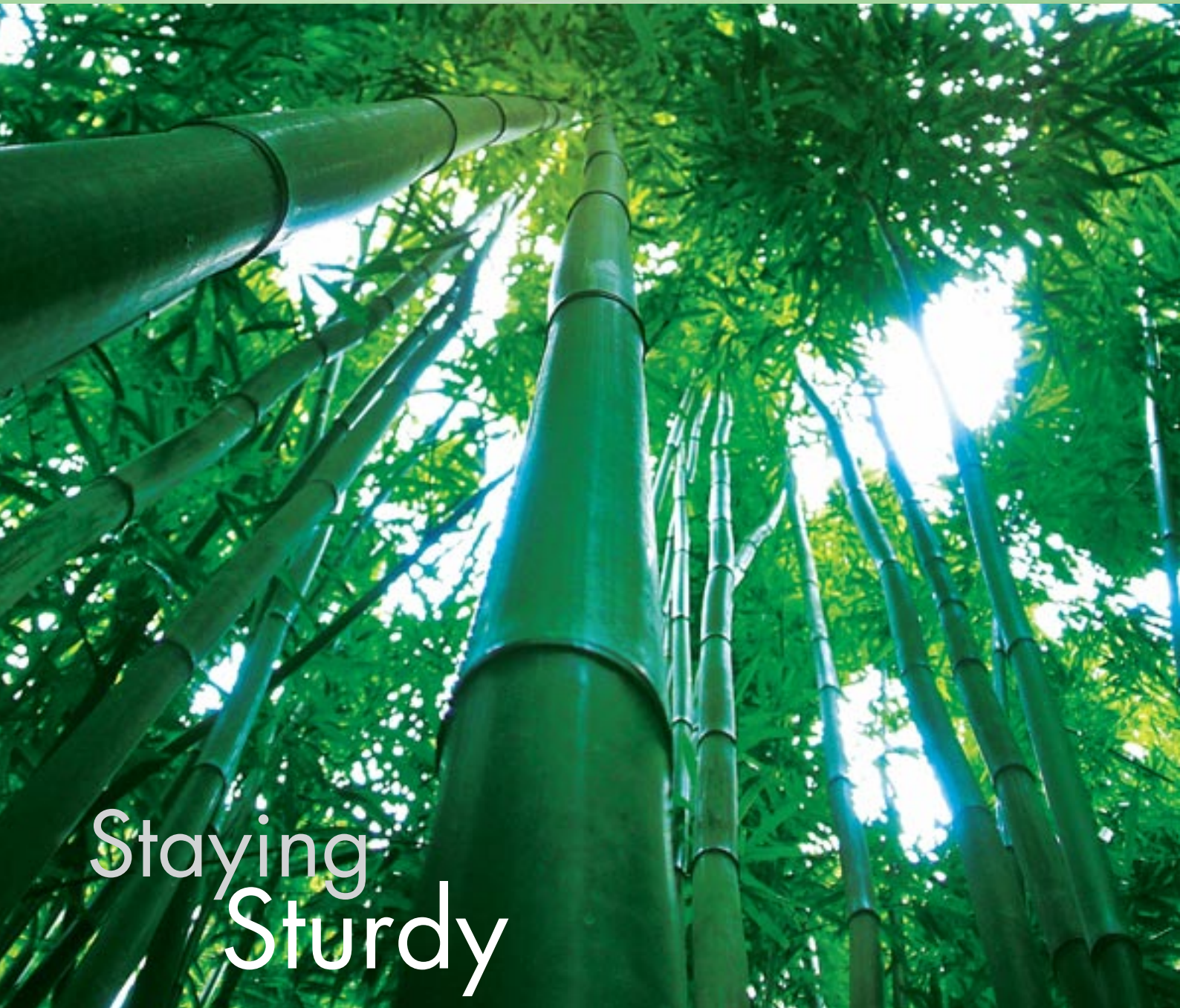




GHL SYSTEMS BERHAD

293040-D

Incorporated in Malaysia



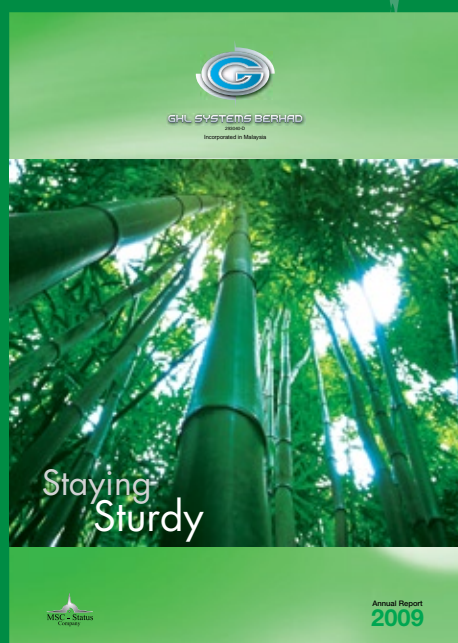
Staying
Sturdy



Annual Report
2009

CONTENTS

2	Corporate Profile	33	Directors' Report
3	Vision and Mission	37	Statement by Directors
4	Corporate Information	37	Statutory Declaration
5	Corporate Structure	38	Independent Auditors Report
6	Financial Highlights	40	Balance Sheets
8	Share Price Performance	41	Income Statements
9	Chairman's Statement	42	Statement of Changes in Equity
12	Management Review	44	Cash Flow Statements
14	Directors' Profile	46	Notes to Financial Statements
18	Regional Management Teams	87	List of Property
20	Corporate Directory	87	Shareholding Statistics as at 30 March 2010
21	Corporate Governance Statement	89	Notice of Annual General Meeting
28	Audit Committee Report		Proxy Form
30	Statement of Internal Control		



Cover Rationale

Staying Sturdy

Bamboo has been credited with various attributes; among them being evergreen, flexible, and always dependable. Bamboo is also the fastest-growing woody plant in the world.

Like the bamboo, we at GHL Systems aspire to stay sturdy to weather the challenges ahead. With our strong foundation and keen competitive edge, we aim to successfully steer the Group forward."

CORPORATE PROFILE



Main Market-listed GHL Systems Berhad (“GHL Systems”) is the leading end-to-end payment services enabler in Asia Pacific that deploys world-class payment infrastructure, services, and technology.

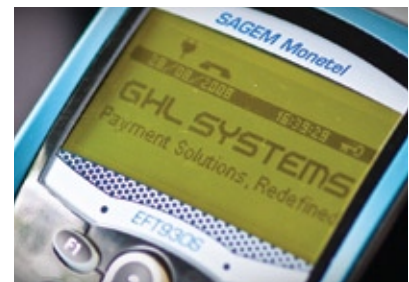
GHL Systems’ complete portfolio of payment solutions include transaction routers and concentrators, terminal line encryption technologies, loyalty and online payment solutions, smartcard technologies, secure EDC networks and terminals, as well as consulting and professional services.

With direct presence in Bangkok, Beijing, Wuhan, Hong Kong SAR, Kuala Lumpur, Manila, Ho Chi Minh City and Singapore, GHL Systems’ payment solutions are further recognized, accredited and certified by international organizations and governing bodies such as Visa, MasterCard, JCB, MEPS, SIRIM, and Line Encryption Working Group.

By providing a broad range of services across the payment solutions spectrum, GHL Systems today deploys its products and services to multiple clients spread across various vertical segments – not limited to banking and financial services, telecommunications, oil and gas, transportation, and retail sectors.

Having successfully forayed beyond Malaysia into Bangladesh, Brunei, China PRC, Hong Kong SAR, Indonesia, Thailand, Vietnam, Pakistan, Philippines, Sri Lanka, and Taiwan, GHL Systems is well positioned to meet the demands of the global economy.

GHL SYSTEMS. PAYMENT SOLUTIONS, REDEFINED.



VISION & MISSION

To be the
LEADING
end-to-end
payment
services

enabler by deploying
world-class
payment
infrastructure,
technology
and
services





BOARD OF DIRECTORS

TAY BENG LOCK

Interim Chairman and
Group Managing Director

YENG FOOK HOO

Deputy Group Managing Director

CHIN FOOK KHEONG

Group Finance Director

GOH KUAN HO

Non-Independent
Non-Executive Director

YEN SIW KUIN

Independent Non-Executive Director

ANGUS EUGENIO CAMPOS

Independent Non-Executive Director

COMPANY SECRETARIES

Tan Tong Lang (MAICSA 7045482)
Chin Fook Kheong (MIA 12596)

AUDIT COMMITTEE

Yen Siw Kuin (Chairperson)
Goh Kuan Ho
Angus Eugenio Campos

REMUNERATION COMMITTEE

Yen Siw Kuin (Chairperson)
Goh Kuan Ho
Angus Eugenio Campos
Dr. Lum Heap Sum
Chong Tiam Tai

NOMINATION COMMITTEE

Goh Kuan Ho (Chairperson)
Yen Siw Kuin
Angus Eugenio Campos

ESOS COMMITTEE

Tay Beng Lock (Chairperson)
Yeng Fook Hoo
Yen Siw Kuin
Angus Eugenio Campos
Chong Tiam Tai

AUDITORS

UHY DIONG (AF1411)
Suite 11.05, Level 11,
The Gardens South Tower,
Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur

PRINCIPAL BANKERS

Affin Bank Berhad
Alliance Bank Berhad
AmBank Berhad
CIMB Bank Berhad
Malayan Banking Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia) Berhad

LEGAL ADVISORS

WONG BEH & TOH

Level 12, West Block,
Wisma Selangor Dredging,
142-C, Jalan Ampang,
50450 Kuala Lumpur

MAZLAN & ASSOCIATES

Level 3A, Wisma E&C,
2, Lorong Dungun Kiri,
Damansara Heights,
50490 Kuala Lumpur

GOH WONG PEREIRA

Advocates & Solicitors
36, Jalan Pipit, Off Jalan Ipoh, Batu 3,
51100 Kuala Lumpur

RAJAH, LAU & ASSOCIATES

B-13-13, Megan Avenue II,
12, Jalan Yap Kwan Seng,
50450 Kuala Lumpur

BRIGITTA I. RAHAYOE & SYAMSUDDIN

Suite 701, 7th Floor Indofood Tower,
Sudirman Plaza,
Jl.Jend.Sudirman Kay.76-78,
Jakarta 12910, Indonesia

ROBERTSONS SOLICITORS & NOTARIES

57th Floor, The Center,
99, Queen's Road Central, Hong Kong

RAMDAS & WONG

36, Robinson Road, #10-01, City House,
Singapore 068877

ZHONGTIAN PRC LAWYERS

1711-1717 Yingu Mansion,
9 West Beisihuan Road,
Beijing 100080, China

FORTUN NARVASA & SALAZAR

23F, Multinational
Bancorporation Centre,
6805 Ayala Ave.,
Makati City 1226, Philippines

CHALERMCHAT LAW OFFICE CO. LTD.

10th Floor, Amarin Plaza Building,
496-502, Ploenchit Road,
Lumpini, Pathumwan,
Bangkok 10330, Thailand

REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 6, Symphony House,
Block D13, Pusat Dagangan Dana 1,
Jalan PJU 1A/46, 47301 Petaling Jaya,
Selangor Darul Ehsan
Tel : 603-7841 8000
Fax : 603-7841 8008

REGISTERED OFFICE

Suite 11.05B, Level 11,
The Gardens South Tower,
Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur
Tel : 603-2279 3080
Fax : 603-2279 3090

STOCK EXCHANGE LISTING

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

WEBSITE

www.ghl.com

INVESTOR RELATIONS

<http://ghl.investor.net.my>

CORPORATE STRUCTURE

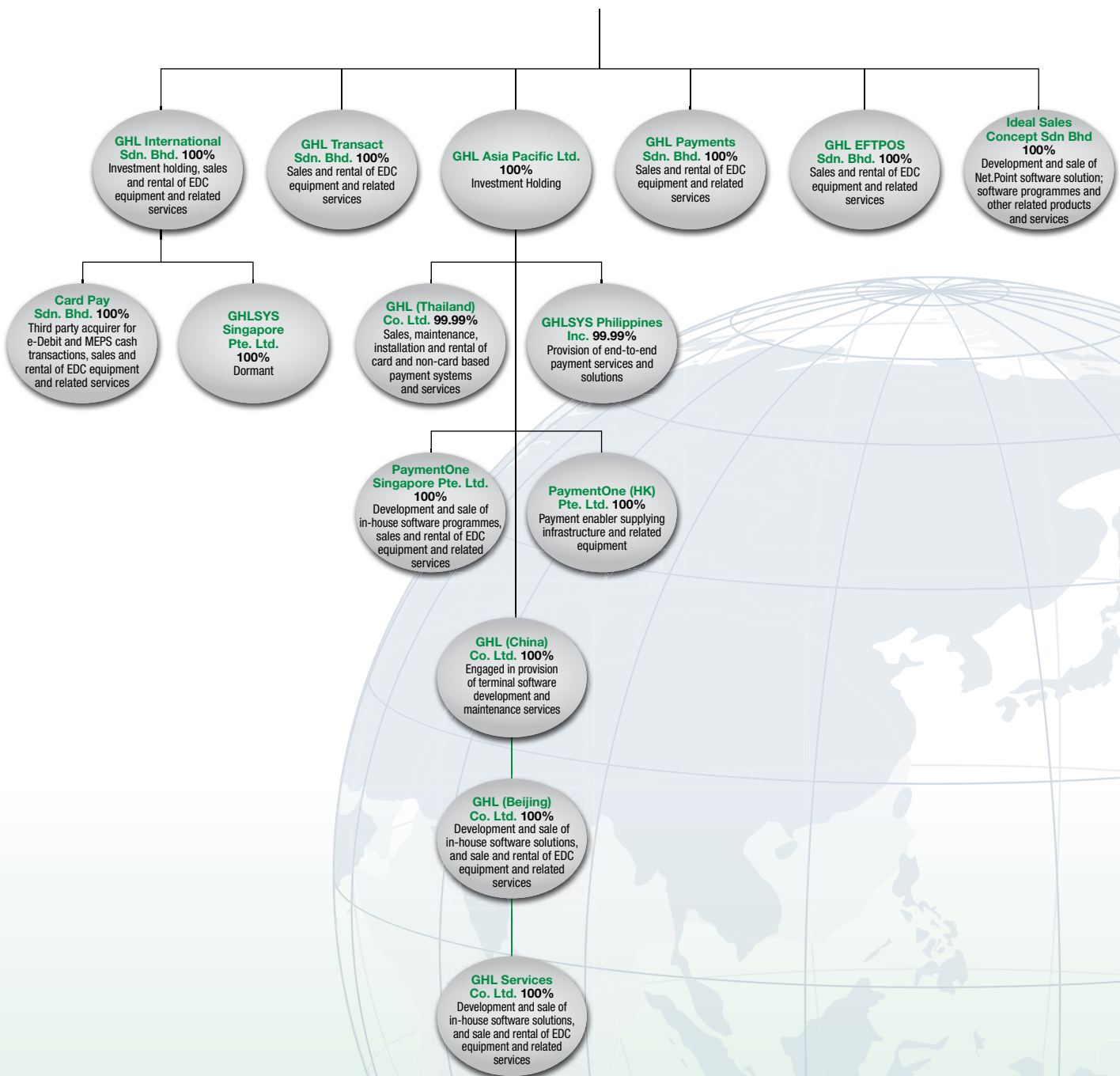
AS AT 30 MARCH 2010



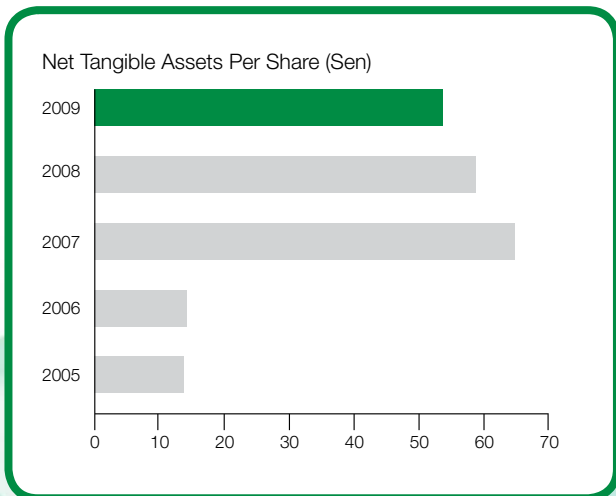
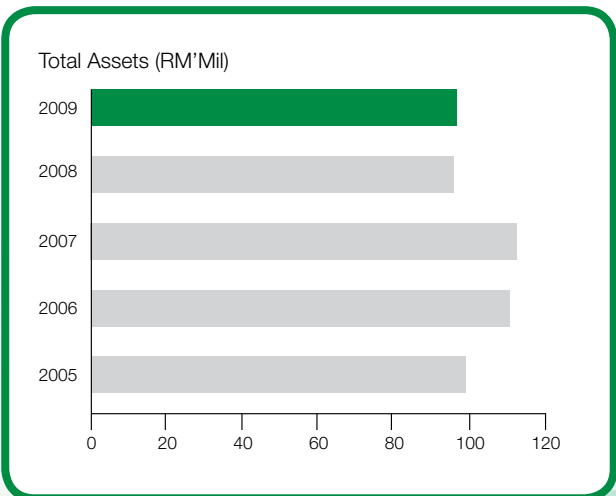
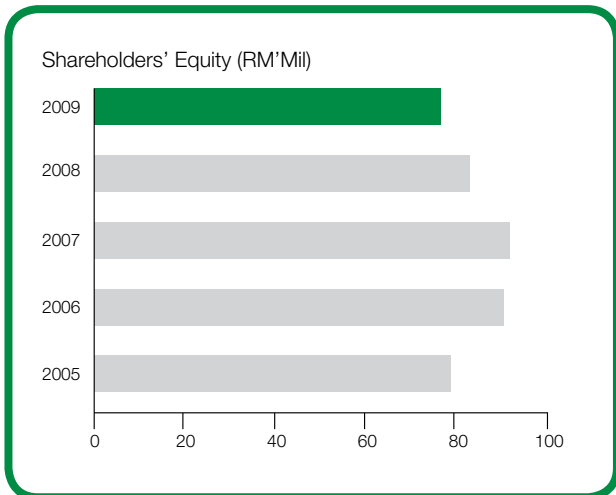
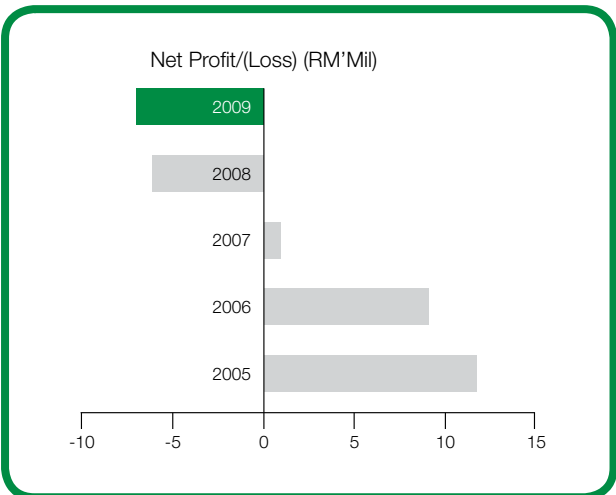
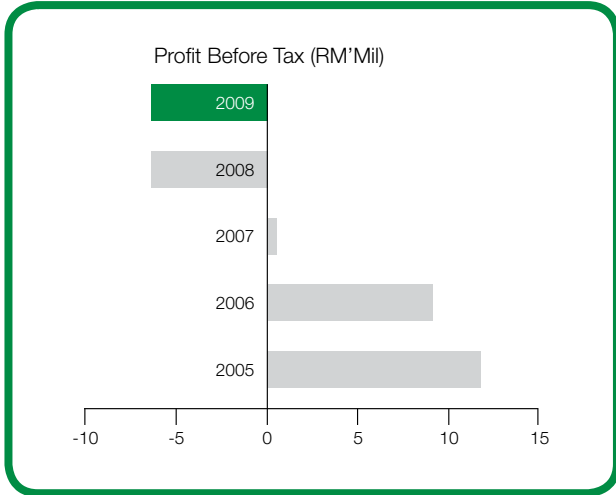
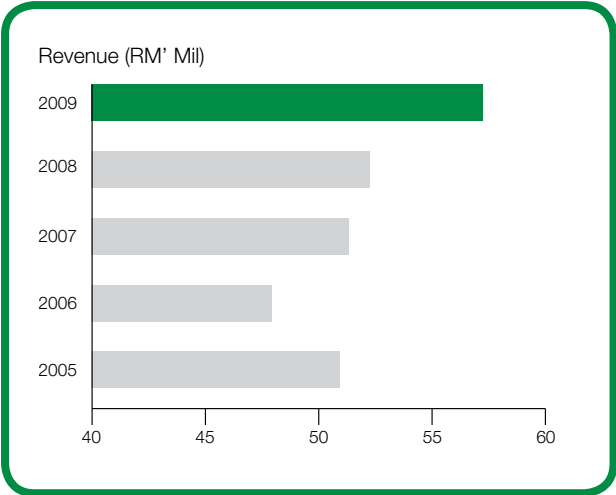
GHL SYSTEMS BERHAD

293040-D

Incorporated in Malaysia



FINANCIAL HIGHLIGHTS



FINANCIAL HIGHLIGHTS (CONT'D)



Summarised Group Income Statements For the Financial Year Ended 31 December (RM'000)	2005	2006	2007	2008	2009
Revenue	50,992	47,907	51,340	52,245	57,150
Earnings Before Interest, Tax, Depreciation and Amortisation	17,989	12,501	8,179	2,206	4,490
Operating Profit/(Loss)	11,621	8,607	771	(6,262)	(6,287)
Profit/(Loss) Before Taxation	11,799	9,177	471	(6,475)	(6,475)
Net Profit/(Loss) Attributed to Equity Holders	11,716	9,074	849	(6,154)	(6,978)

Summarised Group Balance Sheets As at 31 December (RM'000)	2005	2006	2007	2008	2009
Fixed Assets & Prepaid Lease Payments	40,697	54,204	51,565	57,313	53,876
Investment in an Associated Company	4,368	5,061	-	-	-
Other Investment	-	-	554	88	-
Goodwill on Consolidation	1,744	1,869	1,913	1,913	1,913
	46,809	61,134	54,032	59,314	55,789
Current Assets	51,785	49,134	58,150	36,304	40,657
Current Liabilities	(13,359)	(14,539)	(16,408)	(9,248)	(16,453)
Net Current Assets	38,426	34,595	41,742	27,056	24,204
	85,235	95,729	95,774	86,370	79,993

Finance By:

Share Capital	54,459	62,479	69,431	69,431	69,431
Share Premium	-	-	-	-	-
Reserves	24,338	28,117	22,496	13,826	7,161
Treasury Shares	-	-	-	(4)	(1)
Shareholders' Equity	78,797	90,596	91,927	83,253	76,591
Minority Interests	-	2	10	-	-
Total Equity	78,797	90,598	91,937	83,253	76,591
Bank Borrowings & Hire Purchase Payables	5,473	4,143	3,340	3,117	2,899
Deferred Tax Liabilities	965	988	497	-	503
	85,235	95,729	95,774	86,370	79,993

Summarized Group Cash Flows For the Financial Year Ended 31 December (RM'000)	2005	2006	2007	2008	2009
Operating Profit Before Working Capital Changes	17,831	16,019	5,603	4,971	4,702
Net Cash Flows From/(Used in) Operating Activities	18,451	16,929	(1,972)	8,524	9,873
Net Cash Flows (Used in)/From Investing Activities	(27,303)	(16,469)	2,159	(14,158)	(6,871)
Net Cash Flows From/(Used in) Financing Activities	22,483	(796)	5,359	(5,876)	(535)
Net Increase/(Decrease) in Cash and Cash Equivalents	13,631	(336)	5,546	(11,510)	2,467
Cash and Cash Equivalents at Beginning of Year	3,818	17,449	17,113	22,659	11,149
Cash and Cash Equivalents at End of Year	17,449	17,113	22,659	11,149	13,616

SHARE PRICE PERFORMANCE



Share Price Performance For The Period 1 January 2009 to 30 March 2010



Share Capital Changes and Dilution

DATE	CAPITAL EXERCISE	CHANGE IN NUMBER OF SHARES	TOTAL NUMBER OF SHARES
19 January 2007	ESOS Exercise	3,930,710	628,718,146*
9 February 2007	5-for-1 Consolidation	(502,974,517)	125,743,629^
13 April 2007	ESOS Exercise	170,712	125,914,341^
21 June 2007	1-for-10 Bonus Issue	12,591,434	138,505,775^
17 July 2007	ESOS Exercise	164,720	138,670,495^
15 August 2007	ESOS Exercise	191,720	138,862,215^

* Par Value of RM0.10

^ Par Value of RM0.50



Tay Beng Lock
Interim Chairman and Group Managing Director

Dear Shareholders,

The Board of Directors of GHL Systems Berhad (“GHL Systems”) hereby present the 2009 Annual Report and the audited accounts of the Group and Company for the financial year ended 31 December 2009 (“FY2009”).

The South East Asian region was not spared from the widespread effects of the global economic slowdown throughout FY2009. Most export-oriented economies such as Singapore slipped into technical recession, while Malaysia showed negative Gross Domestic Product (“GDP”) growth for the first 3 quarters before showing positive 4.5% in the fourth.

China was a rare exception, recording GDP growth of 8.7% in FY2009, on the back of strong domestic demand and positive outcomes from Government-led incentives.

Unsurprisingly, the slowdown created a more competitive environment overall, as corporations doubled up their efforts to capture consumer demand. Furthermore, companies generally deferred or scaled back capital expenditure with the intention to reinvest upon recovery of consumer sentiment.

Having gone through economic crisis in the past, the turbulence in the year under review was not a new phenomenon for the Group. The payment solutions sector remained competitive as industry players sought to capture significant share in the tough market.



FY2009 FINANCIAL HIGHLIGHTS

Group revenue grew 9.4% to RM57.15 million in FY2009, from RM52.24 million in the previous year. The sustained top line certainly demonstrates the Group's ability to continue delivering solutions that are still relevant and necessary to customers, even in times of economic uncertainty.

Nevertheless, the Group sustained high operating costs across the region in the year under review, mostly from administration and distribution costs. Alongside write-offs for used or obsolete stock, the Group incurred net losses of RM6.97 million in FY2009, compared to net losses of RM6.15 million previously.

The Board is of the view that the results were still commendable given the challenging market conditions, and that the Group's prospects are on the mend, in line with the improving economic situation.

Shareholders' equity for the period ended 31 December 2009 amounted to RM76.59 million compared to RM83.25 million previously, due to net losses for the year.

In accordance to the Group's prudent financing policy, group borrowings were reduced further to RM3.09 million in the year under review from RM3.83 million in the previous year. Cash and cash equivalents rose to RM14.73 million as at end-2009, versus RM12.70 million previously.

CORPORATE UPDATES

Subscription of Shares in Ideal Sales Concept Sdn Bhd ("ISCSB")

On 21 July 2009, the Group announced its intention to subscribe for 80,000 new ordinary shares representing 80% stake in ISCSB for a cash consideration of RM80,000. On 29 July 2009, GHL Systems had completed the subscription.

ISCSB, incorporated in 2008, is a Multimedia Super Corridor ("MSC")-status company involved in developing and selling Net. Point software solution; software programmes and other related products and services.

Subsequently on 3 March 2010, the Group executed its call option to purchase additional 20,000 ordinary shares in ISCSB representing the remaining 20% of ISCSB, for total cash consideration of RM2.00. Upon completion of the Call Option, ISCSB would be a wholly-owned subsidiary of GHL Systems.

The Board opines that the investment in ISCSB is complementary to the Group's core business of delivering payment solutions and related services.

Proposed establishment of a new Employees Share Option Scheme ("ESOS")

On 3 November 2009, the Group announced that Bursa Malaysia Securities Berhad had approved in-principle the listing of new ordinary shares of RM0.50 each in GHL of up to 15% of the issued and paid-up share capital of GHL to be issued pursuant to the exercise of options under the new ESOS. The new ESOS was effectively implemented on 3 November 2009.

The ESOS is aimed at motivating and rewarding the Group's employees towards continuous high performance.

Proposed 10% Private Placement Exercise

On 12 February 2010, GHL Systems proposed the undertaking of a 10% private placement exercise, involving the issuance of 13,800,000 Placement Shares, representing not more than 10% of the issued and paid-up share capital (excluding treasury shares) of GHL as at 31 January 2010.

Based on the indicative issue price of RM0.50 per share, the proposed private placement will raise gross proceeds of RM6.90 million, of which RM6.80 million will be allocated for the Group's working capital requirements, and the balance RM100,000 to defray expenses pursuant to the exercise.

The proposed private placement would enable the Group to raise additional funds for the Group's working capital requirements without imposing financial obligations on the Group's existing shareholders. Barring any unforeseen circumstances, the proposed private placement should be completed in the first half of the financial year ended 31 December 2010 ("FY2010").

CHAIRMAN'S STATEMENT (CONT'D)



“Rome was not built in a day... the Group should continue to strengthen our core business...”

BUSINESS STRATEGIES

At the time of writing, the prospects of the global economy remain uncertain, what with key economies of Europe and America struggling to find their footing, and simultaneously casting doubt on the world's effective recovery in 2010.

Rome, as they say, was not built in a day. Despite the bleak outlook, the Board is of the opinion that the Group should continue to strengthen our core business in order to stay sturdy in the long term.

To this end, the Group will retain our innovative streak to continuously develop new products. Our research and development (“R&D”) track record has certainly given birth to various breakthroughs in payment solutions, including our contactless reader VersaRead VR300, and NetAccess L-Series.

At the same time, the Group would continue to tap into business opportunities abroad so as to expand our earnings base and reinforce our brand name in the global arena for the long term. We believe that these business strategies would surely be stepping stones towards improving the Group's financial performance correspondingly.

CORPORATE GOVERNANCE

The Board intends to adhere to corporate governance best practices within the Group as a crucial step to achieve business sustainability. The Board is resolute in implementing strategies that are in line with the Group's vision and thus create and protect shareholders' value.

The measures undertaken by the Board to maintain our corporate governance are highlighted in the Corporate Governance Statement in this Annual Report.

CORPORATE SOCIAL RESPONSIBILITY (“CSR”)

Through the years, GHL Systems has not wavered in its commitment to uphold Corporate Social Responsibility as one of our basic tenets of operations.



The year under review saw the Group doing its bit for the native “orang asli” community in Kampung Pak Senam, Pahang, where GHL donated 40 pairs of school shoes and socks to the children at the beginning of the new school term.



The GHL team also periodically carries out fogging activities in the SD1 building and the neighbouring vicinity as preventive measure against mosquito-related diseases, and H1N1 epidemic.



We see these initiatives as starting points towards a sustainable CSR programme in the future.

APPRECIATION

At this juncture, I'd like to express my deepest appreciation to my fellow Directors, management and team of employees for working hand-in-glove to persevere in the challenging year just past.

Even in the prospect of the much hoped-for recovery, it is crucial that the all of us work together as one single-minded entity to steer the Group towards better performance in the year ahead.

TAY BENG LOCK,

Interim Chairman and Group Managing Director
30 March 2010

THE MANAGEMENT REVIEW



FY2009 saw the Group gaining ground in the domestic market, while broadening the geographical expanse of our regional business.

LOCAL OPERATIONS

Sales from the local market stood at RM33.97 million in the year under review, contributing 59% of the Group's total revenues in FY2009, compared to RM28.84 million in the previous year. No doubt, the Group's ability to record continued growth in local sales year-on-year aptly demonstrates our continued grasp on the market despite a highly-competitive arena.

The Group still made headway in promoting the cause of cashless transactions and introducing technological revolutions in the payment scene.

For one thing, our contactless reader VersaRead VR-300 played a vital role in enabling the world's first commercial rollout of Visa contactless payments using Near Field Communications (NFC) technology on mobile phones. The breakthrough service - dubbed the Maxis FastTap, was launched in Malaysia in April 2009.

Furthermore, K Gen Loyalty - regional loyalty network encompassing Singapore, Thailand and Indonesia - employed our loyalty engine PivotPoints to enable online and offline point transactions, cards, as well as back-end management and accounting system.

Another significant development is GHL Systems' reappointment as distributor for Ingenico with expanded coverage across 11 countries: Malaysia, Thailand, Vietnam, Laos, Cambodia, Myanmar, Brunei, Philippines, Guam, Sri Lanka and Bangladesh. The Group is also permitted to distribute Ingenico's products to selected customers approved by Ingenico in Singapore, Indonesia and Hong Kong.

Our Bankcard e-Debit retained its critical mass of over 10,000 e-Debit terminals in the year under review. However, the Group's e-Debit segment was impacted by the credit crunch and negative consumer sentiment in FY2009.

That said, we believe that there is much potential for the Bankcard e-Debit in the current year, in light of the Government's recent caution to the public to spend only what is within possession, rather than on future credit. With this, we seek to increase our merchant-recruiting and awareness activities to capture these opportunities.

OVERSEAS MARKETS

Group revenues from the foreign markets contributed RM23.18 million, or 41% to total sales in FY2009, compared to RM23.40 million or 45% of the previous year.

It was business as usual for GHL Thailand Co. Ltd. ("GHL Thailand") despite the political uncertainties in the year under review. One of the notable projects was the introduction of mobile contactless payments via GPRS/GSM for more than 100 taxis in Bangkok. With the pilot deployment, taxis in Thailand are among the first in Asia Pacific region to enable cashless payments via mobile or wireless terminals.

GHL Thailand also partnered with the Road Accident Victims Protection Ltd to use customized terminals to enable car owners register their vehicles, make car insurance premium payments, and print registration slips for future reference - all on the spot.

GHLSYS Philippines Inc. ("GHLSYS Philippines") maintained its progress in FY2009, by not only securing various terminal deployment projects with leading banks and supermarket chains, but also embarking on merchant-recruitment to replicate the Malaysian success story. GHLSYS Philippines is now the preferred payment service enabler for the largest local credit and debit acquirers in the country.

In the current year, we will venture into the supply of turnkey loyalty and e-Purse solutions for large corporations in Philippines, including petrol stations and food and beverage outlets. GHLSYS Philippines would also leverage on our favourable market positioning to expand the deployment of suite of solutions in the country.

At the same time, the Group maintained our reseller strategy in the year under review. To this end, the Group appointed Brazil-based Wireless Networks do Brasil Ltda (WNB), a managed network services provider, as our first South American reseller to grant us access to the financial institutions in Brazil. To this end, we have made initial headway in deploying our netAccess solutions in the country.

All said, the Group remains intent on actively developing our overseas markets so as to broaden our income base for long-term sustainability.



**NetMatrix
Terminal Line Encryption
Best of Security
MSC Malaysia
APICTA 2009**



“The Group’s....continued growth in local sales year-on-year aptly demonstrates our continued grasp on the market..the Group (is) intent on actively developing our overseas markets so as to broaden our income base for long term sustainability...”

PAYMENT SOLUTIONS

Awards

GHL Systems’ pioneering streak remained vibrant in FY2009, with the Group receiving various accolades for technological advancements in the payment solutions sector.

The Group bagged two awards at the MSC APICTA Awards 2009, with the NetMATRIX TLE (Terminal Line Encryption) solution taking top honours in the Best of Security category, and the netAccess L200 Optimus wireless payment router garnering a Merit Award in the Best of Communications Applications category.

GHL Systems also won two awards from Ingenico in respect of 2009 namely for Best Sales and Best Technical Development; the latter demonstrating our prowess in solutions development on a regional scale. We are certainly heartened by the achievement, and are encouraged to hone our expertise further.

New Products and Innovations

In May 2009, the Group launched the entry-level L-50 netAccess router that provides dial-up terminals with an instant upgrade by enabling wireless connectivity; a solution that offers single to triple-lane retailers the opportunity for a fuss-free upgrade while reducing communication costs.



Later in October 2009, GHL Systems introduced Malaysia’s first portable GPRS hybrid payment terminal with biometric capabilities – having been appointed as Ingenico International’s Centre of Excellence for biometric technology, and distributor of Ingenico’s Bio POS terminal in Malaysia. The Group also obtained the green light from the National Registration Department of Malaysia to access documentation and utilize memory mapping for MyKad identification cards – thus allowing the Group to further promote the usage of MyKad for authentication purposes.

The Group also has a patent pending for the innovative netAccess L200 Optimus for the Malaysian market.

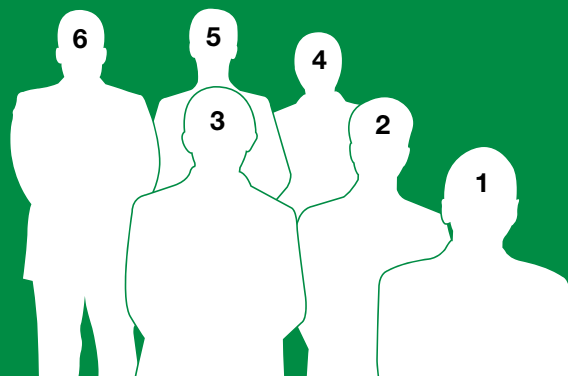
As further testament of the Group’s market position, GHL Systems became the first and only Asian-based company to be admitted into the Secure POST Vendor Alliance (SPVA) – a global organization whose mission is to enhance security elements of payment solutions. With this, GHL Systems would be in the forefront of engaging industry stakeholders, and contribute to enhance security initiatives for the payment space.

The developments in the year just past paint a bright outlook for the Group. GHL Systems intends to stay sturdy for the long haul, and will invest every effort into realizing our goal.

DIRECTORS' PROFILE



- 1 **Tay Beng Lock**, Interim Chairman and Group Managing Director
- 2 **Chin Fook Kheong**, Group Finance Director
- 3 **Yeng Fook Hoo**, Deputy Group Managing Director
- 4 **Goh Kuan Ho**, Non-Independent Non-Executive Director
- 5 **Yen Siw Kuin**, Independent Non-Executive Director
- 6 **Angus Eugenio Campos**, Independent Non-Executive Director



DIRECTORS' PROFILE (CONT'D)



TAY BENG LOCK

Interim Chairman and
Group Managing Director,
Executive Director

Tay Beng Lock, a Malaysian aged 49, was appointed to the Board on 26 January 1999. He is the Chairperson of the ESOS Committee. He obtained his Bachelor Degree in Electrical Engineering with distinction from Carleton University, Canada, in 1984 and a Master Degree in Business Administration with distinction from Middlesex University, United Kingdom, in 1996. He was appointed the Group Managing Director of the Company on 26 January 1999. He began his career in 1984 with Mecomb Malaysia Sdn Bhd as a Sales Engineer specialised in electronic test and measurement instruments. He later joined Hewlett-Packard Sales (Malaysia) Sdn Bhd ("HP") in 1986 as a Staff Field Engineer and rose through the ranks over the six years there to a Business Manager position, overseeing HP's Test and Measurement division (which is now part of Agilent Technologies, Inc).

In 1992, he joined Delteq (M) Sdn Bhd, a regional systems integrator, as the General Manager responsible for the management of the company's operations. He left Delteq in 1996 to join GHL Automation Sdn Bhd as the General Manager, and subsequently assumed his current position in 1999.

One of his notable achievements at the GHL Group was the restructuring of the group's businesses by divesting the computer retail business and by realigning the group's business focus in the payment space. With about 25 years of corporate and marketing experience, he is well placed to lead the Group to greater heights.



YENG FOOK HOO

Deputy Group
Managing Director,
Executive Director

Yeng Fook Hoo, a Malaysian aged 53, was appointed to the Board on 26 January 1999. He is a member of the ESOS Committee of the Company. He is also directly responsible for the planning and implementation of Group's Asia Pacific expansion, namely in Thailand, Vietnam, Philippines, Hong Kong SAR and China PRC. In addition, he manages the sales of GHL line of NetAccess products and other payment solutions in Indonesia, Sri Lanka, Pakistan and Romania.

He obtained his Bachelor 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 10 years of experience in handling the implementation of major banking systems.

He started his career with Pacific Bank Berhad as a Trainee Officer in 1981. In 1984, he was promoted to the Branch Manager, managing 3 branches in Rengit, Batu Pahat and Johor Bahru. In 1988, he advanced to the position of Senior Manager of Operations/ Information Technology ("IT"). His achievement included creating and implementing the first integrated bank-in slip to streamline and simplify the bank-in process for Pacific Bank Berhad's customers. He 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. In addition, he was 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, he 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.

In addition, he was also responsible for conceiving the EDC Pool Program, which was successfully implemented with three (3) partner banks. He also oversees the operations of PayDirect. He was designated as the Deputy Group Managing Director in 2002, responsible for the business development and R&D activities of the Group.



CHIN FOOK KHEONG

Group Finance Director,
Executive Director

Chin Fook Kheong, a Malaysian aged 46, was appointed to the Board on 31 May 2003. In 1992, he is admitted as a Fellow member of the Chartered Institute of Management Accountant (CIMA) and later as a Chartered Accountant of the Malaysian Institute of Accountants (MIA). In 2004, he obtained his Master's degree in Business Administration (MBA) from the University of Nottingham, United Kingdom. In 2008, he has been admitted as an Associate member of The Institute of Chartered Accountants in England and Wales (ICAEW), United Kingdom. In the same year, he also passed Pre-Contract Examination for Insurance Agents Certificate for General Insurance, Life Insurance and Investment-Linked Life Insurance conducted by The Malaysian Insurance Institute (MII).

He started his career in auditing with S F Yap & Co in 1987 and later joined Nanyang Union Sdn Bhd ("Nanyang") as its Group Accountant, managing all financial matters of a group of companies involved in fabrication and manufacture of rubber gloves and machines, manufacture of ceramic products and pesticides, and trading of industrial chemicals. In Nanyang, he also in charge of the corporate affairs, secretarial and taxation matters.

In 1990, he joined Mulpha International

Berhad, a company listed on the Main Market of Bursa Malaysia. As a Divisional Manager, he managed Mulpha's sports and cosmetics trading divisions for Hong Kong, Macau, Malaysia, Singapore, Brunei and Indonesia, and was also responsible for the management of Mulpha's corporate affairs. In 1994, he left Mulpha and joined Forsixten Sdn Bhd, a company specialising in manufacture of bags and belts, as its General Manager. He re-joined Nanyang in 1995 as its Group Financial Controller and was responsible for managing its group financial matters, corporate affairs and large-scale development and construction projects.

In 1998, he moved to Jac Malaysia Sdn Bhd ("Jac") as a General Manager of Finance, responsible for its finance division and corporate affairs. Jac, a major self-adhesive label manufacturer in Malaysia, was one of the twelve worldwide manufacturing facilities for the Germany-based Jackstaedt GmbH, one of the major self-adhesive label manufacturers in the world. He left Jac in 2000 and later joined GHL as a General Manager of Finance and Administration, he was responsible for the finance division, credit control, corporate affairs and also acted as the Company Secretary of the GHL Group. In June 2002, he was promoted to the Group Finance Director of GHL.



GOH KUAN HO

Non-Independent
Non-Executive Director

Goh Kuan Ho, a Malaysian aged 46, was appointed to the Board on 29 March 1994. She is also the Chairperson of the Nomination Committee and member of the Audit and Remuneration Committee of the Company. 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 Sdn Bhd ("GHL Technologies") and also assumed the position of Corporate Business Manager of GHL Technologies. She resigned from all her positions in GHL Technologies and joined Jardine OneSolution (2001) Sdn Bhd ("Jardine OneSolution") as a Corporate Account Manager in July 2000. In February 2004, she left Jardine OneSolution and took up her current position of General Manager with Microtree Sdn Bhd.

DIRECTORS' PROFILE (CONT'D)



YEN SIW KUIN
Independent
Non-Executive Director

Yen Siw Kuin, a Malaysian aged 53, was appointed to the Board on 15 January 2003. She is also Chairperson of the Audit Committee and Remuneration Committee and a member of the Nomination and ESOS Committees 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 legal, quality assurance and quality control departments. She was appointed to the Board of Directors of Khee San Berhad as an Executive Director in 2000. She was also the Company Secretary and a member of the Audit Committee of Khee San Berhad. In late October 2007, she resigned as the director as well as the Company Secretary of Khee San Berhad and she continues to hold directorships in several private limited companies.

She is an Associate member of the Institute of Chartered Accountants in England and Wales (ICAEW), United Kingdom as well as a Chartered Accountant of the Malaysian Institute of Accountants (MIA).



**ANGUS EUGENIO
CAMPOS,**
Independent
Non-Executive Director

Angus Eugenio Campos, a Malaysian aged 38, was appointed to the Board on 17 March 2008. He sits in the Audit, Remuneration, Nomination and ESOS Committee of the Company. He graduated with a double Major in Economics and Marketing from the Curtin University of Technology, Australia in 1995, and in the same year started his career with Alliance Bank in the Treasury Department, dealing with Swaps and Derivatives. He was subsequently promoted to Senior Officer a year later.

In 2001, he was appointed the Director of Operations of Smarten Asia Sdn Bhd, an Italy-based company, to head their Asian office in Malaysia, where he was responsible for providing customer care and billing solutions to the country's major telecommunications players.

Note: Save as disclosed, the above Directors have no family relationship with any Director and/or major shareholder of GHL Systems, have no conflict of interest with GHL Systems and have not been convicted of any offences within the past ten years.

REGIONAL MANAGEMENT TEAMS



GHL SYSTEMS MALAYSIA



1st Row start from left:

Nordin Bin Samud (Service Manager), Roland Huu Eng Hock (GM- Project Innovation), Chan Chun Fee (Chief Operating Officer), Seah Chong Kai (GM - Services, Support & Operations), Phua Kia Teck (GM - Product Marketing & Strategic Alliances), Chong Kah Leek (Senior Operations Manager)

2nd Row start from left:

Pui Siew Foon (Assistant General Manager - Terminal Solutions), Chung Heuy Fen (GM - Merchant Acquiring & Administration), Tan Lian Nie (Finance Manager), Lee Wee Kuan (Finance Manager), Gan Fei Chen (Assistant GM – Finance), Ngieng Hock Lin (Manager - NetAccess Product Management)

3rd Row start from left:

Chong Tiam Tai (PA to Group MD & Senior HR Manager), Ooi Gin Hui (Internal Audit Manager), Song Wei Hoon (Manager - Merchant Admin), Yoong May Hoh (Manager - AR), Robertson Ku Khin Fui (Manager - NetAccess Services), Tan Lan Chiew (Manager - EDC Customer Service)

REGIONAL MANAGEMENT TEAMS (CONT'D)



GHL THAILAND



Front row (seated) from left:

- Thanannut Chotteeramongkol (Accounting Manager)
- Albert Mah (Managing Director /General Manager)
- Amphol Suwantherangkoon (Business Development Director)
- Nichaphat Sangmart (HR Development)

2nd row from left:

- Jidlada Benjapongwantana (Asst Manager - Operation Admin)
- Suttitluk Wongcharoenlap (Asst Manager-Merchant Sales)
- Montree Chandruang (Head of Merchant Sales)
- Paphat Matthayanpol (Head of Presale & Consult)
- Apichat Wichaya (Senior Account Manager-Corp Sales)
- Tanavut Asavallop (Business Development Manager)
- Patchara Siriwat (Head of Operation Admin)

GHL SYS PHILIPPINES



From left to right:

- Herve Alfieri (General Manager)
- Jayson Roque (Service and Technical Head)
- Maurine Javier (Administrative Head)
- Rachelle Perez (Human Resource Manager)
- Czareenah Amiscaray (Finance Head)
- Rey Chumacera (Assistant General Manager)
- Jan Stephen Castillo (Merchant Sales Manager)

GHL BEIJING



Front row from left:

- Su Ning (Merchant Admin & Customer service Manager)
- Yu Xiao Hui (HR & Operation Manager)
- Huang Shi Tian (GM Corporate Sales & Finance & HR & Operations)
- Wang Chun Jiao (Executive Project Sales)
- Sun Ya Nan (Executive Hotline)

2nd row from left:

- Liu Wen Guang (Card Manager, Operations)
- Zhou Yan (Risk Control Manager)
- Meng Xiang Tai (GM Customer Service & Merchant Sales)
- Hong Yi (Executive Field Personnel Engineer)
- Liu Yu (Executive Finance)

GHL CHINA



From left to right:

- Chang Yue Ming Eric (Service Operation Supervisor)
- Chien Yik Hoong Edward (General Manager)
- Chan Wai Fan Celia (Administration Manager)
- Lai Kwok Fai (Service Operation Manager)



MALAYSIA

Headquarters / Corporate Office

GHL SYSTEMS BERHAD

Unit L8 C-G-15, Block C,
Jalan Dataran SD1, Dataran SD PJU 9,
Bandar Sri Damansara,
52200 Kuala Lumpur, Malaysia
Tel : (603) 6286 3388
Fax : (603) 6280 2999
Email : my.sales@ghl.com

Research & Development Centre

GHL SYSTEMS BERHAD

L5-E-7B Enterprise 4,
Technology Park Malaysia
Bukit Jalil, 57000 Kuala Lumpur,
Malaysia
Tel : (603) 8998 3600
Fax : (603) 8998 3301

INTERNATIONAL OFFICES

GHL (CHINA) CO. LTD.

Room 1003, 10/F., Trendy Centre
682-684 Castle Peak Road, Kowloon,
Hong Kong
Tel : (852) 2370 1070
Fax : (852) 2370 1055
Email : edward.chien@ghl.com

GHL (BEIJING) CO. LTD. & GHL SERVICES CO. LTD.

3rd Floor,
Office Building of Liao Ning Hotel
No.3 Deshengmenwai
Dajie, Xi Cheng District
Beijing 100088, China
Tel : 86 (10) 8252 5080
Fax : 86 (10) 8252 5055
Email : shitian@ghlchina.com

GHL SYS PHILIPPINES, INC.

16/F Lepanto Condominium,
8747 Paseo de Roxas,
1226 Makati City, Philippines
Tel : (632) 856 0850
Fax : (632) 856 0825
Email : herve@ghl.com

GHL (THAILAND) CO. LTD.

77/117-118, 28th Floor,
Sinn Sathorn Tower,
Krungthoburi Road, Klongtong Sai,
Klongsan, Bangkok, 10600 Thailand
Tel : (660) 2440 0111
Fax : (660) 2440 0577
Email : albertmah@ghl.com

Sales Representative Office

GHL (THAILAND) CO. LTD.

4th Floor, GMA Building,
307/6 Nguyen Van Troi Street, Ward 1,
Tan Binh District,
Ho Chi Minh City, Vietnam
Tel : (848) 290 4945
Fax : (848) 290 4970
Email : albertmah@ghl.com

Research & Development Centre

GHL SYSTEMS BERHAD

Room 1201
Information Industrial Tech. Building
Road Wujia Wan, Wuhan 430074, China
Tel : +86-(027)87690909
Fax : +86-(027)87690909-628
Email : dufang@ghlsystems.com

CORPORATE GOVERNANCE STATEMENT



The Board of Directors of the Company 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.

A. 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;
- Identifying principal risks and ensuring 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 program 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 six (6) members; comprising, three (3) Executive Directors, one (1) Non-Independent Non-Executive Director, and two (2) Independent Non-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 and one (1) Non-Independent Non-Executive Director. 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, an election of Directors shall take place each year during the Annual General Meeting. All Directors shall retire from office at least once every three (3) years, but shall be eligible for re-election. The Articles also provides that any director who is appointed by the Board to fill a vacancy shall hold office only until the next Annual General Meeting and shall then be eligible for re-election. The Malaysian Code on Corporate Governance stipulates that all directors should be required to submit themselves for re-election at regular intervals and at least every three years.

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.

CORPORATE GOVERNANCE STATEMENT (CONT'D)



A. THE BOARD OF DIRECTORS (CONT'D)

iv) BOARD MEETING AND SUPPLY OF INFORMATION (CONT'D)

The summary of attendance at the Board Meetings held for the financial year ended 31 December 2009 is as follows:-

DIRECTORS	NUMBER OF BOARD MEETINGS	
	HELD	ATTENDED
Tay Beng Lock	5	5
Yeng Fook Hoo	5	5
Chin Fook Kheong	5	5
Goh Kuan Ho	5	5
Yen Siw Kuin	5	5
Angus Eugenio Campos	5	5

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) Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Director, one (1) senior management personnel and one (1) Independent External Consultant. The RC reviews and recommends to the Board the remuneration of the Executive Directors.

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 2009, a total sum of RM1,966,783 was paid to the Directors of the Company. The breakdown of the directors' remuneration and the number of directors in the remuneration bands are as follows:-

	SALARY	FEE	*OTHER EMOLUMENTS	GRAND TOTAL
	RM	RM	RM	RM
EXECUTIVE DIRECTORS				
Tay Beng Lock	573,600	36,000	97,659	707,259
Yeng Fook Hoo	536,400	36,000	91,325	663,725
Chin Fook Kheong	385,440	36,000	66,359	487,799
SUBTOTAL	1,495,440	108,000	255,343	1,858,783
NON-EXECUTIVE DIRECTORS				
Goh Kuan Ho	-	36,000	-	36,000
Yen Siw Kuin	-	36,000	-	36,000
Angus Eugenio Campos	-	36,000	-	36,000
SUBTOTAL		108,000		108,000
TOTAL	1,495,440	216,000	255,343	1,966,783

* The other emoluments include unutilised annual leave, EPF, Socso and other Benefits-in-kind

CORPORATE GOVERNANCE STATEMENT (CONT'D)



A. THE BOARD OF DIRECTORS (CONT'D)

vi) REMUNERATION OF DIRECTORS (CONT'D)

DIRECTORS	NUMBER OF DIRECTORS	
	EXECUTIVE	NON-EXECUTIVE
0 - 50,000	-	3
450,001 - 500,000	1	-
650,001 - 700,000	1	-
700,001 - 750,000	1	-

vii) DIRECTORS' TRAINING AND CONTINUING EDUCATION PROGRAM

All the directors of the Company are encouraged to attend training programs that can further enhance their knowledge in the latest developments relevant to the Group, especially in the areas of corporate governance and regulatory development, to enable them to discharge their responsibilities effectively.

The summaries of training attended by the Directors for the financial year ended 31 December 2009 are as follows:

1. TAY BENG LOCK

Full convergence With International Financial Reporting Standards (IFRS) in year 2012	11 April 2009
Managing Common Employment Issues At The Workplace	29 June 2009
High Impact Selling & High Speed Marketing For Competitive Advantage Training	21-23 August 2009

2. YENG FOOK HOO

Full convergence With International Financial Reporting Standards (IFRS) in year 2012	11 April 2009
Managing Common Employment Issues At The Workplace	29 June 2009

3. CHIN FOOK KHEONG

Preparing For Convergence With International Financial Reporting Standards (IFRS)	24 March 2009
Full convergence With International Financial Reporting Standards (IFRS) in year 2012	11 April 2009
Technical Briefing on main market	18 June 2009
Managing Common Employment Issues At The Workplace	29 June 2009
China VAT and Business Tax Reform 2009	23 July 2009
High Impact Selling & High Speed Marketing For Competitive Advantage Training	21-23 August 2009

4. GOH KUAN HO

Full convergence With International Financial Reporting Standards (IFRS) in year 2012	11 April 2009
Managing Common Employment Issues At The Workplace	29 June 2009

5. YEN SIW KUIN

Full convergence With International Financial Reporting Standards (IFRS) in year 2012	11 April 2009
National Accountants Conference 2009	13-14 October 2009

6. ANGUS EUGENIO CAMPOS

Full convergence With International Financial Reporting Standards (IFRS) in year 2012	11 April 2009
Mandatory Accreditation Programme (MAP) for Directors of Public Listed Companies	21-22 July 2009



B. 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 in the 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 the Executive Directors. However, the ultimate responsibility to approve the remuneration of these Directors rests on the Board as a whole. The Executive 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.

The Company would like to disclose that it has fulfill the requirement of the Malaysian Code on Corporate Governance that requires the nominating committee to be composed exclusively of non-executive directors, a majority of whom are independent, with the responsibility for proposing new nominees for the Board and for assessing directors on an on-going basis.

iv) THE EMPLOYEES' SHARE OPTION SCHEME ("ESOS") COMMITTEE

The ESOS Committee comprises the Group Managing Director, the Deputy Group Managing Director, two (2) Independent Non-Executive Directors and one (1) senior management personnel of the Company. Meetings shall be held at least once a year.

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.



C. ACCOUNTABILITY AND AUDIT

i) INTERNAL AUDIT

Details of the Internal Control System are stated in the Statement of Internal Control in the Annual Report.

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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad, 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 Bursa Malaysia. 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.

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.

D. 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 corporate developments concerning the Group through the distribution of the information via the Bursa Malaysia website (www.bursamalaysia.com), as well as via the Investor Relations Channel of the Company's corporate website (www.ghl.com). Investors are encouraged to sign up for the free email-alert service to receive the latest updates of the Company, including the quarterly financial results.

As part of the Company's continuing disclosure obligation under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company aims to ensure timely announcements are made through the Bursa Malaysia website and the Company's Investor Relations Channel to enable investors to make informed investment decisions.

THE ANNUAL GENERAL MEETING

The Chairman and the Board encourage 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.



E. EMPLOYEES' SHARE OPTION SCHEME (ESOS) COMMITTEE

On 15 May 2008 at the EGM, the shareholders of the Company had approved the ordinary resolution of a new ESOS up to fifteen percent (15%) of the issued and paid up capital of GHL Systems Berhad.

On 3 November 2009, the Company has offered 19,769,000 ESOS options at an exercise price of RM0.50 per share to eligible executive directors and eligible employees of the Group. These ESOS options will expire on 2 November 2012.

TERM OF REFERENCE

1. CONSTITUTION

The Board of Directors ("the Board") resolved to establish a committee of the Board to be known as the ESOS Committee on 11 February 2003.

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 GHL Systems Berhad ("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

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 at least once 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.



E. EMPLOYEES' SHARE OPTION SCHEME (ESOS) COMMITTEE (CONT'D)

TERM OF REFERENCE (CONT'D)

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 GHIL Systems Berhad and its subsidiaries ("the Group");
- (iii) His/Her Maximum Entitlement (as described in Bye-Law 6);
- (iv) The total number of shares which comprises:-
 - 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 GHIL Systems Berhad unless such offer and the related allotment of shares have previously been approved by the shareholders of GHIL Systems Berhad 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.
- 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 GHIL Systems Berhad accompanied by a payment to GHIL Systems Berhad of a nominal non-refundable consideration of Ringgit Malaysia One (RM1.00) only for the grant of the Options.
- 7.3 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.

AUDIT COMMITTEE REPORT



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 11 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;
- (u) 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
- (l) All other matters delegated by the Board.

AUDIT COMMITTEE REPORT (CONT'D)



5. DUTIES, RESPONSIBILITIES AND RIGHTS (CONT'D)

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;
- (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.

The Group Finance Director, the internal auditor and a representative of the external auditors shall attend Audit Committee Meetings. The Audit Committee shall meet at least twice a year with external auditors without the presence of executive board members.

6. RIGHTS OF AUDITORS

The external auditors and internal auditors 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.

The Audit Committee has verified that the allocation of ESOS Options to the eligible directors and employees of the Group is in accordance with the ESOS Bye-Laws.

STATEMENT OF INTERNAL CONTROL



RESPONSIBILITY OF THE BOARD

The Board acknowledges that it has a responsibility to maintain a sound internal control system that ensures adequacy and integrity through a process of review, monitoring and assurance. The Management plays an integral role in assisting the design and implementation of the Board's policies on risk and control. This statement describes the processes that form the internal control framework throughout the Group's business operations, which are regularly reviewed by the Board. The internal control system was designed to manage, rather than eliminate, the risk of failure to achieve the Group's corporate objectives. In pursuing these objectives, internal control can provide only reasonable and not absolute assurances against material misstatements or losses.

RISK MANAGEMENT FRAMEWORK

Risk-Based-Auditing approach which begins with risk identification, risk evaluation and mapping of controls has been introduced and implemented. In addition, the Risk Management framework of the Company develops and maintains sound risk management policies and procedures for the respective business units, and ensures that risk exposures are being measured and monitored. The Group has established compliances in certain key subsidiaries and operates under the regulated environment plays a vital role in ensuring compliance with the relevant rules and regulations.

INTERNAL AUDIT FUNCTION

The Group has established an in-house internal audit function which work together with an independent outsourced internal audit service provider whose primary responsibility is to assure the Board, via the Audit Committee, that the stringent internal control systems are fully implemented. In providing this assurance, the internal audit function undertakes compliance testing and reports on exceptions under assessment.

These include independently reviews the risk management framework implemented by management, and reports to the Audit Committee on a quarterly basis. The Group Internal Audit provides assurance over the operation and validity of the system of internal control in relation to the level of risk involved using Risk-Based-Auditing methodology.

The Audit Committee regularly convenes meetings to deliberate on the findings and recommendations for improvement by Group internal audit, external auditors as well as regulatory authorities. The Audit Committee reviews the actions taken to rectify the findings in a timely manner, and to evaluate the effectiveness and adequacy of the Group's internal control systems.

The key elements of the Group's internal control system, that are regularly reviewed by the Board and are in accordance with the Guidance, are described below:-

- Establishment of a conducive control environment in respect of the overall attitude, awareness and actions of Directors and management regarding the internal control system and its importance to the Group;
- Recruitment of experienced, skilled and professional staff with the necessary caliber to fulfill the respective responsibilities and ensuring that minimum controls are in place;
- Clear Group structure, reporting lines of responsibilities and appropriate levels of delegation;
- Clearly defined delegation of specific responsibilities to committees of the Board and to management, as and when the Board deems fit to do so. These committees or management have the authority to examine all matters within their scope and report back to the Board with their recommendations;
- Documented policies, procedures which provides a sound framework of authority and accountability within the Group and facilitates proper corporate decision-making at the appropriate level in the Group hierarchy;
- Establishment of an effective segregation of duties via independent checks, review and reconciliation activities to prevent human errors, fraud and abuses;
- Disaster recovery backup plan to provide business continuity has been established in the key business activities. These disaster recovery plans are tested from time to time and enhanced whenever required;
- Regular and comprehensive management meetings and reports to the Board from various lines of operations and business units, on key business performance, operating statistics and regular matters. This enables effective monitoring of significant variances and deviation from standard operating procedures and budget.

The costs incurred for the internal audit function in respect of the financial year is approximately RM40,000.

STATEMENT OF INTERNAL CONTROL (CONT'D)



REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Internal Control for the inclusion in the annual report of the Company and of the Group for the financial year ended 31 December 2009 and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

The Board believes that the systems of internal controls in the Group are adequate and have been effective in their functions, with no significant problems noted during the period under review. Moving forward, the Group will continue to improve and enhance the existing systems of internal controls, taking into consideration the changing business environment.

This statement is made in accordance with a resolution of the Board of Directors dated 18 March 2010.