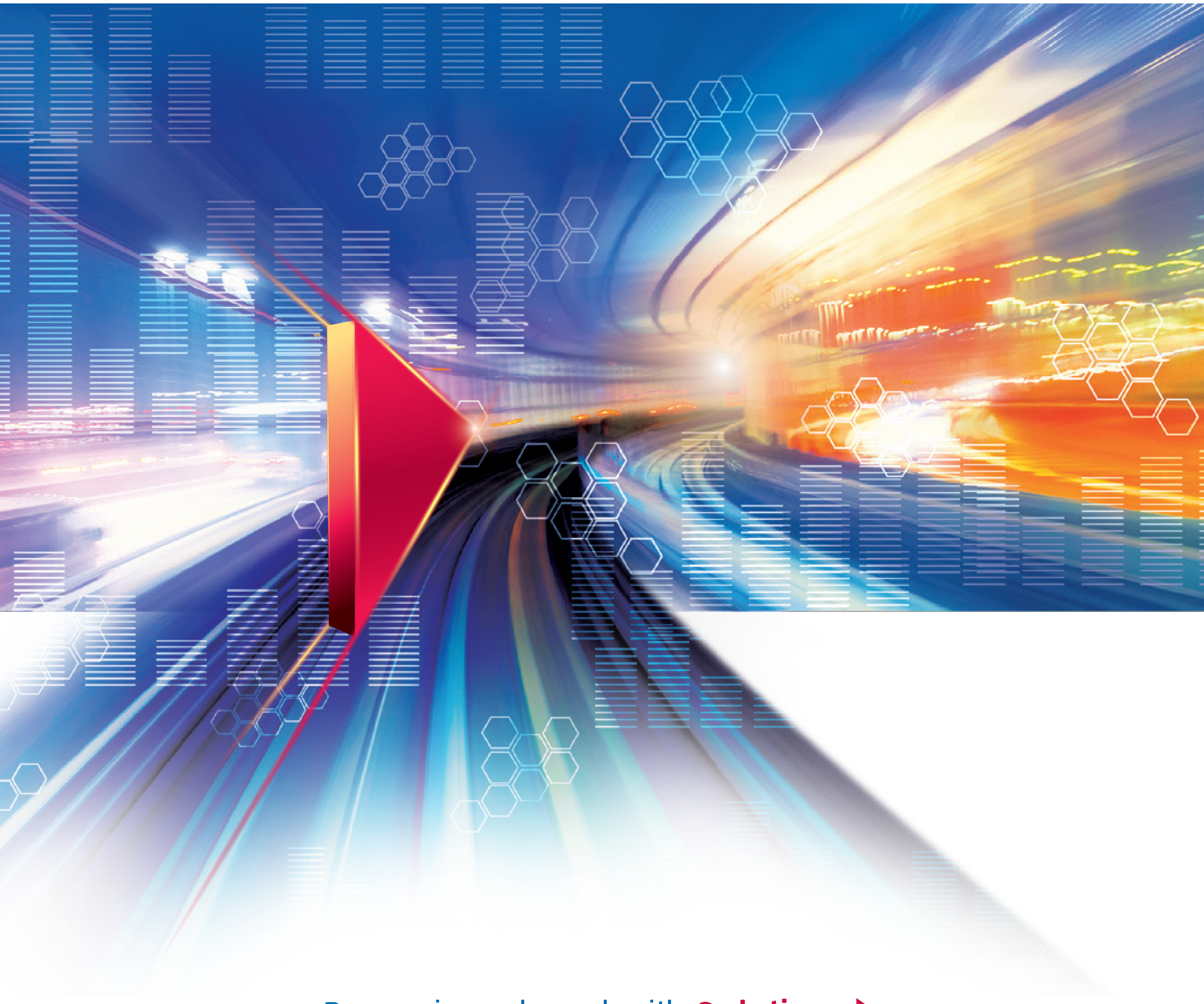
OpenSys (M) Berhad
Registration No. 199501040614 (369818-W)



Powering ahead with **Solutions**

Annual Report 2020

Contents

Financial Statements

Additional Information

Notice Of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-fifth Annual General Meeting of the Company will be held at Atlanta Ballroom, Level 3, Hotel Armada Petaling Jaya, Lot 6, Lorong Utara C, Seksyen 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Monday, 24th May 2021 at 3.00 p.m. for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31st December 2020 and the Reports of the Directors and the Auditors thereon. *(Please refer to Note 1.)*

2. To approve the payment of Directors' fees and benefits payable up to RM222,000.00 for the period from 1st June 2021 until the conclusion of the next Annual General Meeting of the Company. **(ORDINARY RESOLUTION 1)**

3 To re-elect the following Directors retiring in accordance with the Company's Constitution:-

i). Tune Hee Hian	Clause 78	**(ORDINARY RESOLUTION 2)**
ii). Datuk Ng Bee Ken	Clause 78	**(ORDINARY RESOLUTION 3)**

4. To re-appoint Messrs. HLB Ler Lum PLT as Auditors and to authorise the Board of Directors to fix their remuneration. **(ORDINARY RESOLUTION 4)**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Resolutions:-

5 **ORDINARY RESOLUTION**
AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

"THAT, subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Act, to allot shares in the Company from time to time at such price and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares allotted pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company at the time of submission to the authority, and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company AND THAT the Directors be and are hereby also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation of the additional shares so allotted." **(ORDINARY RESOLUTION 5)**

6. **RETENTION OF DATUK NG BEE KEN AS INDEPENDENT DIRECTOR**

   "THAT subject to the passing of ordinary resolution 3, Datuk Ng Bee Ken be and is hereby retained as Independent Non-Executive Director pursuant to the Malaysian Code on Corporate Governance." **(ORDINARY RESOLUTION 6)**

7. **RETENTION OF MR. JAMES HENRY STEWART AS INDEPENDENT DIRECTOR**

   "THAT Mr. James Henry Stewart be and is hereby retained as Independent Non-Executive Director pursuant to the Malaysian Code on Corporate Governance." **(ORDINARY RESOLUTION 7)**

8. To transact any other business which may properly be transacted at an Annual General Meeting for which due notice shall have been given.

By Order of the Board

LIM SECK WAH (MAICSA 0799845)
(SSM PC NO. 202008000054)
KONG MEI KEE (MAICSA 7039391)
(SSM PC NO. 202008002882)
Company Secretaries

Dated this 30th April 2021
Kuala Lumpur

Notice Of Annual General Meeting (cont'd)

Notes:

1. *The Audited Financial Statements are for discussion only as the Company's Constitution provides that the audited financial statements are to be laid in the general meeting.*

2. *For the purpose of determining a member who shall be entitled to attend, speak and vote at the Annual General Meeting, the Company shall be requesting the Record of Depositors as at 18th May 2021. Only a depositor whose name appears on the Record of Depositors as at 18th May 2021 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote in his/her stead.*

3. *A member entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend and vote in his/her stead. Where a member appoints two (2) proxies to attend at the same meeting, he/she shall specify the proportions of his/her holdings to be represented by each proxy. All voting will be conducted by way of poll.*

4. *(i) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, he/she may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

   (ii) Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.

5. *If the appointer is a corporation, the form of proxy must be executed under its Common Seal or under the hand of its attorney duly authorized.*

6. *The Form of Proxy must be deposited at the Registered Office of the Company at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*

7. *Explanatory notes on Special Business*

   7.1 The proposed Ordinary Resolution 5, if passed, will give the Directors of the Company the flexibility to allot new shares in the Company up to an amount not exceeding in total 10% of the total number of issued shares of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

   The Company continues to consider opportunities to broaden its earnings potential. If any of the expansion/diversification proposals involves the allotment of new shares, the Directors, under certain circumstance when the opportunity arises, would have to convene a general meeting to approve the allotment of new shares even though the number involved may be less than 10% of the total number of issued shares.

   In order to avoid any delay and costs involved in convening a general meeting to approve such allotment of shares, it is thus considered appropriate that the Directors be empowered to allot shares in the Company, up to any amount not exceeding in total 10% of the total number of issued shares of the Company at the time of submission, for such purposes. The renewed authority for allotment of shares will provide flexibility to the Company for the allotment of shares for the purpose of funding future investment, working capital and/or acquisitions.

   No shares have been issued and allotted by the Company since obtaining the said authority from its shareholders at the last Annual General Meeting held on 12th August 2020.

   7.2 The proposed Ordinary Resolutions 6 and 7, if passed, will allow the Independent Directors, Datuk Ng Bee Ken (who has served the Company for a cumulative period of more than 9 years but less than 12 years) and Mr. James Henry Stewart (who has served the Company for a cumulative period of more than 12 years), to continue to act as Independent Non-Executive Directors of the Company. The Board supports the retention of Datuk Ng Bee Ken and Mr. James Henry Stewart as Independent Directors for:-

   i) They understand the business nature and office culture
   ii) They provide the Board valuable advice and insight
   iii) They actively participate in Board deliberations and decision making in an objective manner
   iv) They uphold independent decision and challenges the management objectively.

   Ordinary Resolution 7 will be on two-tier voting pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance.

IMPORTANT NOTICE:-

In view of the outbreak of COVID-19 which is now a global pandemic, the Company has in place rules and control for the Annual General Meeting ("AGM") in order to safeguard the health of attendees at AGM. You are requested to read and adhere to the Administrative Guide issued which is sent together with this Notice of AGM. Members are also reminded to monitor the Company's website and announcements from time to time for any changes to the AGM's arrangements.

JAMES HENRY STEWART
Independent Non-Executive Chairman
(Canadian, Male, Aged 87)

James Henry Stewart was appointed as Independent Non-Executive Director of OpenSys on 6 November 2003. He was appointed as Chairman of the Board on 12 April 2012. He is a member of the Audit Committee and the Chairman of the Nomination Committee and Remuneration Committee.

He has more than 40 years of experience in the IT industry. His management expertise includes sales and marketing, human resource planning, financial management and customer relations. He was the Managing Director of NCR Corporation for South East Asia and responsible for the overall objectives of NCR Corporation subsidiaries in Thailand, Malaysia, Singapore, Philippines, Indonesia and Sri Lanka from 1995 to 1997. He was the Country Manager for NCR Malaysia from 1989 to 1996, Vice President Computer Systems Division for NCR Canada Ltd from 1986 to 1988 and Vice President, Product Development and Marketing for NCR Canada Ltd from 1984 to 1985. Prior to that, he occupied various management positions with NCR Canada Ltd from 1968 to 1984.

TAN KEE CHUNG
Executive Director, Group Chief Executive Officer
(Malaysian, Male, Aged 62)

Tan Kee Chung was appointed as Executive Director of OpenSys on 7 December 1995. He is a co-founder and the Group Chief Executive Officer of OpenSys.

He is responsible for the management of the business operations of the Company, business development and strategic planning.

He obtained his Bachelor of Science degree in Computer Science from the University of Brighton, United Kingdom in 1982 and he was also a Johor State Government Scholar. He has more than 30 years' experience, mainly in management, sales and marketing, in the IT industry. Prior to co-founding OpenSys, he was the Marketing Director of AT&T GIS from January 1993 to December 1995, General Systems Division Manager in NCR from January 1991 to December 1992, Financial Systems District Manager in NCR from January 1990 to December 1990, Major Accounts Manager in Digital Equipment Corporation from 1986 to 1989 and Major Accounts Sales Specialist in Rank Xerox Ltd, United Kingdom from 1982 to 1985. He was also a member of the AT&T GIS Leadership Advisory Council from 1993 to 1995.

CHEE HONG SOON

Executive Director
(Malaysian, Male, Aged 61)

Chee Hong Soon was appointed as Executive Director of OpenSys on 7 December 1995. He is a co-founder and the Senior Vice President of Internal Audit, Legal and Compliance of OpenSys. He primarily oversees the legal and compliance department of the Company. He obtained his Bachelor of Science degree in Physics from Universiti Malaya in 1983. He has more than 20 years' experience in transaction switching systems implementation, software application, database design, system migration and disaster recovery. Prior to cofounding OpenSys, he worked as a regional Enterprise Systems Consultant in AT&T GIS from 1990 to 1995 and Senior Systems Engineer in NCR from 1983 to 1989.

TUNE HEE HIAN

Executive Director
(Malaysian, Male, Aged 62)

Tune Hee Hian is the Senior Vice President of Business Development and Marketing at OpenSys (M) Berhad. With more than 25 years of experience in software development, project management and implementation of an online financial system, Tune was a founding member of the Company. Starting out as the Executive Director, he assumed his current position in 2015.

Among his responsibilities are management of business development, pre-sales and marketing. He plays an active role as the key management support to ensure strategic developmental initiatives within the Group.

Prior to co-founding OpenSys, he worked as a Group Manager for Financial Systems in AT&T GIS and several technical roles in NCR. Tune holds a Bachelor of Science degree in Education and a Postgraduate Diploma in Computer Science from Universiti Malaya in 1984. In 1995, he obtained a Master's Certificate in Project Management from George Washington University, Washington DC, USA. He was also a Certified Project Management Professional of the Project Management Institute.

DATUK NG BEE KEN

Independent Non-Executive Director
(Malaysian, Male, Aged 67)

Datuk Ng Bee Ken was appointed as Independent Non-Executive Director of OpenSys on 1 July 2010. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee.

He holds a Bachelor of Law (Hons) from the University of Wales, Cardiff; a Master of Laws from King's College, University of London; and a Barrister at Law from Lincoln's Inn. He also holds a Master of Science (Corporate Communication) from Universiti Putra Malaysia, an Associate of the Association of Costs & Executive Accountants, United Kingdom and is a Certified Mediator at the Malaysian Mediation Centre as accredited by the Malaysian Bar. He also holds a Doctor of Divinity from the Asia Pacific Seminary.

He is an Advocate and Solicitor of the High Court of Malaya since 1987, and presently is the Managing Partner of the law firm of Azri, Lee Swee Seng & Co. where he specializes in corporate law. Presently, he is the Chairman and an Independent Non-Executive Director of Pertama Digital Berhad (formerly known as Sinotop Holdings Bhd), an Independent Non-Executive Director of Widetech (Malaysia) Bhd, Talam Transform Bhd and Yong Tai Bhd.

DATO' ABDUL MANAP BIN ABD WAHAB

Independent Non-Executive Director
(Malaysian, Male, Aged 64)

Dato' Abdul Manap Bin Abd Wahab was appointed as Independent Non-Executive Director and Chairman of Audit Committee of OpenSys on 31 October 2013. He is also a member of the Nomination Committee and Remuneration Committee.

He graduated with a Diploma in Accountancy from Universiti Teknologi MARA (UiTM) in 1978. In 1980, he obtained his Bachelor in Business Administration from Ohio University, United States of America. In 1993, he graduated with a Masters in Business Administration (Finance) from the University of Hull, UK.

He started his career in 1980 with Malayan Banking Berhad ("Maybank") and served in various capacities throughout his tenure. He was the Head of Group Retail Marketing of Maybank before he left in 2002. From 2003 to 2004, he gave lectures, training and services as an independent consultant. He joined Bank Muamalat Malaysia Berhad as the Chief Executive Officer from 2005 to 2008. During that same period, he was also the President of the Association of Islamic Banks Malaysia. Throughout his banking tenure, he also served as a Director in Malaysian Electronic Payment System Sdn. Bhd. ("MEPS") and MEPS Currency Management Sdn. Bhd. He also sat on the audit committee of MEPS and served as a member of Program Development Panel in the International Centre for Education in Islamic Finance (INCEIF). He is also an Independent Non-Executive Director of Bermaz Auto Berhad.

Note: All the above-named Directors of the Company have no family relationship with any director or major shareholder of the Company; and have not been convicted of any offences within the past five (5) years (other than traffic offences, if any) particularly of any public sanction or penalty imposed by the relevant bodies during the financial year; and do not have any conflict of interest with the Company.

Profile of Senior Management

ERIC LIM SWEE KEAH

Chief Executive Officer

Malaysian, Male, Aged 56

He started his career with OpenSys in 1996 as its Sales Director, Sales & Marketing Director, Senior Vice President of Sales & Marketing and Chief Operating Officer. Prior to joining OpenSys, he was the Sales Director (General Systems Division) of NCR Malaysia.

In his 24 years of working in OpenSys, he is responsible for sales, marketing, business development and strategic business direction of OpenSys. He is also responsible for the Software Development & Integration Divisions, Business Process Outsourcing Divisions and Project Management Office of OpenSys. He was promoted to the role of Chief Executive Officer on 24 February 2020.

He holds a Bachelor of Science (Computer Science) degree as well as a Bachelor of Commerce degree from the Australian National University, Canberra, Australia.

LUKE SEBASTIAN

Chief Operating Officer - OpenSys Technologies

Malaysian, Male, Aged 42

Luke Sebastian is Chief Operating Officer of OpenSys Technologies and is responsible for business development and strategic planning for the company.

He oversees the functions that contribute to these objectives, including market and technology research, products, and solutions; services; marketing; and sales. Moreover, he oversees the Customer Support division which encompasses central operations and nationwide field engineering support for OpenSys' products and services.

Luke joined OpenSys in 2000 and has more than 20 years of experience in the technology industry spanning business leadership, product, and technical roles.

He holds a Bachelor of Science (with Honours) in Computing, Staffordshire University and earned the Credential of Readiness (CORe) from Harvard Business School Online.

WINNIE ONG POH HONG

Chief Financial Officer

Malaysian, Female, Aged 44

Winnie Ong holds a professional accounting qualification from the Association of International Accountants (AIA), UK. She is a member of the Institute of Public Accountants (IPA), Australia.

Ms Ong is responsible for overseeing the overall financial and accounting functions of the Group. She has over 20 years of working experience in finance, accounting, taxation and treasury management.

She was promoted to her current position on 1 January 2021.

KOH LEA CHEONG

Senior Vice President - Business Process Outsourcing

Malaysian, Male, Aged 54

Koh Lea Cheong obtained a First Class Honours Degree in Applied Science. He has over 28 years of extensive experience in software design, development and operational management particularly in the payments industry for cards, cheques and cash. He was promoted to his current position on 1 January 2015.

TUNE HEE HIAN

Senior Vice President - Business Development and Marketing

Malaysian, Male, Aged 62

As detailed in the Profile of Directors in this Annual Report.

WONG SIEW POOI

Senior Vice President – Software Development & Integration/ Cheque Processing Outsourcing

Malaysian, Female, Aged 46

Wong Siew Pooi holds a Bachelor of Computer Science Degree. She has over 21 years of working experience in software application design, development and support. She was promoted to her current position on 1 January 2015.

CHEE HONG SOON

Senior Vice President - Internal Audit, Legal and Compliance

Malaysian, Male, Aged 61

As detailed in the Profile of Directors in this Annual Report.

LEONG YOKE WAI

Senior Vice President – Research and Development

Malaysian, Male, Aged 62

Leong Yoke Wai holds a Bachelor of Computer Science Degree. He has over 36 years of working experience in self-service device software design, development and support and network configuration and support. He was appointed to his current position on 1 January 2019.

THAM KOK CHENG

Senior Vice President - Business Process Re-engineering

Malaysian, Male, Aged 68

Tham Kok Cheng holds a Master's Certificate in Commercial Project Management. He has 43 years of working experience in many areas of Information Technology including application software design, development and support and project management. He was appointed to his current position on 1 January 2018.

HENG KEN WEI

Senior Vice President - Centre of Technology

Malaysian, Male, Aged 45

Heng Ken Wei holds a Bachelor of Information Technology Degree. He has over 20 years of working experience in software application design, development and support. He was promoted to his current position on 1 January 2019.

OOI HOCK ANG

Senior Vice President - Hardware Development & Integration

Malaysian, Male, Aged 50

Ooi Hock Ang holds a Bachelor of Computer Science (Honours) Degree. He has over 24 years of working experience in software development and support and project management. He was appointed to his current position on 1 January 2019.

HON TIAN YANG

Vice President - Systems & Network Support

Malaysian, Male, Aged 44

Hon Tian Yang holds a Bachelor of Computer Science Degree. He has over 19 years of working experience in systems design, configuration and support and network design, configuration and support. He was promoted to his current position on 1 January 2015.

DENIS KOAY KAR HWA

Vice President - Sales

Malaysian, Male, Aged 41

Denis Koay Kar Hwa holds a Bachelor of Science in Computing Degree. He has over 17 years of working experience in sales and marketing of Information Technology products. He was appointed to his current position on 1 January 2017.

SHIYAMALA JOEGANATHAN

Vice President - Software Development & Integration

Malaysian, Female, Aged 44

Shiyamala Joeganathan holds a Bachelor of Computer Science (Honours) Degree. She has over 20 years of working experience in application software design, development and support. She was promoted to her current position on 1 January 2015.

NOR SHARIZAH MOHAMMED ZAWAWI

Vice President - Project Management Office

Malaysian, Female, Aged 47

Nor Shahrizah holds a Bachelor of Science in Information Systems (with Cum Laude) from Drexel University, Philadelphia. She is also certified in PRINCE2 Project Management Methodology. She has over 20 years of working experience in software development and project management. She was promoted to her current position on 1 January 2015.

CHONG BOON NI

Vice President - Software Development & Integration/ Cheque Processing Outsourcing

Malaysian, Female, Aged 45

Chong Boon Ni holds a Bachelor of Information Technology Degree. She has over 20 years of working experience in application software design, development and support. She was promoted to her current position on 1 July 2018.

STEVEN LAI KENG TATT

Vice President – Customer Support – OpenSys Technologies

Malaysian, Male, Aged 48

Steven Lai Keng Tatt holds a Diploma in Computer Science. He has over 24 years of working experience in customer services. He was promoted to his current position on 1 January 2020.

RICHARD LEOW SWIE KING

Vice President – Customer Support – OpenSys Technologies

Malaysian, Male, Aged 43

Richard Leow Swie King holds a Diploma in Information System Engineering. He has over 17 years of working experience in customer services. He was promoted to his current position on 1 January 2020.

Note:

None of the Senior Management staff holds directorship in public companies or public listed companies. None of the Senior Management staff has family relationship with any Director and/or major shareholder of the Company. None of the Senior Management staff has any conflict of interest with the Company. None of the Senior Management staff has been convicted for offences within the past 5 years or was publicly sanctioned or imposed with penalty by the relevant regulatory bodies during the financial year.

Corporate Information

BOARD OF DIRECTORS

James Henry Stewart
- *Chairman, Independent Non-Executive Director*

Tan Kee Chung
- *Executive Director and Group Chief Executive Officer*

Chee Hong Soon
- *Executive Director*

Tune Hee Hian
- *Executive Director*

Datuk Ng Bee Ken
- *Independent Non-Executive Director*

Dato' Abdul Manap Bin Abd Wahab
- *Independent Non-Executive Director*

COMPANY SECRETARIES

Lim Seck Wah
(MAICSA 0799845) (SSM PC NO. 202008000054)

Kong Mei Kee
(MAICSA 7039391) (SSM PC NO. 202008002882)

AUDIT COMMITTEE

1) Dato' Abdul Manap Bin Abd Wahab (Chairman)
2) James Henry Stewart
3) Datuk Ng Bee Ken

NOMINATION COMMITTEE

1) James Henry Stewart (Chairman)
2) Datuk Ng Bee Ken
3) Dato' Abdul Manap Bin Abd Wahab

REMUNERATION COMMITTEE

1) James Henry Stewart (Chairman)
2) Datuk Ng Bee Ken
3) Dato' Abdul Manap Bin Abd Wahab

REGISTERED OFFICE

Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: 03-2692 4271
Fax: 03-2732 5388

BUSINESS OFFICE

Level 26, Tower A
Pinnacle PJ
Jalan Utara C
46200 Petaling Jaya, Selangor
Tel: 03-7932 7888
Fax: 03-7932 7878
Web Site: www.myopensys.com

SHARE REGISTRAR

Mega Corporate Services Sdn. Bhd.
[Registration No. 198901010682 (187984-H)]
Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: 03-2692 4271
Fax: 03-2732 5388

AUDITORS

HLB Ler Lum PLT
[201906002362 (LLP0021174-LCA & AF0276)]
A member of HLB International
B-7-7, 7th Floor
Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur

PRINCIPAL BANKERS

Hong Leong Bank Berhad
[Registration No. 193401000023 (97141-X)]
Malayan Banking Berhad
[Registration No. 196001000142 (3813-K)]
Public Bank Berhad
[Registration No. 196501000672 (6463-H)]

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
ACE Market
Stock Code: 0040

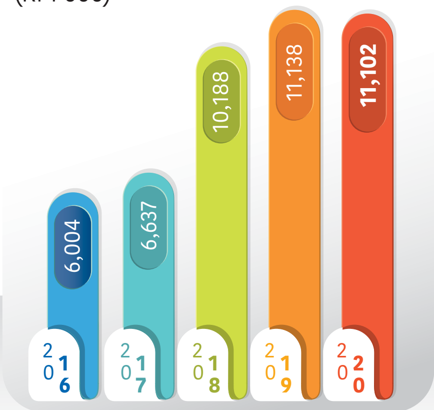
Financial Year Ended 31 Dec		2016	2017	2018	2019	2020
Revenue	RM'000	94,706	96,001	95,361	102,871	82,410
Profit Before Tax (PBT)	RM'000	7,888	9,863	14,304	15,351	15,187
Profit After Tax (PAT)	RM'000	6,004	6,637	10,188	11,138	11,102
Shareholders' Equity	RM'000	47,636	50,951	57,414	64,080	70,921
Earnings Per Share*	sen	2.02	2.23	3.41	3.73	2.48
Dividend Per Share	sen	1.00	1.00	1.25	1.50	1.25
Total Assets	RM'000	84,655	92,096	105,996	104,676	100,275
Net Assets Per Share*	sen	15.99	17.10	19.27	21.51	15.87

* The Earnings Per Share and Net Assets Per Share for financial year ended 31 December 2020 is shown after the bonus issue of 1 for every 2 existing shares which was completed on 14 October 2020.

Revenue
(RM'000)

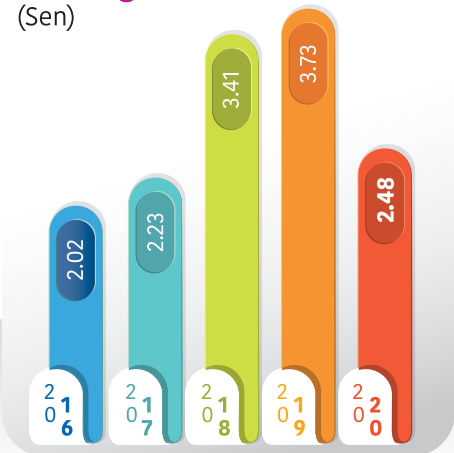
Profit Before Tax (PBT)
(RM'000)

Profit After Tax (PAT)
(RM'000)



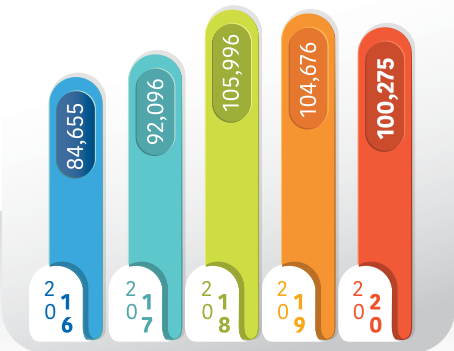
Shareholders' Equity
(RM'000)

Earnings Per Share
(Sen)



Dividend Per Share
(Sen)

Total Assets
(RM'000)



Net Assets Per Share
(Sen)

As at March 2021, the coronavirus has infected more than 125 million and taken the lives of 2.8 million people throughout the world since it surfaced in Wuhan, China in December 2019. From March 2020, most governments had to lock down their countries, closing borders and restricting movement of their populations to an unprecedented degree. As this report goes out to print, most countries are still fighting to contain the second and third waves of infectivity with even stricter healthcare measures.

Year 2020 had been a life-changing year for almost every business in Malaysia and throughout the world. The coronavirus is causing the most brutal recession in living memory and the economic impact caused by the pandemic is devastating. Millions of enterprises throughout the world face an existential threat. According to World Health organization, nearly half of the world's 3.3 billion global workforce are at risk of losing their livelihoods [(1)]. In Malaysia, a staggering total of 32,469 small medium and enterprises (SMEs) have folded since March 2020 when the Movement Control Order (MCO) was first implemented to curtail the coronavirus [(2)]. About 100,000 Malaysians had lost their jobs since the implementation of the MCO from March to November 2020 [(3)].

Despite the pandemic, OpenSys' business remains quite resilient because all our customers in the banking, telecommunication and utilities sector are deemed as essential services and have to remain operational throughout the movement control periods. The robust recurring business model that we have built over the past 20 years has truly paid dividends during this uncertain time. Due to the impact of the pandemic, some of our customers in particular banks, cut back on capital expenditures but their operating expenditures that contribute significantly to our revenue and profit remained intact.

OpenSys' core businesses in Cash Recycling Machine (CRM) and Branch Of The Future (BOTF) solutions are as relevant as ever. In fact, they are even more relevant now as banks seek to reduce face-to-face interactions with their customers to reduce the risk of exposing their staff to the coronavirus. Despite movement controls and fast adoption of e-payments during this pandemic, the ATM transaction volume in Malaysia is still at a very strong level of 828.5 million transactions valued at RM433.4 billion in 2020 [(4)]. Comparing e-Wallet transactions of 1.8 billion valued at only RM29.4 billion, it shows that the ATM channel is vital for the economy and cash is still a very important payment instrument.

Management Discussion & Analysis (cont'd)

According to Bank Negara Malaysia (BNM), cash remains the most prevalent medium of payment, despite movement restrictions and rapid acceleration in e-commerce and online spending in 2020 [5]. Cash In Circulation (CIC) grew 14.3 percent in 2020 to RM130.4 billion, the highest increase in the last 10 years.

In the foreseeable future, ATMs will continue to evolve and remain relevant by adopting mobile technologies to cater to Millenials and Gen Z. There are already ATMs today that allow customers to perform cardless ATM withdrawals using their mobile phones. Soon, customers will be able to sign into ATMs via recognition of fingerprints, irises, faces, or voices that are stored on their mobile phones, which will then transmit a code to the ATMs to do the necessary banking transactions.

Mindful of these possibilities, in 2018, OpenSys pioneered the ATM Smart Client concept with a major bank in Malaysia. ATM Smart Client is a web user interface that mimics the look, feel and usability of an Android or IOS tablet on an ATM screen without making any infrastructural change to the bank's ATM software environment. Our ATM Smart Client allows customers to perform all their frequent transactions within a personalized main screen thus creating an enriched customer experience with a modernized look and feel. Its intuitive user interface enables the bank to engage personalized sales and marketing activities with the customers at the point of transaction, resulting in additional revenue and profit to the bank.

Considering the advancements in ATM technology, it would not be inaccurate to view the ATM as the original "Fintech" disruptor. Before ATMs, the banks were very traditional and dependent on a lot of human resources to operate. After the advent of the ATM, the banks could re-deploy their human resources more efficiently to assist and educate customers on the banks' products and services, thus increasing profits. With the implementation of ATM Smart Client, OpenSys has taken the technology a step further by leveraging the ATM as the bridge between the digital and non-digital delivery channels of the banks.

While the ATM provides many upsides to banks as well as their customers, the downside is that the ATM infrastructure is expensive to set up and operate. In addition to high capital expenditure in hardware, software and network, the cost of cash represents the largest single segment of operating expenses for ATMs.

To mitigate the high cost of cash, the technology trend in recent years is to merge the separate functions of cash-dispensing and cash-deposit into dual-function machines called CRMs. CRMs can accept cash from depositors and dispense them to withdrawers so that the cash is essentially "recycled" – resulting in lower cost of ownership in the area of unused cash float, cash management, cash handling and space rental. Besides realizing savings of up to 25 to 30 percent in capital expenditure and operational cost, CRMs also provide better service levels to banks' customers because they have higher uptimes due to the 'automatic' replenishment of cash in the machines.

OpenSys' technology partner in the CRM market is OKI Electric Japan. OKI invented and pioneered the use of cash recycling technology about thirty-nine years' ago in 1982. Due to its first mover advantage, OKI is currently one of the leading suppliers of CRMs in Malaysia, Japan, China, India, Indonesia, Russia, South Korea, Taiwan and Brazil.

Since we introduced our CRMs into the marketplace in 2014, we have hitherto installed over 4,200 CRMs in Malaysia – making us the industry leader with a market share of approximately 80 percent. Our critical success factors can be attributed to having a superior cash recycling technology, better software applications and more reliable after-sales support vis-à-vis our competitors.

Besides our CRM success, OpenSys provides business process outsourcing (BPO) for bill payment kiosks to utility and telecommunication companies in Malaysia. Our bill payment kiosks allow customers to use cash, cheques, credit or debit cards to pay for bills and prepaid reloads.

In February 2020, we launched buySolar, a first of its kind, one-stop online solar marketplace together with one registered photovoltaic investor/service provider (RPVI/SP) and one financier. Notwithstanding the movement control order that followed, buySolar has been gaining traction among users in the domestic and commercial markets, consequently generating interests from several service providers across the solar photovoltaic (PV) industry.

To date, buySolar has on boarded 10 RPVI/SPs, three financiers and an insurance provider to offer wider choices for users' decision-making, which is in line with buySolar's pillars of customer experience, namely selection and convenience. At buySolar, we believe that a relentless focus on the customer experience, conjugated with a variety of options from reputable service providers, would create a virtuous cycle to drive adoption of solar PV for homes and businesses to reduce electricity bills, while simultaneously contributing towards long term environmental sustainability.

We have also made progress in SmartCIT, our secure logistics solution that revolutionizes and democratizes the traditional Cash-In-Transit (CIT) business. In 2020, we successfully obtained the approval of BNM to extend the dye-stained currency note replacement policy to handheld boxes fitted with ink-staining technology (IST). Using IST on CIT cash boxes will deter robberies and marks the first step towards lowering the overall CIT costs, in addition to improving efficiency and productivity. Through innovation, SmartCIT offers the opportunity to deliver secured cash management services at significantly lower prices currently charged by CIT operators, thus providing access to new areas of underserved market and disrupting existing ones.

OpenSys has four business revenue models, namely (i) outright sales, (ii) software services, (iii) outsourcing services and (iv) maintenance services. In outright sales, our CRMs and cheque deposit machines are sold directly to the financial institutions. In software services, we provide software development services to our customers when they need modification to their application software due to changes in their business or regulatory requirements. In outsourcing services, we provide bill payment kiosks to utility and telecommunication companies over a contract period of 3-5 years. The customers pay a rental for the machines plus a click charge for each transaction. In maintenance services, the banks pay us an annual maintenance fee of 10-12 percent based on the selling price of the machines. In return, we service and repair the machines to ensure high availability and optimum uptime.

It is important to note that all our customers are blue chip companies. Due to the size of these companies, the default risk for our trade receivables is minimal.

For the year ended 31 December 2020, the Group's revenue decreased 19.89 percent to RM82.14 million as compared to RM102.871 million in the preceding year due to a drop in the procurement of CRMs by our banking customers as a result of the pandemic. Despite the lower revenue, the Group's PBT remained relatively unchanged at RM11.10 million as compared to RM11.14 million in the preceding year. This is mainly due to strong profit contribution from our services segment that comprises life-cycle maintenance services for CRMs, business process outsourcing in bill payment kiosks and cheque processing.

	2016	2017	2018	2019	2020
Revenue (RM'million)	94.71	96.00	95.36	102.87	82.41
Profit After Tax (RM'million)	6.00	6.64	10.19	11.14	11.10

Moving forward [(6)], there is a huge latent demand for CRMs in Malaysia. Most banks are now fully aware of the technological and cost benefits of CRMs compared with ATMs or cash deposit machines (CDMs). Most of them are planning to replace their ATMs or CDMs with CRMs when their equipment reaches the end of their lifespan of typically 8 to 10 years. In addition to obsolescence, other factors such as end of vendor support for software operating systems, regulatory changes and compliance to international standards, may shorten the replacement cycle for ATMs and CDMs.

Currently, the total number of self-service kiosks for all banks in Malaysia is approximately 16,500 units [(7)] of ATMs, CDMs and CRMs and 2,700 units of cheque deposit machines. About 7 years' ago, OpenSys catalyzed the CRM market in Malaysia by developing proprietary software codes to enable banks that have separate computer mainframes for cash dispensing and cash deposits to use cash recycling technology.

Due to the efforts of OpenSys, the number of CRMs increased dramatically from a small installed base of 200-300 units in 2014 to more than 5,300 units at the end of 2020. The CRM market is growing at a 5-Year Compound Annual Growth Rate of 30.4 percent. The total installed base of CRMs now only constitutes about 32 percent of total machine population of 16,500 units. The CRM installed base will continue to grow at the expense of ATMs and CDMs. If this migration rate reaches 90 – 100 percent mirroring matured countries such as Japan, Korea and China, OpenSys is in a prime position to benefit from this uptrend. Considering our excellent track record in providing the best customer experience, we are optimistic that we will continue to win more market share than our competitors moving forward.

It is worth noting that the deployment of CRMs has slowed in 2020 as most banks took the prudent step of delaying purchases due to the pandemic. However, with the rapid development and deployment of the coronavirus vaccines and expected economic recovery, there could be a pent-up demand for CRM towards the second half of 2021.

In addition to the growth of CRMs, it is pertinent to note that an increasing number of banks are embarking on a comprehensive branch transformation strategy to modernize their traditional branch banking with digital banking – to cater to the needs of Millennials and Gen Z. The transformation of the traditional bank branches into modern branches make use of self-serve privacy stations, digital stations, self-service terminals and advanced technologies such as artificial intelligence to better predict individual customer's need for services and products and to provide them with a better in-branch experience.

OpenSys achieved the first breakthrough in this branch transformation strategy by successfully implementing a BOTF solution that combines the power of CRMs, teller cash recyclers (TCR) and mobile digital tablets in one of the major banks a couple of years ago. Our BOTF momentum witnessed a temporary setback in 2020 due to the pandemic but we are confident that it will re-ignite once the economic recovery is in place. We believe that the banks' experience from the pandemic will further spur demand for our BOTF solution. If healthcare measures are still required, our BOTF solution is designed to reduce face-to-face interactions between the bank staff and customers while the use of TCR addresses the hygiene concern of cash handling by the bank staff.

With our BOTF solution, the bank's branch staff have the flexibility and freedom to engage customers to promote and increase adoption of digital channel services as well as to cross-sell products and services. Furthermore, the bank would record significant productivity increase with an overall labour time savings of up to 60 percent as compared with its traditional model. The market potential for our BOTF solution is approximately 2,000 bank branches in Malaysia.

Our outsourcing business in providing bill payment kiosks to utility, insurance and telecommunication companies continues to remain strong. Not unlike banks, these institutions are transforming their branches to be leaner, friendlier and more efficient by rerouting mundane tasks to self-service kiosks. In doing so, they can free up their valuable human resources to perform more sales and marketing related activities with their customers.

The companies that are currently using our bill payment kiosks are progressively transforming and digitalizing their service centres. They want our kiosks to be turned into a digital hub to support not only payments but digital contents and services, sales of SIM plans, sales lead generation and product sales. OpenSys responded by designing a new Digital Kiosk with large touch screen, compact SIM card dispenser, facial recognition, and all-in-one payment module that supports cards, contactless and e-Wallet payments to meet the new requirements. More Digital Kiosks will be installed at premises of our bill payment kiosk customers in 2021.

In line with the fast adoption of e-Wallet payments in Malaysia, we are currently working on enabling e-Wallet payments on our bill payment kiosks. This will allow current users of our bill payment kiosks to use e-Wallets such as TNGo, Boost, GrabPay, AliPay and WeChatPay to pay for their bills or prepaid reload with their smartphones. According to BNM data, e-Wallet transactions amounted to 1.83 billion in volume and RM29.4 billion in value in 2020 [(4)]. It is projected that the value will grow to over RM80 billion by 2024 [(8)]. OpenSys intends to ride on this e-Wallet payment wave and we are upbeat that it will eventually become the payment mode of choice by the Millennials and GenZ on our bill payment kiosks.

To further expand on our existing bill payment kiosk business, we launched our White Label lifestyle digital payment kiosks, called X-KIOSK on 30 March 2021. X-Kiosk is a new, compact and cost-effective Digital Payment Kiosk that allows our customers particularly from the B40 segment to pay various types of bills, reload prepaid cards, purchase SIM cards and digital services using e-payments (cards and e-Wallets) or cash. We are deploying these kiosks at targeted lifestyle locations such as retail chain shops, shopping malls, laundromats, large residential apartments, universities, colleges, and et cetera. In addition to charging our usual transaction fee to the billers, we shall be acquiring the e-payment transactions to earn a merchant acquiring fee from the billers. We have obtained BNM approval in May 2020 to carry out Merchant Acquiring Services under Section 17 of Financial Services Act (2013), and are confident that the merchant acquiring fee generated from the Merchant Acquiring Services will complement our revenue and profit in 2021.

On buySolar, the introduction of Net Energy Metering (NEM) 3.0 program with an allocation of 500MW provides further opportunity for more users to install the solar photovoltaic (PV) systems and spur growth in the solar PV industry. The future of clean energy and technology adoption relies on innovation and access to financial services through easy-to-use digital channels. Going forward, buySolar will expand its cleantech and fintech offerings with more value added products and services to become the market catalyst for transitioning to clean and renewable energy economy.

On SmartCIT, we will be working closely with our partners to capture a significant market share of the CIT business by employing an ultra-efficient cash management service that utilizes the technological advances of dynamic planning, mobile interfacing and lightweight secured logistics to provide a seamless and cost-effective solution for our customers.

We currently own 12,064 square feet of office property at Pinnacle PJ and a three-storey shop office property at Putra Heights with an estimated value of RM13.0 million and RM3.0 million respectively. The properties at Pinnacle PJ are used as our corporate headquarters whereas the property at Putra Heights is mainly used for the assembly and staging of our CRMs, bill payment kiosks and cheque deposit machines.

With respect to creating value for our esteemed shareholders, we have been paying dividends to our shareholders for more than 10 years consecutively. We paid semi-annual dividends to our shareholders from July 2010 to December 2017 while in 2019, we raised our dividend payment to four times per year. In 2020, despite the pandemic, we retained our four-time dividend payouts for a total of 1.25 sen per share. As our cash flow remains healthy, we are confident that our dividend plan is sustainable, subject to unforeseen circumstances beyond our control.

The Board of Directors would like to take this opportunity to extend our gratitude and appreciation to our shareholders, customers, suppliers and business partners for the invaluable support rendered to OpenSys.

We would also like to thank every member of our management and staff for their dedication and commitment to grow with our Company, without whom our success would not be possible. In particular, with respect to the COVID-19 pandemic, we would like to express our utmost appreciation to our heroic front-line staff who work diligently to support our customers throughout all the movement control periods. Their professionalism and courage have contributed immensely to the reputation of our Company.

Notes:

(1) *Impact of COVID-19 On People's Livelihoods, Their Health And Our Food Systems – World Health Organization, 13 October 2020*

(2) *Over 30k SMEs Have Shuttered Since The Beginning of MCO, Parliament Told – The Star, 9 November 2020*

(3) *Nearly 100,000 Malaysians Have Lost Jobs Since Start of MCO, Says HR Ministry – The Star, 9 December 2020*

(4) *Electronic Payments: Volume and Value of Transactions – Bank Negara Malaysia website https://www.bnm.gov.my/payment-statistics*

(5) *Bank Notes, Coins In Circulation Grows Over 14 Percent To RM130.4 Billion In 2020: Bank Negara – New Straits Times, 31 March 2021*

(6) *Forward-looking statements are based on our current beliefs, expectations and assumptions, which may not prove to be accurate, and involve a number of known and unknown risks and uncertainties, many of which are out of OpenSys' control. Forward-looking statements are not guarantees of future performance, and there are a number of important factors that could cause actual outcomes and results to differ materially from the results contemplated by such forward-looking statements.*

(7) *The Association of Banks in Malaysia (ABM) Annual Report 2019.* ***Total no of units of ATMs, CDMs and CRMs as reported in the ABM Annual Report 2019 is 12,384 units. ABM only reports on behalf of commercial banks in Malaysia. Islamic banks, PayNet and other non-commercial banks have an estimated 4,100 units of ATMs, CDM and CRMs. Therefore, the total number of units is about 16,500 units.***

(8) *Banking On The e-Wallet in Malaysia – PwC Malaysia, October 2018*

Audit Committee Report

The principal objective of the Audit Committee is to assist the Board in discharging certain of its statutory duties and responsibilities in relation to financial, accounting and reporting practices and to ensure proper disclosure to the shareholders of the Company.

COMPOSITION AND DESIGNATION OF AUDIT COMMITTEE

The Audit Committee comprises the following members:-

Chairman

Dato' Abdul Manap Bin Abd Wahab	- Independent Non-Executive Director

Members

James Henry Stewart	- Independent Non-Executive Director
Datuk Ng Bee Ken	- Independent Non-Executive Director

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

MEMBERSHIP

The Audit Committee shall be appointed by the Board of Directors among themselves and shall be composed of not fewer than 3 members, exclusively non-executive directors with a majority being independent non-executive.

The members of the Audit Committee shall elect a chairman from among their members who is an independent director. The Chairman elected shall be subject to endorsement by the Board.

If a member of the Audit Committee resigns, or for any reason ceases to be a member with the results that the number is reduced below 3, the Board of Directors shall, within 3 months of that event, appoint such number of new members as maybe required to make up the minimum number of 3 members.

No alternate director shall be appointed as a member of the Audit Committee.

The terms of office and performance of the Audit Committee and each of its members shall be reviewed by the Nomination Committee annually. However, the appointment terminates when a member ceases to be a Director.

The Terms of Reference of the Audit Committee is made publicly available on the Company's website at www.myopensys.com in line with Rule 15.11 of ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

MEETINGS AND ATTENDANCE

The Audit Committee may require the external auditors and any official of the Company to attend any of its meetings as it determined. The external auditors may request a meeting if they consider one is necessary. The quorum for each meeting shall be at least 2 members, both of whom present shall be Independent Non-Executive Directors. The Company Secretary is the Secretary of the Audit Committee.

The Audit Committee shall whenever deemed necessary, to meet the external auditors and internal auditors without the presence of executive board members and management staff to encourage the auditors to voice out any issue of concern arising from their course of audit.

There were four (4) Audit Committee meetings held during the year 2020.

Record of attendance for meetings held during the financial year ended 31 December 2020 is as follows:-

Audit Committee Members	Attendance
Dato' Abdul Manap Bin Abd Wahab (Chairman)	4/4
James Henry Stewart	4/4
Datuk Ng Bee Ken	4/4

The Company Secretary attended all the Audit Committee meetings.

In carrying out its duties, the Audit Committee reported to and updated the Board on any significant issues of concerns and where appropriate, made necessary recommendations to the Board. The Company Secretary was responsible to record all proceedings and minutes of all meetings of the Audit Committee.

SUMMARY WORK OF THE AUDIT COMMITTEE DURING THE YEAR

The work of the Audit Committee during the financial year ended 31 December 2020 is as follows:-

- review the quarterly results and financial year end unaudited financial results of the Group;
- review the adequacy of the audit scope and plan of the external auditors;
- review reports of the internal and external auditors;
- assess the integrity, capability and professionalism of the external auditors and review the scope of audit service and their proposed fee;
- review the internal auditors' scope of work;
- to follow up with the internal auditors on any irregularity and findings; and
- review the internal control policy and internal control system.

SUMMARY WORK OF THE AUDIT COMMITTEE DURING THE YEAR (cont'd)

To ensure that the external auditors' independence is not impaired, the Audit Engagement Partner in charge of the Company is rotated every 7 years. Internally, the external auditors conduct an Independent Partner Engagement quality control review in order to preserve their independence and integrity. The external auditors had also provided written assurance to the Audit Committee they had been independent throughout the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The Audit Committee has reviewed the performance of the external auditors based on the following criteria:-

- quality of engagement team;
- quality of interaction and communication; and
- independence, objectivity and professionalism.

Based on the review, the Audit Committee found that the external auditors have performed professionally and is independent. The Audit Committee recommended the external auditors' reappointment to the Board to be proposed for shareholders' approval at the Annual General Meeting.

INTERNAL AUDIT FUNCTIONS

The Company outsourced its internal audit division to a third party professional firm to assist the Audit Committee in discharging their responsibilities and duties. The role of the internal audit functions is to undertake independent regular and systematic reviews of the system of internal controls so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively.

The fee (inclusive of government tax) paid to the professional firm in respect of the internal audit function for the financial year ended 31 December 2020 was RM28,180.10.

The internal audits cover the review of the adequacy of risk management, operational controls, and compliance with established procedures, guidelines and statutory requirements.

During the financial year under review, the internal auditors reviewed and audited the following areas:-

i. Management Control System
ii. Purchase and Payment System
iii. Cash and Bank Management
iv. Account Receivables
v. Payment System and Account Payables
vi. Inventories Control Management
vii. Manufacturing & Assembly

There were no significant issues in the internal control system during the period under review.

The Board of Directors of OpenSys (M) Berhad ("the Company") ("the Board") remains committed towards governing, guiding and monitoring the direction of the Company with the objective of enhancing long term sustainable value creation aligned to the interests of shareholders and other stakeholders. The Board strives and advocates good corporate governance and views this as a fundamental part of discharging its roles and responsibilities.

The Board is fully committed to the principles and recommendations of the Malaysian Code on Corporate Governance ("MCCG" or "the Code"). This Statement is prepared in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("AMLR") and it is to be read together with the Corporate Governance Report 2020 of the Company which is available on the Company's website at www.myopensys.com.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

The Board recognises the key role it plays in charting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:-

- reviewing and adopting a strategic plan for the Company, addressing the sustainability of the Group's business;
- overseeing the conduct of the Group's business and evaluating whether or not its businesses are being properly managed;
- identify principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;
- ensuring that all candidates appointed to senior management positions are of sufficient calibre, including the orderly succession of senior management personnel;
- overseeing the development and implementation of a shareholder communications policy, including an investor relations programme for the Company; and
- reviewing the adequacy and integrity of the Group's internal control and management information systems.

To assist in the discharge of its stewardship role, the Board has established Board Committees, namely the Audit Committee, Nomination Committee and Remuneration Committee, to examine specific issues within their respective terms of reference as approved by the Board and report to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board.

The Board Charter

The Board has established a Board Charter to provide clarity and guidance in the roles and responsibilities to the Board members. The Board Charter was reviewed by the Board on 22 February 2021 and is made publicly available on the Company's website at www.myopensys.com.

The Board Charter will be reviewed and updated periodically to ensure their relevance and compliance.

Code of Ethics

The Board has formulated the Code of Ethics to enhance the standard of corporate governance and behaviour with a view to achieve the following objectives:-

- To establish standard of ethical conduct for directors based on acceptable belief and values that one upholds.
- To uphold the spirit of social responsibility and accountability of the Company in line with the legislations, regulations and guidelines governing it.

Whistleblowing Policy

The Board has formalised the Whistleblowing Policy, which provides an avenue for employees to make good-faith disclosure and report instances of unethical, unlawful or undesirable conduct without fear of reprisal.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Anti-Bribery and Corruption Policy

The Group adopts a zero tolerance approach against all forms of bribery and corruption for all levels of employees on carrying out the Group's operations. The Group has established an Anti-Bribery and Corruption Policy ("ABC Policy") to ensure that the Group's business operations conforms to the highest level of integrity and ethics. The ABC Policy represents the Group's stance on bribery and corruption in any form, and serves to protect the Group from financial and reputational loss. All employees of the Group must comply with the ABC Policy and the relevant laws and regulations on anti-bribery and corruption.

Sustainability of Business

The Board is mindful of the importance of business sustainability and, in conducting the Group's business, the impact on the environmental, social and governance aspects is taken into consideration. Accordingly, the Board ensures that the Company takes into account of sustainability, the environment, social and governance elements in its business operations.

Supply of, and Access to, Information

The Board is supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters, by way of Board reports or upon specific requests, for decisions to be made on an informed basis and effective discharge of Board's responsibilities.

Good practices have been observed for timely dissemination of meeting agenda, including the relevant Board and Board Committee papers to all Directors prior to the Board and Board Committee meetings, to give effect to Board decisions and to deal with matters arising from such meetings. The Executive Directors and/or other relevant Board members furnish comprehensive explanation on pertinent issues and recommendations by Management. The issues are then deliberated and discussed thoroughly by the Board prior to decision making.

In addition, the Board members are updated on the Company's activities and its operations on a regular basis. All Directors have unrestricted access to all information of the Company, Company Secretary's advice and from other professional advice to enable them to discharge their duties and responsibilities.

Senior Management of the Group and external advisers are invited to attend Board meetings to provide additional insights and professional views, advice and explanations on specific items on the meeting agenda. Besides direct access to the Management, Directors may obtain independent professional advice at the Company's expense, if considered necessary, in furtherance of their duties.

The Board is supported by suitably qualified, experienced and competent Company Secretaries. The Company Secretaries are responsible for ensuring that the Board procedures are followed and the applicable rules and regulations for the conduct of the affairs of the Board are complied with. The Company Secretary is also responsible for the secretarial functions such as compliance with all statutory and regulatory requirements, providing corporate advisory to the Board, recording the proceedings of all Board meetings and Board Committee meetings and proper maintenance of secretarial records.

During the financial year under review, the Board consisted of six (6) members, comprising three (3) Executive Directors and three (3) Independent Non-Executive Directors. This composition fulfils the requirements as set out under the Rule 15.02(1) of the AMLR which stipulate that at least two (2) Directors or nearest one-third (1/3) of the Board, whichever is higher, must be Independent. In the event of any vacancy in the Board resulting in non-compliance with Rule 15.02(1), the Company must fill the vacancy within 3 months. The profile of each Director is set out in this Annual Report. The Directors, with their differing backgrounds and specializations, collectively bring with them a wide range of experience and expertise in areas such as finance; accounting and audit; corporate affairs; and marketing and operations.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Nomination Committee

A Nomination Committee has been established, with specific terms of reference, by the Board, comprising exclusively Independent Non-Executive Directors as follows:-

Chairman
1. James Henry Stewart - Independent Non-Executive Director

Members
2. Datuk Ng Bee Ken - Independent Non-Executive Director
3. Dato' Abdul Manap Bin Abd Wahab - Independent Non-Executive Director

The Terms of Reference of the Nomination Committee is made publicly available on the Company's website at www.myopensys.com.

The Nomination Committee is primarily responsible for sourcing and recommending the right candidate to the Board, taking into consideration the Board structure, size, composition and the required mix of expertise and experience which the Director should bring to the Board. It assesses the effectiveness of the Board as a whole, the Board Committees and the contribution of each Director, including Non-Executive Directors.

The final decision on the appointment of a candidate recommended by Nomination Committee rests with the whole Board. The Board is entitled to the services of the Company Secretary who would ensure that the process and procedure on appointments are properly observed and adhered to the Code and AMLR.

Pursuant to the Company's Constitution, one-third (1/3) of the Directors including the Managing Director, shall retire from office, at least once in three (3) years. Retiring directors can offer themselves for re-election. Directors who are appointed by the Board during the financial year are subject to re-election by shareholders at the next Annual General Meeting held following their appointment.

At the forthcoming Annual General Meeting, Mr. Tune Hee Hian and Datuk Ng Bee Ken will retire by rotation pursuant to Clause 78 being eligible offer themselves for re-election.

During the financial year, the Nomination Committee has assessed the balance composition of Board members based on merits, Directors' contribution and Board effectiveness.

The Nomination Committee concluded that each Board member is competent and committed in discharging his duty and responsibility. Non-Executive Directors are independent in rendering their opinion and decision. All assessments and evaluations carried out by the Nomination Committee were properly documented.

The Board acknowledges the recommendations of the Code on the establishment of a gender diversity policy. There is no plan by the Board to implement a gender diversity policy or target, as the Board adheres to the practice of non-discrimination of any form, whether based on age, race, religion or gender, throughout the Group. This includes the selection of Board members. The Company believes in, and provides equal opportunity to candidates with merit.

The Board is of the view that the suitability of a candidate for the Board is dependent on the candidate's competency, skills, experience, expertise, character, time commitment, integrity and other qualities in meeting the needs of the Company, regardless of gender.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Remuneration Committee

A Remuneration Committee has been established by the Board, comprising entirely of Independent Non-Executive Directors as follows:

Chairman
1. James Henry Stewart - Independent Non-Executive Director

Members
2. Datuk Ng Bee Ken - Independent Non-Executive Director
3. Dato' Abdul Manap Bin Abd Wahab - Independent Non-Executive Director

The Remuneration Committee has been entrusted by the Board to determine that the levels of remuneration are sufficient to attract and retain Directors of quality required to manage the business of the Group. The Remuneration Committee is entrusted under its terms of reference to assist the Board, amongst others, to recommend to the Board the remuneration of the Executive Directors. In the case of Non-Executive Directors, the level of remuneration shall reflect the experience and level of responsibilities undertaken by the Non-Executive Directors concerned. In all instances, the deliberations are conducted, with the Directors concerned abstaining from discussions on their individual remuneration. During the financial year under review, the Committee met once attended by all members.

Directors' Remuneration

Details of Directors' remuneration for the financial year ended 31 December 2020 are as follows:-

	Fees (RM)	Salaries & Bonus* (RM)	Company Meeting Allowances (RM)	Benefits in-kind (RM)	Total (RM)
Executive Directors		2,241,008		37,226	2,278,234
Non-executive Directors	174,000		7,500	5,000	186,500
Total	174,000	2,241,008	7,500	42,226	2,464,734

* The Salaries and Bonus includes employer's contribution to the Employees Provident Fund (EPF).

No fees, salaries, bonuses, allowances, or benefits were paid to the both Executive and Non-Executive Directors in the subsidiaries of the Company.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Independence of the Board

The roles of the Chairman and the Group Chief Executive Officer are separated with a clear division of responsibilities between them to ensure balance of power and authority. In adherence with corporate governance best practice, the Chairman, Mr. James Henry Stewart is an unrelated non-executive independent director.

The Chairman is responsible for ensuring the adequacy and effectiveness of the Board's governance process and acts as a facilitator at Board meetings to ensure that contributions from Directors are forthcoming on matters being deliberated and that no Board member dominates discussion. As the Group Chief Executive Officer, supported by fellow Executive Directors, he implements the Group's strategies, policies and decision adopted by the Board and oversees the operations and business development of the Group.

The Independent Non-Executive Directors deliberate every pertinent matter objectively. They give independent views, advice and judgment on interests, not only of the Group, but also of shareholders and stakeholders. Independent Non-Executive Directors are essential for protecting the interests of shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality.

The Board operates in an open environment in which opinions and information are freely exchanged and in these circumstances any concerns need not be focused on a single director as all members of the Board fulfil this role individually and collectively.

The Company does not have term limits for both Executive Directors and Independent Non-Executive Directors as the Board believes that continued contribution by Directors provides benefits to the Board and the Group as a whole. The integrity of Independent Director is not compromised by the long period of serving.

The Board recognizes the importance of establishing criteria on independence to be used in the annual assessment of its Independent Non-Executive Directors. In accordance with the Code, the Board must justify and seek shareholders' approval in the event it retains an independent director, a person who has served in that capacity for more than nine (9) years.

The Board has reviewed and assessed the independence of the Independent Director, namely, Mr. James Henry Stewart who has served as Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years and Datuk Ng Bee Ken who has served for a cumulative period of more than nine (9) years, and recommended them to continue as Independent Non-Executive Directors of the Company based on the following justifications:-

i. They understand the business nature and office culture
ii. They provide the Board valuable advice and insight
iii. They actively participate in Board deliberations and decision making in an objective manner
iv. They uphold independent decision and challenges the management objectively

Following an assessment conducted by the Board through the Nomination Committee, the Board opined that the independence of director cannot be assessed based on the quantitative aspect as stated in AMLR, but the true independence emanates from intellectual honesty, manifested through a genuine commitment to serve the best interests of the Company.

The Independent Directors still can continue to remain objective and independence in expressing their respective view and participate in deliberation and decision making of the Board and the Board Committees. The Board is further of the view that the length of service of the Independent Directors on the Board does not in any way interfere with their independent judgment and ability to act in the best interest of the Group. Hence, based on the recommendation by the Nomination Committee, the Board recommends that Mr. James Henry Stewart and Datuk Ng Bee Ken continue to be designated as Independent Non-Executive Directors of the Company.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Independence of the Board (cont'd)

Mr. James Henry Stewart and Datuk Ng Bee Ken had abstained from deliberation in regards to their continuance of office as Independent Non-Executive Directors respectively.

Board Meetings

The Board ordinarily meets at least four (4) times a year, scheduled well in advance before the end of the preceding financial year to facilitate the Directors in planning their meeting schedule for the year. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings. Board and Board Committee papers which are prepared by the Management provide the relevant facts and analysis for the convenience of Directors. The meeting agenda, the relevant reports and Board papers are furnished to the Directors and Board Committee members well before the meeting to allow the Directors sufficient time to peruse for effective discussion and decision making during meetings. At the quarterly Board meetings, the Board reviews the business performance of the Group and discusses major operational and financial issues.

The Chairman of the Audit Committee informs the Directors at each Board meeting of any salient matters noted by the Audit Committee and which require the Board's attention or direction. All pertinent issues discussed at Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretary by way of minutes of meetings.

There were four (4) Board meetings held during the financial year ended 31 December 2020, with details of Directors' attendance set out below:-

Board Of Directors	Attendance
James Henry Stewart	4/4
Tan Kee Chung	4/4
Chee Hong Soon	4/4
Tune Hee Hian	4/4
Datuk Ng Bee Ken	4/4
Dato' Abdul Manap Bin Abd Wahab	4/4

The Directors observe the recommendation of the Code that they are required to notify the Chairman before accepting any new directorship and to indicate the time expected to be spent on the new appointment. To ensure that the Directors have the time to focus and fulfil their roles and responsibilities effectively, they must not hold directorships at more than five (5) public listed companies and must be able to commit sufficient time to the Company.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at Board meetings.

The Board is mindful of the importance for its members to undergo continuous training to be apprised on changes to regulatory requirements and the impact such regulatory requirements have on the Group.

All the Directors of the Company have attended the Mandatory Accreditation Programme within the stipulated timeframe required in AMLR.

PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Independence of the Board (cont'd)

Directors' Training

All Board Members have attended pertinent training on areas relevant to the Group business management and human resource as follows:-

i. Anti-Bribery and Anti-Corruption Training

Throughout the year, all Directors regularly received updates and briefings, particularly from the Company Secretary, internal and external auditors on changes in regulatory. They continue to remain updated on industrial practice, business environment, IT products and knowledge.

The external auditors also briefed the Board members on any changes to the Malaysian Financial Reporting Standards that would affect the Group's financial statements during the financial year under review.

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT

In assisting the Board to discharge its duties on financial reporting, the Board has established an Audit Committee, comprising wholly Independent Non-Executive Directors, with Dato' Abdul Manap Bin Abd Wahab as the Committee Chairman. The composition of the Audit Committee, including its roles and responsibilities, are set out in the Audit Committee Report of this Annual Report. One of the key responsibilities of the Audit Committee in its specific terms of reference is to ensure that the financial statements of the Group and Company comply with applicable financial reporting standards in Malaysia. Such financial statements comprise the quarterly financial report announced to Bursa Securities and the annual statutory financial statements.

The Directors are responsible for the preparation of financial statements for each financial year and ensure that the financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2020 and of the results of their operations and their cash flows for the year ended then. The Directors are responsible to ensure that the annual audited financial statements of the Group and of the Company are drawn up in accordance with the requirements of the applicable approved accounting standards in Malaysia, the provisions of the Companies Act 2016, and the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are responsible for ensuring proper accounting records are kept, which disclose with reasonable accuracy, at any time, the financial position of the Group and of the Company. The Directors are also responsible for taking such reasonable steps to safeguard the assets of the Group and the Company to prevent fraud and other irregularities.

The Directors are satisfied that in preparing the financial statements of the Group and the Company for financial period ended 31 December 2020, the Group and the Company have used the appropriate accounting policies and applied them consistently and supported by reasonable and prudent judgments and estimates and prepared the annual audited financial statements on a going concern basis.

In assessing the independence of external auditors, the Audit Committee requires written assurance by the external auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants.

PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

During the financial year under review, the Management has a process in place to identify and evaluate the related business risks. The issues on risks were discussed by the Management with the Chief Executive Officer who would articulate risks associated with projects and investment, including any risk exposure that the Group faced in its operations. It is a continuous process and the Management meets on ad hoc basis to update the monitoring and risk mitigation process.

The internal audit function of the Group is outsourced to an independent professional firm, whose work is performed with impartially, proficiency and due professional care, and in accordance with the International Professional Practices Framework of the Institute of Internal Auditors, Incorporated, which sets out professional standards on internal audit. It undertakes regular reviews of the adequacy and effectiveness of the Group's system of internal controls and risk management process, as well as appropriateness and effectiveness of the corporate governance practices. The Internal Audit reports directly to the Audit Committee. Further details on the internal audit function can be seen in the Audit Committee Report and the Statement on Risk Management and Internal Control in this Annual Report.

PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Company and its subsidiaries to be made to the regulators, shareholders and stakeholders. On this basis, the Board will not only comply with the disclosure requirements as stipulated in the AMLR, but also instruct the persons authorised and responsible to approve and disclose material information to regulators, shareholders and stakeholders.

The Company also maintains a corporate website, www.myopensys.com to disseminate information and enhance its investor relations. All timely disclosure, material information and announcements made to Bursa Securities are published on the website after the same are released by the Company.

The Annual General Meeting ("AGM"), which is the principal forum for shareholder dialogue, allows shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification. At the AGM, shareholders participate in deliberating resolutions being proposed or on the Group's operations in general. At the last AGM, a question and answer session was held where the Chairman invited shareholders to raise questions with responses from the Board.

The Notice of AGM is circulated before the date of the meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed. Shareholders are invited to ask questions both about the resolutions being proposed before putting a resolution to vote as well as matters relating to the Group's operations in general. All the resolutions set out in the Notice of the last AGM were put to vote by way of poll and duly passed. The outcome of AGM was announced to Bursa Securities on the same meeting day.

With effect from 1 July 2016, Rule 8.31A of AMLR provides that all resolutions set out in the notice of any general meeting shall be voted by poll where every one share has one vote. It also provides that a scrutineer independent of the polling process shall be appointed to validate the votes cast.

The Board recognises the importance of being transparent and accountable to the Company's investors and, as such, has various channels to maintain communication with them. The various channels of communications are through the quarterly announcements on financial results to Bursa Securities, relevant announcements and circulars, when necessary, the Annual and Extraordinary General Meetings and through the Group's website at where shareholders can access pertinent information concerning the Group.

PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (cont'd)

The Board recognises that there are always opportunities for improvement in its corporate governance activities in order for the Group to continue to create trust and confidence amongst stakeholders.

The Board is satisfied that this Corporate Governance Overview Statement provides the information necessary to enable shareholders to evaluate how the Code has been applied and obligation are fulfilled under the Code and AMLR throughout the financial year 2020.

Additional Compliance Information

1. **Audit Fee and Non-Audit Fee**

Details of statutory audit, audit-related and non-audit fees paid/payable in the financial year ended 31 December 2020 to the external auditors are set out below:-

	Fees paid/payable to HLB LER LUM PLT (RM)		
Description	**Company**	**Subsidiary**	**Total**
Audit Fees	42,000	8,000	50,000
Non-Audit Fees	6,000	-	6,000
Total	**48,000**	**8,000**	**56,000**

2. **Utilisation of Proceeds**

The Company completed a Bonus Issue of 148,945,630 new ordinary shares on the basis of one (1) bonus share for every two (2) existing Company shares with the listing and quotation on the ACE Market of Bursa Securities on 14 October 2020. No proceeds were raised during the Bonus Issue exercise.

3. **Material Contracts**

There was no material contracts entered into by the Company and/or its subsidiaries involving the Directors and/or major shareholders' interests, either still subsisting at the end of the financial year ended 31 December 2020 or since the end of previous financial year.

Introduction

Pursuant to Rule 15.26(b) of the AMLR, the Board of Directors is pleased to make a statement on the state of the internal controls and risk management of the Group which has been prepared in accordance with the AMLR and with reference to the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

Responsibilities of the Board

The Board acknowledges its responsibility for maintaining sound systems of internal control and risk management and for reviewing the effectiveness, adequacy and integrity of the system to ensure shareholders' interests and the Group's assets are safeguarded. The systems of internal control cover financial controls, operational controls, compliance controls, and risk management. The Board also acknowledges that a sound system of internal control reduces, but cannot eliminate, the risk of failure to achieve business objectives. Accordingly, a sound system of internal control therefore provides reasonable, but not absolute, assurance against material misstatement, fraud and loss. Due to the ever changing business environment and conditions, the effectiveness of an internal control system may vary over time.

Risk Management

The Board acknowledged that all areas of the Group's business activities involve some degree of risks that may affect the successful achievement of the Group's business objectives and recognises that effective risk management is part of good business management practice.

The Executive Directors together with the management pursues a continuous process of identifying, assessing and managing key business, operational and financial risks that affect the operations and business objectives of the Group. During the periodic management meetings, issues faced by the Group are discussed and action plans formulated to ensure significant risks are appropriately addressed. Significant risks of the Group are highlighted to the Board during the scheduled meetings.

Key Elements of Internal Control

The Group's Management conducts periodic meetings that are attended by key personnel and senior staff members to discuss the Group's current and future business conditions, and to assess the Group's financial and operational exposure. The respective head of departments and business units heads also participate in such meetings to assist the Group in achieving its business performance, corporate plans and strategies with a structured segregation of duties and reporting responsibilities in monitoring operational issues, procedures and performance in a timely manner. The key elements of the Group's internal control system include the following:-

- Giving authority to the Board's committee members to investigate and report on any areas of improvement;
- Performing in-depth study on major variances and deliberating irregularities in the board meetings and Audit Committee meetings so as to identify the causes of the problems and formulate solutions to resolve them;
- Arranging regular interactive meetings to identify and rectify any weaknesses in the system of internal control. There would also be informed on the matters brought up in the Audit Committee meetings on a timely basis;
- Delegating necessary authority to the Chief Executive Officer in order for him to play a major role as the link between the Board and Management in implementing the Board's expectation of effective system of internal control;
- Keeping the Management informed on the development of the action plan for enhancing system of internal control allowing various management personnel to have access to important information for better decision making; and
- Monitoring key commercial, operational and financial risks through reviewing the system of internal control and operational structures.

Internal Audit Function

The internal audit function is presently out-sourced to a third party professional firm who monitors and reports on the system of internal financial, accounting and operational controls. Its main responsibility is to undertake reviews of the system of internal control to ensure that such a system operates satisfactorily and effectively in the Group. It reports to the Audit Committee. The internal audit function adopts a risk-based approach and prepares its audit plans based on the risk profiles of the Group. The fee charged by the professional firm in respect of internal audit functions for the financial year ended 31 December 2020 was RM28,180.10 (inclusive of government tax and disbursements).

Review of statement by External Auditors

The external auditors have reviewed this Statement on Risk Management and Internal Control for the inclusion in this Annual Report of the Group for the financial year ended 31 December 2020, and reported to the Board that nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Control is inconsistent with their understanding of the process adopted by the Board in the review of the adequacy and integrity of the system of internal control of the Group.

Conclusion

The Board believes that the current system of internal control and risk management incorporated by the Group is adequate and effective. Notwithstanding this, the Board is cognizant of the fact that the Group's system of internal control must continuously be enhanced and evolved to meet the ever changing and challenging business environment. Therefore, the Board will, when necessary, put in place appropriate action plans to enhance the effectiveness and adequacy of the system of internal control.

The Board has received assurance from the CEO and CFO that the Group's risk management and internal control system, in all material aspects, is operating adequately and effectively. The Board is satisfied that for the financial year under review, there were no material losses, deficiencies or errors arising from any inadequacy or failure of the Group's system of internal control.

This Statement was approved by the Board of Directors.

The Group understands that responsible corporate behaviour not only contributes to broad-based future benefits for the community and environment but can also enhance opportunities for business success for the Group as well as our stakeholders including, among others, our shareholders, customers and suppliers.

1. Customer Satisfaction

The Group recognises that customers' satisfaction is one of the key factors underlying the long-term sustainability of our Group's operations. It is the fundamental policy of our Group that all products and services delivered to customers must be of the required quality that meets or exceeds the customers' expectations. We uphold the belief to deliver quality services and products to our customers and conducting business in an ethical manner.

We expeditiously response to our customers problems and needs and our sales, software and customer service personnel constantly engage with our customers. As such, we provide our customers with excellent service and also build a strong and conducive relationship with them. These also promote a culture of open communication, trust and reliability.

2. Corporate Governance

The Group conducts business responsibly and fairly, adhering to the long-standing business philosophy of providing our customers with the highest quality at the most competitive price. The Group upholds the principles of corporate governance, the code of ethic and compliance and adheres to anti-corruption and antitrust practices. Corporate Governance is incorporated into our Group's working culture to ensure sustainability.

3. Education and Training

The Group is committed to staff development by proving on-the-job training and external training programs for all level of staff in order to improve their skills and knowledge. This will enhance their performance and productivity while at the same time, increase their value and their career advancement. The Group reviews the adequacy and suitability of the training requirements of the staff on a regular basis. The Group accepts interns by providing on job training to students from universities, colleges, polytechnics and other technical / vocational institutional. The Group has also provided scholarships to several students to support their financial needs during their studies at universities or colleges.

The Group will continue to focus on human capital development to nurture our employees to their full potential as they are our greatest asset. Every employee is given equal opportunity to rise up in their careers through hard work and dedication.

4. Employee Welfare

Human capital is pivotal to the Group's continuing success, as our dedicated employees are key to the effective functioning of all the departments within the Group. It is the Group's goal to create a safe and supportive working environment so employees feel empowered and contribute their best.

The Group adopts a non-discriminatory policy for hiring and promoting employees. The Group recognize the efforts and to boost the morale of our employees, the Group holds company trips or annual dinners in appreciation of all of our employees who are have tirelessly worked to meet the demands of their jobs. Employees are also rewarded with our Long Service Awards to recognise their loyalty and dedication to the Group.

4. Employee Welfare (cont'd)

The Group also holds regular breakfast functions in which we provide the employees with talks on personal development, finance, and health. Our CEO also briefs the employees on the performance of the Group during these functions. To promote a healthy workforce, the Group has an internal Sports Club that organises various sporting events and social functions such as futsal, badminton, cooking class, movie nights and many other events. During festive seasons such as Hari Raya, Chinese New Year, Deepavali and Christmas, the Sports Club also organises lunches for our employees. All these events foster better interaction and team spirit amongst the staff. In the year 2020, these activities were reduced due to the implementation of the various movement control orders by the government.

Employee safety and health is of great importance to the Group. When the COVID-19 pandemic struck, the Group had started to plan for the Group wide Pandemic Business Continuity Plan seven weeks before the first Movement Control Order (MCO) was implemented on 18 March 2020 by the Malaysian Government. This Business Continuity Plan ensures that the Group operations continues to function during the COVID-19 pandemic as the Group provides vital support services to its customers who are providing essential services such as banking, telecommunications and utilities.

Some of the measures taken in the Business Continuity Plan are:-

i. Segregating the Group working teams into four separate locations to minimize the risk of exposure;
ii. Temperature checks on staff and visitors coming to the various office locations;
iii. Placing hand sanitisers throughout various locations in the offices;
iv. Equipping all employees working in the field with face masks, gloves and hand sanitisers;
v. Practicing social distancing by the employees while in the office; and
vi. Observing the SOP as implemented by the government at all times.

In line with the MCO, the Group have facilitated voice and video meetings among employees and customers and the Group have also facilitated work from home for the employees.

5. Community Care

The Group believe that a responsible organisation should not neglect its social obligations towards the community, as the well-being of the community has a bearing on the long-term sustainability and growth of our business.

In 2020, the Company provided scholarships to two deserving students pursuing full time studies in Computer Science at two local universities amounting to RM17,820. The scholarships provide the students with financial assistance for their study fees and living expenses.

6. Environment Protection

The Group does not operate in an environmentally sensitive business, but we are mindful of the environment that we live and operate in and recognise our duty to minimise our carbon footprint to the environment.

We have identified opportunities to reduce or reuse the resources we consume as we believe that efficient reuse, recycling and efficient utilisation of resources will help reduce our overall carbon footprint. These steps include reducing our energy consumption through the use of LED lighting, switching off unused lights and air conditioning and our paper management initiative to print only where necessary and where possible, recycling of used printed papers. Instead of discarding unwanted documents, we sent these documents for secure shredding after which the shredder papers are sent to be recycled into other paper based products. We also sent used machines and parts to various scrapping companies that crushed and extracted metal components from these used machines. The extracted metal was subsequently used to manufacture new products.

6. Environment Protection (cont'd)

The Group created buySolar, the first Malaysian one-stop online solar marketplace, to promote Environmental Sustainability and successfully launched it for public access in February 2020. This platform aims to increase the usage of sustainable energy amongst Malaysian in the coming years. This marketplace enables residential, commercial and industrial customers to purchase solar panels with the best financing options. buySolar brings together customers, solar photovoltaic service providers, TNB, financiers, insurers and the regulator SEDA (Sustainable Energy Development Authority) in the solar ecosystem onto an online marketplace platform to make purchasing, owning and operating solar panels simple and seamless. Since its launch, buySolar has successfully facilitated a number of solar installation at various customers' premises.

7. Conclusion

The Group is committed and remain steadfast in conducting our operations in a responsible and meaningful manner by upholding good corporate, social and environmental values which will make a difference to our business, societies and the environment.

The Group is continuously looking for new ways to incorporate sustainability practices into its business operations and continues to operate in a responsible manner.

Contents

The Directors have pleasure in submitting their Report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

DIRECTORS

The Directors who served on the Board of the Company during the financial year and during the period commencing from the end of the financial year and ending on the date of this Report are:-

Tan Kee Chung
Chee Hong Soon
Tune Hee Hian
James Henry Stewart
Datuk Ng Bee Ken
Dato' Abdul Manap Bin Abd Wahab

Tan Kee Chung and Chee Hong Soon both are also Directors of subsidiaries.

PRINCIPAL ACTIVITIES

The principal activities of the Company are :-

(a) to provide solutions to the financial services industry in the areas of self-service machines and universal delivery systems and IT services such as systems integration, project management, software development, support services and training;

(b) investment holding; and

(c) to develop, assemble, manufacture, sell, import, export, let out, hire, lease, finance, install, alter, maintain, service, repair or otherwise deal in all kinds of computers, self-service machines, software application solutions and provision of related services.

The principal activities of the subsidiaries are set out in Note 11 to the Financial Statements.

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

FINANCIAL RESULTS

	Group RM	Company RM
Profit for the year	11,101,653	10,955,829
Attributable to:		
Owners of the Company	11,079,779	10,955,829
Non-controlling interests	21,874	-
	11,101,653	10,955,829

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than the benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements of the Group and of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a Company in which he has a substantial financial interest.

DIRECTORS' INTERESTS IN SHARES

The Directors holding office at the end of the financial year and their interests in the share capital of the Company during the financial year were as follows :-

	Number of ordinary shares				
	Balance at 1.1.2020	Acquired	Disposed	Bonus Issue	Balance at 31.12.2020
Direct interests					
Tan Kee Chung	63,355,095	-	-	31,677,547	95,032,642
Chee Hong Soon	8,214,960	-	-	4,107,480	12,322,440
Tune Hee Hian	3,976,909	-	-	1,988,454	5,965,363
James Henry Stewart	367,100	692,800	(517,100)	271,400	814,200
Indirect interests					
Tune Hee Hian	1,333,333[(1)]	-	-	666,666	1,999,999[(1)]

(1) Deemed interests by virtue of interests held by his spouse pursuant to Section 59(11)(c) of the Companies Act 2016.

By virtue of the Directors' interests in the shares of the Company, Directors having interest in the shares of the Company are also deemed interested in the shares of the subsidiaries of the Company to the extent of the Company's interest in the subsidiaries as disclosed under Note 11 to the Financial Statements.

Other than disclosed above, Directors who held office at the end of the financial year did not have any interests in the shares of the Company or related companies during the financial year.

DIVIDENDS

The amount of dividend paid since the end of the last financial year was as follows :-

	RM
In respect of the financial year ended 31 December 2020 :-	
The first interim dividend of 0.5 sen per ordinary share, paid on 13 April 2020	1,489,464
The second interim dividend of 0.25 sen per ordinary share, paid on 13 July 2020	744,733
The third interim dividend of 0.25 sen per ordinary share, paid on 28 September 2020	744,732
The fourth interim dividend of 0.25 sen per ordinary share, paid on 28 December 2020	1,117,101
	4,096,030

The Board of Directors does not recommend any final dividend for the current financial year ended 31 December 2020.

The first interim dividend of 0.25 sen per ordinary share amounting to RM1,117,101 was declared on 22 February 2021 and will be paid on 12 April 2021 in respect of the year ending 31 December 2021.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company effected Directors' and Officers' Liability insurance for purpose of Section 289 of the Companies Act 2016, which provides appropriate insurance cover for the Directors and officers of the Company to protect the Directors and officers of the Company against potential costs and liabilities arising from claims brought against the Directors and officers. The total amount of insurance premium paid for the Directors and officers of the Company was RM7,000.

DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 7 to the Financial Statements.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:-

   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts have been written off and that adequate allowance has been made for doubtful debts; and

   (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records of the Group and of the Company in the ordinary course of business including the values of current assets have been written down to an amount which the current assets might be expected so to realise.

(b) At the date of this Report, the Directors are not aware of any circumstances:-

   (i) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

   (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

   (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (cont'd)

(c) At the date of this Report, there does not exist:-

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

(d) No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(e) At the date of this Report, they are not aware of any circumstances not otherwise dealt with in this Report or the financial statements of the Group and of the Company which would render any amount stated in the respective financial statements misleading.

(f) In their opinion,

(i) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except as disclosed in Note 33 to the financial statements; and

(ii) except as disclosed in Note 33 to the financial statements, there has not arisen in the interval between the end of the financial year and the date of this Report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this Report is made.

SUBSIDIARIES

Details of subsidiaries are set out in Note 11 to the Financial Statements.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 6 to the Financial Statements.

AUDITORS

The auditors, HLB Ler Lum PLT, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors,

Tan Kee Chung

Chee Hong Soon

Dated: 7 April 2021
Kuala Lumpur

Statement by Directors

We, TAN KEE CHUNG and CHEE HONG SOON, being two of the Directors of OPENSYS (M) BERHAD, do hereby state that, in the opinion of the Directors, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors,

Tan Kee Chung

Chee Hong Soon

Dated: 7 April 2021
Kuala Lumpur

Statutory Declaration

I, TAN KEE CHUNG, being the Director primarily responsible for the financial management of OPENSYS (M) BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief the accompanying financial statements are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Tan Kee Chung

Subscribed and solemnly declared by the abovenamed TAN KEE CHUNG at Kuala Lumpur on 7 April 2021

Before me :

Commissioner for Oaths

Independent Auditors' Report to the Members of OpenSys (M) Berhad (Company No: 199501040614 (369818-W))

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of OpenSys (M) Berhad, which comprise the Statements of Financial Position as at 31 December 2020 of the Group and of the Company, and the Statements of Profit or Loss and Other Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows of the Group and of the Company for the year then ended, and Notes to the Financial Statements, including a summary of significant accounting policies, as set out on pages 48 to 94.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition

(Refer to Note 3(q) and 4 to the Financial Statements)

Revenue is recognised when the performance obligations is satisfied. We identified revenue recognition as a key audit matter because there was a risk that revenue might be overstated because of the pressure on the Group and the Company to achieve performance targets. Therefore, we specifically focused our audit efforts to determine the possibility of overstatement of revenue.

How our audit address this matter

We performed the following audit procedures:

- We performed analytical procedures on the trend of revenue recognised to identify any abnormalities.
- Evaluated and tested the internal controls to check the accuracy of revenue recognition, including assessment of key terms and conditions of sale contracts entered.
- We read and understood the key terms and conditions of significant revenue agreements and assessed the management's assessment of the allocation of revenue between various multi element components.
- Cut-off test was performed by inspecting documents which evidenced the delivery of goods to customers, time of services rendered to the customers and the credit notes issued after the year end.
- Examined non-standard journal entries posted to revenue account.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

HLB LER LUM PLT
201906002362 & AF 0276
Chartered Accountants

WONG CHEE HONG
03160/09/2022 J
Chartered Accountants

Dated: 7 April 2021
Kuala Lumpur

Statements of Profit or Loss and Other Comprehensive Income
for the Financial Year ended 31 December 2020

		Group		Company	
	Note	2020 RM	2019 RM	2020 RM	2019 RM
Revenue	4	82,409,903	102,871,288	82,268,703	102,871,288
Cost of sales		(53,965,079)	(73,604,622)	(54,757,004)	(74,364,648)
Gross profit		28,444,824	29,266,666	27,511,699	28,506,640
Other operating income		1,534,791	1,121,441	1,534,791	1,121,439
Selling & distribution costs		(734,417)	(868,575)	(565,847)	(860,412)
Administration expenses		(7,226,490)	(6,761,652)	(7,063,448)	(6,664,188)
Other operating expenses		(3,710,838)	(3,755,462)	(3,338,525)	(3,460,413)
Research & development expenses		(2,436,135)	(2,596,199)	(2,436,135)	(2,596,199)
Finance costs	5	(685,142)	(1,055,603)	(685,142)	(1,055,603)
Profit before tax	6	15,186,593	15,350,616	14,957,393	14,991,264
Income tax expense	8	(4,084,940)	(4,212,243)	(4,001,564)	(4,112,298)
Profit for the year and total comprehensive income for the year		11,101,653	11,138,373	10,955,829	10,878,966
Total comprehensive income attributable to:-					
Owners of the Company		11,079,779	11,099,462	10,955,829	10,878,966
Non-controlling interests		21,874	38,911	-	-
		11,101,653	11,138,373	10,955,829	10,878,966
Earnings per ordinary share Basic (Sen)	9	2.48	2.48		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position
as at 31 December 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
ASSETS					
Non-current assets					
Property, plant & equipment	10	42,326,852	46,784,028	42,191,476	46,643,505
Investment in subsidiaries	11	-	-	85,000	85,000
Development expenditure	12	314,468	-	314,468	-
Fixed deposits	13	8,301,479	8,083,250	8,301,479	8,083,250
		50,942,799	54,867,278	50,892,423	54,811,755
Current assets					
Inventories	14	6,591,777	8,399,843	6,591,777	8,399,843
Trade receivables	15	10,026,074	19,527,009	10,026,074	19,527,009
Other receivables, deposit & prepayments	16	1,391,741	2,555,320	1,276,531	2,453,936
Amount due from subsidiary	11	-	-	-	-
Short term investment	17	26,236,121	13,456,726	26,236,121	13,456,726
Cash & bank balances		5,086,597	5,869,412	4,049,643	5,184,138
		49,332,310	49,808,310	48,180,146	49,021,652
Total assets		100,275,109	104,675,588	99,072,569	103,833,407

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position (cont'd)
as at 31 December 2020

	Note	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
EQUITY AND LIABILITIES					
Equity					
Share capital	18	29,789,202	29,789,202	29,789,202	29,789,202
Retained earnings		41,044,916	34,226,262	40,639,258	33,944,554
Total equity attributable to owners of the Company		70,834,118	64,015,464	70,428,460	63,733,756
Non-controlling interests		86,763	64,889	-	-
Total equity		70,920,881	64,080,353	70,428,460	63,733,756
Non-current liabilities					
Lease liabilities	19	2,875,107	4,382,112	2,875,107	4,382,112
Term loans	20	7,991,227	8,845,070	7,991,227	8,845,070
Deferred tax liabilities	21	3,630,910	3,630,897	3,627,212	3,622,805
		14,497,244	16,858,079	14,493,546	16,849,987
Current liabilities					
Trade payables	22	2,642,986	7,109,188	2,620,721	6,972,178
Other payables & accruals	23	6,646,541	9,166,158	5,553,504	8,227,421
Amount due to subsidiary	11	-	-	417,074	580,371
Lease liabilities	19	1,837,606	2,836,983	1,837,606	2,836,983
Term loans	20	756,536	616,325	756,536	616,325
Bankers' acceptance	24	400,148	2,048,010	400,148	2,048,010
Contract liabilities	25	1,823,791	1,850,283	1,805,483	1,850,283
Income tax liabilities		749,376	110,209	759,491	118,093
		14,856,984	23,737,156	14,150,563	23,249,664
Total liabilities		29,354,228	40,595,235	28,644,109	40,099,651
Total equity and liabilities		100,275,109	104,675,588	99,072,569	103,833,407

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Changes in Equity
for the Financial Year ended 31 December 2020

	Attributable to owners				
		Distributable		Non	
	Share	Retained		controlling	Total
	capital	earnings	Total	interest	equity
	RM	RM	RM	RM	RM
Balance at 1 January 2019	29,789,202	27,595,195	57,384,397	25,978	57,410,375
Profit for the year, representing total comprehensive income for the year	-	11,099,462	11,099,462	38,911	11,138,373
Dividend paid	-	(4,468,395)	(4,468,395)	-	(4,468,395)
Balance at 31 December 2019	29,789,202	34,226,262	64,015,464	64,889	64,080,353
Profit for the year, representing total comprehensive income for the year	-	11,079,779	11,079,779	21,874	11,101,653
Transactions with owners recognised directly in equity					
- dividend paid	-	(4,096,030)	(4,096,030)	-	(4,096,030)
- bonus issue expenses	-	(165,095)	(165,095)	-	(165,095)
Balance at 31 December 2020	29,789,202	41,044,916	70,834,118	86,763	70,920,881

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Changes in Equity
for the Financial Year ended 31 December 2020

	← Attributable to owners	Distributable	→
	Share capital RM	Retained earnings RM	Total equity RM
Balance at 1 January 2019	29,789,202	27,533,983	57,323,185
Profit for the year, representing total comprehensive income for the year	-	10,878,966	10,878,966
Dividend paid	-	(4,468,395)	(4,468,395)
Balance at 31 December 2019	29,789,202	33,944,554	63,733,756
Profit for the year, representing total comprehensive income for the year	-	10,955,829	10,955,829
Transactions with owners recognised directly in equity			
- dividend paid	-	(4,096,030)	(4,096,030)
- bonus issue expenses	-	(165,095)	(165,095)
Balance at 31 December 2020	29,789,202	40,639,258	70,428,460

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows
for the Financial Year ended 31 December 2020

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash flows from operating activities				
Profit before tax	15,186,593	15,350,616	14,957,393	14,991,264
Adjustments for :-				
Amortisation	-	26,104	-	26,104
Depreciation	7,517,244	7,182,665	7,472,818	7,160,336
(Gain)/loss on disposal of property, plant & equipment	(65,685)	22,938	(65,685)	22,938
Impairment loss on amount due from subsidiary	-	-	5,199	5,142
Interest expenses	685,142	1,055,603	685,142	1,055,603
Interest income	(663,813)	(722,435)	(663,813)	(722,435)
Used machines written down	763,600	796,350	763,600	796,350
Inventories written off	76,200	109,905	76,200	109,905
Unrealised loss/(gain) on foreign exchange	3,019	(89,509)	3,019	(89,509)
Property, plant & equipment written off	193,897	136,657	193,897	136,657
Operating profit before working capital changes	23,696,197	23,868,894	23,427,770	23,492,355
Changes in working capital:-				
Inventories	629,192	(2,824,289)	629,192	(2,824,289)
Receivables	10,664,514	938,610	10,678,340	982,043
Payables	(7,015,332)	(4,393,781)	(7,073,192)	(4,958,560)
Related parties balances	-	-	(168,496)	309,142
Cash generated from operations	27,974,571	17,589,434	27,493,614	17,000,691
Interest paid	(685,142)	(1,055,603)	(685,142)	(1,055,603)
Interest received	663,813	722,435	663,813	722,435
Income tax paid	(3,445,760)	(4,200,372)	(3,355,760)	(4,110,923)
Net cash from operating activities	24,507,482	13,055,894	24,116,525	12,556,600

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows (cont'd)
for the Financial Year ended 31 December 2020

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash flows from investing activities				
Placement of short term investment	(12,779,395)	(2,545,001)	(12,779,395)	(2,545,001)
Purchase of property, plant & equipment ("PPE")	(2,650,405)	(2,775,506)	(2,611,126)	(2,612,654)
Proceeds from disposal of property, plant & equipment	194,757	289,167	194,757	289,167
Development cost	(314,468)	-	(314,468)	-
Net cash used in investing activities	(15,549,511)	(5,031,340)	(15,510,232)	(4,868,488)
Cash flows from financing activities				
Dividend paid	(4,096,030)	(5,213,128)	(4,096,030)	(5,213,128)
Placement of fixed deposit	(218,229)	(250,423)	(218,229)	(250,423)
(Repayment of)/Proceeds from bankers' acceptance	(1,647,862)	230,038	(1,647,862)	230,038
Repayment of borrowings	(713,632)	(2,428,275)	(713,633)	(2,428,275)
Repayment of lease liabilities	(2,899,938)	(4,180,611)	(2,899,939)	(4,180,611)
Expenses on bonus issue	(165,095)	-	(165,095)	-
Net cash used in financing activities	(9,740,786)	(11,842,399)	(9,740,788)	(11,842,399)
Net changes in cash and cash equivalents	(782,815)	(3,817,845)	(1,134,495)	(4,154,287)
Cash and cash equivalents brought forward	5,869,412	9,687,257	5,184,138	9,338,425
Cash and cash equivalents carried forward	5,086,597	5,869,412	4,049,643	5,184,138

NOTES TO THE STATEMENTS OF CASH FLOWS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
(a) Cash and cash equivalents comprise :-				
Fixed deposits	8,301,479	8,083,250	8,301,479	8,083,250
Cash & bank balances	5,086,597	5,869,412	4,049,643	5,184,138
	13,388,076	13,952,662	12,351,122	13,267,388
Less : Fixed deposits under lien	(8,301,479)	(8,083,250)	(8,301,479)	(8,083,250)
	5,086,597	5,869,412	4,049,643	5,184,138

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

	Group 2020 RM	Group 2019 RM	Company 2020 RM	Company 2019 RM
(b) Analysis of acquisition of property, plant & equipment :-				
Cash	2,650,405	2,775,506	2,611,126	2,612,654
Lease arrangement	393,556	943,163	393,556	943,163
Term loan	-	2,524,883	-	2,524,883
Transfer from inventories	339,076	512,404	339,076	512,404
	3,383,037	6,755,956	3,343,758	6,593,104

(c) Reconciliation of liabilities arising from financing activities:-

	As at 1.1.2020 RM	Principal and interest payments RM	Proceeds RM	Acquisition of PPE RM	Interest expense RM	As at 31.12.2020 RM
Group/Company						
Banker acceptance	2,048,010	(5,165,741)	3,460,082	-	57,797	400,148
Lease liabilities	7,219,095	(3,214,915)	-	393,556	314,977	4,712,713
Term loan	9,461,395	(1,026,000)	-	-	312,368	8,747,763
	18,728,500	(9,406,656)	3,460,082	393,556	685,142	13,860,624

	As at 1.1.2019 RM	Principal and interest payments RM	Proceeds RM	Acquisition of PPE RM	Interest expense RM	As at 31.12.2019 RM
Group/Company						
Banker acceptance	1,817,972	(3,873,455)	4,045,960	-	57,533	2,048,010
Lease liabilities	10,456,543	(6,136,635)	1,374,743	943,163	581,281	7,219,095
Term loan	9,364,787	(2,845,064)	-	2,524,883	416,789	9,461,395
	21,639,302	(12,855,154)	5,420,703	3,468,046	1,055,603	18,728,500

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. GENERAL INFORMATION

The principal activities of the Company are :-

(a) to provide solutions to the financial services industry in the areas of self-service machines and universal delivery systems and IT services such as systems integration, project management, software development, support services and training;

(b) investment holding; and

(c) to develop, assemble, manufacture, sell, import, export, let out, hire, lease, finance, install, alter, maintain, service, repair or otherwise deal in all kinds of computers, self-service machines, software application solutions and provision of related services.

The principal activities of the subsidiaries are set out in Note 11 to the Financial Statements.

The Company is a limited liability company, incorporated and domiciled in Malaysia and is listed on the ACE Market of Bursa Malaysia Securities Berhad.

The address of the registered office of the Company is as follows :-

Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

The address of the principal place of business of the Company is as follows :-

Level 26, Tower A
Pinnacle PJ, Jalan Utara C
46200 Petaling Jaya
Selangor Darul Ehsan

2. FINANCIAL RISK MANAGEMENT AND OBJECTIVES

The Group's operations are subject to a variety of financial risks, including credit risk, foreign currency risk, interest rate risk, market risk, liquidity and cash flow risk.

The Group's financial risk management policy seeks to ensure that adequate resources are available to manage the above risks and to create value for its shareholders. It is not the Group's policy to engage in speculative transactions.

(a) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. The Group and the Company adopts the policy of dealing only with:

- Customers of appropriate credit standing and history, and obtaining sufficient collateral where appropriate to mitigate credit risk; and
- High credit quality counterparties of at least an 'A' rating by external credit rating companies.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the Head of Credit Control based on ongoing credit evaluation. The counterparty's payment pattern and credit exposure are continuously monitored at the entity level by the respective management and at the Company level by the Head of Credit Control.

As at reporting date, 90.5% (2019: 87.9%) of the Group's trade receivables and contract assets were due from nine (2019: nine) major customers.

2. FINANCIAL RISK MANAGEMENT AND OBJECTIVES (cont'd)

(a) Credit risk (cont'd)

As the Company do not hold collateral, the maximum exposure to credit risk to each class of financial instruments is the carrying amount of that class of financial instruments presented on the Statements of Financial Position.

Information regarding expected credit loss allowance for trade receivables are disclosed in Note 15.

Trade and other receivables, fixed deposits and cash and bank balances are subject to immaterial credit loss.

(b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures mainly arising from purchases that are denominated in a currency other than the functional currency of Group, primarily RM. The foreign currency in which these transactions are denominated are mainly US Dollar and Euro.

Approximately 60.4% (2019: 76.4%) of the Group's purchases are denominated in the foreign currency of the Group. The currency exposure of trade receivable and trade payable at the reporting date are disclosed in the respective notes to the financial statements.

The Group does not enter into any financial instrument to hedge the movement in the foreign currency exchange rates as at reporting date.

Sensitivity analysis for foreign currency risk

The effect of the foreign currency risk is not significant as the majority of the Group's assets and liabilities are denominated in Ringgit Malaysia. As such, no sensitivity analysis has been conducted as at the reporting date.

(c) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market rates. Interest rate exposure arises from the Group's borrowings and deposits with the licensed financial institutions. Both financial instruments are managed through the use of floating rate debt and long term tenure without speculative interest respectively.

The Group's policy in dealing with interest-bearing financial liabilities is to minimise the interest expense by obtaining the most favourable interest rates available. An increase of 5% in interest expense applicable for the Group's entire loans and borrowings would result in approximately 0.31% (2019: 0.47%) variance in the Group's profit for the financial year.

(d) Market risk

The Group manages its exposure to fluctuation in prices of key products purchased used in its operations through floating price levels that the Group considers acceptable and enters into agreements with suppliers in order to establish determinable prices of key products used.

The Group does not face significant exposure to risk from changes in debt and equity prices.

2. FINANCIAL RISK MANAGEMENT AND OBJECTIVES (cont'd)

(e) Liquidity and cash flow risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM	One to five years RM	More than five years RM	Total RM
Group				
31 December 2020				
Financial liabilities:				
Payables	9,289,527	-	-	9,289,527
Borrowings	3,463,280	7,162,726	5,134,575	15,760,581
Total	12,752,807	7,162,726	5,134,575	25,050,108
31 December 2019				
Financial liabilities:				
Payables	16,275,346	-	-	16,275,346
Borrowings	6,146,155	8,831,683	7,259,228	22,237,066
Total	22,421,501	8,831,683	7,259,228	38,512,412
Company				
31 December 2020				
Financial liabilities:				
Payables	8,174,225	-	-	8,174,225
Amount due to subsidiary	417,074	-	-	417,074
Borrowings	3,463,280	7,162,726	5,134,575	15,760,581
Total	12,054,579	7,162,726	5,134,575	24,351,880
31 December 2019				
Financial liabilities:				
Payables	15,199,599	-	-	15,199,599
Amount due to subsidiary	580,371	-	-	580,371
Borrowings	6,146,155	8,831,683	7,259,228	22,237,066
Total	21,926,125	8,831,683	7,259,228	38,017,036

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The preparation of financial statements in conformity with MFRS and the Companies Act 2016 requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities (if any) at the date of the financial statements and the reported amounts of revenue and expenses during the reported period actual results could differ from those estimates.

The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3(b) of the Financial Statements.

The financial statements are presented in Ringgit Malaysia, which is the Group's and the Company's functional and presentation currency.

The financial statements have been prepared on the historical cost basis other than as disclosed in the significant accounting policies below.

MFRS, Amendments to MFRS and Issues Committee ("IC") Interpretations

(i) Adoption of new and revised MFRS

The accounting policies adopted by the Group and the Company are consistent with those adopted in the previous year, except as follows:

Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to MFRS 3	Definition of Business
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform

Revised Conceptual Framework for Financial Reporting

The adoption of the above pronouncements did not have any material impact on the financial statements of the Group and of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(a) Basis of preparation (cont'd)

(ii) Standards issued but not yet effective

As at the date of authorisation of these financial statements, the following Amendments to Standards and IC Interpretations have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective and have not been adopted by the Group and the Company:

Effective for financial periods beginning on or after 1 January 2021

MFRS 17	Insurance Contracts
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark
Amendments to MFRS 16	COVID-19 Related Rent Concessions
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contract – Cost of Fulfilling a Contract

Effective date deferred

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company will adopt the above pronouncements when they become effective in the respective financial periods. The Group and Company are in the process of assessing the financial effect of these pronouncements upon their initial application.

(b) Significant accounting estimates and judgements

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is discussed below :-

(i) Estimated residual values and useful lives of property, plant & equipment

The Group's business is fairly capital intensive. The depreciation charges form a significant component of total costs of profit or loss. The Group reviews the residual values and useful lives of property, plant & equipment at each reporting date in accordance with the accounting policy. The review is based on factors such as expected level of usage, business plans and strategies and future regulatory changes. The estimation of the residual values and useful lives involves significant judgement. A 5% difference in depreciation charge would results in approximately 3.4% (2019: 3.2%) variance in the Group's profit for the financial year.

(c) Property, plant & equipment and depreciation

Property, plant & equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Property, plant & equipment and depreciation (cont'd)

Assets under construction are stated at cost and are not depreciated. Upon completion, assets under construction are transferred to categories of property, plant and equipment depending on nature of assets and depreciation commences when they are ready for their intended used.

Depreciation on property, plant & equipment is calculated on the straight line basis at rates required to write off the cost of the property, plant & equipment over their estimated useful lives.

The principal annual rates used are as follows :-

Building	2%
Computers	33.33%
Furniture & fittings	20%
Motor vehicles	16%
Renovations	10% - 20%
ESM equipment	10% - 20%
Office equipment	20%
Reworkable parts	8.33% - 25%

Residual value, useful life and depreciation method of assets are reviewed at each reporting date to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant & equipment.

Gains and losses on disposals are determined by comparing net disposal proceeds with net carrying amount and are recognised in profit or loss.

(d) Impairment of non-financial assets

The carrying amounts of assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there is separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

An impairment loss is charged to profit or loss immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in profit or loss, a reversal of that impairment loss is recognised as income in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group controls an investee if and only if the Group has all the following:-

- Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its investment with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting rights of an investee, the Group considers the following in assessing whether or not the Group's voting rights in an investee are sufficient to give it power over the investee:-

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statements of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interests;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Basis of consolidation (cont'd)

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income.

The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

(f) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(g) Investment in subsidiaries

A subsidiary is an entity over which the Group has all the following:-

- Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its investment with the investee; and
- The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less accumulated impairment losses. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

(h) Development expenditure

The cost of development expenditure comprises purchase, direct labour and other direct costs.

Development expenditure incurred is capitalised when it meets certain criteria that indicate it is probable that the costs will give rise to future economic benefits and are amortised over useful life of 5 years once the project is commercialized. They are written down to their recoverable amounts when there is insufficient certainty that future economic benefits will flow to the enterprise.

Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Capitalised development expenditure is stated at cost less accumulated amortisation and accumulated impairment losses.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Development expenditure (cont'd)

Development expenditure for on-going project are stated at cost and are not amortised. Upon completion, depending on nature of assets and amortisation commences when they are ready for their intended used.

The policy for the recognition and measurement of impairment losses is in accordance with Note 3(d).

(i) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of finished goods (cash recycling machines) is determined on a first in first out basis and cost of other inventories is determined on weighted average basis and includes all costs in bringing the inventories to their present location and condition.

Allowance is made for obsolete, slow-moving and defective inventories in arriving at the net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(j) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to be customer, excluding amounts collected on behalf of third party, in the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

<u>Investments in debt instruments</u>

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measures at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Financial assets (cont'd)

Subsequent measurement (cont'd)

(ii) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured FVOCI are subsequently measures at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit loss. The cumulative gain or loss previously recognised in other comprehensive income in reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

(iii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the assets has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instrument is recognised in profit or loss.

(k) Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12 months ECL). For those credit exposures for which there has been a significant losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group and the Company apply a simplified approach in calculation ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience adjusted for forward – looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Group and the Company apply the low credit risk simplification. At every reporting date, the Group and the Company evaluate whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group and the Company reassess the internal credit rating of the debt instrument. In addition, the Group and the Company consider that there has been a significant increase in credit risk when the contractual payments are more than 30 days past due.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Impairment of financial assets (cont'd)

The Group and the Company consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(l) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank overdraft and deposits held at call with financial institutions and highly liquid investments which have an insignificant risk of changes in value.

(m) Share capital

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs.

Dividends to shareholders are recognised in equity in the period in which they are declared.

(n) Leases

(i) When the Group is the lessee:

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

<u>Right-of-use assets</u>

The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets (except for those which meets the definition of an investment property) are presented within "Property, plant and equipment".

<u>Lease liabilities</u>

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Leases (cont'd)

(i) When the Group is the lessee: (cont'd)

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees
- The exercise price of a purchase option if is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a changes in the Group's assessment of whether it will exercise an extension option; or
- There are modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

<u>Short term and low value leases</u>

The Group has elected to not recognised right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

<u>Variable lease payments</u>

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments. Details of the variable lease payments are disclosed in Note 26.

(o) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. The Group and the Company determine the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(o) Financial liabilities (cont'd)

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

(p) Contract assets/liabilities

Contract asset

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group and the Company perform by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liability

A contract liability is the obligation to transfer goods or services to a customer for which the Group and the Company have received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group and the Company transfer goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group and the Company perform under the contract.

(q) Revenue recognition

<u>Revenue from contracts with customers</u>

Revenue from contracts with customers is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group and the Company transfer control of the goods or services promised in a contract and the customer obtains control of the goods or services. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, net of goods and services tax, returns, rebates and discounts. The transaction price is allocated to each distinct good or service promised in the contract. Depending on the terms of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

(i) Sale of hardware

Revenue from sales of cash recycling machines, cheque deposit machines and other hardware equipments are recognised when the Group and the Company has delivered the equipment to the customers, the customers have accepted the equipment and the collectability of the related receivables is reasonably assured.

Revenue from sales of solar panel is recognised at the point in time when the performance obligation is satisfied.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Revenue recognition (cont'd)

(ii) Revenue from software solution and service revenue

Revenue from software solution is recognised upon service completion based on the customisation or integration work that is performed by referring to the milestones of the contract activity at the end of the reporting period.

Support and Maintenance, after sale services, cheque processing outsourcing and outsourcing of payment kiosks are recognised when the customer simultaneously consumes and receives the benefits provided by the performance of the service rendered. As such, transfer of control takes place over the period of service provided.

Revenue from other sources

Specific revenue recognition criteria for other revenue and income earned by the Group and the Company are as follows:

(i) Interest income

Interest income is recognised on an accrual basis, using the effective interest method, unless collectability is in doubt, in which case it is recognised on a receipt basis.

(r) Employee benefits

(i) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have rendered their services to the Group and the Company.

Short term accumulating compensated absences such as paid annual leave are recognised as expenses when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(ii) Post-employment benefits

Defined contribution plan

A defined contribution plan is a pension plan under which the Group and the Company pay fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in profit or loss as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Borrowing costs

Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds. Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised as an expense in profit or loss in the period in which they are incurred.

(t) Income tax

Income tax on profit or loss for the financial year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributable to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unabsorbed tax losses can be utilised.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

(u) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of the Group and the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Group's and the Company's functional and presentational currency.

(ii) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

4. REVENUE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Revenue from contract with customers				
Sale of hardware	33,093,618	57,273,056	32,952,418	57,273,056
Software solution & services rendered	49,316,285	45,598,232	49,316,285	45,598,232
	82,409,903	102,871,288	82,268,703	102,871,288

	Hardware RM	Software solution and services RM	Total RM
2020 - Group			
Sale of hardware	33,093,618	-	33,093,618
Software solution & services rendered	-	49,316,285	49,316,285
	33,093,618	49,316,285	82,409,903
Timing of revenue recognition:			
At a point in time	33,093,618	-	33,093,618
At over time	-	49,316,285	49,316,285
	33,093,618	49,316,285	82,409,903
2019 - Group			
Sale of hardware	57,273,056	-	57,273,056
Software solution & services rendered	-	45,598,232	45,598,232
	57,273,056	45,598,232	102,871,288
Timing of revenue recognition:			
At a point in time	57,273,056	-	57,273,056
At over time	-	45,598,232	45,598,232
	57,273,056	45,598,232	102,871,288
2020 - Company			
Sale of hardware	32,952,418	-	32,952,418
Software solution & services rendered	-	49,316,285	49,316,285
	32,952,418	49,316,285	82,268,703
Timing of revenue recognition:			
At a point in time	32,952,418	-	32,952,418
At over time	-	49,316,285	49,316,285
	32,952,418	49,316,285	82,268,703

4. REVENUE (cont'd)

	Hardware RM	Software solution and services RM	Total RM
2019 - Company			
Sale of hardware	57,273,056	-	57,273,056
Software solution & services rendered	-	45,598,232	45,598,232
	57,273,056	45,598,232	102,871,288
Timing of revenue recognition:			
At a point in time	57,273,056	-	57,273,056
At over time	-	45,598,232	45,598,232
	57,273,056	45,598,232	102,871,288

5. FINANCE COSTS

	Group/Company	
	2020 RM	2019 RM
Banker acceptance interest	57,797	57,533
Lease interest	314,977	581,281
Term loan interest	312,368	416,789
	685,142	1,055,603

6. PROFIT BEFORE TAX

Profit before tax is stated after charging/(crediting) (other than those disclosed in Note 4 & 5) :-

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Auditors' remuneration				
- statutory	50,000	39,000	42,000	33,000
- others	6,000	6,000	6,000	6,000
Impairment loss on amount due from subsidiary	-	-	5,199	5,142
Depreciation	2,557,807	2,387,814	2,513,381	2,365,485
Directors' remuneration				
- emoluments	1,616,893	1,555,392	1,616,893	1,555,392
- fees	174,000	165,000	174,000	165,000
(Gain)/Loss on disposal of property, plant & equipment	(21,781)	22,938	(21,781)	22,938
Lease expenses not capitalised in lease liabilities				
- low value leases	16,420	12,835	16,420	12,835
Property, plant & equipment written off	1,854	1,945	1,854	1,945

6. PROFIT BEFORE TAX (cont'd)

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Interest income				
- fixed deposits	(224,418)	(252,410)	(224,418)	(252,410)
- short term investments	(439,395)	(470,025)	(439,395)	(470,025)
Realised gain on foreign exchange	(28,933)	(299,068)	(28,933)	(299,068)
Unrealised loss/(gain) on foreign exchange	3,019	(89,509)	3,019	(89,509)
Staff costs (excluding Directors' remuneration)				
- Salaries, wages, bonus & others	3,355,868	3,473,934	2,994,666	3,184,110
- Defined contribution plan expense	354,969	281,526	343,859	276,303
Included in the cost of sales are as follows :-				
Cost of inventories	28,532,736	48,370,425	28,392,736	48,370,425
Depreciation	4,959,437	4,794,851	4,959,437	4,794,851
Director's emoluments	631,615	614,630	631,615	614,630
Inventories written off	76,200	109,905	76,200	109,905
Property, plant & equipment written off	192,043	134,712	192,043	134,712
Gain on disposal of property, plant & equipment	(43,904)	-	(43,904)	-
Staff costs (excluding Director's emoluments)				
- Salaries, wages, bonus & others	12,508,130	11,771,438	5,246,540	4,985,375
- Defined contribution plan expense	1,390,881	1,299,364	592,792	522,557
Included in the research & development expenses are as follows :-				
Amortisation of development expenditure	-	26,104	-	26,104
Staff costs (excluding Director's emoluments)				
- Salaries, wages, bonus & others	2,171,388	2,288,891	2,171,388	2,288,891
- Defined contribution plan expense	264,747	281,204	264,747	281,204

7. DIRECTORS' REMUNERATION

The aggregate remuneration of Directors of the Group and of the Company categorised into appropriate components for the financial year ended are as follows :-

Group/Company

	Fees RM	Salaries RM	Others RM	BIK* RM	Total RM
2020					
Executive Directors	-	917,760	1,323,248	37,226	2,278,234
Non executive Directors	174,000	-	7,500	5,000	186,500

* Benefits-in-kind

7. DIRECTORS' REMUNERATION (cont'd)

Group/Company

	Fees RM	Salaries RM	Others RM	BIK* RM	Total RM
2019					
Executive Directors	-	905,748	1,257,274	41,875	2,204,897
Non executive Directors	165,000	-	7,000	5,000	177,000

* Benefits-in-kind

The number of Directors of the Group and of the Company whose total remuneration fall within the following bands for the financial year ended are as follows :-

	2019 Group/Company No. of Directors		2018 Group/Company No. of Directors	
Range of remuneration	**Executive**	**Non executive**	**Executive**	**Non executive**
Below RM50,001	-	-	-	-
RM50,001 – RM100,000	-	3	-	3
RM100,001 – RM600,000	-	-	-	-
RM600,001 – RM650,000	2	-	2	-
RM650,001 – RM950,000	-	-	-	-
RM950,001 – RM1,000,000	1	-	1	-

Included in the remuneration of Directors of the Group and of the Company is contribution to a defined contribution plan expense amounting to RM352,092 (2019: RM335,665) charged to profit or loss.

8. INCOME TAX EXPENSE

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Malaysian income tax based on results for the financial year				
- Current tax	4,085,970	3,408,415	4,008,456	3,318,300
- (Over)/Under provision in prior financial years	(5,437)	393,508	(11,299)	391,770
	4,080,533	3,801,923	3,997,157	3,710,070
Deferred tax				
- Origination and reversal of temporary differences	4,407	410,320	4,407	402,228
	4,084,940	4,212,243	4,001,564	4,112,298

8. INCOME TAX EXPENSE (cont'd)

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows :-

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Profit before tax	15,186,593	15,350,616	14,957,393	14,991,264
Income tax using Malaysian tax rate of 24%	3,644,782	3,684,148	3,589,774	3,597,903
Income not subject to tax	(105,455)	(112,806)	(105,455)	(112,806)
Non-deductible expenses	551,050	247,393	528,544	235,431
(Over)/Under-provision of income tax in prior years	(5,437)	393,508	(11,299)	391,770
	4,084,940	4,212,243	4,001,564	4,112,298

The Company may distribute dividends out of its entire retained earnings as at 31 December 2020 under single-tier system.

Subject to agreement with the Inland Revenue Board, the Company has pioneer exempt income pursuant to Section 23(1) of the Promotion of Investments Act 1986 and Section 12 of the Income Tax (Amendment) Act 1999 estimated at RM459,194 (2019: RM459,194) and RM50,666 (2019: RM50,666) respectively, from which tax exempt dividends can be declared.

9. EARNINGS PER SHARE ("EPS")

Basic earnings per ordinary share is calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2020	2019
Basic EPS		
Profit attributable to owners (RM'000)	11,080	11,099
Number of shares in issued ('000) *	446,838	446,838
Basic EPS (sen)	2.48	2.48

* For comparative purpose, the earnings per share for year ended 31 December 2019 had been adjusted to reflect the bonus issue of 1 for every 2 existing ordinary shares which was completed on 14 October 2020.

10. PROPERTY, PLANT & EQUIPMENT

Group – 2020

	Computers RM	Furniture & fittings RM	Motor vehicles RM	Renovations RM	ESM equipment RM	Office equipment RM	Building RM	Reworkable parts RM	Total RM
Cost									
At 1.1.2020	5,242,825	1,624,188	3,746,413	1,703,985	44,495,724	1,441,524	14,631,752	5,369,568	78,255,979
Additions	606,658	438,786	318,371	468,984	534,647	178,330	302,876	534,385	3,383,037
Disposal	-	-	(176,928)	-	-	-	-	(120,272)	(297,200)
Written off	(972,704)	(19,703)	-	-	(7,336,566)	(35,034)	-	(94,096)	(8,458,103)
Expiry*	-	-	-	-	-	-	(136,572)	-	(136,572)
At 31.12.2020	4,876,779	2,043,271	3,887,856	2,172,969	37,693,805	1,584,820	14,798,056	5,689,585	72,747,141
Accumulated Depreciation									
At 1.1.2020	4,148,670	730,786	1,635,340	530,148	20,865,886	770,069	1,140,266	1,650,786	31,471,951
Charge for the financial year	699,470	352,899	418,100	211,080	4,449,472	218,660	458,699	708,864	7,517,244
Disposal	-	-	(116,798)	-	-	-	-	(51,330)	(168,128)
Written off	(972,587)	(19,699)	-	-	(7,187,165)	(35,016)	-	(49,739)	(8,264,206)
Expiry*	-	-	-	-	-	-	(136,572)	-	(136,572)
At 31.12.2020	3,875,553	1,063,986	1,936,642	741,228	18,128,193	953,713	1,462,393	2,258,581	30,420,289
Net Book Value									
At 31.12.2020	1,001,226	979,285	1,951,214	1,431,741	19,565,612	631,107	13,335,663	3,431,004	42,326,852

* Related to expiry of the tenancy agreement of ROU assets.

Company – 2020

	Computers RM	Furniture & fittings RM	Motor vehicles RM	Renovations RM	ESM equipment RM	Office equipment RM	Building RM	Reworkable parts RM	Total RM
Cost									
At 1.1.2020	5,170,923	1,624,188	3,746,413	1,703,985	44,495,724	1,350,574	14,631,752	5,369,568	78,093,127
Additions	588,318	435,547	318,371	468,984	534,647	160,630	302,876	534,385	3,343,758
Disposal	-	-	(176,928)	-	-	-	-	(120,272)	(297,200)
Written off	(972,704)	(19,703)	-	-	(7,336,566)	(35,034)	-	(94,096)	(8,458,103)
Expiry*	-	-	-	-	-	-	(136,572)	-	(136,572)
At 31.12.2020	4,786,537	2,040,032	3,887,856	2,172,969	37,693,805	1,476,170	14,798,056	5,689,585	72,545,010
Accumulated Depreciation									
At 1.1.2020	4,135,073	730,786	1,635,340	530,148	20,865,886	761,337	1,140,266	1,650,786	31,449,622
Charge for the financial year	674,566	352,521	418,100	211,080	4,449,472	199,516	458,699	708,864	7,472,818
Disposal	-	-	(116,798)	-	-	-	-	(51,330)	(168,128)
Written off	(972,587)	(19,699)	-	-	(7,187,165)	(35,016)	-	(49,739)	(8,264,206)
Expiry*	-	-	-	-	-	-	(136,572)	-	(136,572)
At 31.12.2020	3,837,052	1,063,608	1,936,642	741,228	18,128,193	925,837	1,462,393	2,258,581	30,353,534
Net Book Value									
At 31.12.20	949,485	976,424	1,951,214	1,431,741	19,565,612	550,333	13,335,663	3,431,004	42,191,476

* Related to expiry of the tenancy agreement of ROU assets.

10. PROPERTY, PLANT & EQUIPMENT (cont'd)

Group – 2019

	Computers RM	Furniture & fittings RM	Motor vehicles RM	Renovations RM	ESM equipment RM	Office equipment RM	Building RM	Work in progress RM	Reworkable parts RM	Total RM
Cost										
At 1.1.2019	5,887,955	1,570,361	3,705,329	1,689,590	45,489,426	1,230,172	11,398,139	1,814,920	4,513,567	77,299,459
Additions	705,495	55,862	809,940	14,395	620,471	231,073	3,233,613	-	1,085,107	6,755,956
Disposal	-	-	(768,856)	-	(100,924)	-	-	-	(2,336)	(872,116)
Transfer	-	-	-	-	1,814,920	-	-	(1,814,920)	-	-
Written off	(1,350,625)	(2,035)	-	-	(3,328,169)	(19,721)	-	-	(226,770)	(4,927,320)
At 31.12.2019	5,242,825	1,624,188	3,746,413	1,703,985	44,495,724	1,441,524	14,631,752	-	5,369,568	78,255,979
Accumulated Depreciation										
At 1.1.2019	4,818,096	442,438	1,753,729	355,994	19,870,731	580,971	695,875	-	1,122,126	29,639,960
Charge for the financial year	681,022	290,382	432,489	174,154	4,330,405	208,354	444,391	-	621,468	7,182,665
Disposal	-	-	(550,878)	-	(8,410)	-	-	-	(723)	(560,011)
Written off	(1,350,448)	(2,034)	-	-	(3,326,840)	(19,256)	-	-	(92,085)	(4,790,663)
At 31.12.2019	4,148,670	730,786	1,635,340	530,148	20,865,886	770,069	1,140,266	-	1,650,786	31,471,951
Net Book Value										
At 31.12.2019	1,094,155	893,402	2,111,073	1,173,837	23,629,838	671,455	13,491,486	-	3,718,782	46,784,028

Company – 2019

	Computers RM	Furniture & fittings RM	Motor vehicles RM	Renovations RM	ESM equipment RM	Office equipment RM	Building RM	Work in progress RM	Reworkable parts RM	Total RM
Cost										
At 1.1.2019	5,887,955	1,570,361	3,705,329	1,689,590	45,489,426	1,230,172	11,398,139	1,814,920	4,513,567	77,299,459
Additions	633,593	55,862	809,940	14,395	620,471	140,123	3,233,613	-	1,085,107	6,593,104
Disposal	-	-	(768,856)	-	(100,924)	-	-	-	(2,336)	(872,116)
Transfer	-	-	-	-	1,814,920	-	-	(1,814,920)	-	-
Written off	(1,350,625)	(2,035)	-	-	(3,328,169)	(19,721)	-	-	(226,770)	(4,927,320)
At 31.12.2019	5,170,923	1,624,188	3,746,413	1,703,985	44,495,724	1,350,574	14,631,752	-	5,369,568	78,093,127
Accumulated Depreciation										
At 1.1.2019	4,818,096	442,438	1,753,729	355,994	19,870,731	580,971	695,875	-	1,122,126	29,639,960
Charge for the financial year	667,425	290,382	432,489	174,154	4,330,405	199,622	444,391	-	621,468	7,160,336
Disposal	-	-	(550,878)	-	(8,410)	-	-	-	(723)	(560,011)
Written off	(1,350,448)	(2,034)	-	-	(3,326,840)	(19,256)	-	-	(92,085)	(4,790,663)
At 31.12.2019	4,135,073	730,786	1,635,340	530,148	20,865,886	761,337	1,140,266	-	1,650,786	31,449,622
Net Book Value										
At 31.12.2019	1,035,850	893,402	2,111,073	1,173,837	23,629,838	589,237	13,491,486	-	3,718,782	46,643,505

Right-of-use of assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 26.

10. PROPERTY, PLANT & EQUIPMENT (cont'd)

Security

The carrying amount of the property, plant & equipment that have been charged to financial institutions for facilities granted to the Group and the Company are as follows :-

	Group/Company	
	2020 RM	**2019 RM**
Building	12,976,762	13,261,403
ESM equipment	4,401,297	11,593,483
Motor vehicles	1,832,707	1,927,840
	19,210,766	26,782,726

11. SUBSIDIARIES

	Company	
	2020 RM	**2019 RM**
(a) Investment in subsidiaries		
Unquoted shares - at cost	86,000	86,000
Less: Accumulated impairment losses	(1,000)	(1,000)
	85,000	85,000

The Group had the following subsidiaries at 31 December 2020 and 31 December 2019. Unless otherwise stated, the subsidiaries as listed below have share capital consisting solely of ordinary shares and incorporated in Malaysia. The country of incorporation is also their place of principal place of business.

		Effective Interest (%)	
Name of Company	**Principal Activities**	**2020**	**2019**
OpenSys Technologies Sdn. Bhd.	Call center operation, hardware maintenance, repair of self service kiosks and computer equipment, online marketplace operations and software development for Fintech and IoT	85	85
OpenSys Engineering Sdn. Bhd.	Dormant	100	100

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held. The parent company further does not have any shareholdings in the preference shares of subsidiary undertakings included in the Group.

11. SUBSIDIARIES (cont'd)

The Group's subsidiary that have material non-controlling interests ("NCI") are as follows:-

	OpenSys Technologies Sdn. Bhd.	
	2020 RM	2019 RM
NCI effective equity interest	15%	15%
Carrying amount of NCI	86,763	64,889
Profit allocated to NCI	21,874	38,911
Summaries financial information before inter-company elimination		
As at 31 December		
Non-current assets	135,376	140,523
Current assets	1,579,353	1,375,241
Non-current liabilities	(3,698)	(8,092)
Current liabilities	(1,132,608)	(1,075,075)
Net assets	578,423	432,597
Year ended 31 December		
Revenue	11,238,054	10,502,966
Profit for the year	145,826	259,407
Total comprehensive income	145,826	259,407
Cash flow from operating activities	390,959	499,294
Cash flow used in investing activities	(39,279)	(162,852)
Net changes in cash and cash equivalents	351,680	336,442

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

(b) Amount due from subsidiary

	Company	
	2020 RM	2019 RM
Amount due from subsidiary	53,205	48,006
Less: Accumulated impairment losses		
At beginning of the financial year	(48,006)	(42,864)
Impairment losses	(5,199)	(5,142)
At end of the financial year	(53,205)	(48,006)
Carrying amount at end of financial year	-	-

The amount due from subsidiary pertained mainly to advances and payments on behalf. The outstanding amounts were unsecured, interest free and payable on demand.

11. SUBSIDIARIES (cont'd)

(c) Amount due to subsidiary

	Company	
	2020 RM	2019 RM
Amount due to subsidiary	417,074	580,371

The amount due to subsidiary pertained mainly to contract services. The outstanding amounts were unsecured, interest free and the credit terms is 30 days.

12. DEVELOPMENT EXPENDITURE

This is mainly in respect of expenditure incurred for the development of software.

	Group/Company	
	2020 RM	2019 RM
Cost		
At beginning of the financial year	783,128	783,128
Addition	314,468	-
At end of the financial year	1,097,596	783,128
Less: Accumulated amortisation		
At beginning of the financial year	(783,128)	(757,024)
Amortisation for the financial year	-	(26,104)
At end of the financial year	(783,128)	(783,128)
Carrying amount at end of financial year	314,468	-

13. FIXED DEPOSITS

The fixed deposits have been pledged to licensed banks for banking facilities granted to the Group and the Company.

The interest rate of deposits of the Group and of the Company as at reporting date ranged from 1.85% to 2.60% (2019: 3.10% to 3.25%) per annum.

Deposits of the Group and the Company have maturity of 365 days (2019: 365 days).

14. INVENTORIES

	Group/Company	
	2020 RM	2019 RM
Consumables and parts	2,509,781	2,499,396
Assembly components	1,826,919	1,697,390
Finished goods	2,255,077	4,203,057
	6,591,777	8,399,843
Recognised to profit or loss:-		
Used machines written down to net realisable value	763,600	796,350

15. TRADE RECEIVABLES

The table below is an analysis of trade receivables as at 31 December :-

	Group/Company	
	2020 RM	2019 RM
Trade receivables	6,487,915	17,329,699
Contract assets	3,538,159	2,197,310
Total trade receivables, net	10,026,074	19,527,009

The normal credit term of the Group and of the Company granted to trade receivables ranged from 30 days to 90 days (2019: 30 days to 120 days). Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

The Group and the Company uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables.

In measuring the expected credit losses, trade receivables are grouped based on shared credit risk characteristics and days past due.

In calculating the expected credit loss rates, the Group and the Company considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. The Group and the Company has identified the gross domestic product (GDP) in which it sells goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group and the Company. The Group and the Company considers a financial asset as in default if the counterparty fails to make contractual payments within 90 days when they fall due.

15. TRADE RECEIVABLES (cont'd)

The Group's credit risk exposure in relation to trade receivables under MFRS 9 as at 31 December are set out in the provision matrix as follows:

	Group/Company	
	2020 RM	2019 RM
Current	9,774,585	19,510,011
1 to 90 days past due	232,493	16,998
91 days past due	18,996	-
Gross carrying amounts	10,026,074	19,527,009

Expected credit losses for trade receivables and contract assets impact are immaterial.

The currency exposure profile of trade receivables is as follows :-

	Group/Company	
	2020 RM	2019 RM
Ringgit Malaysia	9,983,643	19,488,523
US Dollar	42,431	38,486
	10,026,074	19,527,009

16. OTHER RECEIVABLES, DEPOSITS & PREPAYMENTS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Other receivables	995	-	275	-
Deposits	113,362	107,904	112,162	107,904
Prepayments	1,277,384	2,447,416	1,164,094	2,346,032
	1,391,741	2,555,320	1,276,531	2,453,936

Included in the prepayments are advance payments made for purchase of inventories amounting RM316,415 (2019: RM479,020) and renovation amounting RM Nil (2019: RM720,000).

17. SHORT TERM INVESTMENTS

	Group/Company	
	2020 RM	2019 RM
Financial assets at fair value through profit or loss		
- unquoted unit trusts in Malaysia	26,236,121	13,456,726

The fair value of all unit trusts is based on their net assets value as at the end of the reporting period.

18. SHARE CAPITAL

	Group/Company			
	2020		2019	
	Number of share Unit	Amount RM	Number of share Unit	Amount RM
Issued and fully paid :-				
At the beginning of the year	297,892,019	29,789,202	297,892,019	29,789,202
Bonus issue	148,945,630	-	-	-
At the end of the year	446,837,649	29,789,202	297,892,019	29,789,202

During the financial year, the Company proposed to undertake a proposed bonus issue of up to 148,946,009 new ordinary shares in the Company ("Bonus Shares"), on the basis of 1 Bonus Share for every 2 existing ordinary shares held in the Company which were subsequently approved by the shareholders during the Extraordinary General Meeting on 28 September 2020 ("Bonus Issue").

The Bonus Issue has been completed following the listing of and quotation for 148,945,630 Bonus Shares pursuant to the Bonus Issue on the ACE Market of Bursa Securities on 14 October 2020.

The holders of ordinary share are entitled to receive dividends as and when declared by the Company. All ordinary share carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

19. LEASE LIABILITIES

	Group/Company	
	2020 RM	2019 RM
Lease liabilities	175,200	234,269
Finance lease liabilities	4,537,513	6,984,826
	4,712,713	7,219,095
Minimum lease payments :-		
Repayable not later than 1 year	2,031,335	3,145,069
Repayable later than 1 year and not later than 2 years	1,461,252	1,911,654
Repayable later than 2 years and not later than 5 years	1,574,290	2,792,845
	5,066,877	7,849,568
Less : Finance charges	(354,164)	(630,473)
Present value of minimum lease payments	4,712,713	7,219,095
Breakdown of present value of minimum lease payments :-		
Repayable not later than 1 year	1,837,606	2,836,983
Repayable later than 1 year and not later than 2 years	1,349,626	1,731,047
Repayable later than 2 years and not later than 5 years	1,525,481	2,651,065
	4,712,713	7,219,095

19. LEASE LIABILITIES (cont'd)

	Group/Company	
	2020 RM	2019 RM
Represented by :-		
Current	1,837,606	2,836,983
Non-current	2,875,107	4,382,112
	4,712,713	7,219,095

The finance lease liabilities of the Group and of the Company carried interest at the reporting date which ranged from 4.25% to 7.96% (2019: 4.30% to 8.38%) per annum.

20. TERM LOANS

	Group/Company	
	2020 RM	2019 RM
Repayable not later than 1 year	756,536	616,325
Repayable later than 1 year and not later than 2 years	781,649	644,767
Repayable later than 2 years and not later than 5 years	2,504,099	2,118,388
Repayable later than 5 years	4,705,479	6,081,915
	8,747,763	9,461,395
Represented by :-		
Current	756,536	616,325
Non-current	7,991,227	8,845,070
	8,747,763	9,461,395

The carrying amounts of term loans of the Group and of the Company at the reporting date approximated their fair values.

The effective interest rate of term loans of the Group and of the Company at the reporting date ranged from 3.27% to 4.52% (2019: 4.52 to 4.77%) per annum.

The term loans are secured by :-

(a) a pledge of fixed deposit as disclosed in Note 13; and
(b) a fixed charge over the buildings;

21. DEFERRED TAX LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts determined after appropriate offsetting are shown in the Statements of Financial Position: -

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Deferred tax liabilities				
Property, plant & equipment				
- capital allowances in excess of depreciation	3,993,148	4,052,092	3,985,056	4,044,000
Development expenditure	75,472	-	75,472	-
	4,068,620	4,052,092	4,060,528	4,044,000
Deferred tax assets				
Contract liabilities	(437,710)	(421,195)	(433,316)	(421,195)
	3,630,910	3,630,897	3,627,212	3,622,805

22. TRADE PAYABLES

The currency exposure profile of trade payables is as follows :-

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Ringgit Malaysia	998,529	3,262,619	976,264	3,125,609
US Dollar	1,644,457	3,846,569	1,644,457	3,846,569
	2,642,986	7,109,188	2,620,721	6,972,178

The normal credit terms of trade payables granted to the Group and the Company vary from 30 days to 90 days (2019: 30 days to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

23. OTHER PAYABLES & ACCRUALS

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Other payables	729,223	1,072,703	649,717	1,033,693
Accruals - others	1,912,944	4,337,752	1,750,595	4,198,048
Accruals - staff costs	3,723,216	3,481,047	2,983,310	2,828,307
Defined contribution plan	281,158	274,656	169,882	167,373
	6,646,541	9,166,158	5,553,504	8,227,421

The Group and the Company contribute to the Employees Provident Fund, the national defined contribution plan. Once the contributions have been paid, the Group and the Company have no further payment obligations.

24. BANKERS' ACCEPTANCE

The bankers' acceptance are secured by fixed deposits as disclosed in Note 13.

The interest charges on the bankers' acceptance of the Group and of the Company during the financial year ranged from 3.54% to 5.37% (2019: 4.81% to 5.39%) per annum.

25. CONTRACT LIABILITIES

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Deferred revenue	1,823,791	1,850,283	1,805,483	1,850,283

The Group and the Company recognises contract liabilities when a customer pays consideration, or is contractually required to pay consideration, before the Group and the Company recognises the related revenue.

Significant changes to contract liabilities balances during the period are as follows:

	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
At the beginning of the financial year	1,850,283	2,817,287	1,850,283	2,817,287
Revenue recognised	(19,359,692)	(12,273,689)	(19,219,692)	(12,273,689)
Progress billing to customers	19,333,200	11,306,685	19,174,892	11,306,685
At the end of the financial year	1,823,791	1,850,283	1,805,483	1,850,283

The below represents consideration received in respect of unsatisfied performance obligation which is recognised as revenue over the period the services are provided. The remaining performance obligations usually to be recognised within 4 years.

Unsatisfied performance obligation yet to be recognised as revenue:

Group As at 31 December 2020	2021 RM	2022 RM	2023 RM	2024 RM
Revenue to be recognised on services contract	551,256	183,667	552,691	536,177

Company As at 31 December 2020	2021 RM	2022 RM	2023 RM	2024 RM
Revenue to be recognised on services contract	532,948	183,667	552,691	536,177

Group/Company As at 31 December 2019	2020 RM	2021 RM	2022 RM	2023 RM
Revenue to be recognised on services contract	678,394	276,055	114,450	781,384

26. LEASES

The Group has lease contracts for various items of building, plant, machinery, vehicles and other equipment used in its operations. Leases of motor vehicles generally have lease terms between 5 and 6 years, while plant and machinery and other equipment generally have lease terms between 3 and 5 years.

(a) Carrying amounts

ROU assets classified within property, plant and equipment.

	Group/Company	
	31.12.2020 RM	31.12.2019 RM
Computers	-	17
Motor vehicles	1,832,707	1,927,840
Furniture & fittings	510,955	756,137
Renovations	779,819	889,909
ESM equipment	4,401,297	11,593,483
Office equipment	79,057	117,003
Building	170,211	230,083
	7,774,046	15,514,472

(b) Depreciation charge during the year

	Group/Company	
	2020 RM	2019 RM
Motor vehicles	361,762	326,373
Furniture & fittings	245,183	244,850
Renovations	110,090	110,090
ESM equipment	778,820	1,676,333
Office equipment	37,946	37,946
Building	173,428	169,652
	1,707,229	2,565,244

(c) Lease expense

	Group/Company	
	2020 RM	2019 RM
Lease expense – low value leases (Note 6)	16,420	12,835

(d) Total cash outflow for all the leases during the financial year is RM 3,231,335 (2019 : RM6,149,470).

(e) Addition of ROU assets during the financial year is RM431,926 (2019 : RM 2,690,117) which included certain existing equipment had been financed by finance lease during the financial year.

27. OPERATING SEGMENTS

The Group is organised into the following main business segments are as follows :-

(i) Hardware

Including sale, assembly and distribution of Cheque Deposit Machines and Cash Recycling Machines and other hardware equipments.

(ii) Software Solution and Services ("SSS")

Including sale of software, software customisation, support and maintenance, after sale services, cheque processing outsourcing and outsourcing of payment kiosks.

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker ("CODM") (i.e. the Group's Chief Executive Officer, Chief Executive Officer, Chief Financial Officer and Senior VPs of the various departments) that are used to make strategic decisions.

The geographical segment information is not presented as the Group's activities are carried out predominantly in Malaysia.

Major customers

There are four (2019: three) major customers with revenue equal or more than 10 percent of the Group's total revenue.

Segment assets and segment liabilities

Segment assets and segment liabilities information is neither included in the internal management reports nor provided regularly to the Group's Chief Executive Offices. Hence no disclosure is made on segment assets and liabilities.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant & equipment and development expenditure.

The segment information provided to the CODM for the reportable segments is as follows :-

	Hardware RM	Software Solution and Services RM	Elimination RM	Total RM
2020				
External revenue	33,093,618	49,316,285	-	82,409,903
Intersegment transactions	-	11,096,854	(11,096,854)	-
Total revenue	33,093,618	60,413,139	(11,096,854)	82,409,903
Segment results	5,560,266	22,884,558		28,444,824
Unallocated other income				1,534,791
Unallocated operating expenses				(14,793,022)
Profit before tax				15,186,593

27. OPERATING SEGMENTS (cont'd)

	Hardware RM	Software Solution and Services RM	Elimination RM	Total RM
2019				
External revenue	57,273,056	45,598,232	-	102,871,288
Intersegment transactions	-	10,502,966	(10,502,966)	-
Total revenue	57,273,056	56,101,198	(10,502,966)	102,871,288
Segment results	9,419,614	19,847,052		29,266,666
Unallocated other income				1,121,441
Unallocated operating expenses				(15,037,491)
Profit before tax				15,350,616

28. SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

a) <u>Related Party Transactions</u>

			Company	
<u>Entity</u>	<u>Relationship</u>	<u>Type of transactions</u>	2020 RM	2019 RM
OpenSys Technologies Sdn. Bhd.	Subsidiary	Service expenses:		
		- Hardware maintenance	10,348,181	9,818,052
		- Call center operations	748,673	684,914

b) <u>Key management personnel compensation</u>

The key management personnel compensation during the financial year was in respect of the Directors' remuneration of the Group and of the Company as stated in Note 7 to the Financial Statements.

The Directors are of the opinion that the above transactions have been entered into in the normal course of business and have been established on terms and conditions negotiated and agreed by the related parties.

29. CAPITAL MANAGEMENT

The primary objective of the Group's and of the Company's capital management are to ensure that it maintains healthy capital ratios in order to support its business and maximise its shareholders value.

The Group and the Company manage its capital structure and make adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group and the Company monitor capital using return on equity, which are net income as percentage of average equity.

At the reporting date, the ratios were the following:

	Group		Company	
	2020 %	2019 %	2020 %	2019 %
Return on equity	16.43	18.29	16.33	17.97

The Company is not subject to externally imposed capital requirements for the financial years ended 31 December 2020 and 31 December 2019.

30. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

	Financial assets at amortised costs		FVTPL		Total	
	2020 RM	2019 RM	2020 RM	2019 RM	2020 RM	2019 RM
Group						
Financial Assets						
Non-current						
Fixed deposits	8,301,479	8,083,250	-	-	8,301,479	8,083,250
Current						
Trade and other receivables	10,140,431	19,634,913	-	-	10,140,431	19,634,913
Short term investments	-	-	26,236,121	13,456,726	26,236,121	13,456,726
Cash and bank balances	5,086,597	5,869,412	-	-	5,086,597	5,869,412
Total	23,528,507	33,587,575	26,236,121	13,456,726	49,764,628	47,044,301

30. FINANCIAL INSTRUMENTS (cont'd)

(a) Categories of financial instruments (cont'd)

	Financial assets at amortised costs		FVTPL		Total	
	2020 RM	2019 RM	2020 RM	2019 RM	2020 RM	2019 RM
Company						
Financial Assets						
Non-current						
Fixed deposits	8,301,479	8,083,250	-	-	8,301,479	8,083,250
Current						
Trade and other receivables	10,138,511	19,634,913	-	-	10,138,511	19,634,913
Short term investments	-	-	26,236,121	13,456,726	26,236,121	13,456,726
Cash and bank balances	4,049,643	5,184,138	-	-	4,049,643	5,184,138
Total	22,489,633	32,902,301	26,236,121	13,456,726	48,725,754	46,359,027

	Financial liabilities at amortised cost			
	Group		Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Non-current				
Borrowings	10,866,334	13,227,182	10,866,334	13,227,182
Current				
Borrowings	2,994,290	5,501,318	2,994,290	5,501,318
Trade and other payables	9,289,527	16,275,346	8,174,225	15,199,599
Amount due to subsidiary	-	-	417,074	580,371
	23,150,151	35,003,846	22,451,923	34,508,470

(b) Fair value of financial instruments

The Group and the Company use the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

30. FINANCIAL INSTRUMENTS (cont'd)

(b) Fair value of financial instruments (cont'd)

The Group and the Company held the following financial instruments carried at fair value in the Statements of Financial Position:

	Assets/ (Liabilities)	Level 1 RM	Level 2 RM	Level 3 RM
31 December 2020				
Fair value through profit or loss:				
Short term Investments	26,236,121	26,236,121	-	-
31 December 2019				
Fair value through profit or loss:				
Short term investments	13,456,726	13,456,726	-	-

The carrying amounts of the Group's and of the Company's financial instruments are reasonable approximation of fair values due to their short term nature.

31. DIVIDENDS

	Group/Company			
	2020		2019	
	Gross dividend per share (sen)	Amount of dividend, net of tax RM	Gross dividend per share (sen)	Amount of dividend, net of tax RM
Dividend paid in respect of :-				
(a) Financial year ended 31 December 2020				
- first interim	0.50	1,489,464	-	-
- second interim	0.25	744,733	-	-
- third interim	0.25	744,732	-	-
- fourth interim	0.25	1,117,101	-	-
(b) Financial year ended 31 December 2019				
- first interim	-	-	0.50	1,489,465
- second interim	-	-	0.25	744,732
- third interim	-	-	0.50	1,489,465
- fourth interim	-	-	0.25	744,733
Dividend recognised as distribution to ordinary equity holders of the Company	1.25	4,096,030	1.50	4,468,395

An interim dividend of RM0.0025 per ordinary share, with the total amounting to RM1,117,101 in respect of the financial year ending 31 December 2021 declared on 22 February 2021. The financial statements for the current financial year do not reflect this declared dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2021.

32. COMMITMENTS AND OPERATING LEASE ARRANGEMENTS

(a) Capital commitments

	Group/Company	
	2020 RM	2019 RM
Contracted but not provided for	-	789,976

The above commitments relate to purchase of property, plant and equipment.

33. SIGNIFICANT EVENT DURING AND AFTER REPORTING PERIOD

With the COVID-19 pandemic still raging globally and causing unprecedented disruption to economic activity, the Group continues to prioritise cash conservation and cost control, as well as to generate new revenue streams in merchant acquiring services, e-wallet top-up kiosks, online solar marketplace and secured delivery services to improve the profitability of the Group.

The management team is closely monitoring and assessing the impact of COVID-19, prioritising the health and safety of the frontline employees, customers and the communities ensuring the continuity of essential services in this challenging period.

For the financial year ended 31 December 2020, the impact of COVID-19 have been reflected in this set of financial statements.

To date, the Group has not encountered any significant disruption to our business despite the pandemic. Our services segment is relatively unaffected due to the recurring nature of our business model. However, if the pandemic is prolonged, there will be an impact to our hardware business segment due to disruption to the procurement and tender processes of the banking customers to purchase new cash-recycling ATMs.

If this unprecedented health and economic crisis can be contained in the near term with the planned vaccination programme from the government, the Group expects that the performance of the Group will continue to be satisfactory for the financial year ending 31 December 2021 due to the recurring nature of our revenue stream.

34. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements have been authorised for issue in accordance with a resolution of the Board of Directors on 7 April 2021.

LODGER INFORMATION

Name	:	Mega Corporate Services (M) Sdn. Bhd.
Company No.	:	198901010682 (187984-H)
Address	:	Level 15-2, Bangunan Faber Imperial Court Jalan Sultan Ismail 50250 Kuala Lumpur
Phone No.	:	03-26924271
Email	:	info@megacorp.com.my

List of Properties

A summary of the Group's properties as at 31 December 2020 is as follows:

Location	Approximate Built-up Area (square feet)	Brief Description and Existing Use	Tenure/Date of Expiry of Leasehold Land	Date of Acquisition/ Revaluation	Age of Building (years)	Net Book Value as at 31.12.2020 (RM'000)
No. 1, 1-1 & 1-2, Jalan Putra Mahkota 7/7B, Seksyen 7, Putra Heights, 47650 Subang Jaya, Selangor Darul Ehsan.	9,059	3 storey shop-office building for own use	Freehold	26 July 2012	13.5	2,515
Level 26, Tower A, Pinnacle Petaling Jaya, Jalan Utara, Seksyen 52, 46200 Petaling Jaya, Selangor Darul Ehsan.	9,235	Office unit for own use	Leasehold for 99 years expiring on 15 January 2102	22 May 2013	4	7,600
Unit A-23-01, Tower A, Pinnacle Petaling Jaya, Jalan Utara, Seksyen 52, 46200 Petaling Jaya, Selangor Darul Ehsan.	1,081	Office unit for own use	Leasehold for 99 years expiring on 15 January 2102	6 August 2018	4	1,093
Unit A-23-02, Tower A, Pinnacle Petaling Jaya, Jalan Utara, Seksyen 52, 46200 Petaling Jaya, Selangor Darul Ehsan.	558	Office unit for own use	Leasehold for 99 years expiring on 15 January 2102	6 August 2018	4	564
Unit A-23-08, Tower A, Pinnacle Petaling Jaya, Jalan Utara, Seksyen 52, 46200 Petaling Jaya, Selangor Darul Ehsan.	1,190	Office unit for own use	Leasehold for 99 years expiring on 15 January 2102	8 August 2018	4	1,203
Glory Beach Resort E-10-06, Batu 2, Jalan Seremban, Tanjung Gemok, Port Dickson, 71000 Negeri Sembilan.	870	Staff holiday apartment	Freehold	8 July 2020	21.3	188

Analysis of Shareholdings
as at 29 March 2021

Total Number of Issued Shares	: 446,837,649 ordinary shares.
Class of Shares	: There is only one class of shares in the Company.
Voting Rights	: One vote per share.

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	Total Holdings	%
Less Than 100 Shares	894	54,879	0.01
100 To 1,000 Shares	1,250	774,131	0.17
1,001 To 10,000 Shares	5,919	31,987,056	7.16
10,001 To 100,000 Shares	3,758	114,849,920	25.70
100,001 To Less Than 5% Of Issued Shares	346	204,139,021	45.69
5% And Above Of Issued Shares	1	95,032,642	21.27
Total	**12,168**	**446,837,649**	**100.00**

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest	
No. Shareholder	Shares	%	Shares	%
1. Tan Kee Chung	95,032,642	21.27	-	-

DIRECTORS' SHAREHOLDINGS

	Direct Interest		Deemed Interest	
No. Shareholder	Shares	%	Shares	%
1. Tan Kee Chung	95,032,642	21.27	-	-
2. Chee Hong Soon	12,322,440	2.76	-	-
3. Tune Hee Hian	5,965,363	1.34	1,999,999***	0.45
4. James Henry Stewart	814,200	0.18	-	-

*** Deemed interests by virtue of interests held by his spouse pursuant to Section 59(11)(c) of the Companies Act 2016.

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

No.	Name	No. Of Shares Held	%
1.	Tan Kee Chung	95,032,642	21.27
2.	HSBC Nominees (Asing) Sdn Bhd For Exempt An For Credit Suisse (SG BR-TST-ASING)	14,550,100	3.26
3.	Chee Hong Soon	12,322,440	2.76
4.	Tan Yu Yeh	10,661,400	2.39
5.	Haw Wan Chong	9,105,163	2.04
6.	Koh Lea Cheong	7,857,463	1.76
7.	Lim Swee Keah	7,015,363	1.57
8.	Tan Gaik Keow	6,652,863	1.49
9.	Tune Hee Hian	5,965,363	1.34
10.	Goh Siew Tee	5,297,785	1.19
11.	Hong Leong Assurance Berhad For As Beneficial Owner (UNITLINKED GF)	4,500,000	1.01
12.	Hong Leong Assurance Berhad For As Beneficial Owner (UNITLINKED BCF)	4,211,700	0.94
13.	AmSec Nominees (Tempatan) Sdn Bhd For AmBank (M) Berhad (SWAP)	3,880,000	0.87
14.	Tham Kok Cheng	2,719,147	0.61
15.	Tan Yu Wei	2,330,000	0.52
16.	Low Suet Cheng	2,097,813	0.47
17.	Maybank Nominees (Tempatan) Sdn Bhd For Douglas Cheng Heng Lee	2,000,000	0.45
18.	Liew Swee Lian	1,999,999	0.45
19.	Hong Leong Assurance Berhad For As Beneficial Owner (UNITLINKED DP)	1,875,000	0.42
20.	Hong Leong Assurance Berhad For As Beneficial Owner (UNITLINKED FLF)	1,875,000	0.42
21.	Hong Leong Assurance Berhad For As Beneficial Owner (S'HOLDERS NPAR)	1,853,400	0.41
22.	Lim Kooi Fui	1,840,850	0.41
23.	Soong Sor Pow	1,672,500	0.37
24.	Leong Yoke Wai	1,572,300	0.35
25.	CIMSEC Nominees (Tempatan) Sdn Bhd For CIMB For Douglas Cheng Heng Lee (PB)	1,570,000	0.35
26.	Maybank Nominees (Tempatan) Sdn Bhd For Cekd Venture Sdn Bhd	1,464,700	0.33
27.	Sabastian Tong Hung Yew	1,449,999	0.32
28.	Lim Kooi Fui	1,427,050	0.32
29.	Chung Chien Yee	1,392,000	0.31
30.	Tan Eng Hooi	1,360,000	0.30

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OPENSYS (M) BERHAD
Registration No. 199501040614 (369818-W)
(Incorporated in Malaysia)

FORM OF PROXY

(Before completing this form please refer to the notes below)

CDS Account No.	:	
No. of Shares Held	:	

I/We *____ _______________________________
(Full name in block letters) (NRIC No./Passport No./Registration No.*)

of____
(Address)

with email address ____________________________________ mobile phone no. ____________________

being a member/members* of **OPENSYS (M) BERHAD** ("the Company") hereby appoint(s) the following person(s):-

Full Name (in Block)	**NRIC/ Passport No.**	**Proportion of Shareholdings (%)**
Address		
Email Address	**Mobile Phone No.**	

and / or*

Full Name (in Block)	**NRIC/ Passport No.**	**Proportion of Shareholdings (%)**
Address		
Email Address	**Mobile Phone No.**	

or failing him/her, the Chairman of the Meeting as *my/our proxy/proxies to attend and vote for *me/us and on my/our behalf at the Twenty-fifth Annual General Meeting of the Company to be held at Atlanta Ballroom Level 3, Hotel Armada Petaling Jaya, Lot 6, Lorong Utara C, Seksyen 52, 46200 Petaling Jaya, Selangor Darul Ehsan on Monday, 24th May 2021 at 3.00 p.m. and at every adjournment thereof to vote as indicated below:-

	FIRST PROXY		SECOND PROXY	
ORDINARY RESOLUTIONS	**FOR**	**AGAINST**	**FOR**	**AGAINST**
1. To approve the payment of Directors' fees and benefits				
2. To re-elect the director, Mr. Tune Hee Hian				
3. To re-elect the director, Datuk Ng Bee Ken				
4. To re-appoint the retiring auditors, Messrs. HLB Ler Lum PLT				
5. Authority to allot shares				
6. Retention of Datuk Ng Bee Ken as Independent Director				
7. Retention of Mr. James Henry Stewart as Independent Director				

(Please indicate with an "x" in the space provided above on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion).

Dated this__________day of____________________2021.

____
Signature/Common Seal

** Strike out whichever is not desired.*

Notes:

1. *For the purpose of determining a member who shall be entitled to attend, speak and vote at the Annual General Meeting, the Company shall be requesting the Record of Depositors as at 18th May 2021. Only a depositor whose name appears on the Record of Depositors as at 18th May 2021 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote in his/her stead.*
2. *A member entitled to attend and vote at the meeting is entitled to appoint up to two (2) proxies to attend and vote in his/her stead. Where a member appoints two (2) proxies to attend at the same meeting, he/she shall specify the proportions of his/her holdings to be represented by each proxy. All voting will be conducted by way of poll.*
3. *(i) Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

   (ii) Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.
4. *If the appointer is a corporation, this form must be executed under its Common Seal or under the hand of its attorney duly authorized.*
5. *The Form of Proxy must be deposited at the Registered Office of the Company at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*

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AFFIX
STAMP

Company Secretary
Mega Corporate Services Sdn Bhd
Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

1st fold here

www.**myopensys**.com

OpenSys (M) Berhad

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Jalan Utara C, 46200 Petaling Jaya
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