Part A: Explanatory notes on consolidated results for the quarter ended 30 September 2020

A1. Basis of Preparation

The interim financial report has been prepared in accordance with MFRS 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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

A2. Significant Accounting Policies

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

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

Effective for annual periods beginning on or after 1 January 2020

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

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

MFRSs and Amendments to MFRS issued but not yet effective

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

Title	**Effective Date**
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

The Group does not expect the adoption of the above Standards to have a significant impact on the financial statements.

A3. Audit Report of Preceding Annual Financial Statements

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

A4. Seasonal or Cyclical Factors

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

A5. Unusual Items

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

A6. Changes in Estimates

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

A7. Changes in Debts and Equity Securities

For the quarter under review, the Company issued 1,730,000 new ordinary shares at the issue price of RM1.08 pursuant to the Executives' Share Scheme ("ESS").

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

A8. Dividend Paid

There were no dividends paid during the quarter ended 30 September 2020.

A9. Segmental Reporting

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

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

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

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

i) e-pay services which provides Telco prepaid and other top-up facilities and, bill collection services for consumers ("reload and collection services") and

ii) GHL's direct merchant acquiring and electronic payment services ("electronic payment services")

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

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

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

A9. Segmental Reporting (continued)

Quarter - 30 September	**Malaysia**		**Philippines**		**Thailand**		**Others**		**Adjustment and Elimination**		**Consolidated**	
CONTINUING OPERATIONS	**2020 RM'000**	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
REVENUE												
External Sales												
Transaction Payment Acquisition	48,360	44,723	4,624	5,002	698	2,998	10	22	(828)	-	52,864	52,745
Shared Services	22,899	23,926	6,795	5,895	2,845	2,719	-	2	-	(165)	32,539	32,377
Solution Services	1,629	1,375	619	484	3,896	437	306	291	(17)	-	6,433	2,587
Inter-segment sales	8,089	5,748		-		-		-	(8,089)	(5,748)	-	-
	80,977	**75,772**	**12,038**	**11,381**	**7,439**	**6,154**	**316**	**315**	**(8,934)**	**(5,913)**	**91,836**	**87,709**
RESULTS												
EBITDA	**12,677**	**19,772**	**5,396**	**3,647**	**2,228**	**1,238**	**(122)**	**(475)**	**5,252**	**(5,155)**	**25,431**	**19,027**
Interest income	741	734	6	2	-	4	-	-	-	-	747	740
Interest expense	(632)	(321)	(175)	(252)	(7)	(13)	-	-	-	-	(814)	(586)
Depreciation	(6,631)	(5,904)	(2,078)	(2,422)	(737)	(802)	(134)	(221)	1,389	1,062	(8,191)	(8,287)
Amortisation of intangible assets	(67)	(66)	-	-	-	-	-	-	-	-	(67)	(66)
Profit before taxation	**6,088**	**14,215**	**3,149**	**975**	**1,484**	**427**	**(256)**	**(696)**	**6,641**	**(4,093)**	**17,106**	**10,828**
Taxation	(2,947)	(4,826)	(963)	(296)	(128)	(68)	(201)	-	(889)	1,339	(5,128)	(3,851)
Minority interest	-	-	-	-	-	-	-	-	165	359	165	359
Segment profit for the financial period after non-controlling interest	**3,141**	**9,389**	**2,186**	**679**	**1,356**	**359**	**(457)**	**(696)**	**5,917**	**(2,395)**	**12,143**	**7,336**
Segmental assets	**1,012,220**	**888,071**	**70,169**	**67,887**	**32,087**	**52,673**	**3,822**	**4,913**	**(452,914)**	**(304,151)**	**665,384**	**709,394**
Segmental liabilities	**627,481**	**574,348**	**25,159**	**40,618**	**12,783**	**34,250**	**2,775**	**1,369**	**(479,239)**	**(393,973)**	**188,959**	**256,612**

A9. Segmental Reporting (continued)

Cumulative - 30 Sept	Malaysia		Philippines		Thailand		Others		Adjustment and Elimination		Consolidated	
CONTINUING OPERATIONS	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
REVENUE												
External Sales												
Transaction Payment Acquisition	129,658	129,932	12,408	12,651	3,392	9,698	25	29	(1,635)	-	143,848	152,310
Shared Services	64,210	69,904	19,370	17,913	8,273	11,769	-	63	-	(478)	91,853	99,171
Solution Services	4,221	4,891	1,828	1,826	4,421	1,052	878	892	(21)	-	11,327	8,661
Inter-segment sales	24,878	19,331	-	-	-	-	-	-	(24,878)	(19,331)	-	-
	222,967	**224,058**	**33,606**	**32,390**	**16,086**	**22,519**	**903**	**984**	**(26,534)**	**(19,809)**	**247,028**	**260,142**
RESULTS												
EBITDA	**46,870**	**48,719**	**13,106**	**13,216**	**3,454**	**4,370**	**(979)**	**(1,433)**	**(27,599)**	**(12,170)**	**34,852**	**52,702**
Interest income	2,036	2,363	17	5	5	6	-	-	-	-	2,058	2,374
Interest expense	(1,037)	(1,137)	(633)	(697)	(58)	(88)	-	-	-	-	(1,728)	(1,922)
Depreciation	(15,681)	(16,248)	(6,046)	(6,896)	(2,214)	(2,315)	(425)	(650)	91	3,254	(24,275)	(22,855)
Amortisation of intangible assets	(199)	(199)	-	-	-	-	-	-	-	-	(199)	(199)
Profit before taxation	**31,989**	**33,498**	**6,444**	**5,628**	**1,187**	**1,973**	**(1,404)**	**(2,083)**	**(27,508)**	**(8,916)**	**10,708**	**30,100**
Taxation	(6,923)	(7,825)	(1,951)	(1,719)	(24)	(327)	(201)	-	(489)	(340)	(9,588)	(10,211)
Minority interest	-	-	-	-	-	-	-	-	6,429	958	6,429	958
Segment profit for the financial period after non-controlling interest	**25,066**	**25,673**	**4,493**	**3,909**	**1,163**	**1,646**	**(1,605)**	**(2,083)**	**(21,568)**	**(8,298)**	**7,549**	**20,847**
Segmental assets	**1,012,220**	**888,071**	**70,169**	**67,887**	**32,087**	**52,673**	**3,822**	**4,913**	**(452,914)**	**(304,151)**	**665,384**	**709,394**
Segmental liabilities	**627,481**	**574,348**	**25,159**	**40,618**	**12,783**	**34,250**	**2,775**	**1,369**	**(479,239)**	**(393,973)**	**188,959**	**256,612**

A10. Valuation of Property, Plant and Equipment

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

A11. Material Subsequent Events to the end of Current Quarter

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

A12. Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial quarter under review.

A13. Contingent Liabilities and Contingent Assets

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

	RM'000
Banker's guarantee in favour of third parties	
- Secured	13,596

A14. Capital Commitments

Capital commitments for purchase of property, plant and equipment not provided for as at 30 September 2020 are as follows:

	RM'000
Approved but not contracted for	3,704

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

B1. Review of Performance

Performance of current quarter (3Q 2020) vs corresponding quarter (3Q 2019) by segment

GHL's 3Q20 group revenue posted a 4.7% yoy to RM91.8 million as compared to RM87.7 million in the corresponding period in 3Q19. This quarter was a strong recovery over 2Q20 which bore the brunt of the COVID-19 lockdown which impacted many businesses adversely. 3Q20 registered pre-tax profits of RM17.1 million compared to RM10.8 million, an improvement of 58.0% yoy. 3Q20 profit after tax and minority interest was similarly higher at RM12.1 million (3Q19 PATMI RM7.3 million) reflecting the recovery in group revenue.

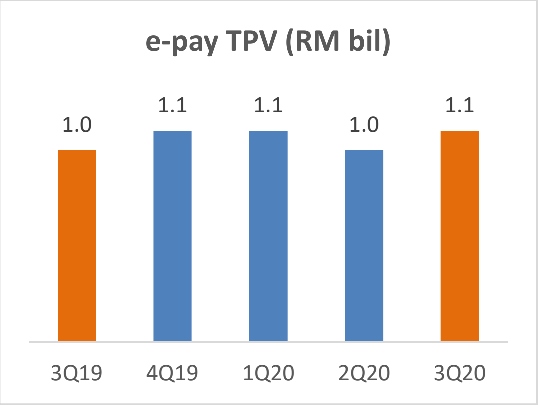
As the COVID-19 lockdown and movement restrictions were eased in much of ASEAN in stages, 3Q20 reflected much of the recovery in consumer spending as well as activities in the shared/solutions services divisions. The group's revenue in this quarter was still led by the TPA division but improvements in the other two business pillars also showed improvements qoq. The group's balance sheet remains healthy with a net cash position of RM101.7 million (31.12.2019 – Net cash RM97.1 million).

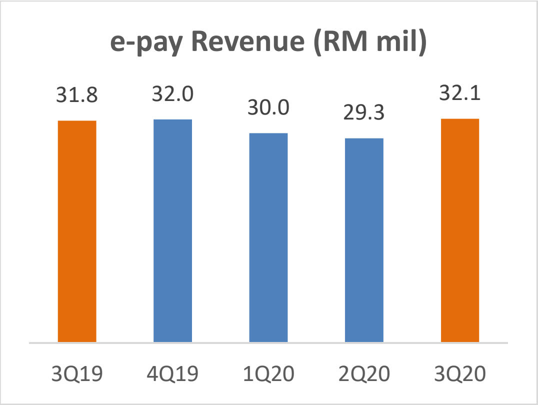
Transaction Payment Acquisition (TPA)

The TPA business has two distinct components, each in a different stage of development. These are:
i) e-pay's direct contractual relationships with merchants to provide Telco prepaid and other top-up facilities and, bill collection services for consumers ("reload and collection services") and
ii) GHL's direct contractual relationships with merchants to provide international and domestic card payment services ("card payment services") and e-wallet payment services. Each of these is described in more detail as follows: -

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

e-pay is the largest provider of reload and collection services in Malaysia. It has approximately 43,600 acceptance points nationwide, encompassing all petrol chains, large convenience store chains and general stores. The e-pay brand is well known to consumers who use the service. With over 20 years' experience, e-pay is clearly the market leader in Malaysia within this industry segment. A summary of key data relating to the e-pay business is found in the Table 1 below. As can be seen, the transaction value processed by e-pay grew by 8.7% with a marginal dip in gross profit margins to 100 basis points due to the change in merchant mix where the sales occurred during the quarter under review. 3Q20 TPV and GP margins improved over 2Q20.





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

Table 1

e-pay *(All stated in RM'millions unless stated otherwise)*	**3Q 2019**	**3Q 2020**	**% change**
Transaction Value Processed	**1,033.4**	**1,123.1**	**8.7%**
Gross Revenue	**31.8**	**32.1**	**0.8%**
Gross Revenue / Transaction Value (Note 1)	**3.1%**	**2.9%**	**-7.3%**
Gross Profit	**11.1**	**11.7**	**5.5%**
Gross Profit / Transaction Value (Note 1)	**1.1%**	**1.0%**	**-2.9%**
Merchant Footprint - e-pay Only (Thousands)	**42.0**	**43.6**	**3.8%**

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

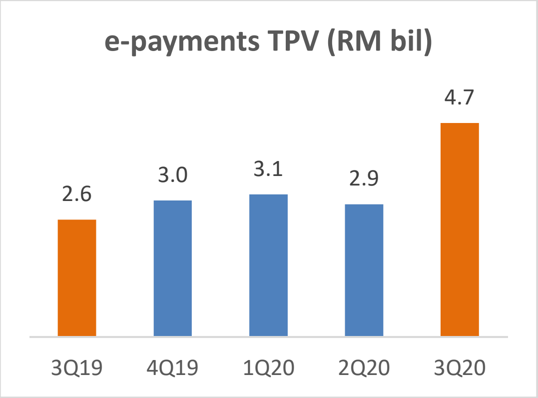
(ii) GHL (e-payment services)

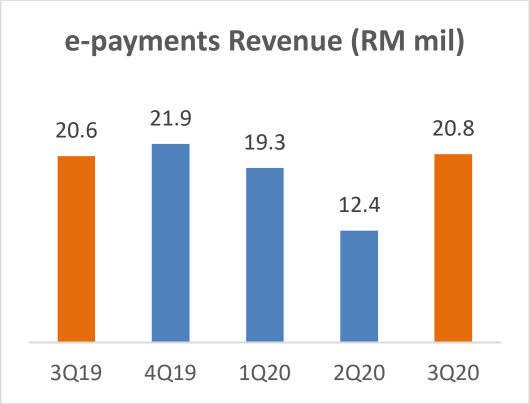
This TPA electronic payment services business is driven by our direct arrangement with international schemes, TPA arrangements with leading domestic banks in our respective markets as well as a leading China e-wallet providers which is expanding into Asean and local e-wallet providers in their respective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

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

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

The transaction value processed growth remained strong at 82.6%, with a significant switch from offline to online transactions in 2020 compared to a year before. Gross profit/transaction margins however declined to 20 basis points (3Q19 - 30 basis points) due to 1) product mix change of payment types, 2) merchant mix change as transactions are captured more at larger merchants during this quarter. Gross profits grew 10.7% yoy to RM8.8 million (3Q19 RM8.0 million). When compared to 2Q20, margins and TPV recovered as more merchants re-open and new merchants are on-boarded and a larger portfolio is built as well as our overseas TPA in Philippines and Thailand recover from the lockdown.





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

Table 2

GHL Electronic payments TPA *(All stated in RM'millions unless stated otherwise)*	**3Q 2019**	**3Q 2020**	**% change**
Transaction Value Processed (Note 1)	**2,576.1**	**4,703.1**	**82.6%**
Gross Revenue	**20.6**	**20.8**	**1.1%**
Gross Revenue / Transaction Value (Note 2)	**0.8%**	**0.4%**	**-44.6%**
Gross Profit (Note 3)	**8.0**	**8.8**	**10.7%**
Gross Profit / Transaction Value (Note 2)	**0.3%**	**0.2%**	**-39.3%**
Merchant Footprint - TPA Only (Thousands)	**86.7**	**104.5**	**20.4%**

Note 1 - Gross Revenue or Gross Profit respectively divided by the Transaction Payment Value expressed as a %.
Note 2 – The gross profit has been restated as a result of changes in indirect costs allocation basis due to required improvements to our internal business processes to include certain network service and compliance fees, as well as support expenses relating to the TPA business that were previously included in the administrative OPEX expenses. This reclassification from OPEX to COGS is intended to more accurately reflect the gross margins of this e-payment TPA segment

TPA division's revenues was up marginally by 0.2% yoy in 3Q20 to hit RM52.9 million (3Q19 – RM52.8 million) with both payments TPA and e-pay revenue marginally up. e-pay revenues were up 0.8% yoy on the back of a 8.7% yoy growth in e-pay TPV processed. Payments TPA on the other hand also showed a 1.1% yoy in revenue generated with a 82.6% yoy growth in higher TPV processed. Despite the stellar TPV growth, the blended merchant discount rates (MDR) were impacted by the payment type mix (eg online vs offline) and merchant mix during the quarter. e-pay remains the larger contributor in the TPA segment but the GHL electronic payments TPA (encompassing card, online, mobile and nextgen payments) are growing at a faster rate.

Some key observations during the COVID-19 pandemic were:
1) due to the movement lockdown where consumers were unable to go to physical shops, shifted their spending online which drove the group's online payment business eGHL strongly in 2020. As movement restrictions were relaxed, the offline segment began a gradual recovery in May 2020 onwards whereas the online segment continued its 2020 trajectory.

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

Shared Services

Shared services revenue in 3Q20 was higher marginally by 0.5% yoy to RM32.5 million (3Q19 – RM32.4 million) mainly due to higher hardware sales revenue but lower rental and maintenance revenue from Malaysia when compared to the same period a year ago.

Solutions Services

Solutions services gross revenue was up by 148.7% yoy in 3Q20 to RM6.4 million (3Q19 – RM2.6 million) due to network hardware sales in Thailand.

Performance of current quarter (3Q 2020) vs corresponding quarter (3Q 2019) by geographical segment

GHL's 3Q20 group revenue was up 4.7% yoy to RM91.8 million as compared to RM87.7 million in the corresponding period in 3Q19. All three business pillars of the group registered a yoy improvement over 3Q19 despite disruptions caused by the COVID-19 pandemic which is still being felt in the 3Q20 under review. The 3 main geographical markets contributed positively to the group's EBITDA line except for the new markets of Cambodia and Indonesia. Group wise, 3Q20 registered higher profit before tax of RM17.1 million compared to 3Q19 profit before tax of RM10.8 million, an improvement of 58.0% yoy.

Malaysia operations accounted for 78.5% of the group revenue in 3Q20 with a 3.3% yoy improvement due to improvements in TPA and Solutions services but tempered by a decline in Shared Services.

The Philippines operations was the second largest contributor, accounting for 13.1% yoy of 3Q20 group revenue. This 3rd quarter saw revenue improve by 5.8% yoy to RM12.0 million (3Q19 – RM11.4 million) dragged by lower contribution from TPA as many of the group's merchant shops were still closed during the strict community quarantine. Shared services and Solutions services revenue were however up by RM1.1 million yoy.

Thailand operations' 3Q20 revenue contributed 8.1% to the group total and grew 20.9% yoy to RM7.4 million (3Q19 RM6.2 million) due to a network project for a bank customer in 3Q20. A contraction in its TPA revenue which was badly hit by a significant drop in tourism arrivals due to the pandemic.

The group's other geographical operations recorded 3Q20 revenue of RM0.3 million (3Q19 – RM0.3 million) on an ongoing maintenance projects in Australia in its Solutions service division. There were no Shared solutions and TPA revenues recorded by our Australian operations for the quarter under review. This geographical grouping saw negative contributions at the EBITDA level due to ongoing investments in our Cambodian and Indonesian operations.

Performance of current quarter (3Q20) vs preceding quarter (2Q20) by segment
Table 3

Revenue (RM million)	**2Q20**	**3Q20**
TPA	41.7	52.9
Shared Services	26.1	32.5
Solutions Services	2.3	6.4
Group revenue	**70.1**	**91.8**
Profit/(loss) Before Tax	**-9.7**	**17.1**

For 3Q20 ended 30 September 2020, the group recorded revenue of RM91.8 million, up 31.0% qoq over RM70.1 million recorded in 2Q20. The improvements to top line revenues and across all segments were due to the relaxation of movement control and lockdown in Malaysia, Philippines and Thailand as the result of the COVID-19 pandemic which led to higher transactions across all payment segments and delivery of shared/solutions services divisions hardware. The lockdown across many businesses resulted in significant curtailment of expenditure and only slowly improved month-on-month as governments eased restrictions in May 2020 onwards. In line with the improvements in group revenue and operating environment, 3Q20 posted a pre-tax profit of RM17.1 million which is a significant qoq turnaround from the previous quarter. 2Q19 pretax losses of RM9.7 million mainly caused by two major non-cash expenses which was a fair value loss (RM2.3m) on the 2018 Paysys acquisition consideration shares and the write down in the group's investment in Cambodia (RM11.9m).

Performance of year to date period (3Q20) vs corresponding period (3Q19) by segment

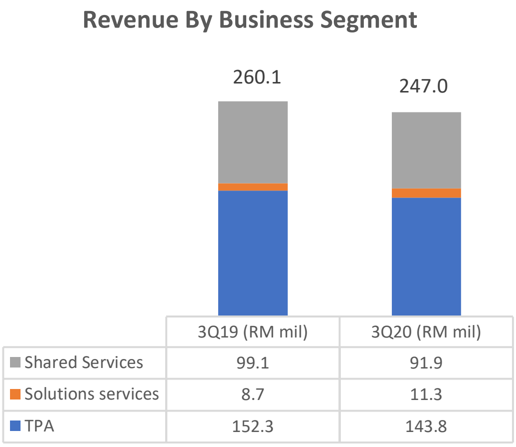
Group revenue for the first nine months of 2020 was down -5.0% yoy to RM247.0 million (3Q19 YTD – RM260.1 million) with declines across all three business pillars and in Malaysia and Thailand markets due to the COVID-19 pandemic but Philippines registered a small growth supported by its shared services segment. The group segmental performances were as follows (TPA -5.6% yoy; Shared Services -7.4% yoy; and Solutions Services, 30.8% yoy;). Despite the decline in topline

Performance of year to date period (3Q20) vs corresponding period (3Q19) by segment (continued)

revenue, the group was able to maintain a gross profit margin of 43.4% (3Q19 YTD – 42.7%). 3Q20 registered a pre-tax profit of RM10.7 million compared to RM30.1 million a year ago. In the first 9 months of 2020, there were two key non-cash expenses included in the financials, namely, fair value loss on the 2018 Paysys acquisition consideration shares (RM6.1m) and write-down of the group's Cambodia investment (RM11.9m).

Consequently, net profit after tax and minority interest in 3Q20 YTD was lower at RM7.5 million compared to the same period last year for 3Q19 YTD of RM20.8 million.

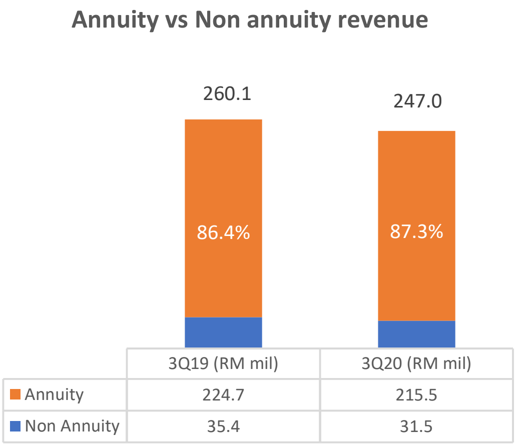
Table 4 Revenue by business segment



	3Q19 (RM mil)	3Q20 (RM mil)
■ Shared Services	99.1	91.9
■ Solutions services	8.7	11.3
■ TPA	152.3	143.8

TPA recorded lower revenue performance (down 5.6% yoy) due to lower TPV recorded in the offline segment as many merchants were closed due to the COVID-19 lockdown, especially in 2Q20. Although TPV and revenues for the online TPA segment was up but it was insufficient to mitigate the decline in revenues on the offline side. Shared Services recorded a decline due to lower EDC hardware sales during the lockdown in 2Q20 and lower rental/maintenance fees collected. Solutions Services performance was also up by 30.8% yoy as compared to the same period last year due to network solution contract which was implemented in 3Q20 for a bank client in Thailand.

Table 5 Annuity vs non-annuity revenue

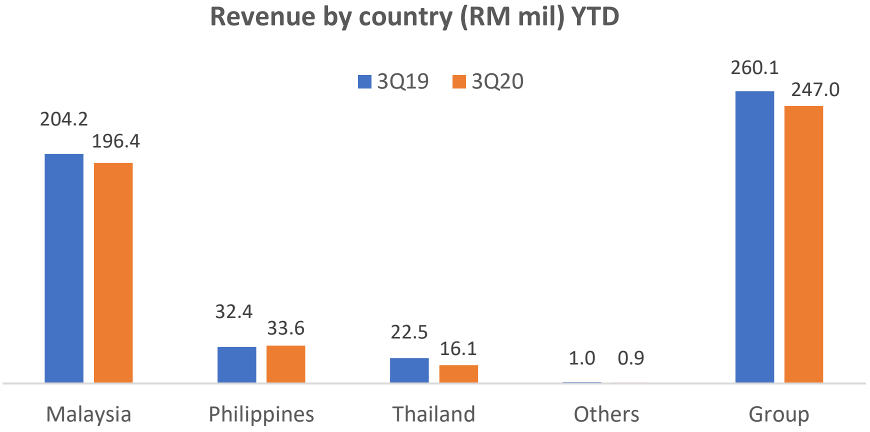


	3Q19 (RM mil)	3Q20 (RM mil)
■ Annuity	224.7	215.5
■ Non Annuity	35.4	31.5

Performance of year to date period (3Q20) vs corresponding period (3Q19) by segment (continued)

The annuity-based revenue component within the group's total revenue remains high at 87.3% and this compared to 86.4% achieved in the same period in the previous year as the result of lower hardware sales recognised in 3Q20 YTD due to the COVID-19 pandemic. Annuity based income also declined in absolute terms, as the result of lesser recurring TPA transaction captured during the lockdown months in 2Q20. The group's strategy is to grow the TPA and other businesses that have a strong recurring annuity-based revenue and at the same time to continue to support our main bank customers with their hardware and software requirements. As TPA recovery gathers momentum in all three geographical markets, we expect annuity revenues to remain strong and recover in the coming quarters.

Performance of year to date period (3Q20) vs corresponding period (3Q19) by country



Group revenue for the first nine months of 2020 was down -5.0% yoy to RM247.0 million (3Q19 YTD – RM260.1 million) with declines across all three business pillars and in Malaysia and Thailand markets due to the COVID-19 pandemic but the Philippines registered a small growth supported by its shared services segment.

Malaysian's contribution was stable at 79.5% (3Q19 – 78.5%) of group revenue and registered a 3.9% yoy decrease due to lower TPA (lower transaction revenues at physical merchant stores) and Shared Services (slower EDC hardware sales). Solutions services revenue showed a decline (lower network solution sales) in the first 9 months of 2020.

Philippines revenue was 3.8% yoy higher at RM33.6 million (3Q19 – RM32.4m) with EBITDA margin at 39.0% from 40.8% on the corresponding period. TPA and Shared services were up yoy but Solutions Services was flat over the same period last year. The lockdown situation in the Philippines remains on alert as daily cases remain high.

Thailand recorded a decline in revenue of -28.6% to RM16.1 million from RM22.5 million in 3Q19 dragged by lower Shared services revenue due to lower hardware sales which were deferred as the result of COVID-19 lockdown. TPA segment saw a strong revenue contraction due to the border closures which impacted tourist arrivals and hence the group's cross border e-wallet segment. However, Solutions services saw an uptick due to a network solutions project being implement in 3Q20. EBITDA remains positive at 21.5% compared to 19.4% in 3Q19.

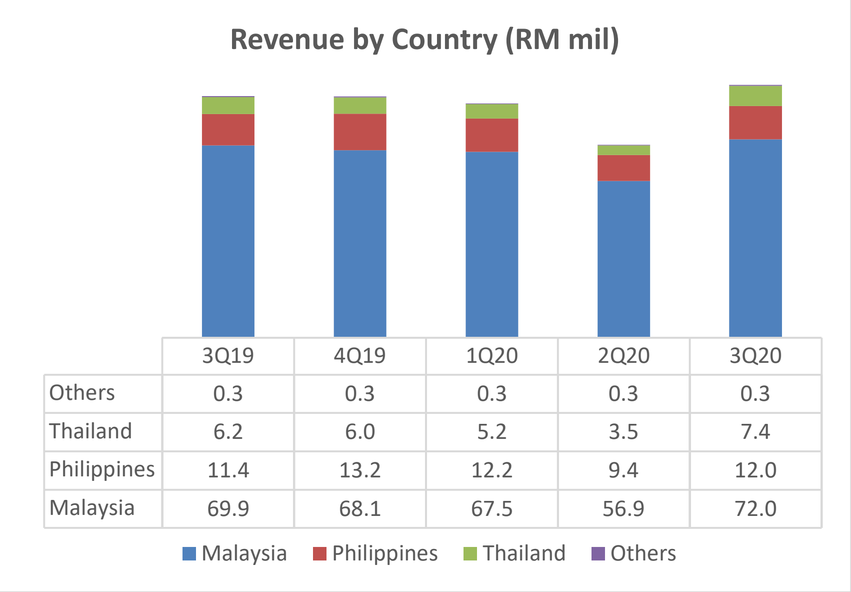
Other countries remain the smallest contributor to group operations at RM0.9 million or 0.4% of group turnover compared to 3Q19 turnover of RM1.0 million. The EBITDA contribution loss of RM1.0 million compared to RM1.4 million in 3Q19 was lower due to cost cutting efforts in Indonesia and Cambodia.

As at end September 2020, the group's payment touchpoints stood at 380,800 points, a -1.0% yoy and a -3.1% qoq decline. The reason for the decline in payment touchpoints was due to banks retrieving back unproductive terminals which impacts revenue from the group's shared services segment. Despite the overall contraction, the group's TPA payment touchpoint grew 15.0% yoy and this has led GHL group to process a TPV of RM13.9 billion in payment transactions (42% yoy growth) The TPV achieved in the first nine months of 2020 matches the TPV achieved in the entire 12 months of 2019.

Performance of year to date period (3Q20) vs corresponding period (3Q19) by country (continue)

During 3Q20, whilst the group maintained its regional footprint growth strategy, the group's footprint investment incurred was RM2.3 million (2Q20 – 2.3million, 1Q20- RM2.7 million, 3Q19 – RM2.8 million). The amount was scaled back initially due to the uncertainty COVID-19 situation in 2Q20 and despite the movement relaxation in May 2020 onwards, the group remained cautious in deploying resources to grow its TPA touchpoints. This investment figure is flat qoq as merchants slowly reopened their retail presence. The group had intentionally scaled back these investments to conserve cash as the group monitors the impact of COVID-19.

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



Revenue by Country (RM mil)

	3Q19	4Q19	1Q20	2Q20	3Q20
Others	0.3	0.3	0.3	0.3	0.3
Thailand	6.2	6.0	5.2	3.5	7.4
Philippines	11.4	13.2	12.2	9.4	12.0
Malaysia	69.9	68.1	67.5	56.9	72.0

B2. Current Year's Prospects (FY 2020)

2020 started on a cautious footing with news of a flu like epidemic which eventually turned into COVID-19 with the World Health Organisation declaring a worldwide pandemic on 11 March 2020. ASEAN countries had seen the COVID-19 outbreak worsened towards the end of 1Q20 with governments initiating movement restrictions and border controls in March 2020. Movement Control Order to stay at home and the closure of most businesses and economic activities save for essential services had adversely impacted consumer spending.

Our Group's services are deemed to be essential services in the countries we operate in as we provide payment services for businesses and consumers. Our Group initiated its Business Continuity Processes (BCP plans) to enable our operations across the region to continue operating. Amidst this, the welfare and health of our Group's employees remain utmost importance in these unprecedented times.

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

The brunt of the shutdowns and movement restrictions were felt in 2Q20 but a gradual recovery has been monitored as governments eased movement restrictions from mid-May onwards. The speed and extent of the recovery in the individual countries the group operates are dependent on many factors, both global and localised. As conditions progressively improved at different rates in the different markets in May 2020 onwards, activities and transactions improved gradually

B2. Current Year's Prospects (FY 2020) (continued)

and this has resulted in the improved performance in 3Q20. However, with the COVID-19 cases increasing, especially in Malaysia where the government has implemented conditional movement controls again in certain states since mid-October, the outlook for our final 4Q20 remains cautious.

In 2018, GHL group acquired Paysys (M) Sdn. Bhd. for a consideration of RM80.0 million. The final tranche of consideration comprising 10.061 million new GHL shares was issued to the vendors in 2Q20 and resulted in a non-cash expense of RM2.3 million (1H2020 – RM6.1 million). With the issuance of this final tranche of consideration shares, there will be no more fair value adjustments in the coming quarters.

Given the COVID-19 uncertainties surrounding the operating environment, the Group has taken a prudent measure to write down its investment in Cambodian operations in 2Q20 amounting to RM11.9 million as this operation has yet to contribute meaningfully to the group.

Due to the global uncertainties, the near-term outlook for most businesses and consumer sentiment are poor and the timing and extent of recovery, is difficult to estimate. The Group however remains positive in the long-term potential of the ASEAN e-payments industry and believes the trends of switching to e-payments and cashless channels will continue going forward.

B3. Profit before Taxation

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

	Current Quarter 30.09.2020 RM'000	**Preceding Year Corresponding Quarter 30.09.2019 RM'000**	**Current To Date 30.09.2020 RM'000**	**Preceding Year To Date 30.09.2019 RM'000**
Amortisation of intangible asset	67	66	199	199
Bad debts written off	32	203	32	203
Depreciation of property, plant and equipment	8,191	8,287	24,275	22,855
Fixed assets written (back)/ off	(204)	-	569	173
(Gain)/Loss on foreign exchange:				
Realised	1,217	9	(45)	162
Unrealised	229	17	(51)	(119)
(Gain)/loss on disposal of fixed Assets	(76)	(200)	115	(1,712)
Fair value loss on contingent consideration	-	-	6,141	-
Fair value gain in other investments	(108)	-	(240)	-
Impairment loss on goodwill	-	-	11,332	-
Impairment loss on property, plant and equipment	526	-	2,626	-
Impairment loss on receivables	1,221	95	3,774	555
Interest income	(747)	(740)	(2,058)	(2,374)
Interest expenses	814	586	1,728	1,922
Inventory written off/(back)	-	43	215	57
Rental expenses	133	292	361	727
Reversal of allowance for doubtful debts	(570)	(1,045)	(2,181)	(1,191)
Share based payment	-	285	287	854

B4. Tax expense

	Current Quarter 30.09.2020 RM'000	Year To Date 30.09.2020 RM'000
Current tax expenses based on (loss)/profit for the financial quarter:		
Malaysian income tax	(2,946)	(6,522)
Foreign income tax	(1,293)	(2,177)
Relating to origination and reversal of temporary differences	(889)	(889)
Total	(5,128)	(9,588)

The Group's effective tax rate for the current quarter and for the year to date ended 30 September 2020 was higher than the statutory tax rate mainly due to certain disallowable expenses for tax purposes.

B5. Status of Corporate Proposals

On 30 October 2020, the Company has announced a Bonus Issue of up to 381,002,972 new ordinary shares in GHL Systems Berhad ("GHL") on the basis of 1 bonus share for every 2 existing GHL shares held as at 5.00pm on 12 November 2020 ("entitlement date").

On 13 November 2020, the Company has announced the completion of Bonus Issue.

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

B6. Group Borrowings and Debt Securities

The Group's borrowings and debt securities as at 30 September 2020 are as follows:

	Long-term Borrowings		**Short-term Borrowings**		**Total Borrowings**	
	Foreign '000	**RM'000**	**Foreign '000**	**RM'000**	**Foreign '000**	**RM'000**
Secured						
Bank borrowings						
- Ringgit Malaysia	-	419	-	4,533	-	4,952
- Philippine Peso	-	-	-	-	-	-
Unsecured						
Bank borrowings						
- Ringgit Malaysia	-	14,540	-	4,618	-	19,158
		14,959		**9,151**		**24,110**

B7. Material Litigation

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

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

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

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

The Defendant has counterclaimed against the Plaintiff for the following:

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

On 20 November 2019, the Plaintiff has served on eGHL with its Reply and Defence to Counterclaim. On 21 November 2019, the matter which was fixed for case management before the Registrar. The Registrar had directed the parties to file the following by 23 December 2019:
(1) Summary of Case;
(2) Bundle of Pleadings;
(3) Common Bundle of Documents;
(4) Statement of Agreed facts;
(5) Statement of Issues to be Tried; and
(6) List of Witnesses.

The new trial dates have been fixed on 16 December 2020, 12 March 2021, 19 March 2021 and 2 April 2021.

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

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

B8. Dividend

No dividend has been declared for the financial quarter ended 30 September 2020.

B9. Earnings Per Share

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

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

	Current Quarter 30.09.2020	**Preceding Year Corresponding Quarter 30.09.2019**	**Current To Date 30.09.2020**	**Preceding Year To Date 30.09.2019**
Basic				
Profit attributable to owners of the Company (RM'000)	12,144	7,336	7,549	20,847
Weighted average number of ordinary shares in issue and issuable (Unit'000)	758,712	749,206	748,237	743,113
Basic earnings per ordinary share (Sen)	1.60	0.98	1.01	2.81
Diluted				
Profit attributable to owners of the Company (RM'000)	12,144	7,336	7,549	20,847
Weighted average number of ordinary shares in issue and issuable (Unit'000)	759,764	752,295	750,473	746,418
Diluted earnings per ordinary share (Sen)	1.60	0.98	1.01	2.79