the Deputy Group Managing Director in 2002, responsible for the business development and R & D activities of the Group.

**Goh Kuan Ho**, a Malaysian aged 38, is a Non-Executive Director of the Company. She sat for the Sijil Peperiksaan Malaysia in 1982 and in 1984, she was awarded a Certificate in Computer Programming and Information Processing from Tunku Abdul Rahman College, Kuala Lumpur. She started her career as an Administrator with Nortek Computer Sdn. Bhd. in 1984. In 1988, she joined GHL Automation (a sole proprietorship) as an Administrator, and left in 1991 to join GHL Automation Sdn. Bhd. as a Customer Service Manager. She was later appointed to the Board of Directors of GHL Automation Sdn. Bhd. In late 1991, she was appointed to the Board of Directors of Info Era Sdn. Bhd. ("**Info Era**") and also assumed the position of Retail Manager of Info Era. She resigned as a director of GHL Automation Sdn. Bhd. and Info Era in April 1999 and April 2001 respectively. In 1997, she was appointed to the Board of Directors of GHL Technologies and also assumed the position of Corporate Business Manager of GHL Technologies. She resigned from all her positions in GHL Technologies in 2000 to take up her current position of Corporate Account Manager with Jardine OneSolution (2001) Sdn. Bhd.

**Mohamad Isa Bin Abdullah**, a Malaysian aged 46, is a Non-Executive Director of the Company. He graduated from Universiti Pertanian Malaysia (now known as Universiti Putra Malaysia) in 1979 with a Bachelor Science Agribusiness degree. He began his career as an officer with Bank Bumiputra Malaysia Berhad (now known as Bumiputra-Commerce Bank Berhad) in 1979 and left three (3) years later to join the Corporate Planning Department of Perwira Affin Bank Berhad (now known as Affin Bank) ("**PABB**") as a Senior Officer. In 1987, he was promoted to the position of Head of the Corporate Planning Department of PABB. He left PABB in 1995 to join BSN Commercial Bank (Malaysia) Berhad as the Head of the Strategic Planning Department and was subsequently promoted to Assistant General Manager in 2000. He is currently the General Manager of BSNC and sits on the Boards of Directors of the subsidiary companies of BSNC, namely BSNC Leasing (M) Sdn. Bhd., BSNC Ringgit Sdn. Bhd., BSNC Partners Sdn. Bhd. and Card Pay.

**Chong Teck Foh**, a Malaysian aged 46, is an Independent Non-Executive Director of the Company. He has extensive experience in sales, general management and support, and a strong technical background. He obtained a Diploma in Electronics from Tunku Abdul Rahman College, Kuala Lumpur in 1979. He began his career as a Computer Engineer with Computer Information System Sdn. Bhd. in late 1979. He left Computer Information System Sdn. Bhd. in

## PROFILE OF DIRECTORS

1981 to pursue a Master's Degree in Very Large Scale Integration Systems Design at the University of West London, United Kingdom, which he obtained in 1982. He returned to Malaysia in 1983 and joined Philips Malaysia Sdn. Bhd. ("**Philips Malaysia**") as a Systems Engineer. In 1988, he left Philips Malaysia to join Unisys (M) Sdn. Bhd., where he started the company's financial line of business and was responsible for the management of several large financial services accounts.

Mr. Chong was part of the pioneering team recruited by Compaq Computer Corporation Malaysia Sdn. Bhd. ("**Compaq**") to set up its Malaysian operations in 1993. In 1994, he joined Tandem Computers International Incorporated ("**Tandem**") as Manager, Customer Support and Services. In the following year, he was promoted to Manager, Channel Marketing, responsible for the development and implementation of Tandem's channel strategy. In October 1997, he was promoted to General Manager of Tandem in Malaysia. As a result of Compaq's acquisition of Tandem in May 1998, he joined Compaq as General Manager of its Tandem Business Unit.

Mr. Chong is currently the Managing Director of Hewlett-Packard Sales (Malaysia) Sdn. Bhd ("**HPSM**"). Prior to his appointment as the Managing Director of HPSM in 2002, he was the Managing Director of Compaq Computer Corporation Malaysia Sdn. Bhd., a post which he assumed in January 2000. As an IT activist in the local market, he is a member of the Association of the Computer and Multimedia Industry of Malaysia (PIKOM), a self-funding association representing the IT industry in Malaysia. He is also a member of the American Malaysian Chamber of Commerce (AMCHAM) in Malaysia. Under his leadership, Compaq was reported by International Data Corporation (IDC) as the No. 1 IT vendor in Malaysia for two (2) consecutive years in 2000 and 2001.

**Yen Siw Kuin**, a Malaysian aged 46, is an Independent Non-Executive Director of the Company. She graduated with a Bachelor of Science (Economics) degree in Accounting and Finance from the London School of Economics and Political Science, University of London, United Kingdom in 1980. Prior to joining the Khee San Berhad Group of Companies in 1989 as its Group Financial Controller, she was attached to the international accounting firms of Touche Ross in the United Kingdom as an Audit Executive from 1981 to 1983 and as a Tax Executive from 1983 to 1985, and Price Waterhouse in Malaysia as a Tax Manager from 1985 to 1989. As the Group Financial Controller of the Khee San Berhad Group of Companies, she was responsible for the operations of the finance and accounts departments. Her responsibilities at Khee San Berhad have expanded to include overseeing the company's quality assurance and quality control departments, as well as human resource matters and product development. She was appointed to the Board of Directors of Khee San Berhad as an Executive Director in 2000. She is also the Company Secretary and a member of the Audit Committee of Khee San Berhad, and holds directorships in several private limited companies. She is a member of the Institute of Chartered Accountants in England and Wales as well as the Malaysian Institute of Accountants.

## CORPORATE GOVERNANCE

**The Board of Directors of the Company ("the Board") is pleased to report that it fully subscribes to and supports the principles of the Malaysian Code on Corporate Governance in directing and managing the businesses and affairs of the Group to protect and enhance shareholder value and the performance of the Group.**

### THE BOARD OF DIRECTORS

#### (i) Duties

The Board takes full responsibility for the performance of the Group. The Board guides the Company on its short and long-term goals, provides advice and directions on management and business development issues while providing balance to the management of the Company.

The Board is responsible for the following:-

- Reviewing and adopting a strategic plan for the Group;
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;
- Identify principal risks and ensure the implementation of appropriate systems to manage these risks;
- Succession planning, including appointing, training, determining the compensation of and where appropriate, replacing senior management;
- Developing and implementing an investor relations programme or shareholder communications policy for the Company; and
- Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

#### (ii) Composition

The Company is led by an experienced Board, which is composed of seven (7) members; comprising one (1) Non-Executive Chairman, two (2) Independent Non-Executive Directors, two (2) Non-Executive Directors and two (2) Executive Directors. The Board's composition represents a mix of knowledge, skills and expertise to effectively discharge its stewardship responsibilities in spearheading the Group's growth and future direction.

#### (iii) Appointments of the Board and Re-election

The Board has appointed a Nomination Committee comprising two (2) Independent Non-Executive Directors.

The Nomination Committee's function, amongst others, is to recommend to the Board, candidates to the Board for directorship. In addition, the Committee will review the profile of the required skills of each individual Director and assess the effectiveness, of individual Directors, Board Committees and the Board as a whole.

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to election by shareholders at the first AGM after their appointment. The Articles also provides that one third of the Board members are required to retire at every Annual General Meeting ("AGM") and be subject to re-election by shareholders.

## CORPORATE GOVERNANCE

### (iv) Board Meeting and Supply of Information

The Board meets on a scheduled basis, at least four (4) times a year to control and monitor the development of the Group. Additional meetings will be convened as and when required. The agenda for each Board meeting is circulated to all the Directors for their perusal well in advance of the Board meeting date. They are given sufficient time to enable the Directors to obtain further explanation, where necessary, in order to be briefed properly before the meeting.

The proceedings and resolutions reached at each Board Meeting are recorded in the minutes of the meetings, which are kept in the Minutes Book at the registered office.

Besides Board meetings, the Board exercises control on matters that require the Board's approval through circulation of Directors' Resolutions.

The summary of attendance at the Board Meetings held for the financial year ended 31 December 2002 is as follows: -

Directors	Number of Board Meetings	
	Held	Attended
Tay Beng Lock	9	9
Tunku A Malek Bin Tunku Kassim	9	8
Mohamad Isa Bin Abdullah	9	9
Goh Kuan Ho	9	9
Yeng Fook Hoo	9	9
Chong Teck Foh (appointed on 15/01/2003)	Nil	Nil
Yen Siw Kuin (appointed on 15/01/2003)	Nil	Nil

### (v) Directors' Access to Information and Advice

The Board members have access to the advice and services of the Company Secretaries and all information in relation to the Group whether as a full Board or in their individual capacity to assist them in carrying out their duties. Where necessary, the Directors may engage independent professionals at the Group's expense on specialised issues to enable the Board to discharge their duties with adequate knowledge on the matters being deliberated.

### (vi) Remuneration of Directors

The Board has appointed the Remuneration Committee ("RC") comprising two (2) Non-Executive Directors. The RC reviews and recommends to the Board the remuneration of the Executive Directors. The respective Director would abstain from participating in decisions regarding his/her own remuneration package.

The remuneration of an Executive Director will be linked to corporate and individual performance. The remuneration of Non-Executive Directors is related to their experience and level of responsibilities and would be subject to the approval of the Board.

For the financial year ended 31 December 2002, a total sum of RM 680,700 was paid to the Directors of the Company. The Directors fall within the following remuneration bands:-

## CORPORATE GOVERNANCE

Remuneration Band (RM)	Number of Directors
0 - 50,000	3
50,001 - 100,000	-
100,001 - 150,000	-
150,001 - 200,000	-
200,001 - 250,000	-
250,001 - 300,000	-
300,001 - 350,000	2

### (vii) Number of Directorships in Other Companies

None of the Directors of the Company has held directorships in other public corporations except the following:-

Name of Director	Name of Company
Tunku Dato' Abdul Malek Bin Tunku Kassim	Amal Assurance Berhad
Mohamad Isa Bin Abdullah	Global Carriers Berhad
Yen Siw Kuin	Khee San Berhad

## BOARD COMMITTEES

The Board has established the following committees:-

### (i) The Audit Committee

Terms and reference as well as further information on the Audit Committee are set out on pages 19 to 20 of this Annual Report.

### (ii) The Remuneration Committee

The Remuneration Committee meets on a need-to basis, and is entrusted, among others, with examining the remuneration packages of Executive Directors and the Managing Director. However, the ultimate responsibility to approve the remuneration of these Directors rests on the Board as a whole. The Directors do not play any part in decisions regarding their own remuneration.

Subject to shareholders' approval in the general meeting, the Board as a whole determines the level of remuneration of the Non-Executive Directors of the Company. The remuneration of the Non-Executive Directors will be reviewed in order to take into cognizance their principal duties and responsibilities under the Malaysian Code on Corporate Governance.

### (iii) The Nomination Committee

The role of the Nomination Committee is to recommend the candidates with an optimal mix of qualifications, skills and experience to the Board. The Nomination Committee has to evaluate the effectiveness of the Board as a whole, the various Committees and each individual Director's contribution to the effectiveness on the decision making process of the Board.

The Nomination Committee may, as it deems fit, call for any appropriate person or persons to be in attendance to make presentations or furnish or provide independent advice to the Nomination Committee on any matters within the scope of responsibilities.

## CORPORATE GOVERNANCE

### (iv) The Employees' Share Option Scheme ("ESOS") Committee

The ESOS Committee, whose members during the year comprises one (1) member from the Board and three (3) members from the Management, meets at least once every quarter.

The ESOS Committee's responsibilities are as follows:-

- To administer the ESOS in accordance with the Bye-Laws of the ESOS and, in such manner, as it shall at its discretion deem fit and, within such powers and duties as are conferred upon it by the Board; and
- To review and amend, at any time and from time to time, any provisions of the ESOS and the Bye-Laws, provided that the amendments are not prejudicial to the eligible employees and with the prior approval of the shareholders of the Company. Such modification/variation shall be subject to the approvals of the Board and the relevant authorities.

The functions of the ESOS Committee, shall be governed by the Bye-Laws which, inter alia, include:-

- To select employees of the Company and its eligible subsidiary companies who are eligible to participate in the initial offer and subsequent offers of the ESOS and, determine the number of new shares to be allocated to the eligible employees according to the grading of employees and each band of years of service;
- To determine the number of options exercisable by the eligible employees for each year during the duration of the ESOS, the date of the initial offer and subsequent offers and the exercise price for each offer at which the eligible employees are entitled to subscribe under an option and, the period during which the option may be exercised; and
- To formulate guidelines/procedures for the administration of the ESOS.

## ACCOUNTABILITY AND AUDIT

### (i) Internal Control

Details of the Internal Control system are stated in the Statement of Internal Control on page 18.

### (ii) Financial Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements and quarterly announcements of results as well as the Chairman's statement and financial review in the annual report to shareholders. The Board is assisted by the Audit Committee in overseeing the Group's financial reporting processes and the quality of its financial reporting.

### (iii) Directors' Responsibility Statement with Respect to the Preparation of the Audited Financial Statements

The Board is responsible for ensuring that the financial statements of the Company and the Group are in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 to present a true and fair view of the state of affairs of the Company and the Group.

During the financial year under review, the Board has undertaken several measures to ensure quality financial reporting to its shareholders, investors and regulatory authorities in order to present a balanced, clear and comprehensive assessment of the Company's and the Group's performance and prospects. As part of the Company's continuing disclosure obligation under the Listing Requirements of the KLSE, the Board aims to ensure timely, accurate and up-to-date financial information relating to the Company's and the Group's quarterly financial results are announced to the KLSE. The timely distribution of the Company's Annual Report to the shareholders and investors is to ensure that all those who invest in the Company's securities are kept abreast of the Company's and the Group's performance throughout the financial year.

The Chairman's Statement also provides an insight into the performance of the Group throughout the financial year as well as on the Group's future prospects.

## CORPORATE GOVERNANCE

The Board is assisted by the Audit Committee in the discharge of its fiduciary responsibilities relating to corporate accounting and reporting practices of the Group.

### (iv) Relationship with Auditors

The Board through the establishment of an Audit Committee maintains an active, transparent and professional relationship with the company's Internal and External Auditors, and has been conferred with the authority to interface directly with both the External and Internal Auditors of the Group.

## RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

The importance of keeping shareholders informed of developments concerning the Group is high on the agenda. In this respect, the Board has always maintained an active and constructive shareholder communication policy. The minority shareholders are kept abreast of all developments concerning the Group through the distribution of the Company's Annual Report and the Group's quarterly financial results on the KLSE website.

As part of the Company's continuing disclosure obligation under the Listing Requirements of the KLSE, the Company aims to ensure timely announcements are made through the KLSE website to enable investors to make informed investment decisions,

- **The Annual General Meeting**

The Chairman and the Board encourages the shareholders to attend and participate in the Annual General Meeting held annually as this is deemed to be the platform for the Board to report on the Group's business activities. To promote an open and transparent policy, the shareholders are given the opportunity to seek clarifications on the affairs, activities and prospects of the Group.

The External Auditors are also present to provide their professional and independent clarification on issues of concern raised by the shareholders.

## EMPLOYEE SHARE OPTION SCHEME (ESOS) COMMITTEE

### Term of Reference

#### 1. Constitution

The Board resolved to establish a committee of the Board to be known as the ESOS Committee on 11 February 2003. The ESOS shall be in force for a duration of two (2) years from 31 March 2003 to 30 March 2005.

#### 2. Composition

The ESOS Committee shall be appointed by the Board with at least three (3) members comprising the Group Managing Director, the Deputy Group Managing Director and one (1) senior management personnel of the Company.

(a) Members of the Committee will only be entitled to hold office during the period of their service with the Company.

(b) Where the Members of the Committee are reduced to less than three (3) for any reasons whatsoever, the Board shall, as soon as practicable thereafter, appoint such additional number of Members as may be required to make up the minimum of three (3). Unless the minimum number of three (3) Members are appointed, the Committee shall not be entitled to exercise any discretion under the ESOS Bye-Laws.

(c) The Board, may from time to time and in its absolute discretion, revise the composition of the Committee and the roles and responsibilities of the Committee.

#### 3. Chairman of the ESOS Committee

## CORPORATE GOVERNANCE

The Group Managing Director shall be the Chairman during the meetings. In the event, the Group Managing Director is not able to attend a meeting, the Committee shall nominate the Deputy Group Managing Director as Chairman for the meeting.

In the absence of the Group Managing Director and Deputy Group Managing Director, with the quorum of at least two (2) members, a Member of the Committee shall be nominated as Chairman for the meeting.

### 4. Meetings of the ESOS Committee

#### Frequency

Meetings shall be held not less than four (4) times a year. In addition, the Chairman shall call for a meeting of the Committee if requested to do so by any Member of the Committee, the Board, the senior management or the internal or external auditors. Prior notice shall be given for the Committee's meetings.

#### Quorum

The quorum for a meeting of the committee shall be two (2). Two (2) members present in person or through teleconferencing, video conferencing or other electronic media allowing for contemporaneous presence of the Members shall form the quorum.

#### Secretary of the ESOS Committee

The Company Secretary shall attend the meetings on invitation to assist in the secretarial function of the Committee and not as a Member of the Committee. In the absence of the Company Secretary, a Member of the Committee shall be nominated for such secretarial function.

### 5. Authority of the ESOS Committee

The Committee shall have unlimited access to all the information and documents relevant to its activities, including but not limited to the following:-

- (i) The full name and job title of an eligible employee as described in Bye-Law 5 ("Eligible Employee");
- (ii) The date of commencement of his/her employment with the Group;
- (iii) His/Her Maximum Entitlement (as described in Bye-Law 6); and
- (iv) The total number of shares which comprise:-
  - (a) The Options granted to the Eligible Employee;
  - (b) The Options which had been accepted by him/her; and
  - (c) The balance over which Options may be granted.

### 6. Grant of Options

- 6.1 No offer shall be made to any Executive Director of the Company unless such offer and the related allotment of shares have previously been approved by the shareholders of the Company in a general meeting.
- 6.2 The Committee may grant Options at anytime within the duration of the ESOS, provided always that no Member of the Committee shall participate in any deliberation or decision in respect of Options to be granted to himself.

## CORPORATE GOVERNANCE

- 6.3 The Committee may in its absolute discretion make more than one (1) offer to an eligible employee provided that the aggregate number of Options offered to an eligible employee throughout the entire duration of the ESOS does not exceed the eligible employee's Maximum Entitlement as set out in Bye-Law 6. The Committee shall not be obliged in any way to offer to an eligible employee all of the specified Maximum Entitlement. The decision of the Committee shall be final and binding.
- 6.4 In exercising its discretion, in determining the number of Options to be offered to an eligible employee, the Committee shall take into consideration the seniority and length of service of each eligible employee.
- 6.5 The grant of Options to any Eligible Employee by the Committee shall be made by the issuance of a Letter of Offer to an eligible employee on the date of offer.

### 7. Acceptance of the Offer

- 7.1 A written offer made by the Committee to an eligible employee in the manner provided in Bye-Law 7 ("Offer") shall be valid for a period of fourteen (14) days from the date of Offer ("Offer Period").
- 7.2 An Offer shall be accepted by an eligible employee within the Offer Period by written notice to the Company accompanied by a payment to the Company of a nominal non-refundable consideration of Ringgit Malaysia One (RM1.00) only for the grant of the Options.

If an Offer is not accepted in the manner aforesaid, the Offer shall automatically lapse upon expiry of the Offer Period. The number of Options offered in the lapsed Offer shall be deducted from the Maximum Entitlement or the balance of the Maximum Entitlement of the eligible employee, and the eligible employee shall not be entitled to be offered the number of Options offered in the lapsed Offer, in any Offers made in the future.

### 8. Responsibility

The Committee shall be responsible to the Board for matters pertaining to administering the ESOS and compliance with the Bye-Laws governing the ESOS.

### 9. Duties And Scope Of Work

The duties and scope of responsibilities of the Committee are as follows:-

- 9.1 To monitor the progress of the ESOS;
- 9.2 To review and report to the Board on a regular basis to ensure compliance with the ESOS Bye-Laws; and
- 9.3 Without limiting the generality of Bye-Law 21.1, the Committee may, for the purpose of administering the ESOS, do all acts and things, rectify any errors in Offers, execute all documents and delegate any of its powers and duties relating to the ESOS as it may in its discretion consider to be necessary or desirable for giving effect to the ESOS.

### 10. Decision Making

Decision making shall be on majority votes of the Members present at the meeting, and in case of an equality of votes, provided more than two (2) members present in person are competent to vote on the question at issue but not otherwise, the Chairman shall have a second or casting vote.

## STATEMENT ON INTERNAL CONTROL

### **INTRODUCTION**

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. Under paragraph 15.27(b) of the Listing Requirements of the Kuala Lumpur Stock Exchange's ("KLSE"), the Boards of listed companies are required to include a statement in their annual reports on the state of their internal control. The KLSE's Statement on Internal Control: Guidance for Directors of Public Listed Companies ("Guidance") provides guidance for compliance with these requirements. The Board of Directors of the Company is pleased to present this Statement on Internal Control, with respect to the state, nature and scope of the internal control of the Group during the year.

### **RESPONSIBILITY**

The Board is ultimately responsible for the Group's system of internal controls which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity. Because of the limitations that are inherent in any system of internal control, this system is designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss. The system of internal control covers, inter alia, risk management and financial, organisational, operational and compliance controls.

### **RISK MANAGEMENT FRAMEWORK**

In the process of applying a risk assessment approach, the management from each division identifies the risks relating to their area; the likelihood of the occurrence of the risk; the consequences; and the action plan to manage those risks. The risk measures so derived from this process are then communicated from one (1) level of management to another and reported to the Audit Committee. The process is facilitated by the internal auditors through the risk-based auditing approach in the performance of their work. The Board confirms that this process will continue throughout the year with the aim of identifying, evaluating and mitigating the risks associated with all the business entities within the Group.

### **INTERNAL AUDIT FUNCTION**

During the year, the Group has outsourced the provision of internal audit function to an independent professional. The outsourced internal audit function has provided the Board with sufficient assurance regarding the adequacy and integrity of the system of internal control.

The internal auditors independently review the control processes implemented by the management, and reports to the Audit Committee on a quarterly basis. The internal auditors also review the internal controls in the key activities of the Group's businesses and adopt a risk-based approach and prepares its audit strategy and plan based on the risk profiles of the major business units of the Group.

The Audit Committee reviews the risk monitoring and compliance procedures, ensuring that an appropriate mixed of techniques are used to obtain the level of assurance required by the Board. The Audit Committee presents its findings to the Board on a quarterly basis or earlier as appropriate.

## AUDIT COMMITTEE

### TERMS OF REFERENCE

#### 1. Constitution

The Board of the Company resolved to establish a Committee of the Board to be known as the Audit Committee on 11th February 2003.

#### 2. Composition

The Audit Committee shall be appointed by the Board with at least three (3) members of which the majority shall comprise Independent Directors.

The Board shall at all times ensure that at least one (1) member of the Committee shall be:-

- A member of the Malaysian Institute of Accountants ("MIA"); and
- If he or she is not a member of MIA, he must have at least three (3) years working experience and:-
  - He or she must have passed the examination specified in Part I of the 1st schedule of the Accountants Act, 1967; or
  - He or she must be a member of the Associations of Accountants specified in Part II of the Accountants Act, 1967.

#### 3. Chairman of the Audit Committee

The Committee shall elect a Chairman from among its members and the elected Chairman shall be an Independent Director.

In the event the elected Chairman is not able to attend a meeting, a member of the Committee shall be nominated as Chairman for the meeting. The nominated Chairman shall be an Independent Director.

#### 4. Meetings of the Audit Committee

##### Frequency

Meetings shall be held not less than four (4) times a year. In addition, the Chairman shall call for a meeting of the Committee if requested to do so by any member of the Committee, the Board, the Senior Management or the internal or external auditors. Prior notice shall be given for the Committee's meetings.

##### Quorum

A minimum of two (2) members shall form the quorum.

##### Secretary of the Audit Committee

The Company Secretary shall be the secretary of the Committee.

#### 5. Duties, Responsibilities and Rights

The Audit Committee shall assist the Board in fulfilling its fiduciary responsibilities as to accounting policies and reporting practices of the Group and the sufficiency of auditing relating thereto.

The duties of the Audit Committee shall include a review of:-

- (a) The nomination of external auditors;
- (b) The adequacy of existing external audit arrangements, with particular emphasis on the scope and quality of the audit;
- (c) The effectiveness of the internal audit function (if any);
- (d) The effectiveness of the internal control and management information systems;
- (e) The financial statements of the Company with both the external auditors and management;
- (f) The external auditors' audit report;
- (g) Any management letter sent by the external auditors to the Company and the management's response to such letter;
- (h) Any letter of resignation from the Group's external auditors;
- (i) The assistance given by the Company's officers to the external auditors;
- (j) All areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels;
- (k) All related-party transactions and potential conflict of interest situations; and

## AUDIT COMMITTEE

- (l) All other matters delegated by the Board.

The Audit Committee shall:-

- (a) Have explicit authority to investigate any matters within its terms of reference;
- (b) Have the resources which it needs to perform its duties;
- (c) Have full access to any information which it requires in the course of performing its duties;
- (d) Have unrestricted access to the Managing Director and the Finance Director;
- (e) Have direct communication channels with the external auditors and internal auditors (if any);
- (f) Be able to obtain independent professional or other advice in the performance of its duties at the cost of the Group;
- (g) Be able to invite outsiders with relevant experience to attend its meetings if necessary; and
- (h) Monitor and ensure that any transactions entered into between the Group and parties or companies connected to the promoters, directors and substantial shareholders of the Group are at arm's length and not on terms that are detrimental to the Group. The Directors of the Company are required to report such transactions in the annual report of the Company every year.

The management shall provide the fullest co-operation in providing information and resources to the Audit Committee, and in implementing or carrying out all requests made by the Audit Committee.

### 6. Rights of Auditors

The external auditors and internal auditors (if any) have the right to appear and be heard at any meeting of the Audit Committee and shall so appear when required by the Audit Committee.

Upon the request of the external auditors or internal auditors (if any), the Chairman of the Audit Committee shall convene a meeting of the Committee to consider any matters that the auditors believe should be brought to the attention of the Directors or shareholders.

### 7. Functional Independence

The Audit Committee shall function independently of the other Directors and officers of the Group. Such other Directors and officers may attend any particular Audit Committee meeting only at the Audit Committee's invitation, specific to the relevant meeting.

Other than as provided herein, the Audit Committee may regulate its own procedures including the calling of meetings, the notice to be given of such meetings, the voting and proceedings thereat, the keeping of minutes and the custody, production and inspection of such minutes.

### 8. Retirement and Resignation

A member of the Audit Committee who wishes to retire or resign shall provide sufficient written notice to the Company so that a replacement may be appointed before he leaves. In the event of any vacancy in the Audit Committee, the Company shall fill the vacancy within two (2) months, but in any case not later than three (3) months.

## OTHER INFORMATION

### MATERIAL CONTRACT

Save as disclosed below, neither the Company nor any of its subsidiary companies had entered into any material contract which involved Directors' interests, either still subsisting at the end of the financial year, or which were entered into since the end of the previous financial year:- A Subscription Agreement dated on 17 May 2002 between BSNC Corporation Berhad ("BSNC") and the Company was entered into for BSNC to subscribe for 4,715,000 ordinary shares of RM1.00 each in the Company for a consideration sum of RM4,715,000. An express term provides that the proceeds from the subscription are to be used for the purpose of settling the existing loans taken by the Group from financial institutions. The Company confirms that all loans taken by the Group from financial institutions have been settled using the proceeds from the subscription.

## FINANCIAL STATEMENTS

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## DIRECTORS' REPORT

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2002.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is that of developing and selling in-house software programmes. The principal activities of the subsidiary companies and associated company are stated in note 4 to the financial statements.

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

## FINANCIAL RESULTS

	Group RM	Company RM
Profit for the year	<u>3,215,419</u>	<u>2,785,128</u>

In the opinion of the directors, the results of the operations of the Group and of the Company for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen during the interval between the end of the financial year and the date of this report 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 current financial year.

## DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial period.

The directors do not recommend any dividend in respect of the current financial year.

## SHARE CAPITAL

The authorised share capital of the Company was increased from RM25,000,000 to RM50,000,000 by the creation of 250,000,000 new ordinary shares of RM0.10 each. In addition, the issued and paid-up share capital of the Company was increased from RM15,715,178 to RM18,715,178 by the issue of 30,000,000 ordinary shares of RM0.10 each at par for cash to provide for additional working capital.

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

## DIRECTORS

The directors who served since the date of the last report are as follows : -

Goh Kuan Ho	
Tay Beng Lock	
Yeng Fook Hoo	
Tunku A Malek Bin Tunku Kassim	(appointed on 30.5.2002)
Mohamad Isa Bin Abdullah	(appointed on 30.5.2002)

In accordance with the Company's Articles of Association, Tay Beng Lock, Tunku A Malek Bin Tunku Kassim and Mohamad Isa Bin Abdullah retire, and being eligible, offers themselves for re-election.

## DIRECTORS' REPORT

Details of holdings in the share capital of the Company and its related corporations by the directors in office at the end of the financial year, according to the register required to be kept under Section 134 of the Companies Act, 1965, were as follows:-

	<----- No. of ordinary shares -----> of RM0.10 each			At 31.12.2002
	At 1.1.2002	Acquired	Disposed	
<b>GHL Systems Berhad</b>				
Direct interest -				
Goh Kuan Ho	50,500,000	28,500,460	-	79,000,460
Tay Beng Lock	30,300,000	9,000,270	14,000,000	25,300,270
Yeng Fook Hoo	10,100,000	4,500,100	-	14,600,100

By virtue of their interest in the share capital of the Company, Goh Kuan Ho, Tay Beng Lock and Yeng Fook Hoo are also deemed to have interest in the shares of the subsidiary companies to the extent the Company has an interest.

Since the end of the previous financial period, no director of the Company has received or become entitled to receive any benefit (other than the directors' remuneration as disclosed in the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which a director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangement the object of which is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## OTHER STATUTORY INFORMATION

(a) The directors, before the Income Statements and Balance Sheets of the Group and of the Company were made out, took reasonable steps:-

- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (ii) to ensure that any current assets which were unlikely to realise their book value in the ordinary course of business were written down to an amount which they might be expected so to realise.

(b) The directors are not aware of any circumstances, at the date of this report, which would render:

- (i) the amount written off for bad debts or the allowance for doubtful debts of the Group and of the Company inadequate to any substantial extent;
- (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading;
- (iii) any amount stated in the financial statements of the Group and of the Company misleading; and
- (iv) adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(c) No contingent or other liabilities have become enforceable or are likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Company or its subsidiary companies to meet their obligations as and when they fall due.

(d) At the date of this report:

- (i) there are no charges on the assets of the Company and its subsidiary companies which have arisen since the end of the financial year to secure the liabilities of any other person; and
- (ii) there are no contingent liabilities in respect of the Company and its subsidiary companies which have arisen since the end of the financial year.

## **DIRECTORS' REPORT**

### **SIGNIFICANT EVENTS**

- (a) On 31 January 2002, the Company acquired 40% of the paid-up share capital of Capital Pacific Corporation Limited, a company incorporated in Hong Kong, for a cash consideration of HKD4,000.
- (b) On 7 July 2002, the Company disposed of its entire shareholdings in its associated company, Capital Pacific Corporation Limited, a company incorporated in Hong Kong, for a cash consideration of HKD4,000.
- (c) On 15 July 2002, the Company changed its name from GHL Systems Sdn. Bhd. to GHL Systems Berhad.
- (d) On 28 September 2002, the Company acquired 100% of the issued and paid-up share capital of PaymentOne Sdn. Bhd., a company incorporated in Malaysia, for a cash consideration of RM2.
- (e) On 8 November 2002, the authorised share capital of PaymentOne Sdn. Bhd., a wholly owned subsidiary of the Company, was increased from RM100,000 to RM500,000 by the creation of 400,000 new ordinary shares of RM1 each. In addition, the issued and paid-up share capital of PaymentOne Sdn. Bhd. was increased from RM2 to RM400,000 by the issue of 399,998 ordinary shares of RM1 each at par for cash to provide for additional working capital.
- (f) On 5 November 2002, PaymentOne Sdn. Bhd., a wholly owned subsidiary of the Company, acquired 44% of the issued and paid-up share capital of Card Pay Sdn. Bhd., a company incorporated in Malaysia, for a consideration of RM400,000.

### **NUMBER OF EMPLOYEES**

The total number of employees of the Group and of the Company at the end of the financial year/period were 168 and 63 (2001: 201 and 41) respectively.

### **AUDITORS**

The auditors, Anuarul, Azizan, Chew & Co., have expressed their willingness to accept re-appointment.

Signed in accordance with a resolution of the directors,

.....  
TAY BENG LOCK

.....  
YENG FOOK HOO

KUALA LUMPUR  
18 February 2003

**STATEMENT BY DIRECTORS  
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965**

We, TAY BENG LOCK and YENG FOOK HOO, being two of the directors of GHL SYSTEMS SDN. BHD., do hereby state that, in the opinion of the directors, the financial statements set out on pages 9 to 29 are drawn up in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the state of affairs of the Company as at 31 December 2002 and of the results of its operations and the cash flows of the Group and of the Company for the year ended on that date.

On behalf of the Board,

.....  
TAY BENG LOCK

.....  
YENG FOOK HOO

KUALA LUMPUR  
18 February 2003

**STATUTORY DECLARATION  
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965**

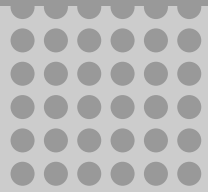
I, TAY BENG LOCK, being the director primarily responsible for the financial management of GHL SYSTEMS BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 9 to 29 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously 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 TAY BENG LOCK at Kuala  
Lumpur in the Federal Territory this

.....  
TAY BENG LOCK

Before me,

.....  
Commissioner for Oaths



## REPORT OF THE AUDITORS TO THE MEMBERS OF GHL SYSTEMS BERHAD

We have audited the financial statements set out on pages 9 to 29. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with approved standards on auditing. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of:-
  - (i) the state of affairs of the Group and of the Company as at 31 December 2002 and of its results and the cash flows of the Group and of the Company for the year ended on that date; and
  - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company.
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiary companies of which we acted as auditors have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiary companies that are consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under subsection (3) of Section 174 of the Act.

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

TEE GUAN PIAN  
Approved Number : 1886/05/04 (J/PH)  
Partner of Firm

KUALA LUMPUR  
18 February 2003

## BALANCE SHEETS AS AT 31 DECEMBER 2002

	Note	2002 RM	Group 2001 RM	Company 2002 RM	2001 RM
<b>ASSETS EMPLOYED</b>					
PROPERTY, PLANT AND EQUIPMENT	3	14,064,469	11,657,370	5,589,027	5,467,835
INVESTMENT IN SUBSIDIARY COMPANIES	4	-	-	4,400,000	4,000,000
INVESTMENT IN ASSOCIATED COMPANY	5	390,532	-	-	-
GOODWILL ON CONSOLIDATION		1,623,556	1,623,556	-	-
<b>CURRENT ASSETS</b>					
Inventories	6	1,857,895	484,718	1,107,314	295,506
Trade receivables		8,252,328	2,146,480	759,856	326,562
Other receivables	7	821,051	4,941,430	723,543	1,399,031
Amount owing by subsidiary companies	8	-	-	8,744,846	83,612
Fixed deposits placed with licensed banks	9	1,857,504	755,228	1,457,504	252,550
Cash and bank balances		1,044,405	907,084	449,455	94,952
		<u>13,833,183</u>	<u>9,234,940</u>	<u>13,242,518</u>	<u>2,452,213</u>
<b>Less: CURRENT LIABILITIES</b>					
Trade payables		5,396,220	518,035	919,423	439,480
Other payables	10	2,019,607	7,665,157	246,500	174,990
Amount owing to subsidiary companies		-	-	-	57,940
Hire purchase and lease payables	11	239,284	666,559	239,284	-
Term loans		-	1,008,000	-	-
		<u>7,655,111</u>	<u>9,857,751</u>	<u>1,405,207</u>	<u>672,410</u>
<b>NET CURRENT ASSETS/ (LIABILITIES)</b>		<u>6,178,072</u>	<u>(622,811)</u>	<u>11,837,311</u>	<u>1,779,803</u>
		<u>22,256,629</u>	<u>12,658,115</u>	<u>21,826,338</u>	<u>11,247,638</u>
<b>FINANCED BY</b>					
SHARE CAPITAL	12	18,715,178	10,100,000	18,715,178	10,100,000
RETAINED PROFITS		3,462,879	1,147,638	3,032,588	1,147,638
		<u>22,178,057</u>	<u>11,247,638</u>	<u>21,747,766</u>	<u>11,247,638</u>
<b>LONG TERM LIABILITIES</b>					
Hire purchase and lease payables	11	78,572	833,462	78,572	-
Term loans		-	577,015	-	-
		<u>78,572</u>	<u>1,410,477</u>	<u>78,572</u>	<u>-</u>
		<u>22,256,629</u>	<u>12,658,115</u>	<u>21,826,338</u>	<u>11,247,638</u>

The notes on page 34 to 40 form part of these financial statements.

**INCOME STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2002**

	Note	Year ended 2002 RM	Group Period ended 2001 RM	Company Year ended 2002 RM	Company Period ended 2001 RM
REVENUE	13	30,544,669	3,769,864	17,938,846	3,769,864
COST OF SALES		(13,884,855)	(351,194)	(8,697,009)	(351,194)
GROSS PROFIT		<u>16,659,814</u>	<u>3,418,670</u>	<u>9,241,837</u>	<u>3,418,670</u>
OTHER OPERATING INCOME	14	729,603	6,029	31,889	6,029
OPERATING EXPENSES	15	(13,795,114)	(2,295,142)	(6,462,448)	(2,295,142)
PROFIT FROM OPERATIONS		<u>3,594,303</u>	<u>1,129,557</u>	<u>2,811,278</u>	<u>1,129,557</u>
FINANCE COST	16	(369,416)	-	(26,150)	-
SHARE OF LOSS IN ASSOCIATED COMPANY		(9,468)	-	-	-
PROFIT FOR THE YEAR		<u>3,215,419</u>	<u>1,129,557</u>	<u>2,785,128</u>	<u>1,129,557</u>

The notes on page 40 to 41 form part of these financial statements.

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2002**

<b>Group</b>	<b>Share Capital RM</b>	<b>Retained Profits RM</b>	<b>Total RM</b>
BALANCE AT 1 JUNE 2001	100,000	518,081	618,081
BONUS ISSUE	500,000	(500,000)	-
ISSUE OF SHARES	9,500,000	-	9,500,000
PROFIT FOR THE PERIOD	-	1,129,557	1,129,557
BALANCE AT 31 DECEMBER 2001	<u>10,100,000</u>	<u>1,147,638</u>	<u>11,247,638</u>
BALANCE AT 1 JANUARY 2002	10,100,000	1,147,638	11,247,638
BONUS ISSUE	900,178	(900,178)	-
ISSUE OF SHARES	7,715,000	-	7,715,000
PROFIT FOR THE YEAR	-	3,215,419	3,215,419
BALANCE AT 31 DECEMBER 2002	<u>18,715,178</u>	<u>3,462,879</u>	<u>22,178,057</u>
<b>Company</b>			
BALANCE AT 1 JUNE 2001	100,000	518,081	618,081
BONUS ISSUE	500,000	(500,000)	-
ISSUE OF SHARES	9,500,000	-	9,500,000
PROFIT FOR THE PERIOD	-	1,129,557	1,129,557
BALANCE AT 31 DECEMBER 2001	<u>10,100,000</u>	<u>1,147,638</u>	<u>11,247,638</u>
BALANCE AT 1 JANUARY 2002	10,100,000	1,147,638	11,247,638
BONUS ISSUE	900,178	(900,178)	-
ISSUE OF SHARES	7,715,000	-	7,715,000
PROFIT FOR THE YEAR	-	2,785,128	2,785,128
BALANCE AT 31 DECEMBER 2002	<u>18,715,178</u>	<u>3,032,588</u>	<u>21,747,766</u>

**CASH FLOW STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2002**

	Year ended 2002 RM	Group Period ended 2001 RM	Company Year ended 2002 RM	Company Period ended 2001 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit for the year/period	3,215,419	1,129,557	2,785,128	1,129,557
Adjustment for :-				
Depreciation of property, plant and equipment	2,900,725	1,100,349	798,153	329,136
Loss/(Gain) on disposal of property, plant and equipment	619,757	(46,135)	-	-
Share of loss in associated company	9,468	-	-	-
Loss/(Gain) on foreign exchange	3,043	(2,190)	-	1,211
Preliminary expenses written off	-	2,450	-	-
Interest income	(36,898)	(12,180)	(31,889)	(3,029)
Interest expense	369,416	169,915	-	-
Operating profit before working capital changes	7,080,930	2,341,766	3,551,392	1,456,875
Decrease/(Increase) in working capital				
Inventories	(1,373,177)	(208,518)	(811,808)	(208,518)
Receivables	(1,985,469)	(1,162,630)	242,194	(1,302,630)
Payables	(770,408)	(293,112)	551,453	(296,513)
Amount owing by/(to) Subsidiary companies	-	-	(8,719,174)	140,000
	(4,129,054)	(1,664,260)	(8,737,335)	(1,667,661)
<b>Cash generated from/(used in) operations</b>	2,951,876	677,506	(5,185,943)	(210,786)
Interest received	36,898	12,180	31,889	3,029
Interest paid	(369,416)	(169,915)	-	-
	(332,518)	(157,735)	31,889	3,029
Net cash from/(used in) operating activities	2,619,358	519,771	(5,154,054)	(207,757)

**CASH FLOW STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2002**

	Note	Year ended 2002 RM	Group Period ended 2001 RM	Year ended 2002 RM	Company Period ended 2001 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of property, plant and equipment	17	(6,084,845)	(11,275,851)	(689,345)	(5,591,587)
Proceeds from disposal of property, plant and equipment		387,264	4,959,186	-	-
Purchase of associated company		(401,995)	-	(1,995)	-
Disposal of associated company		1,995	-	1,995	-
Net cash inflow on acquisition of subsidiary companies		-	1,314,810	(400,000)	-
Preliminary expenses		-	(2,450)	-	-
Net cash used in investing activities		<u>(6,097,581)</u>	<u>(5,004,305)</u>	<u>(1,089,345)</u>	<u>(5,591,587)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Drawdown of hire purchase		240,000	-	240,000	-
Repayment of hire purchase and lease payables		(1,652,165)	-	(152,144)	-
Repayment of term loans		(1,585,015)	-	-	-
Proceeds from issue of shares		7,715,000	5,500,000	7,715,000	5,500,000
Net cash from financing activities		<u>4,717,820</u>	<u>5,500,000</u>	<u>7,802,856</u>	<u>5,500,000</u>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>					
OPENING BALANCE OF CASH AND CASH EQUIVALENTS		1,239,597	1,015,466	1,559,457	(299,344)
CLOSING BALANCE OF CASH AND CASH EQUIVALENTS		<u>2,901,909</u>	<u>1,662,312</u>	<u>1,906,959</u>	<u>347,502</u>
Closing balance of cash and cash equivalents comprises :					
Cash and bank balances		1,044,405	907,084	449,455	94,952
Fixed deposits placed with licensed banks		1,857,504	755,228	1,457,504	252,550
		<u>2,901,909</u>	<u>1,662,312</u>	<u>1,906,959</u>	<u>347,502</u>

The notes on page 41 form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. PRINCIPAL ACTIVITIES

The principal activities of the Company is that of developing and selling in-house software programmes. The principal activities of the subsidiary companies and associated company are stated in note 4 to the financial statements.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of accounting

The financial statements have been prepared under the historical cost convention unless otherwise indicated in the accounting policies below and comply with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

#### (b) Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary companies for the year ended 31 December 2002.

The results of subsidiary companies acquired or disposed of during the financial year are included in the consolidated income statement from the date of acquisition or up to the date of disposal.

Inter-company transactions are eliminated upon consolidation and the consolidated financial statements reflect external transactions only.

#### (c) Goodwill on consolidation

Goodwill arising on consolidation represents the excess of the acquisition cost over the fair value of the net assets of the subsidiary companies at the date of acquisition.

In the opinion of the directors, there is no permanent impairment to the value of the goodwill and therefore no amortisation is considered necessary.

#### (d) Subsidiary companies

A subsidiary company is a company in which the Group owns, directly or indirectly, more than 50% of the equity share capital and has control over its financial and operating policies so as to obtain benefits from its activities.

Investment in subsidiary companies is stated at cost unless, in the opinion of the directors, a permanent diminution in value of the investments has arisen.

#### (e) Associated company

Associated company is defined as those companies not being a subsidiary company in which the investor company has a long term interest of between 20% to 50% equity and in whose financial and operating decisions the investor company exercises significant influence.

Investment in associated company is stated at cost unless in the opinion of the directors, a permanent diminution in value of the investment has arisen.

#### (f) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment are depreciated on a straight line method at rates calculated to write off the cost of the assets over their estimated useful lives. The principal annual rates used are as follows:-

Computer equipment	33%
EDC equipment	20%
Computer software	10%
Motor vehicles	20%
Furniture, fittings and office equipment	10%
Renovation	50%

Gain or losses on disposals are determined by comparing proceeds with carrying amount and are included in profit/(loss) from operations.

## NOTES TO THE FINANCIAL STATEMENTS

The carrying values of property, plant and equipment are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. An impairment loss is charged to the income statement immediately.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately.

### (g) Inventories

Inventories are valued at the lower of cost and net realisable value and is determined on the first-in-first-out method.

### (h) Trade and other receivables

Trade and other receivables are carried at anticipated realisable value. Bad debts are written off when identified. Doubtful debts is provided based on specific review of the receivables.

### (i) Assets under lease and hire purchase

Assets under lease and hire purchase which in substance transfer the risks and benefits of ownership of the assets to the Group are capitalised under property, plant and equipment. The assets and the corresponding lease and hire purchase obligations are recorded at the lower of present value of the minimum lease and hire purchase payments or the fair value of the leased and hire purchase assets at the beginning of the lease and hire purchase terms. Such leased and hire purchase assets are subject to depreciation consistent with that for depreciable assets which are owned.

Leases which do not meet such criteria are classified as operating lease and the related rentals are charged to income statement as incurred.

### (j) Foreign currencies

Foreign currency transactions are converted into Malaysian Ringgit at the rate of exchange ruling on the transaction dates. Assets and liabilities in foreign currencies at balance sheet date are translated into Malaysian Ringgit at the rate of exchange ruling at that date.

Gains and losses arising from the current year's transactions are dealt with in the income statement.

The closing exchange rate used by the Group and the Company for the main foreign currency is USD1 = RM3.83 (2001: USD1 = RM3.83).

### (k) Revenue recognition

Sales are recognised upon delivery of products and customer acceptance, or performance of services.

Rental and interest income are recognised on an accrual basis.

### (l) Taxation

Provision is made on the liability method for taxation deferred by capital allowances and other timing differences, except where the effects of such timing differences are expected to be deferred indefinitely.

Future income tax benefits in respect of tax losses and other timing differences are not recognised except to the extent of net credits in the deferred tax balance, and to the extent it is reasonably probable that these benefits can be realised in the foreseeable future.

### (m) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposit, bank overdrafts and other short term highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

### 3. PROPERTY, PLANT AND EQUIPMENT

Group	Computer equipment RM	EDC equipment RM	Computer software RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Renovation RM	Total RM
<b>Cost</b>							
As at 1.1.2002	735,273	6,823,821	5,000,000	515,500	80,678	-	13,155,272
Additions	420,307	4,609,406	-	370,000	247,212	667,920	6,314,845
Disposals	-	(1,325,442)	-	-	-	-	(1,325,442)
As at 31.12.2002	1,155,580	10,107,785	5,000,000	885,500	327,890	667,920	18,144,675
<b>Accumulated depreciation</b>							
As at 1.1.2002	429,947	792,339	250,000	11,174	14,442	-	1,497,902
Charge for the year	221,313	1,859,163	500,000	148,767	22,279	149,203	2,900,725
Disposals	-	(318,421)	-	-	-	-	(318,421)
As at 31.12.2002	651,260	2,333,081	750,000	159,941	36,721	149,203	4,080,206
<b>Net book value</b>							
As at 31.12.2002	504,320	7,774,704	4,250,000	725,559	291,169	518,717	14,064,469
As at 31.12.2001	305,326	6,031,482	4,750,000	504,326	66,236	-	11,657,370
<b>Depreciation charge for the period ended 31.12.2001</b>							
	86,096	749,821	250,000	10,141	4,291	-	1,100,349

Company	Computer equipment RM	Computer software RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Renovation RM	Total RM
<b>Cost</b>						
<b>At 1.1.2002</b>	579,224	5,000,000	500,000	65,935	-	6,145,159
Additions	242,650	-	370,000	41,275	265,420	919,345
At 31.12.2002	821,874	5,000,000	870,000	107,210	265,420	7,064,504
<b>Accumulated depreciation</b>						
At 1.1.2002	405,568	250,000	8,333	13,423	-	677,324
Charge for the year	130,065	500,000	145,667	7,214	15,207	798,153
At 31.12.2002	535,633	750,000	154,000	20,637	15,207	1,475,477
<b>Net book value</b>						
At 31.12.2002	286,241	4,250,000	716,000	86,573	250,213	5,589,027
At 31.12.2001	173,656	4,750,000	491,667	52,512	-	5,467,835
<b>Depreciation charge for the period ended 31.12.2001</b>	67,017	250,000	8,333	3,786	-	329,136

## NOTES TO THE FINANCIAL STATEMENTS

Property, plant and equipment acquired under hire purchase and lease stated at net book value are as follows:-

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Motor vehicles	745,000	-	745,000	-
EDC equipment	1,249,544	1,649,532	-	-
	<u>1,994,544</u>	<u>1,649,532</u>	<u>745,000</u>	<u>-</u>

### 4. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2002 RM	2001 RM
(a) Unquoted shares, at cost	<u>4,400,000</u>	<u>4,000,000</u>

(b) The subsidiary companies and shareholdings therein are as follows:-

Name of company	Country of incorporation	Equity interest		Principal activities
		2002	2001	
		%	%	
GHL Transact Sdn. Bhd.	Malaysia	100	100	Sale and rental of Electronic Data Capture (EDC) equipment and related services.
GHL Payments Sdn. Bhd.	Malaysia	100	100	Sale and rental of Electronic Data Capture (EDC) equipment and related services.
GHL Eftpos Sdn. Bhd.	Malaysia	100	100	Sale and rental of Electronic Data Capture (EDC) equipment and related services.
PaymentOne Sdn. Bhd.	Malaysia	100	-	Investment holding.

## NOTES TO THE FINANCIAL STATEMENTS

(c) The summary of effects of the acquisition on the financial position of the Group at 31 December 2002 is as follows :-

	Year ended	Group
	2002	Period ended
	RM	2001
		RM
Stocks	-	189,212
Debtors	-	11,878,646
Fixed deposit with licensed banks	-	502,678
Cash and bank balances	2	812,132
Creditors	-	(14,110,723)
Term loan	-	(1,585,015)
Lease creditors	-	(1,500,021)
Property, plant and equipment	-	6,189,535
Share of net assets acquired	2	2,376,444
Goodwill on acquisition	-	1,623,556
Total purchase consideration	2	4,000,000
Portion discharged by issuance of GHL Systems Sdn. Bhd. share capital	-	(4,000,000)
Portion discharged by cash	2	-
Less : Cash of subsidiaries acquired	-	(502,678)
Fixed deposits with licensed banks	-	(812,132)
Cash and bank balances	(2)	(812,132)
	-	(1,314,810)

The effect of the acquisition on the financial results of the Group during the financial year/period was Nil (2001 : Nil).

### 5. INVESTMENT IN ASSOCIATED COMPANY

	2002	Group
	RM	2001
		RM
Unquoted shares - at cost	400,000	-
Share of post acquisition reserves	(9,468)	-
	390,532	-
The Groups' investment in associated companies is represented by:-		
Share of net assets	386,532	-
Goodwill on acquisition	4,000	-
	390,532	-

The associated company and shareholding therein is as follows:-

Name of company	Country of incorporation	Equity interest		Principal activities
		2002	2001	
		%	%	
Card Pay Sdn Bhd	Malaysia	44	-	Dormant

The result of Card Pay Sdn Bhd has been accounted for based on the unaudited management accounts for the period ended 31 December 2002.

## NOTES TO THE FINANCIAL STATEMENTS

### 6. INVENTORIES

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Whoops	1,107,314	295,506	1,107,314	295,506
EDC equipment	750,581	189,212	-	-
	<u>1,857,895</u>	<u>484,718</u>	<u>1,107,314</u>	<u>295,506</u>

### 7. OTHER RECEIVABLES

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Other receivables	402,288	4,807,462	332,059	1,369,430
Deposits	133,744	71,016	108,460	20,332
Prepayments	285,019	62,952	283,024	9,269
	<u>821,051</u>	<u>4,941,430</u>	<u>723,543</u>	<u>1,399,031</u>

### 8. AMOUNT OWING BY SUBSIDIARY COMPANIES

This represents unsecured interest free advances with no fixed term of repayment except for an amount of RM4,575,561 and RM Nil (2001 : RM57,939 and RM83,612) owing by subsidiary companies respectively which made up of trade transactions.

### 9. FIXED DEPOSITS PLACED WITH LICENSED BANKS

The above have been pledged to banks for bank guarantee facility granted to the Company.

### 10. OTHER PAYABLES

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Other payables	131,521	6,709,197	64,627	29,985
Deposits	1,681,791	624,450	44,431	43,000
Accruals	206,295	331,510	137,442	102,005
	<u>2,019,607</u>	<u>7,665,157</u>	<u>246,500</u>	<u>174,990</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 11. HIRE PURCHASE AND LEASE PAYABLES

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
(a) Future minimum payments				
Payable within one year	258,504	786,555	258,504	-
Payable between one and five years	80,202	983,458	80,202	-
	<u>338,706</u>	<u>1,770,013</u>	<u>338,706</u>	<u>-</u>
Less : Finance charges	(20,850)	(269,992)	(20,850)	-
	<u>317,856</u>	<u>1,500,021</u>	<u>317,856</u>	<u>-</u>
(b) Present value representing hire purchase and lease liabilities				
Payable within one year	239,284	666,559	239,284	-
Payable between one and five years	78,572	833,462	78,572	-
	<u>317,856</u>	<u>1,500,021</u>	<u>317,856</u>	<u>-</u>

### 12. SHARE CAPITAL

	Group/Company	
	2002 RM	2001 RM
<b>Authorised</b>		
Ordinary shares		
As at 1 Jan/1 June of RM1.00 each	25,000,000	100,000
Upon sub-division of RM0.10 each	25,000,000	100,000
Created during the year of RM0.10 each/RM1.00 each	25,000,000	24,900,000
As at 31 December of RM0.10 each/RM1.00 each	<u>50,000,000</u>	<u>25,000,000</u>
<b>Issued and fully paid</b>		
Ordinary shares		
As at 1 Jan/1 June of RM1.00 each	10,100,000	100,000
Bonus issue at RM1.00 each	900,178	500,000
Issued during the year of RM1.00 each	4,715,000	9,500,000
	<u>15,715,178</u>	<u>10,100,000</u>
Upon sub-division of RM0.10 each	15,715,178	10,100,000
Issued during the year of RM0.10 each	3,000,000	-
As at 31 December of RM0.10 each/RM1.00 each	<u>18,715,178</u>	<u>10,100,000</u>

## NOTES TO THE FINANCIAL STATEMENTS

During the financial year, the authorised share capital of the Company was sub-divided from every 1 ordinary share of RM1.00 each into 10 ordinary shares of RM0.10 each. In addition, the issued and paid-up share capital of the Company was increased from 10,100,000 ordinary shares of RM1.00 each to 187,151,780 of RM0.10 each through the issue of the following shares:-

Type of issue/consideration	Par value RM	No. of ordinary shares
Bonus issue on the basis of 50 new ordinary shares of RM1.00 each for every existing 561 ordinary shares of RM1.00 each held by capitalising part of the retained profits brought forward.	1.00	900,178
Additional allotment of 4,715,000 new ordinary shares of RM1.00 each.	1.00	4,715,000
Sub-division of every 1 ordinary share of RM1.00 each into 10 ordinary shares of RM0.10 each.	0.10	157,151,780
Additional allotment of 30,000,000 new ordinary shares of RM0.10 each	0.10	30,000,000

All new shares issued rank pari passu in all respects with the existing issued shares of the Company.

### 13. REVENUE

	Group		Company	
	Year ended 2002 RM	Period ended 2001 RM	Year ended 2002 RM	Period ended 2001 RM
Whoops	9,820,564	390,030	9,820,564	390,030
Rental	9,383,390	-	-	-
Software and service charges	11,340,715	3,379,834	8,118,282	3,379,834
	<u>30,544,669</u>	<u>3,769,864</u>	<u>17,938,846</u>	<u>3,769,864</u>

### 14. OTHER OPERATING INCOME

	Group		Company	
	Year ended 2002 RM	Period ended 2001 RM	Year ended 2002 RM	Period ended 2001 RM
Fixed deposit interest	36,898	3,029	31,889	3,029
Insurance claim	72,948	3,000	-	3,000
Gain on disposal of property, plant and equipment	619,757	-	-	-
	<u>729,603</u>	<u>6,029</u>	<u>31,889</u>	<u>6,029</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 15. OPERATING EXPENSES

Operating profit is derived after charging:-

	Group		Company	
	Year ended	Period ended	Year ended	Period ended
	2002	2001	2002	2001
	RM	RM	RM	RM
Auditors' remuneration				
- fee	24,000	18,900	8,000	7,100
- over provision in prior year	-	(3,904)	-	(2,120)
- others	20,000	-	6,000	-
Directors' remuneration	680,700	392,000	540,700	196,000
Depreciation of property, plant and equipment	2,900,725	1,100,349	798,153	329,136
Loss on foreign exchange	3,043	1,211	1,775	1,211
Rental of premises	539,935	199,727	238,135	50,837
Preliminary expenses written off	-	2,450	-	-
	<u>-</u>	<u>2,450</u>	<u>-</u>	<u>-</u>

### 16. FINANCE COST

	Group		Company	
	Year ended	Period ended	Year ended	Period ended
	2002	2001	2002	2001
	RM	RM	RM	RM
Interest expense				
- Term loans	73,507	-	-	-
- Lease	269,759	-	-	-
- Hire purchase	26,150	-	26,150	-
	<u>369,416</u>	<u>-</u>	<u>26,150</u>	<u>-</u>

### 17. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	Year ended	Period ended	Year ended	Period ended
	2002	2001	2002	2001
	RM	RM	RM	RM
Aggregate cost	6,314,845	11,275,851	919,345	5,591,587
Less: Hire purchase financing	(230,000)	-	(230,000)	-
	<u>6,084,845</u>	<u>11,275,851</u>	<u>689,345</u>	<u>5,591,587</u>

### 18. TAXATION

No provision for taxation has been made for the Group for the current financial year due to utilisation of unutilised capital allowances brought forward from prior years.

No provision for taxation has been made for the Company as the income generated by the Company is exempted from income tax due to its Multimedia Super Corridor (MSC) status.

The Company has unutilised capital allowances amounting to approximately RM3,385,600 (2001 : RM1,700,000) available for carry forward to set-off against future taxable profits. The said amount is subject to approval by the tax authorities.

## NOTES TO THE FINANCIAL STATEMENTS

### 19. STAFF INFORMATION

	Group		Company	
	Year ended 2002 RM	Period ended 2001 RM	Year ended 2002 RM	Period ended 2001 RM
Staff cost	7,146,852	3,585,338	4,211,767	1,406,876

Included in the staff cost of the Group and the Company is directors' remuneration amounting to RM680,700 and RM540,700 (2001 : RM392,000 and RM196,000) respectively.

The total number of employees of the Group and of the Company at the end of the financial year/period were 168 and 63 (2001 : 201 and 41) respectively.

### 20. CONTINGENT LIABILITY

	Group/Company	
	2002 RM	2001 RM
Bank guarantees	900,000	250,000

### 21. SIGNIFICANT INTER-COMPANY AND RELATED PARTY TRANSACTIONS

	Group		Company	
	Year ended 2002 RM	Period ended 2001 RM	Year ended 2002 RM	Period ended 2001 RM
Sales to subsidiary companies				
GHL Transact Sdn Bhd	-	-	6,761,960	388,400
GHL Payments Sdn Bhd	-	-	47,820	-
GHL Eftpos Sdn Bhd	-	-	260,820	-
Rental and maintenance charges paid to GHL Enterprise Sdn Bhd, a company in which Goh Kuan Ho, a director of the Company, has substantial financial interest	470,400	-	123,760	-

The directors are of the opinion that the above transactions were in the normal course of the business and at terms mutually agreed between the companies.

### 22. SIGNIFICANT EVENTS

- (a) On 31 January 2002, the Company acquired 40% of the paid-up share capital of Capital Pacific Corporation Limited, a company incorporated in Hong Kong, for a cash consideration of HKD4,000.
- (b) On 7 July 2002, the Company disposed of its entire shareholdings in its associated company, Capital Pacific Corporation Limited, a company incorporated in Hong Kong, for a cash consideration of HKD4,000.
- (c) On 15 July 2002, the Company changed its name from GHL Systems Sdn. Bhd. to GHL Systems Berhad.

## NOTES TO THE FINANCIAL STATEMENTS

- (d) On 28 September 2002, the Company acquired 100% of the issued and paid-up share capital of PaymentOne Sdn. Bhd., a company incorporated in Malaysia, for a cash consideration of RM2.
- (e) On 8 November 2002, the authorised share capital of PaymentOne Sdn. Bhd., a wholly owned subsidiary of the Company, was increased from RM100,000 to RM500,000 by the creation of 400,000 new ordinary shares of RM1 each. In addition, the issued and paid-up share capital of PaymentOne Sdn. Bhd. was increased from RM2 to RM400,000 by the issue of 399,998 ordinary shares of RM1 each at par for cash to provide for additional working capital.
- (f) On 5 November 2002, PaymentOne Sdn. Bhd., a wholly owned subsidiary of the Company, acquired 44% of the issued and paid-up share capital of Card Pay Sdn. Bhd., a company incorporated in Malaysia, for a consideration of RM400,000.

### 23. AUTHORISATION FOR ISSUE

The financial statements of the Company for the financial year ended 31 December 2002 were authorised for issue in accordance with a resolution of the Board of Directors on 11 February 2003.

### 24. COMPARATIVE FIGURES

The financial statements of the previous financial period which are presented for comparative purposes were examined and reported on by another firm of auditors.

The comparative figures of the income statements, statements of changes in equity and cash flow statement are for the period from 1 June 2001 to 31 December 2001.

Certain comparative figures have been reclassified where necessary to conform with the current year's presentation.

## STATEMENT OF SHAREHOLDINGS AS AT 18 APRIL 2003

Authorized Capital	: RM50,000,000.00
Issued And Fully Paid-up Capital	: RM25,015,178.00
Class Of Shares	: Ordinary shares of 10 sen each fully paid
Voting Rights	: One vote per 10 sen share

### BREAKDOWN OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of shares	%
Less than 100	1	0.11	50	0.00
100-999	17	1.93	5,400	0.00
1,000-4,999	269	30.57	463,900	0.19
5,000-10,000	264	30.00	2,236,950	0.89
10,001-100,000	214	24.32	7,767,600	3.11
100,001-1,000,0000	87	9.89	28,942,600	11.57
Above 1,000,000	28	3.18	210,735,280	84.24
<b>Total</b>	<b>880</b>	<b>100.00</b>	<b>250,151,780</b>	<b>100.00</b>

### SUBSTANTIAL SHAREHOLDERS AS AT 18 APRIL 2003

According to the register required to be kept under Section 69L of the Companies Act, 1965, the following are substantial shareholders of the Company:-

Substantial Shareholders	No of Shares Held			
	Direct Interest	%	Indirect interest	%
BSNC Corporation Berhad	56,253,850	22.49	-	-
Bank Simpanan Nasional	-	-	56,253,850*	22.49
Tabung Amanah Warisan Negeri Johor	-	-	56,253,850*	22.49
Goh Kuan Ho	49,590,460	19.82	-	-
BHLB Trustee Berhad	16,710,000	6.68	-	-
Tay Beng Lock	15,000,270	6.00	-	-
TASEC Nominees (Tempatan) Sdn Bhd	14,571,600	5.83	-	-

Notes:-

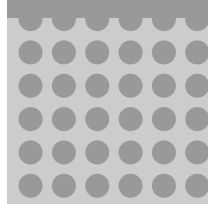
\* Deemed substantial interest through BSNC

### DIRECTORS' SHAREHOLDINGS AS AT 18 APRIL 2003

Name of directors	No of Shares Held			
	Direct Interest	%	Indirect interest	%
Goh Kuan Ho	49,590,460	19.82	-	-
Tay Beng Lock	15,000,270	6.00	-	-
Yeng Fook Hoo	8,225,100	3.29	-	-

Notes:-

- By virtue of their interests in the share capital of the Company, the Directors are also deemed to be interested in the shares of the subsidiary companies to the extent the Company has an interest.



**STATEMENT OF SHAREHOLDINGS**  
**THIRTY LARGEST REGISTERED SHAREHOLDERS AS AT 18 APRIL 2003**

No.	Name of Shareholder	No. of Share	%
1.	BSNC Corporation Berhad	56,253,850	22.49
2.	Goh Kuan Ho	49,590,460	19.82
3.	BHLB Trustee Berhad	16,710,000	6.68
4.	Tay Beng Lock	15,000,270	6.00
5.	TASEC Nominees (Tempatan) Sdn Bhd	14,571,600	5.83
6.	Yeng Fook Hoo	8,225,100	3.29
7.	Joshua Tan Siew Meng	8,100,100	3.24
8.	Goh Heng Loo	6,800,000	2.72
9.	AMSEC Nominees (Tempatan) Sdn Bhd	6,557,000	2.62
10.	Universal Trustee (Malaysia) Berhad	5,000,000	2.00
11.	Employee Provident Fund Board	5,000,000	2.00
12.	Ang Kok Seong	5,000,000	2.00
13.	Chong Mei Ngor	3,500,000	1.40
14.	Citicorp Nominees (Asing) Sdn Bhd	3,145,600	1.26
15.	Latipah Binti Omran	3,000,000	1.20
16.	BIMB Musyarakah Satu Sdn Bhd	2,500,000	1.00
17.	Rangs Venture Sdn Bhd	2,500,000	1.00
18.	Ng Boon Hock	1,860,000	0.74
19.	Ong Kee Sem	1,849,900	0.74
20.	AmFinance Berhad	1,326,500	0.53
21.	Grandeur Holdings Sdn Bhd	1,250,000	0.50
22.	Lim Chai Ong	1,200,000	0.48
23.	Amanah Raya Nominees (Tempatan) Sdn Bhd	1,125,000	0.45
24.	Kenanga Nominees (Tempatan) Sdn Bhd	1,010,000	0.40
25.	Chan Sek Tai	1,000,000	0.40
26.	Zulkharnain Bin A Rahim	1,000,000	0.40
27.	Lee Wee Thiam	1,000,000	0.40
28.	TASEC Nominees (Asing ) Sdn Bhd	980,000	0.39
29.	Eg Kaa Chee	942,400	0.38
30.	Tan Suan Sin	875,000	0.35

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the NINTH Annual General Meeting of the Company will be held at Ballroom 2 LG Level, Eastin Hotel, No 13 Jalan 16/11, Pusat Dagang Seksyen 16, 46350 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 28 May 2003 at 9.30 a.m. for the purpose of transacting the following businesses:-

### AGENDA

#### As Ordinary Business:-

1. To receive and adopt the Audited Accounts for the financial year ended 31 December 2002. (Resolution 1)
2. To re-elect the following directors, who retire in accordance with Article 132 of the Articles of Association of the Company.
  - (a) Tunku Dato' A Malek bin Tunku Kassim (Resolution 2)
  - (b) Encik Mohamad Isa bin Abdullah (Resolution 3)
  - (c) Mr. Chong Teck Foh (Resolution 4)
  - (d) Ms. Yen Siw Kuin (Resolution 5)
3. To re-elect Mr. Tay Beng Lock who retires in accordance with Article 127 of the Articles of Association of the Company. (Resolution 6)
4. To approve the directors' fees. (Resolution 7)
5. To re-appoint Anuarul Azizan Chew & Co as auditors of the Company and to authorise the directors to fix their remuneration. (Resolution 8)
6. **Special Business:-** (Resolution 9)  
To consider and if deem fit, pass the following as ordinary resolution:-

#### **(a) Resolution pursuant to section 132D of the Companies Act, 1965**

"That subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965 to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being and that such authority shall continue in force until conclusion of the next Annual General Meeting of the Company."

#### **(b) Mandate for Recurrent Related Party Transactions of a Revenue Nature**

"That subject always to the Listing Requirements of the Kuala Lumpur Stock Exchange, approval be and is hereby given to the Company and/or its subsidiaries, to enter into and give effect to the recurrent related party transactions of a revenue nature, comprising the rental of the Group's premises, provided that such transactions are of a revenue nature and are necessary for the Group's day to day operations in the ordinary course of business made on arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company, and such approval shall continue to be in force until the next annual general meeting of the Company and that for the avoidance of doubt, all such transactions entered into by the Company and Group on the above, prior to the date of this resolution be and are hereby approved and ratified."

(Resolution 10)

By order of the Board

Bernard Lim Boon Siang (LS/00770)  
 Chin Fook Kheong (MIA12595)  
 Secretaries  
 Klang, 6 May 2003

#### EXPLANATORY NOTES ON SPECIAL BUSINESS (Resolution 9)

##### **Resolution pursuant to Section 132D of the Companies Act, 1965**

The ordinary resolution proposed under Resolution 9, if passed, will empower the directors to allot and issue additional shares in the Company, up to an amount not exceeding 10% of the issued capital of the Company for such purposes as they consider, would be in the interest of the Company. This authority unless revoked or varied at a general meeting, will expire at the next General Meeting of the Company.

#### EXPLANATORY NOTES ON SPECIAL BUSINESS (Resolution 10)

##### **Mandate for Recurrent Related Party Transactions of a Revenue Nature**

The ordinary resolution proposed under Resolution 10, if passed, will empower the Company and its subsidiaries to continue the rental and tenancy of the Group's present business premises located at No. 37, 39 and 41 Cangkat Bukit Bintang, 50200 Kuala Lumpur, which have a total floor space of approximately 16,000 square feet, from GHL Enterprise Sdn Bhd, a company in which Ms. Goh Kuan Ho, a Non-Executive Director of the Company is a director and shareholder. The Tenancy Agreement dated 1 June 2002 is for a fixed term of three (3) years, from 1 June 2002 to 31 May 2005 at a monthly rental of RM44,200.00. On 30 November 2002, the Company has entered into a Supplemental Agreement to reduce the monthly rental to RM41,000.00 per month. The Company is also granted an option to renew the tenancy for another one (1) year at a new monthly rental at the prevailing market rate or RM41,000.00, whichever is lower. The location of the abovesaid premises is ideal for the Company's and the Group's operations and the rental which has been revised to reflect the present market rate is fair. This authority, unless revoked or varied at a general meeting, will expire at the next General Meeting of the Company.

Notes:-

1. A member entitled to attend and vote at the Meeting is entitled to appoint one (1) or up to a maximum of two (2) proxies to attend and vote in his stead. A proxy need not be a member of the Company.
2. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
3. The instrument appointing the proxy and power of attorney or other authority under which it is signed, shall be deposited at the Registered Office of the Company at 36A, Lorong Gelugor, Off Persiaran Sultan Ibrahim, 41300 Klang, Selangor Darul Ehsan, not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof at which the person or persons named in such instrument proposes to vote.

# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING PROXY FORM

**GHL SYSTEMS BERHAD**

(Company No. 293040- D)

(Incorporated in Malaysia)

<b>No. of Shares Held</b>

## PROXY FORM

I / We, .....  
 NRIC No. / Passport No. / Company No. ....  
 of .....  
 being a member (s) of **GHL SYSTEMS BERHAD** hereby appoint .....  
 NRIC No. / Passport No. / Company No. ....  
 of .....  
 or falling him / her, the Chairman of the Meeting as my / our proxy, to vote for me / us on my / our behalf at the 9th Annual General Meeting of the Company to be held at the Ballroom 2 LG Level, Eastin Hotel, No 13 Jalan 16/11, Pusat Dagang Seksyen 16, 46350 Petaling Jaya on 28th May 2003 at 9.30 a.m. and at any adjournment thereof, in the manner indicated below:-

NO.	RESOLUTIONS	FOR	AGAINST
1.	Adoption of Audited Financial Statements and Reports.		
2.	Re-election of Tunku Dato' A Malek bin Tunku Kassim as Director.		
3.	Re-election of Encik Mohamad Isa bin Abdullah as Director.		
4.	Re-election of Mr. Chong Teck Foh as Director.		
5.	Re-election of Ms. Yen Siw Kuin as Director.		
6.	Re-election of Mr. Tay Beng Lock as Director.		
7.	To approve the directors' fees.		
8.	Re-appointment of Messrs Anuaral Azizan Chew & Co as Auditors of the Company and authorizing Directors to fix their remuneration.		
9.	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965.		
10.	Related party transactions.		

**(Please indicated with 'X' how you wish to cast your vote. In the absence of specific directions, the proxy may vote or abstain at his direction).**

**Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2003.**

\_\_\_\_\_  
*Signature of Member / Common Seal*

**Notes:-**

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. When a member appoints two (2) or more proxies, the appointments shall be invalid unless the proportion of the shareholdings to be represented by each proxy is specified. A proxy need not be a member of the Company.
2. The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at 36A, Lorong Gelugor, Off Persiaran Sultan Ibrahim, 41300 Klang, Selangor not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.
3. The instrument appointing a proxy or proxies shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation under its Common Seal or the hand of its attorney duly authorised.

FOLD THIS FLAP FOR SEALING

FOLD HERE

STAMP

The Secretary

**GHL SYSTEMS BERHAD** (Company No. 293040-D)

36A, Lorong Gelugor,  
Off Persiaran Sultan Ibrahim,  
41300 Klang, Selangor,  
Malaysia

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## **GHL SYSTEMS BERHAD**

Formerly known as GHL Systems Sdn. Bhd.  
Company No. 293040-D

### **A Payment Services and Technology Company**

- Payment Acceptance Devices
- Payment Shared Services
- Payment Infrastructure
- Payment Value-Added Services
- Payment Consultancy
- Payment Collaboration
- Payment Technology
- Payment Solutions

37, Cangkat Bukit Bintang, 50200 Kuala Lumpur, MALAYSIA.

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