



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

Powering ahead with **Solutions** ▶



CONTENTS

2	Notice of Annual General Meeting
5	Profile of Directors
9	Profile of Senior Management
13	Corporate Information
14	Financial Highlights
16	Management Discussion & Analysis
25	Audit Committee Report
28	Corporate Governance Overview Statement
37	Additional Compliance Information
38	Statement on Risk Management and Internal Control
40	Sustainability Statement

Financial Statements

44	Directors' Report
48	Statement by Directors
48	Statutory Declaration
49	Independent Auditors' Report
53	Statements of Profit or Loss and Other Comprehensive Income
54	Statements of Financial Position
56	Consolidated Statement of Changes in Equity
57	Statement of Changes in Equity
58	Statements of Cash Flows
61	Notes to the Financial Statements

Additional Information

101	List of Properties
102	Analysis of Shareholdings
	Form of Proxy

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Twenty-sixth 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, 23rd May 2022 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 2021 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 RM318,000.00 for the period from 1st June 2022 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). Tan Kee Chung	Clause 78	(ORDINARY RESOLUTION 2)
ii). James Henry Stewart	Clause 78	(ORDINARY RESOLUTION 3)
iii). Datin Lee Choi Chew	Clause 79	(ORDINARY RESOLUTION 4)
iv). Ong Poh Hong	Clause 79	(ORDINARY RESOLUTION 5)
4. To re-appoint Messrs. HLB Ler Lum Chew PLT as Auditors and to authorise the Board of Directors to fix their remuneration. **(ORDINARY RESOLUTION 6)**

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 7)

Notice of Annual General Meeting (cont'd)

6. RETENTION OF DATUK NG BEE KEN AS INDEPENDENT DIRECTOR

“THAT Datuk Ng Bee Ken be and is hereby retained as Independent Non-Executive Director pursuant to the Malaysian Code on Corporate Governance.”

(ORDINARY RESOLUTION 8)

7. RETENTION OF DATO' ABDUL MANAP BIN ABD WAHAB AS INDEPENDENT DIRECTOR

“THAT Dato' Abdul Manap Bin Abd Wahab be and is hereby retained as Independent Non-Executive Director pursuant to the Malaysian Code on Corporate Governance.”

(ORDINARY RESOLUTION 9)

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 29th April 2022
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 17th May 2022. Only a depositor whose name appears on the Record of Depositors as at 17th May 2022 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, speak and vote at the meeting is entitled to appoint up to two (2) proxies to attend, speak 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 authorised 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 authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a 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 or email to mega-sharereg@megacorp.com.my not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof. For those who have emailed the Form of Proxy, please submit the original at any time before the time appointed for holding the meeting or to the registration staff on the meeting day for the Company's records.
7. Explanatory notes on Special Business
 - 7.1 The proposed Ordinary Resolution 7, 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 20th September 2021.

- 7.2 The proposed Ordinary Resolutions 8 and 9, 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 Dato' Abdul Manap Bin Abd Wahab (who would have served the Company for a cumulative period of more than 9 years until the conclusion of the next Annual General Meeting of the Company but less 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 Dato' Abdul Manap Bin Abd Wahab 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 Resolutions 8 and 9 will be on two-tier voting pursuant to Practice 5.3 of the Malaysian Code on Corporate Governance.

IMPORTANT NOTICE:-

In view of the outbreak of COVID-19 and Malaysia started its transition to the endemic phase from 1st April 2022, 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.

Profile of Directors



TAN KEE CHUNG

Executive Chairman

Malaysian, Male, Aged 63

Tan Kee Chung was appointed as Executive Director of OpenSys on 7 December 1995 and was redesignated as Executive Chairman on 1 January 2022. He is a co-founder 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 Global Information Solutions (Malaysia) Sdn. Bhd. ("AT&T GIS") from January 1993 to December 1995, General Systems Division Manager in NCR (Malaysia) Sdn. Bhd. ("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.

Profile of Directors (cont'd)



CHEE HONG SOON

Executive Director
Malaysian, Male, Aged 62

Chee Hong Soon was appointed as Executive Director of OpenSys on 7 December 1995. He is a co-founder and Group Chief Compliance Officer 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 Global Information Solutions (Malaysia) Sdn. Bhd. from 1990 to 1995 and Senior Systems Engineer in NCR (Malaysia) Sdn. Bhd. from 1983 to 1989.



WINNIE ONG POH HONG

Executive Director
Malaysian, Female, Aged 45

Winnie Ong Poh Hong was appointed as Executive Director of OpenSys on 1 January 2022.

She started her career in OpenSys as an Accounts Executive in 2000 and has since served in various capacities throughout her tenure with the Company. She has over 20 years of working experience in finance, accounting, reporting, analysis, taxation and treasury management. She has previously held the positions as Senior Finance Manager, Vice President of Finance and Administration and Acting Chief Financial Officer. In January 2021, she was promoted to Chief Financial Officer and is currently responsible for overseeing the overall financial and accounting functions of the Group.

She holds a Professional Qualification of Accounting from The Association of International Accountants, United Kingdom and she is a member of the Institute of Public Accountants (IPA), Australia.

Profile of Directors (cont'd)

JAMES HENRY STEWART

Non-Independent Non-Executive Director
Canadian, Male, Aged 88



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 was redesignated as Non-Independent Non-Executive Director on 1 January 2022.

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 Southeast 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.

DATUK NG BEE KEN

Independent Non-Executive Director
Malaysian, Male, Aged 68



Datuk Ng Bee Ken was appointed as Independent Non-Executive Director of OpenSys on 1 July 2010. He is the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination 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 Millennium International University in conjunction with 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 MyTech Group Berhad (formerly known as Widetech (Malaysia) Bhd), Talam Transform Bhd and Yong Tai Bhd.

Profile of Directors (cont'd)



DATO' ABDUL MANAP BIN ABD WAHAB

Independent Non-Executive Director
Malaysian, Male, Aged 65

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, United Kingdom.

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).



DATIN LEE CHOI CHEW

Independent Non-Executive Director
Malaysian, Female, Aged 63

Datin Lee Choi Chew was appointed as Independent Non-Executive Director on 1 January 2022. She is the Chairman of the Nomination Committee and a member of the Audit and Remuneration Committees.

Datin Lee started her career in Messrs Othman, Hew & Co (Audit & Tax) in 1983. She joined the Malaysian Highway Authority (MHA) as an accountant in 1984 and later rose to be its Director of Finance. She spent close to 16 years in MHA and has vast experience in costing, budget-control and financial evaluation and implementation of highway projects, including toll management and operations. After optional retirement from MHA in 2000, she worked in finance and accounting with a professional service firm before her appointment as an Executive Director of a property investment company, chiefly in charge of its financial affairs. She also sits on the Board of Lingkaran Trans Kota Holdings 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 57

Eric Lim 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 26 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 Executive Officer - OpenSys Technologies

Malaysian, Male, Aged 43

Luke Sebastian is the Chief Executive 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 21 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 attained the Credential of Readiness (CRe) from Harvard Business School Online.



WINNIE ONG POH HONG

Chief Financial Officer

Malaysian, Female, Aged 45

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

Profile of Senior Management (cont'd)



CHEE HONG SOON

Group Chief Compliance Officer

Malaysian, Male, Aged 62

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



TUNE HEE HIAN

Group Chief Marketing Officer

Malaysian, Male, Aged 63

Tune Hee Hian is the Group Chief Marketing Officer. He assumed his current position in January 2022. He holds a Bachelor of Science degree in Education and a Postgraduate Diploma in Computer Science from Universiti Malaya. He also holds a Master's Certificate in Project Management from George Washington University, Washington DC, USA. He has more than 25 years of experience in software development, project management and implementation of an online financial systems.



KOH LEA CHEONG

Senior Vice President - Business Process Outsourcing

Malaysian, Male, Aged 55

Koh Lea Cheong obtained a First Class Honours Degree in Applied Science. He has over 29 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.



WONG SIEW POOI

*Senior Vice President - Software Development & Integration/
Cheque Processing Outsourcing*

Malaysian, Female, Aged 47

Wong Siew Pooi holds a Bachelor of Computer Science Degree. She has over 22 years of working experience in software application design, development and support. She was promoted to her current position on 1 January 2015.



DENIS KOAY KAR HWA

Senior Vice President - Sales

Malaysian, Male, Aged 42

Denis Koay holds a Bachelor of Science in Computing Degree. He has over 18 years of working experience in sales and marketing of Information Technology products. He was appointed to his current position on 1 January 2022.

Profile of Senior Management (cont'd)



HENG KEN WEI

Senior Vice President - Centre of Technology

Malaysian, Male, Aged 46

Heng Ken Wei holds a Bachelor of Information Technology Degree. He has over 21 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 51

Ooi Hock Ang holds a Bachelor of Computer Science (Honours) Degree. He has over 25 years of working experience in software development and support and project management. He was appointed to his current position on 1 January 2019.



LEONG YOKE WAI

Senior Vice President - Research and Development

Malaysian, Male, Aged 63

Leong Yoke Wai holds a Bachelor of Computer Science Degree. He has over 37 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 - Customer Data & Information Management

Malaysian, Male, Aged 69

Tham Kok Cheng holds a Master's Certificate in Commercial Project Management. He has 44 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 6 September 2021.



CHONG BOON NI

Vice President - Software Development & Integration/Cheque Processing Outsourcing

Malaysian, Female, Aged 46

Chong Boon Ni holds a Bachelor of Information Technology Degree. She has over 21 years of working experience in application software design, development and support. She was promoted to her current position on 1 July 2018.

Profile of Senior Management (cont'd)



HON TIAN YANG

Vice President - Systems & Network Support

Malaysian, Male, Aged 45

Hon Tian Yang holds a Bachelor of Computer Science Degree. He has over 20 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.

LOOY WAN KENG

Vice President - Customer Support - OpenSys Technologies

Malaysian, Male, Aged 40

Looy Wan Keng holds a Diploma of Information Technology in Business Information Systems. He has over 18 years of experience in field services management, hardware engineering and solutions support. He was promoted to his current position on 1 January 2022.

NOR SHAHRIZAH BINTI MOHAMMED ZAWAWI

Vice President - Project Management Office

Malaysian, Female, Aged 48

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 21 years of working experience in software development and project management. She was promoted to her current position on 1 January 2015.

RON LOW CHEE KEAT

Vice President - Customer Support - OpenSys Technologies

Malaysian, Male, Aged 54

Ron Low has more than 25 years of working experience in business operations and people management. His expertise the past 13 years in OpenSys are in module troubleshooting and reworks, and managing the technical support centre and operations. He was promoted to his current position on 1 January 2022.

SHIYAMALA A/P JOEGANATHAN

Vice President - Software Development & Integration

Malaysian, Female, Aged 45

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

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

Tan Kee Chung

- Executive Chairman
(Redesignated on 1 January 2022)

Chee Hong Soon

- Executive Director

Ong Poh Hong

- Executive Director
(Appointed on 1 January 2022)

James Henry Stewart

- Non-Independent Non-Executive Director
(Redesignated on 1 January 2022)

Datuk Ng Bee Ken

- Independent Non-Executive Director

Dato' Abdul Manap Bin Abd Wahab

- Independent Non-Executive Director

Datin Lee Choi Chew

- Independent Non-Executive Director
(Appointed on 1 January 2022)

Tune Hee Hian

- Executive Director
(Resigned on 1 January 2022)

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) **Datuk Ng Bee Ken**
- 3) **Datin Lee Choi Chew**
(Appointed on 1 January 2022)
- 4) **James Henry Stewart**
(Resigned on 1 January 2022)

NOMINATION COMMITTEE

- 1) **Datin Lee Choi Chew (Chairman)**
(Appointed on 1 January 2022)
- 2) **Datuk Ng Bee Ken**
- 3) **Dato' Abdul Manap Bin Abd Wahab**
- 4) **James Henry Stewart**
(Resigned on 1 January 2022)

REMUNERATION COMMITTEE

- 1) **Datuk Ng Bee Ken (Chairman)**
(Appointed on 1 January 2022)
- 2) **Dato' Abdul Manap Bin Abd Wahab**
- 3) **Datin Lee Choi Chew**
(Appointed on 1 January 2022)
- 4) **James Henry Stewart**
(Resigned on 1 January 2022)

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
Website: 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 Chew PLT
(201906002362 & 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

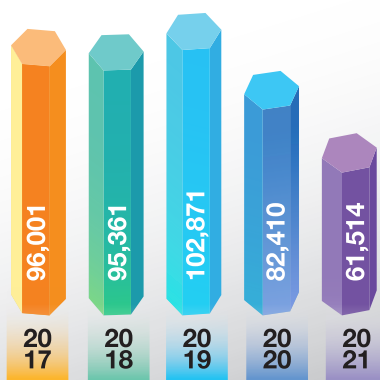
Bursa Malaysia Securities Berhad
ACE Market
Stock Code: 0040

Financial Highlights

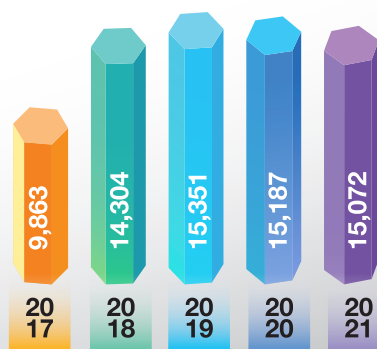
Financial Year Ended 31 Dec		2017	2018	2019	2020	2021
Revenue	RM'000	96,001	95,361	102,871	82,410	61,514
Profit Before Tax (PBT)	RM'000	9,863	14,304	15,351	15,187	15,072
Profit After Tax (PAT)	RM'000	6,637	10,188	11,138	11,102	11,083
Shareholders' Equity	RM'000	50,951	57,414	64,080	70,921	77,535
Earnings Per Share*	sen	2.23	3.41	3.73	2.48	2.47
Dividend Per Share	sen	1.00	1.25	1.50	1.25	1.00
Total Assets	RM'000	92,096	105,996	104,676	100,275	101,425
Net Assets Per Share*	sen	17.10	19.27	21.51	15.87	17.32

* 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)

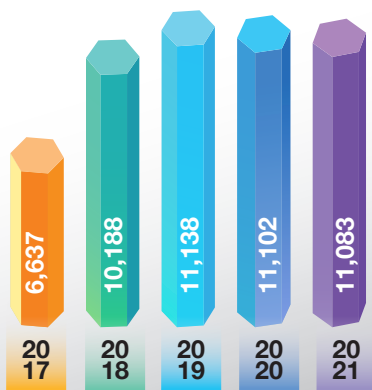


Profit Before Tax (PBT)
(RM'000)



Financial Highlights (cont'd)

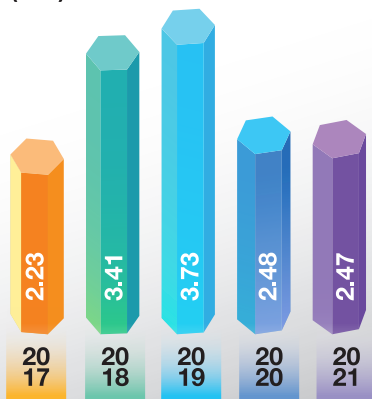
Profit After Tax (PAT)
(RM'000)



Shareholder's Equity
(RM'000)



Earnings Per Share
(Sen)



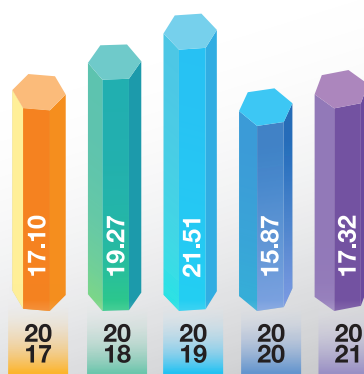
Dividend Per Share
(Sen)



Total Assets
(RM'000)

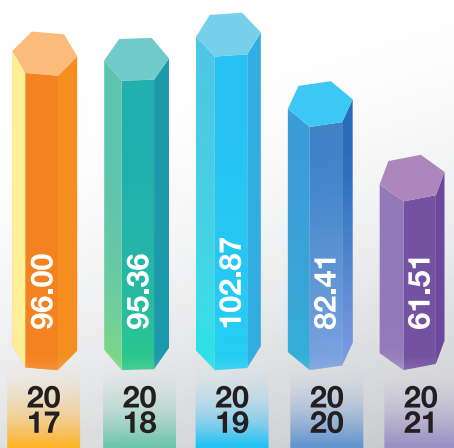


Net Assets Per Share
(Sen)



Management Discussion & Analysis

Revenue
(RM'million)



Profit After Tax
(RM'million)



1. BUSINESS AND OPERATIONS OVERVIEW

OpenSys (M) Berhad (“the Group”) is a leading solutions provider for the financial services, telecommunication, and utility industries. The Group provides total self-service and assisted-service solutions together with comprehensive professional and support services to these industries. The Group also offers end-to-end managed outsourcing services for self-service terminals, bill payment kiosks and back-office cheque processing for banks. Through its subsidiary, OpenSys Technologies Sdn. Bhd., the Group has ventured into the secured smart logistics market as well as operating an e-commerce solar photovoltaic (“PV”) online marketplace, buySolar.

The Group’s core businesses consist of five (5) key segments:

- i) Cash Recycling Machine (“CRM”) is an ATM that accepts and validates cash as well as dispense the same cash to customers. It is designed to recycle deposited cash for use in subsequent withdrawal transactions, saving banks up to 30% operational and cash handling costs.
- ii) Business Process Outsourcing (“BPO”) consists of two business sub-segments namely Bill Payment Kiosk Outsourcing and Cheque Process Outsourcing. In Bill Payment Kiosk Outsourcing, OpenSys provides bill payment kiosks, related network infrastructure and services to customers such as Celcom, Maxis, TM, TNB, SESB and SESCO for their customers to pay bills and top-up prepaid services via cash, cheque and debit/credit card. In Cheque Process Outsourcing, OpenSys provides processing services to banks and helps banks to clear the cheques using a cost-effective online processing model.
- iii) Maintenance and Software Solutions Services are after sales services provided by the Group for its hardware products such as CRM, cheque deposit machine, desktop cheque scanner and payment kiosks as well as its software products such as cheque processing, self-service terminal, and bill payment solutions. For hardware maintenance services, the Group provides onsite parts and labour support through 26 service centres nationwide. In addition to software support services, Software Solutions Services include software development, modification, implementation, and project management services for the Group’s software solutions.

Management Discussion & Analysis (cont'd)

1. BUSINESS AND OPERATIONS OVERVIEW (cont'd)

- iv) SmartCIT Secure Logistics. The cash logistics market, specifically the Cash-in-Transit ("CIT") industry is on the verge of being transformed by improvements in efficiency delivered by digitization and artificial intelligence. SmartCIT provides improvement in decision-making and intelligent execution through intelligent hardware, Internet of Things, and big data to improve the intelligence and automation level of the entire cash logistics and management services. SmartCIT generates unprecedented efficiency gains and reduce operational costs from collections to processing and improves liquidity through online fund crediting.
- v) buySolar is a one-stop online marketplace for renewable energy products and services. The two-sided market marketplace connects residential or commercial solar PV users with the relevant solar energy stakeholders through thoughtful touchpoints. Besides providing a seamless and smooth experience, buySolar empower users to make personalized decisions on the type of solar products, coupled with the most suitable financing options and insurance protection.

2. FINANCIAL PERFORMANCE REVIEW

2.1 Revenue

The Group recorded a revenue of RM61.51 million in FY2021, a decrease of 25.4% as compared to RM82.41 million recorded in FY2020.

Revenue from hardware segment was lower at RM6.15 million, a decline of 81.4% as compared to RM33.09 million in FY2020. This was mainly attributed to lower contribution from the roll out of CRMs due to the ongoing COVID-19 pandemic.

Revenue from services and solutions segments are as follows:

- i) Revenue from Maintenance and Software Solutions Services continued its steady growth, increased 22.9% year on year to RM33.77 million, mainly driven by higher maintenance services arising from the increase in the number of CRMs that entered maintenance mode annually after the expiry of warranty period, additional software upgrade and system enhancement projects secured from banking customers during FY2021.
- ii) The Group's Business Process Outsourcing in bill payment kiosks and cheque processing services decreased marginally by 3.5% to RM21.09 million in FY2021 due to lower transaction volume from bill payment kiosks caused by the imposition of movement control orders to curb the spread of COVID-19.
- iii) SmartCIT was launched during fourth quarter of FY2021 and recorded revenue of RM0.5 million. The Group secured a total outsourcing service contract from a major utility company for the collection of cash and cheques from its bill payment kiosks located at all its customer service centres. This solution enables the utility company to streamline collections processes and enhance its operational efficiency.

2.2 Gross Profit

Notwithstanding lower revenue contribution from the hardware segment, the Group continued to record higher revenue from software solution and services segments. As a result, gross profit increased by 2.1% from RM28.44 million in FY2020 to RM29.04 million in FY2021. An improved gross profit margin of 47.2% as compared to 34.5% in FY2020 was mainly driven by higher margin contribution from recurring revenue of maintenance services and software solutions.

2.3 Other Income

Other operating income decreased by RM0.75 million from RM1.53 million in FY2020 to RM0.78 million in FY2021 mainly due to the absence of a one-off compensation of approximately RM0.80 million received from a customer in relation to the cancellation of a sales order recorded in FY2020.

Management Discussion & Analysis (cont'd)

2. FINANCIAL PERFORMANCE REVIEW (cont'd)

2.4 Profit

Profit before tax ("PBT") remained relatively stable at RM15.07 million with PBT margin of 24.5% in FY2021 as compared to RM15.19 million with PBT margin of 18.4% in FY2020. The sustainable PBT was primarily due to higher gross profit margin from the services segment.

Despite a challenging year for the Group's hardware business because of various lockdowns implemented to curb the COVID-19 transmission, the Group maintained a profit after tax ("PAT") of RM11.08 million in FY2021 as compared to FY2020, underpinned by the resilient and recurring services segment that withstood the disruptions caused by the COVID-19 pandemic.

2.5 Liquidity and Capital Management

The Group maintained a healthy net cash position of RM29.01 million as at 31 December 2021.

	FYE2021 RM'mil	FYE2020 RM'mil	Change RM'mil	%
Cash and bank balances	9.55	5.09	4.46	87.62%
Short term investment	28.89	26.24	2.65	10.10%
Total cash and short term investment	38.44	31.33	7.11	22.69%
Total Borrowings	9.43	13.86	-4.43	-31.96%
Net Cash	29.01	17.47		

Total cash and bank balances and short-term investment stood at RM38.44 million as at 31 December 2021 as compared to RM31.33 million the previous financial year. The Group continued to generate positive cash flow from its operations.

The Group's borrowings mainly comprised of term loans to finance the purchase of office properties, banker's acceptance to fund the purchase of inventories and lease arrangements for bill payment kiosks for outsourcing business, office equipment and motor vehicles. Total borrowings decreased from RM13.86 million in FY2020 to RM9.43 million as at 31 December 2021. The decrease was primarily due to RM4.43 million in repayment of lease liabilities and term loans in FY2021.

The Group has been funding its business operations through internally generated funds from its operations as well as credit extended by facilities from financial institutions.

2.6 Dividend

The Group has been paying dividends to its shareholders for eleven (11) consecutive years. The Group paid semi-annual dividends to its shareholders from July 2010 to December 2018 while in 2019, the Group raised its dividend payment to 4 times per year. Despite the COVID-19 pandemic, the Group retained its four (4) times dividend payouts for FY2021 amounting to RM4.47 million, equivalent to approximately 40% of our net profit for the year. As the Group's cash flow remains healthy, the Group is confident that its dividend plan is sustainable.

Management Discussion & Analysis (cont'd)

3. BUSINESS PERFORMANCE BY SEGMENTS

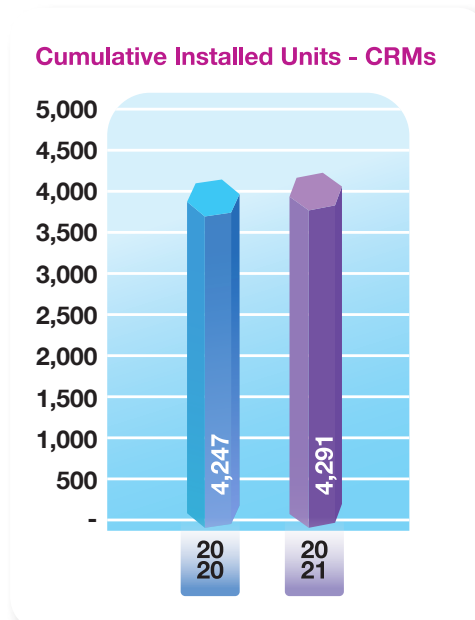
For the most part of 2021, COVID-19 continued to wreak health havoc across the globe and Malaysia was not spared. Various movement restrictions were imposed between 11 January and 31 May 2021. A total lockdown was enforced for a month from 1 June to 28 June 2021. Selangor, Kuala Lumpur, and Putrajaya did not move into Phase 2 of the National Recovery Plan (“NRP”) until 10 September 2021 when certain economic sectors were allowed to re-open as the government ramped up vaccination of the population. It wasn’t until 18 October 2021 that Selangor, Kuala Lumpur, and Putrajaya entered Phase 4 of the NRP when most economic sectors were permitted to operate.

Despite many months of disruptions from the movement restrictions, the Group had overall performed well in FY2021 by maintaining its PAT at almost the same level as FY2020, albeit at a lower revenue compared to FY2020. The Group was able to achieve this due to its strong recurring revenue base from the services and business process outsourcing segments. As all of the Group’s customers (from banking, telecommunication and utility) are part of the essential services mandated by the government to stay open during lockdowns and movement restrictions, the Group’s recurring revenue base was not at all impacted by the pandemic.

3.1 Cash Recycling Machine

The Group’s CRM installations had seen a slower growth in FY2021 due to the impact of the pandemic as the Group’s banking customers temporarily delayed procurement activities in FY2021. Procurement and installation activities could not be carried out largely due to lockdowns and movement restrictions.

The growth of installed units grew marginally in FY2021 by 1% from 4,247 to 4,291 units.



In the last quarter of FY2021, the Group had seen a sign of recovery in this business segment when two (2) of the Group’s banking customers placed orders for more CRMs. The Group is optimistic on this business segment in FY2022 for two main reasons:

Management Discussion & Analysis (cont'd)

3. BUSINESS PERFORMANCE BY SEGMENTS (cont'd)

3.1 Cash Recycling Machine (cont'd)

a) Resumption of Procurement By Banks

After almost two (2) years of postponement, the banking customers have restarted procurement activities to replace aging and obsolete machines. The obsoleted machines must be replaced, or they will not comply with Bank Negara Malaysia's ("BNM") Risk Management In Technology policy. The aging machines will also pose a customer disservice risk due to diminishing machine performance resulting from wear and tear. The resumption of procurement activities had started in Q4 FY2021 and the Group has built up a very healthy order book of more than 230 units moving into FY2022.

b) Usage of ATMs & Cash Remains Robust

According to BNM's Payment Statistics (Electronic Payments: Volume and Value of Transactions. Source: <https://www.bnm.gov.my/payment-statistics>), the ATM transaction value has remained robust and increased by 2.5% from RM433 billion in 2020 to RM444 billion in 2021. The transaction volume has also grown by almost 1% from 828.5 million in 2020 to 835.4 million transactions in 2021. In contrast, e-Money transaction value stood at RM50.5 million in 2021 which is only 11.4% of the ATM transaction value. Evidently, the usage of cash remains strong, and ATMs will continue to be the main distribution channel of this important payment instrument.

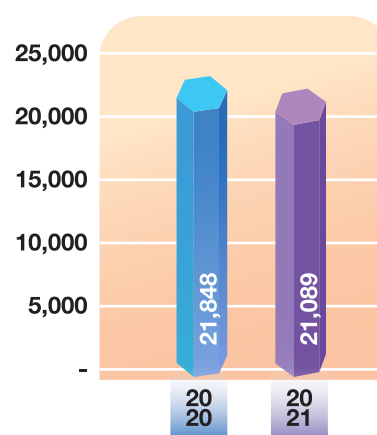
Despite rapid acceleration in e-commerce and online spending in the last two years driven by the pandemic, cash remains the most prevalent medium of payment and a vital payment instrument in the economy. According to BNM, Cash In Circulation ("CIC") grew 14.3 percent in 2020 to RM130.4 billion, the highest increase in the last 10 years. In the United States, CIC rose 11.6% in 2020, the biggest increase since 1945 while in Europe, CIC grew more than 11% in 2021.

The Group expects to see a continuous healthy co-existence of ATM payment channel and e-payments in the foreseeable future.

3.2 Business Process Outsourcing

Both Bill Payment Kiosk Outsourcing and Cheque Process Outsourcing business sub-segments were holding steady despite two years of pandemic. Both sub-segments combined, the total revenue declined slightly by 3.5% from RM21.85 million in 2020 to RM21.09 million in 2021 demonstrating strong resilience of these two business sub-segments. In Bill Payment Outsourcing, the Group has deployed more than 550 bill payment kiosks nationwide mainly at customers' service centres serving more than 860,000 users every month.

Business Process Outsourcing Revenue
RM'000



Management Discussion & Analysis (cont'd)

3. BUSINESS PERFORMANCE BY SEGMENTS (cont'd)

3.2 Business Process Outsourcing (cont'd)

While the current business operations remain resilient, there are opportunities to further monetize and expand the business scope of this segment. Leveraging on the 860,000 users visiting the Group's 550 payment kiosks every month at more than 330 locations nationwide, the Group see opportunities to cross-offer telco top-up, e-Wallet reload and other payment services to these frequent users. These additional services will bring the following incremental revenue to the Group:

- Telco prepaid top-up commission
- e-Wallet reload charge
- Merchant acquiring fee
- Transaction charge

The Group's strategy in this business segment is to further unlock potential transactional opportunities on the current fleet of payment kiosks.

3.3 Maintenance and Software Solutions Services

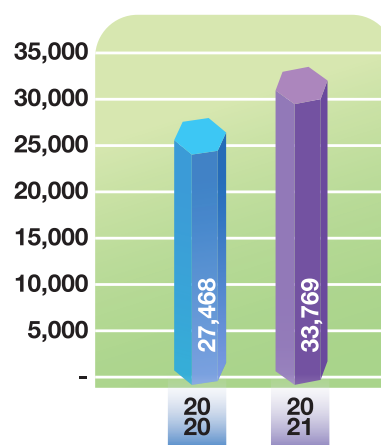
This business segment has been consistently driving the Group's top and bottom lines for the past couple of years. In FY2021, the revenue of this segment increased by RM6.3 million or 22.9% to RM33.8 million from RM27.5 million a year ago.

The main contribution of this segment came from the maintenance services revenue of CRMs upon expiry of the warranty period. More than 700 units of CRMs entered the maintenance mode in FY2021. The Group is currently providing maintenance services for more than 7,000 devices including CRMs, cheque deposit machines and desktop cheque scanners.

Significant contribution also came from Software Solutions Services for software modifications and changes requested by customers of the Group's software solutions such as cheque processing, self-service terminal and bill payment solutions.

The Group expects this business segment to continue this growth path as more CRM's warranty expires and the demand for Software Solutions Services increases.

Maintenance & Software Solutions Services Revenue
RM'000



3.4 SmartCIT

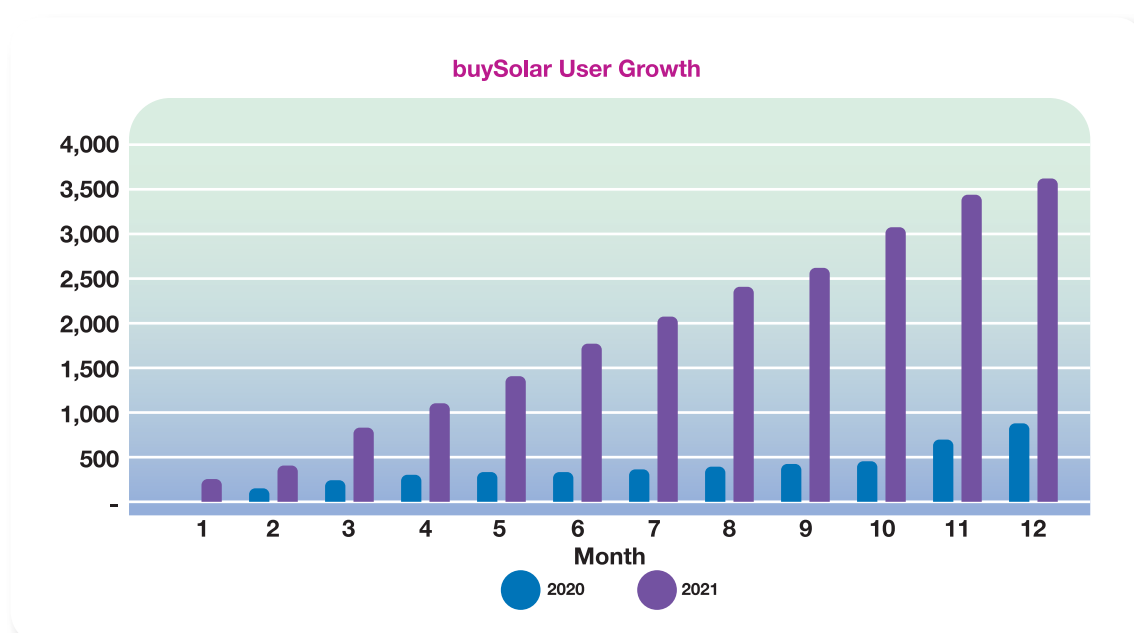
In 2021, the Group secured its first SmartCIT project with a major utility provider which encompasses one-stop collections and service management for 114 retail outlets nationwide. Phase 1 of the project implementation began in the third quarter of 2021 and was successfully deployed to 106 locations within three months while Phase 2 will be completed in the first half of 2022. The project marks the beginning of a new milestone for SmartCIT as the Group continues to engage existing customers from other business segments to gain a foothold into assisting their CIT process and automating their collection management.

Management Discussion & Analysis (cont'd)

3. BUSINESS PERFORMANCE BY SEGMENTS (cont'd)

3.5 buySolar

buySolar continues to gain traction from both sides of the marketplace, despite the lockdowns in 2021. Gross merchandise sales grew three times year over year and registered users increased at an average monthly growth rate of 20%.



The Group had on boarded several more business partners, bringing to date thirteen (13) solar providers, four (4) banks, one (1) P2P financier and one (1) solar insurer. There is a growing interest among residential and businesses to install rooftop solar, both as an investment to save on electricity bills and to pursue sustainability with renewable energy. An additional 300MW of solar quota under the NEM NOVA program was released by The Ministry of Energy and Natural Resources in November 2021 and offers incentives for commercial and industrial users to install rooftop solar.

4. OUTLOOK AND PROSPECT

Year 2021 was a challenging year for most companies, even more so compared to 2020. The rise in COVID-19 cases led to the imposition of various movement restrictions for a good part of 2021, which took a heavy toll on most businesses and impeded the expected recovery. Towards the end of 2021, the threat of the new Omicron variant ignited more public health concerns across the world with countries immediately imposed travel restrictions to try and curb the spread.

A positive development in 2021 was Malaysia's vaccination program. Though it got off to a slow start, Malaysia's vaccination program made remarkable progress to attain its goal of fully vaccinating 90% of its adult population in October. This allowed the government to lift the ban on interstate travel as well as open most economic sectors. As of 1 March 2022, the full vaccination rate for the adult population has reached 97.5% while for the entire population, it is 78.9%.

Management Discussion & Analysis (cont'd)

4. OUTLOOK AND PROSPECT (cont'd)

The COVID-19 cases may remain high due to more infectious Omicron variant but with high vaccination rate and more than 50% (as of 1 March 2022) of the Malaysian population have received the booster dose, the number of deaths, severe cases and hospitalizations remain relatively low compared to previous waves. With most economic sectors re-opened and the country's economic growth is forecasted to grow by between 5.5% to 6.5% in 2022, the Group is optimistic on FY2022 and beyond with the following outlook:

i) Improving Sentiment

Market sentiment is gradually but surely improving as can be seen in the Group's CRM business segment. Banks are resuming procurement activities after postponing the purchases for almost two years as obsolete cash machines need to be replaced due to compliance and customer service predicaments.

There are a total of about 16,000 units of cash machines including ATMs, Cash Deposit Machines ("CDM") and CRMs currently in Malaysia, out of which only 5,300 units or 33% are CRMs. Potentially, there are another 10,700 units of cash machines (ATMs and CDMs) that the Group can potentially replace with CRMs. In addition, the life span of cash machines is typically between 8 to 10 years due to wear and tear, meaning the replacement market for CRMs is continuous and does not saturate over time. Coupled with the commanding 80% market share in CRMs, the Group is positive the CRM business segment will continue to perform well moving forward.

ii) Robust Core Businesses

The Group's services business segments will continue the same growth path in driving revenue and profits as demand grows for the Group's Maintenance and Software Solution Services. The BPO segment will provide the Group with a steady revenue stream with an upside of generating supplementary revenue via cross-offering of additional services among the Group's fleet of payment kiosks.

iii) New Revenue Diversification

More excitingly, the Group's revenue diversification strategies are starting to bear fruits in FY2021.

SmartCIT

SmartCIT segment had started to contribute to the Group's revenue in the last quarter of FY2021 after securing the first project with the largest utility company in the country. This project is expected to have a positive contribution to the Group's financials in FY2022 and beyond.

Based on internal market research, the CIT market in Malaysia has an estimated total market value of RM768 million, whereby 95% of services are employed by financial institutions and large corporations, with the remaining 5% in the retail market. After the successful implementation of the first project, the Group is well positioned to tap into this market by leveraging on its existing business relationships with current banking and bill payment kiosk customers.

SmartCIT is capable of deploying ink-staining technology to protect the cash-in-transit. The Group will be working with strategic partners to employ a lightweight solution at lower costs for existing market participants and offer innovative services for the underserved segments to meet the growing demand in the cash logistics industry.

Management Discussion & Analysis (cont'd)

4. OUTLOOK AND PROSPECT (cont'd)

iii) New Revenue Diversification (cont'd)

buySolar

In December 2021, The Ministry of Energy and Natural Resources (KeTSA) launched the Malaysia Renewable Energy Roadmap (MyRER) towards achieving the national aspiration of 31% renewable energy capacity by 2025 and 40% by 2035. The roadmap identified an approximate 269 GW of solar potential, of which 42 GW are rooftop solar representing some 4.6 million buildings suitable for rooftop solar. Therefore, buySolar will continue to engage more partners on the supply side that offers more options to fulfill users changing needs in adopting solar. As a renewable energy marketplace, the Group envisages expanding the products and services that will scale buySolar as a cleantech marketplace, and open wider business opportunities by increasing the share of renewable energy production and de-carbonizing the economy.

Branch of The Future

An increasing number of banks are embarking on a comprehensive branch transformation strategy to modernize their traditional branch banking. Banks are reviewing their branch strategies to transform their branches with more optimized and efficient services to serve their customers' needs better. The pandemic has further compounded the need to transform where long queue can be seen outside most bank branches everyday due to COVID-19 SOPs. This scene has left much to be desired for most banks from customer service perspective.

Using OpenSys Smart Teller Cash Recycler ("TCR"), bank's tellers are freed from tedious cash handling processes as it automatically counts, verifies, and stores the cash securely. Smart TCR speeds up the processing time of cash transactions, allowing tellers to serve more customers and reducing customer queuing time. More focus can then be put on personalized financial advisory services and increase the sales of the bank's financial products.

The Group is currently implementing the Smart TCR solution for three (3) banks as proof of concept ("POC"). More POCs are expected to be implemented in FY2022. The Group is confident that Smart TCR will follow similar successful footpath of CRM moving forward. The market potential for Smart TCR is approximately 4,000 to 6,000 units for 2,000 bank branches in Malaysia.

Despite going through two challenging years caused by the COVID-19 pandemic, the Group's fundamentals remain strong. The Group will continue to prioritize cash conservation, cost control and plough greater efforts into growing multiple new revenue streams such as SmartCIT, buySolar online marketplace and Branch Of The Future. If the COVID-19 pandemic can be contained and businesses can continue to operate normally, the performance of the Group will continue to be satisfactory for the financial year ending 31 December 2022, barring any unforeseen circumstances.

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 the Group. 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.

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

Datuk Ng Bee Ken - Independent Non-Executive Director

Datin Lee Choi Chew - Independent Non-Executive Director
(Appointed on 1 January 2022)

James Henry Stewart - Non-Independent Non-Executive Director
(Resigned on 1 January 2022)

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.

Audit Committee Report (cont'd)

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 2021.

Record of attendance for meetings held during the financial year ended 31 December 2021 is as follows:-

Audit Committee Members	Attendance
Dato' Abdul Manap Bin Abd Wahab (Chairman)	4/4
Datuk Ng Bee Ken	4/4
James Henry Stewart (Resigned on 1 January 2022)	4/4
Datin Lee Choi Chew (Appointed on 1 January 2022)	-

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 2021 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.

Audit Committee Report (cont'd)

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 2021 was RM47,624.74.

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. Human Resource and Payroll Management
- iv. Employee Claims Processing and Control
- v. Property, Plant and Equipment Management
- vi. Manufacturing & Assembly
- vii. Purchases & Suppliers Review

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

Corporate Governance Overview Statement

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 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 2021 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 21 February 2022 and is made 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 Conduct and Ethics

The Board has formulated the Code of Conduct and 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.

The Code of Conduct and Ethics are available on the Company’s website.

Corporate Governance Overview Statement (cont'd)

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

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.

The details of lodgement channels in relation to whistleblowing are available on the Company's website.

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 provide facts and rationale to facilitate Board's decisions and to deal with matters arising from such meetings. The Management shall furnish comprehensive explanation and supporting facts and documents on pertinent issues for the discussion. The issues are then deliberated and discussed thoroughly in the meeting 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 Secretaries are also responsible for the secretarial functions such as compliance with all statutory and regulatory requirements, providing corporate advisory to the Board, unbiased minutes of all meetings proceedings and proper maintenance of secretarial records.

Corporate Governance Overview Statement (cont'd)

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

Supply of, and Access to, Information (cont'd)

As of 1 January 2022, the Board consisted of seven (7) members, comprising three (3) Executive Directors and three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. 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.

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. Datin Lee Choi Chew | - Independent Non-Executive Director (Appointed on 1 January 2022) |
| 2. James Henry Stewart | - Non-Independent Non-Executive Director (Resigned on 1 January 2022) |

Members

- | | |
|------------------------------------|--------------------------------------|
| 1. Datuk Ng Bee Ken | - Independent Non-Executive Director |
| 2. Dato' Abdul Manap Bin Abd Wahab | - Independent Non-Executive Director |

The Terms of Reference of the Nomination Committee is made 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. Tan Kee Chung and Mr. James Henry Stewart will retire by rotation pursuant to Clause 78 of the Constitution whereas Datin Lee Choi Chew and Madam Ong Poh Hong will retire by rotation pursuant to Clause 79 of the Constitution. All the retiring Directors, 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.

Corporate Governance Overview Statement (cont'd)

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

Nomination Committee (cont'd)

Currently there are 2 female Directors acting as Board members of the Company, representing 28.6% female representation in the Board, rounding to nearest ten percentile to 30%. The Board acknowledges the importance of diversity in terms of skills, experience, age, gender, cultural background and ethnicity and recognises the benefits of diversity at leadership and employee level.

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. The Company gives equal opportunity to all Board members and its staff regardless of the gender and ethnicity.

Remuneration Committee

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

Chairman

1. Datuk Ng Bee Ken - Independent Non-Executive Director
(Appointed as Chairman on 1 January 2022)
2. James Henry Stewart - Non-Independent Non-Executive Director (Resigned on 1 January 2022)

Members

3. Dato' Abdul Manap Bin Abd Wahab - Independent Non-Executive Director
4. Datin Lee Choi Chew - Independent Non-Executive Director (Appointed on 1 January 2022)

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 and commitment 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 2021 are as follows:-

	Fees (RM)	Salaries & Bonus* (RM)	Company Meeting Allowances (RM)	Benefits in-kind (RM)	Total (RM)
<i>Executive Directors</i>	-	2,107,068	-	65,682	2,172,750
<i>Non-Executive Directors</i>	183,000	-	7,500	4,583	195,083
Total	183,000	2,107,068	7,500	70,265	2,367,833

* 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.

Corporate Governance Overview Statement (cont'd)

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

Independence of the Board

The Chairman and Chief Executive Officer positions are held by separate individuals. The roles of the Chairman and the Chief Executive Officer are separated with a clear division of responsibilities between them to ensure balance of power and authority.

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 Chief Executive Officer, supported by fellow Executive Directors, he implements the Company's strategies, policies and decision adopted by the Board and oversees the operations and business development of the Company.

The Independent Non-Executive Directors and Non-Independent Non-Executive Director deliberate every pertinent matter objectively. They give independent views, advice and unbiased 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, Datuk Ng Bee Ken who has served as Independent Non-Executive Director of the Company for a cumulative period of more than nine (9) years and Dato' Abdul Manap Bin Abd Wahab who would have served the Company for a cumulative period of more than nine (9) years until the conclusion of the next Annual General Meeting of the Company, 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 Datuk Ng Bee Ken and Dato' Abdul Manap Bin Abd Wahab continue to be designated as Independent Non-Executive Directors of the Company.

Corporate Governance Overview Statement (cont'd)

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

Independence of the Board (cont'd)

Datuk Ng Bee Ken and Dato' Abdul Manap Bin Abd Wahab 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 2021, with details of Directors' attendance set out below:-

Board Of Directors	Attendance
Tan Kee Chung	4/4
Chee Hong Soon	4/4
James Henry Stewart	4/4
Datuk Ng Bee Ken	4/4
Dato' Abdul Manap Bin Abd Wahab	4/4
Tune Hee Hian (Resigned on 1 January 2022)	4/4
Ong Poh Hong (Appointed on 1 January 2022)	-
Datin Lee Choi Chew (Appointed on 1 January 2022)	-

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. Due to tight business schedules, all the Directors did not attend any training during the financial year ended 31 December 2021.

Corporate Governance Overview Statement (cont'd)

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

Independence of the Board (cont'd)

Directors' 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 2021 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 year ended 31 December 2021, 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.

Corporate Governance Overview Statement (cont'd)

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 impartiality, 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. During the last AGM, all resolutions were voted by poll.



Corporate Governance Overview Statement (cont'd)

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

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.

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 2021.

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 2021 to the external auditors are set out below:-

Fees paid/payable to HLB LER LUM CHEW PLT (RM)			
Description	Company	Subsidiary	Total
Audit Fees	42,000	8,000	50,000
Non-Audit Fees	9,000	-	9,000
Total	51,000	8,000	59,000

2. Utilisation of Proceeds

The Company did not undertake any corporate exercise during the financial year. Hence, no proceeds were raised.

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 2021 or since the end of previous financial year.

4. Corporate Proposal

On 4 March 2022, Hong Leong Investment Bank Berhad ("HLIBB"), had announced on behalf of the Board of Directors of OpenSys ("Board") that the Company proposed to undertake the following:

- (i) proposed transfer listing of and quotation for the entire issued share capital of OpenSys from the ACE Market to the Main Market of Bursa Malaysia Securities Berhad ("Proposed Transfer Listing"); and
- (ii) proposed amendments to the Constitution of OpenSys to facilitate the implementation of the Proposed Transfer Listing ("Proposed Amendments").

(collectively referred to as the "**Proposals**")

On 8 March 2022, HLIBB, had announced on behalf of the Board that the application in relation to the Proposed Transfer Listing has been submitted to the Securities Commission Malaysia ("SC"). The Proposed Transfer Listing is pending approval from the SC.

Statement on Risk Management and Internal Control

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.

Statement on Risk Management and Internal Control (cont'd)

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 2021 was RM47,624.74 (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 2021, 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.



Sustainability Statement

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 providing 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 recognizes 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.

Sustainability Statement (cont'd)

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 2021, 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 implemented the Group wide Pandemic Business Continuity Plan. 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 with face masks, hand sanitisers and self-test kits;
- v. Practicing social distancing at all times by all employees while in the office; and
- vi. Observing the SOP as implemented by the government at all times.

In line with the SOP as implemented by the government, the Group have facilitated voice and video meetings among employees, customers and suppliers 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 August 2021, the Group contributed RM30,000 to the Rotary Club of Bernam Valley in assisting the Rotary District 3300 towards the development of HugOurTree website (www.hugourtree.com). HugOurTree is an environmental Non-Governmental Organisation ("NGO") committed to changing the way communities interact with our planet – Bringing Green Mainstream – promoting awareness through green-related environmental and sustainability projects. HugOurTree is involved with every segment of the community including government agencies, corporates, NGOs, homeowners, schools, marginalised groups, community gardens and wildlife habitats to proliferate planting of trees, to encourage biodiversity and to promote a love of nature.

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.

Sustainability Statement (cont'd)

6. Environment Protection (cont'd)

The Group created buySolar (www.buySolar.my), 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, 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.

Currently there are 13 solar photovoltaic service providers, 5 financier and financial services providers and 1 solar insurance provider registered with the buySolar platform. Since the launch in February 2020, buySolar has facilitated the successful installation of more than 690 kWp of solar systems in more than 70 residential and commercial premises in Malaysia.

Malaysia has set its goal to achieve 31% of its energy generation mix from renewable energy by 2025. Malaysia Green Attribute Tracking System ("mGATS") is a platform which tracks renewable energy generation to create Malaysia Renewable Energy Certificate ("mREC") marketplace that is reliable and meets international standards.

mREC represents the delivery of 1 MWh of renewable energy to the grid, and all associated environmental benefits of displacing 1 MWh of conventional power in Malaysia. The implementation of mREC will increase market demand for renewable energy. Every purchase of mREC will contribute to more funds for the renewable energy developers to build even more renewable energy generators. Consequently, more RECs will be available in the market and eventually, we will be depending less on brown energy to power up the nation and more on cleaner green energy.

In 2021, the Group has purchased 471 mRECs representing 471 MWh of electricity generated from renewable sources. This will offset an approximate of 300.97 tonnes of Carbon Dioxide Emissions from purchased electricity used in the various offices of the Group and more than 200 OpenSys self-service bill payment kiosks installed at the various TNB outlets. The Group is the first organisation to provide "green" self-service kiosks to its customers. The Group is committed to purchase more mRECs in 2022 and beyond.

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

44	Directors' Report
48	Statement by Directors
48	Statutory Declaration
49	Independent Auditors' Report
53	Statements of Profit or Loss and Other Comprehensive Income
54	Statements of Financial Position
56	Consolidated Statement of Changes in Equity
57	Statement of Changes in Equity
58	Statements of Cash Flows
61	Notes to the Financial Statements

Directors' Report

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 2021.

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 (Resigned on 1 January 2022)
James Henry Stewart
Datuk Ng Bee Ken
Dato' Abdul Manap Bin Abd Wahab
Datin Lee Choi Chew (Appointed on 1 January 2022)
Ong Poh Hong (Appointed on 1 January 2022)

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	11,082,626	10,827,816
Attributable to:		
Owners of the Company	11,044,405	10,827,816
Non-controlling interests	38,221	-
	11,082,626	10,827,816

RESERVES AND PROVISIONS

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

Directors' Report (cont'd)

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 1.1.2021	Acquired	Disposed	Balance At 31.12.2021
Direct interests				
Tan Kee Chung	95,032,642	-	-	95,032,642
Chee Hong Soon	12,322,440	-	-	12,322,440
Tune Hee Hian	5,965,363	-	-	5,965,363
James Henry Stewart	814,200	-	-	814,200
Indirect interests				
Tune Hee Hian	1,999,999 ⁽¹⁾	-	-	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.

Directors' Report (cont'd)

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 2021 :-	
The first interim dividend of 0.25 sen per ordinary share, paid on 12 April 2021	1,117,101
The second interim dividend of 0.25 sen per ordinary share, paid on 18 June 2021	1,117,100
The third interim dividend of 0.25 sen per ordinary share, paid on 15 September 2021	1,117,101
The fourth interim dividend of 0.25 sen per ordinary share, paid on 14 December 2021	1,117,100
	4,468,402

The Board of Directors does not recommend any final dividend for the current financial year ended 31 December 2021.

A first interim dividend of 0.30 sen per ordinary share amounting to RM1,340,517 was declared on 21 February 2022 and paid on 15 March 2022 in respect of the year ending 31 December 2022.

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.

Directors' Report (cont'd)

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 32 to the financial statements; and
 - (ii) except as disclosed in Note 32 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 Chew PLT (201906002362 & AF0276) (formerly known as 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

Dated: 8 April 2022
Kuala Lumpur

Chee Hong Soon

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 2021 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

Dated: 8 April 2022
Kuala Lumpur

Chee Hong Soon

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 8 April 2022

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 2021 of the Group and of the Company, and the Statements of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity, Statement 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 53 to 100.

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 2021, 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 are 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.



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

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.

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

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.



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

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 CHEW PLT
201906002362 & AF 0276
Chartered Accountants

WONG CHEE HONG
03160/09/2022 J
Chartered Accountants

Dated: 8 April 2022
Kuala Lumpur

Statements of Profit or Loss and Other Comprehensive Income for the Financial Year ended 31 December 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Revenue	4	61,513,810	82,409,903	61,497,705	82,268,703
Cost of sales		(32,474,008)	(53,965,079)	(33,771,128)	(54,757,004)
Gross profit		29,039,802	28,444,824	27,726,577	27,511,699
Other operating income		780,842	1,534,791	784,842	1,534,791
Selling & distribution costs		(883,463)	(734,417)	(666,955)	(565,847)
Administration expenses		(7,200,310)	(7,226,490)	(7,063,254)	(7,063,448)
Other operating expenses		(3,866,670)	(3,710,838)	(3,261,146)	(3,338,525)
Research & development expenses		(2,384,457)	(2,436,135)	(2,384,457)	(2,436,135)
Finance costs	5	(413,553)	(685,142)	(413,553)	(685,142)
Profit before tax	6	15,072,191	15,186,593	14,722,054	14,957,393
Income tax expense	8	(3,989,565)	(4,084,940)	(3,894,238)	(4,001,564)
Profit for the year, representing total comprehensive income for the year		11,082,626	11,101,653	10,827,816	10,955,829
Total comprehensive income attributable to:-					
Owners of the Company		11,044,405	11,079,779	10,827,816	10,955,829
Non-controlling interests		38,221	21,874	-	-
		11,082,626	11,101,653	10,827,816	10,955,829
Earnings per ordinary share Basic (Sen)	9	2.47	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 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
ASSETS					
Non-current assets					
Property, plant & equipment	10	37,388,623	42,326,852	37,282,734	42,191,476
Investment in subsidiaries	11	-	-	85,000	85,000
Development expenditure	12	830,357	314,468	830,357	314,468
Fixed deposits	13	8,455,863	8,301,479	8,455,863	8,301,479
		46,674,843	50,942,799	46,653,954	50,892,423
Current assets					
Inventories	14	9,334,761	6,591,777	9,334,761	6,591,777
Trade receivables	15	5,452,498	10,026,074	5,448,507	10,026,074
Other receivables, deposits & prepayments	16	1,521,841	1,391,741	1,358,192	1,276,531
Amount due from subsidiary	11	-	-	-	-
Short term investment	17	28,894,569	26,236,121	28,894,569	26,236,121
Cash & bank balances		9,546,278	5,086,597	7,938,544	4,049,643
		54,749,947	49,332,310	52,974,573	48,180,146
Total assets		101,424,790	100,275,109	99,628,527	99,072,569

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 2021

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
EQUITY AND LIABILITIES					
Equity					
Share capital	18	29,789,202	29,789,202	29,789,202	29,789,202
Retained earnings		47,620,919	41,044,916	46,998,672	40,639,258
Total equity attributable to owners of the Company		77,410,121	70,834,118	76,787,874	70,428,460
Non-controlling interests		124,984	86,763	-	-
Total equity		77,535,105	70,920,881	76,787,874	70,428,460
Non-current liabilities					
Lease liabilities	19	1,956,063	2,875,107	1,956,063	2,875,107
Term loans	20	5,071,709	7,991,227	5,071,709	7,991,227
Deferred tax liabilities	21	3,892,689	3,630,910	3,929,360	3,627,212
		10,920,461	14,497,244	10,957,132	14,493,546
Current liabilities					
Trade payables	22	1,359,310	2,642,986	926,945	2,620,721
Other payables & accruals	23	6,795,698	6,646,541	5,427,294	5,553,504
Amount due to subsidiary	11	-	-	671,669	417,074
Lease liabilities	19	1,548,590	1,837,606	1,548,590	1,837,606
Term loans	20	850,334	756,536	850,334	756,536
Bankers' acceptance	24	-	400,148	-	400,148
Contract liabilities	25	1,795,489	1,823,791	1,795,489	1,805,483
Income tax liabilities		619,803	749,376	663,200	759,491
		12,969,224	14,856,984	11,883,521	14,150,563
Total liabilities		23,889,685	29,354,228	22,840,653	28,644,109
Total equity and liabilities		101,424,790	100,275,109	99,628,527	99,072,569

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 2021

	← Attributable to owners →				
	Share capital RM	Distributable Retained earnings RM	Total RM	Non controlling interests RM	Total equity RM
Balance at 1 January 2020	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 owner recognised directly in equity					
- dividends	-	(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
Profit for the year, representing total comprehensive income for the year	-	11,044,405	11,044,405	38,221	11,082,626
Dividends	-	(4,468,402)	(4,468,402)	-	(4,468,402)
Balance at 31 December 2021	29,789,202	47,620,919	77,410,121	124,984	77,535,105

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 2021

	← Attributable to owners →		
	Distributable		
	Share capital RM	Retained earnings RM	Total equity RM
Balance at 1 January 2020	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			
- dividends	-	(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
Profit for the year, representing total comprehensive income for the year	-	10,827,816	10,827,816
Dividends	-	(4,468,402)	(4,468,402)
Balance at 31 December 2021	29,789,202	46,998,672	76,787,874

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 2021

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash flows from operating activities				
Profit before tax	15,072,191	15,186,593	14,722,054	14,957,393
Adjustments for :-				
Amortisation	44,532	-	44,532	-
Depreciation	7,529,542	7,517,244	7,473,098	7,472,818
Gain on disposal of property, plant & equipment	(143,338)	(65,685)	(143,338)	(65,685)
Impairment loss on amount due from subsidiary	-	-	5,283	5,199
Interest expenses	413,553	685,142	413,553	685,142
Interest income	(700,209)	(663,813)	(700,209)	(663,813)
Used machines written down	16,700	763,600	16,700	763,600
Inventories written off	44,559	76,200	44,559	76,200
Unrealised (gain)/loss on foreign exchange	(5,706)	3,019	(5,706)	3,019
Property, plant & equipment written off	52,929	193,897	52,929	193,897
Operating profit before working capital changes	22,324,753	23,696,197	21,923,455	23,427,770
Changes in working capital:-				
Inventories	(3,634,203)	629,192	(3,634,203)	629,192
Receivables	4,443,476	10,664,514	4,495,906	10,678,338
Payables	(1,157,115)	(7,015,332)	(1,824,275)	(7,073,192)
Related parties balances	-	-	249,313	(168,496)
Cash generated from operations	21,976,911	27,974,571	21,210,196	27,493,612
Interest paid	(413,553)	(685,142)	(413,553)	(685,142)
Interest received	700,209	663,813	700,209	663,813
Income tax paid	(3,859,381)	(3,445,760)	(3,688,381)	(3,355,760)
Income tax refund	2,022	-	-	-
Net cash from operating activities	18,406,208	24,507,482	17,808,471	24,116,523

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 2021

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash flows from investing activities				
Placement of short term investment	(2,658,448)	(12,779,395)	(2,658,448)	(12,779,395)
Purchase of property, plant & equipment	(1,405,542)	(2,650,405)	(1,378,585)	(2,611,126)
Proceeds from disposal of property, plant & equipment	432,697	194,757	432,697	194,757
Development expenditure	(560,421)	(314,468)	(560,421)	(314,468)
Net cash used in investing activities	(4,191,714)	(15,549,511)	(4,164,757)	(15,510,232)
Cash flows from financing activities				
Dividend paid	(4,468,402)	(4,096,030)	(4,468,402)	(4,096,030)
Placement of fixed deposit	(154,384)	(218,229)	(154,384)	(218,229)
Repayment of bankers' acceptance	(400,148)	(1,647,862)	(400,148)	(1,647,862)
Repayment of borrowings	(2,825,720)	(713,632)	(2,825,720)	(713,632)
Repayment of lease liabilities	(1,906,159)	(2,899,938)	(1,906,159)	(2,899,938)
Expenses on bonus issue	-	(165,095)	-	(165,095)
Net cash used in financing activities	(9,754,813)	(9,740,786)	(9,754,813)	(9,740,786)
Net changes in cash and cash equivalents	4,459,681	(782,815)	3,888,901	(1,134,495)
Cash and cash equivalents brought forward	5,086,597	5,869,412	4,049,643	5,184,138
Cash and cash equivalents carried forward	9,546,278	5,086,597	7,938,544	4,049,643

NOTES TO THE STATEMENTS OF CASH FLOWS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
(a) Cash and cash equivalents comprise :-				
Fixed deposits	8,455,863	8,301,479	8,455,863	8,301,479
Cash & bank balances	9,546,278	5,086,597	7,938,544	4,049,643
	18,002,141	13,388,076	16,394,407	12,351,122
Less : Fixed deposits under lien	(8,455,863)	(8,301,479)	(8,455,863)	(8,301,479)
	9,546,278	5,086,597	7,938,544	4,049,643

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 2021

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
(b) Analysis of acquisition of property, plant & equipment ("PPE") :-				
Cash	1,405,542	2,650,405	1,378,585	2,611,126
Lease arrangement	698,099	393,556	698,099	393,556
Transfer from inventories	848,050	339,076	848,050	339,076
	2,951,691	3,383,037	2,924,734	3,343,758

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

Group/Company	As at 1.1.2021 RM	Principal and interest payments RM	Proceeds RM	Acquisition of PPE RM	Interest expense RM	As at 31.12.2021 RM
Banker acceptance	400,148	(1,214,804)	803,451	-	11,205	-
Lease liabilities	4,712,713	(2,110,001)	-	698,099	203,842	3,504,653
Term loans	8,747,763	(3,024,226)	-	-	198,506	5,922,043
	13,860,624	(6,349,031)	803,451	698,099	413,553	9,426,696

Group/Company	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
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 loans	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

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

Notes to 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, 86.0% (2020: 90.5%) of the Group's trade receivables and contract assets were due from nine (2020: nine) major customers.

Notes to the Financial Statements (cont'd)

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 45.6% (2020: 60.4%) 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 0.19% (2020: 0.31%) 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.

Notes to the Financial Statements (cont'd)

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 2021				
Financial liabilities:				
Payables	8,155,008	-	-	8,155,008
Lease liabilities	1,681,944	2,035,281	-	3,717,225
Borrowings	1,031,796	4,127,184	1,489,146	6,648,126
Total	10,868,748	6,162,465	1,489,146	18,520,359
31 December 2020				
Financial liabilities:				
Payables	9,289,527	-	-	9,289,527
Lease liabilities	2,031,335	3,035,542	-	5,066,877
Borrowings	1,431,945	4,127,184	5,134,575	10,693,704
Total	12,752,807	7,162,726	5,134,575	25,050,108
Company				
31 December 2021				
Financial liabilities:				
Payables	6,354,239	-	-	6,354,239
Amount due to subsidiary	671,669	-	-	671,669
Lease liabilities	1,681,944	2,035,281	-	3,717,225
Borrowings	1,031,796	4,127,184	1,489,146	6,648,126
Total	9,739,648	6,162,465	1,489,146	17,391,259
31 December 2020				
Financial liabilities:				
Payables	8,174,225	-	-	8,174,225
Amount due to subsidiary	417,074	-	-	417,074
Lease liabilities	2,031,335	3,035,542	-	5,066,877
Borrowings	1,431,945	4,127,184	5,134,575	10,693,704
Total	12,054,579	7,162,726	5,134,575	24,351,880

Notes to the Financial Statements (cont'd)

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 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendment to MFRS 16	COVID-19 Related Rent Concessions Beyond 30 June 2021

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

Notes to the Financial Statements (cont'd)

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 2022

Amendments to MFRS 3	Reference to Conceptual Framework
MFRS 17	Insurance Contracts
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 116	Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract

Annual improvement to MFRS 2018-2020 Cycle

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 result in approximately 3.4% (2020: 3.4%) 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.

Notes to the Financial Statements (cont'd)

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	14.3% - 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.

Notes to the Financial Statements (cont'd)

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 consolidated financial statements 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.

Notes to the Financial Statements (cont'd)

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 statements 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 commercialised. 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.

Notes to the Financial Statements (cont'd)

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 and cheque deposit machines) 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 the 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

Investments in debt instruments

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 measured 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.

Notes to the Financial Statements (cont'd)

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 is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

(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.

Notes to the Financial Statements (cont'd)

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.

Right-of-use assets

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 & equipment".

Lease liabilities

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.

Notes to the Financial Statements (cont'd)

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 it 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.

Short term and low value leases

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.

Variable lease payments

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.

(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.

Notes to the Financial Statements (cont'd)

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.

Derecognition

A financial liability is derecognised 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

Revenue from contracts with customers

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.

Notes to the Financial Statements (cont'd)

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 cash-in-transit services is recognised when the Group provides services to the customer continuously over the term of the contract and the customer simultaneously receives and consumes the benefit of the services. Revenue from these services is therefore recognised over time.

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.

Notes to the Financial Statements (cont'd)

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.

Notes to the Financial Statements (cont'd)

4. REVENUE

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Revenue from contract with customers				
Sale of hardware	6,155,989	33,093,618	6,155,989	32,952,418
Software solution & services rendered	55,357,821	49,316,285	55,341,716	49,316,285
	61,513,810	82,409,903	61,497,705	82,268,703

	Hardware RM	Software solution and services RM	Total RM
2021 - Group			
Sale of hardware	6,155,989	-	6,155,989
Software solution & services rendered	-	55,357,821	55,357,821
	6,155,989	55,357,821	61,513,810
Timing of revenue recognition:			
At a point in time	6,155,989	-	6,155,989
At over time	-	55,357,821	55,357,821
	6,155,989	55,357,821	61,513,810
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
2021 - Company			
Sale of hardware	6,155,989	-	6,155,989
Software solution & services rendered	-	55,341,716	55,341,716
	6,155,989	55,341,716	61,497,705
Timing of revenue recognition:			
At a point in time	6,155,989	-	6,155,989
At over time	-	55,341,716	55,341,716
	6,155,989	55,341,716	61,497,705

Notes to the Financial Statements (cont'd)

4. REVENUE (cont'd)

	Hardware RM	Software solution and services RM	Total RM
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

5. FINANCE COSTS

	Group/Company	
	2021 RM	2020 RM
Banker acceptance interest	11,205	57,797
Lease interest	203,842	314,977
Term loan interest	198,506	312,368
	413,553	685,142

6. PROFIT BEFORE TAX

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Auditors' remuneration				
- statutory	50,000	50,000	42,000	42,000
- others	9,000	9,000	9,000	9,000
Impairment loss on amount due from subsidiary	-	-	5,283	5,199
Depreciation	2,418,004	2,557,807	2,361,560	2,513,381
Directors' remuneration				
- emoluments	1,512,748	1,616,893	1,512,748	1,616,893
- fees	183,000	174,000	183,000	174,000
Gain on disposal of property, plant & equipment	(64,514)	(21,781)	(64,514)	(21,781)
Lease expenses not capitalised in lease liabilities				
- low value leases	17,930	16,420	17,930	16,420
Property, plant & equipment written off	26	1,854	26	1,854

Notes to the Financial Statements (cont'd)

6. PROFIT BEFORE TAX (cont'd)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Interest income				
- fixed deposits	(161,761)	(224,418)	(161,761)	(224,418)
- short term investment	(538,448)	(439,395)	(538,448)	(439,395)
Realised loss/(gain) on foreign exchange	1,338	(28,933)	1,338	(28,933)
Unrealised (gain)/loss on foreign exchange	(5,706)	3,019	(5,706)	3,019
Staff costs (excluding Directors' remuneration)				
- Salaries, wages, bonus & others	3,510,957	3,355,868	2,940,637	2,994,666
- Defined contribution plan expense	355,713	354,969	320,509	343,859
Included in the cost of sales are as follows :-				
Cost of inventories	6,432,410	28,532,736	6,432,410	28,392,736
Depreciation	5,111,538	4,959,437	5,111,538	4,959,437
Directors' emoluments	601,820	631,615	601,820	631,615
Inventories written off	44,559	76,200	44,559	76,200
Property, plant & equipment written off	52,903	192,043	52,903	192,043
Gain on disposal of property, plant & equipment	(78,824)	(43,904)	(78,824)	(43,904)
Staff costs (excluding Directors' emoluments)				
- Salaries, wages, bonus & others	12,752,950	12,508,130	5,320,469	5,246,540
- Defined contribution plan expense	1,416,106	1,390,881	598,684	592,792
Included in the research & development expenses are as follows :-				
Amortisation of development expenditure	44,532	-	44,532	-
Staff costs (excluding Directors' emoluments)				
- Salaries, wages, bonus & others	2,085,977	2,171,388	2,085,977	2,171,388
- Defined contribution plan expense	253,948	264,747	253,948	264,747

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
2021					
Executive Directors	-	921,492	1,185,576	65,682	2,172,750
Non-executive Directors	183,000	-	7,500	4,583	195,083

* Benefits-in-kind

Notes to the Financial Statements (cont'd)

7. DIRECTORS' REMUNERATION (cont'd)

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

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 :-

Range of remuneration	2021 Group/Company No. of Directors		2020 Group/Company No. of Directors	
	Executive	Non-executive	Executive	Non-executive
Below RM50,001	-	-	-	-
RM50,001 – RM100,000	-	3	-	3
RM100,001 – RM550,000	-	-	-	-
RM550,001 – RM600,000	1	-	-	-
RM600,001 – RM650,000	1	-	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 RM330,697 (2020: RM352,092) charged to profit or loss.

8. INCOME TAX EXPENSE

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Malaysian income tax based on results for the financial year				
- Current tax	3,950,779	4,090,364	3,812,165	4,008,456
- Over provision in prior financial years	(222,993)	(5,437)	(220,075)	(11,299)
	3,727,786	4,084,927	3,592,090	3,997,157
Deferred tax				
- Origination and reversal of temporary differences (Note 21)	261,779	13	302,148	4,407
	3,989,565	4,084,940	3,894,238	4,001,564

Notes to the Financial Statements (cont'd)

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	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit before tax	15,072,191	15,186,593	14,722,054	14,957,393
Income tax using Malaysian tax rate of 24%	3,617,326	3,644,782	3,533,293	3,589,774
Income not subject to tax	(129,228)	(105,455)	(129,228)	(105,455)
Non-deductible expenses	724,460	551,050	710,248	528,544
Over-provision of income tax in prior years	(222,993)	(5,437)	(220,075)	(11,299)
	3,989,565	4,084,940	3,894,238	4,001,564

The Company may distribute dividends out of its entire retained earnings as at 31 December 2021 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 (2020: RM459,194) and RM50,666 (2020: 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	
	2021	2020
Basic EPS		
Profit attributable to owners (RM'000)	11,044	11,080
Number of shares in issued ('000)	446,838	446,838
Basic EPS (sen)	2.47	2.48

Notes to the Financial Statements (cont'd)

10. PROPERTY, PLANT & EQUIPMENT

Group – 2021

	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 1.1.2021	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
Additions	391,544	2,974	649,884	5,500	1,456,217	34,435	149,099	262,038	2,951,691
Disposal	-	-	(248,639)	-	(130,552)	-	-	(237,901)	(617,092)
Transfer	-	-	-	-	(14,899)	-	-	(17,560)	(32,459)
Written off	(20,955)	-	-	-	-	-	-	(118,386)	(139,341)
Expiry*	-	-	-	-	-	-	(100,413)	-	(100,413)
At 31.12.2021	5,247,368	2,046,245	4,289,101	2,178,469	39,004,571	1,619,255	14,846,742	5,577,776	74,809,527
Accumulated Depreciation									
At 1.1.2021	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
Charge for the financial year	679,938	372,178	395,481	221,923	4,385,786	242,810	462,802	768,624	7,529,542
Disposal	-	-	(187,910)	-	(72,572)	-	-	(67,251)	(327,733)
Transfer	-	-	-	-	(3,963)	-	-	(10,406)	(14,369)
Written off	(20,929)	-	-	-	-	-	-	(65,483)	(86,412)
Expiry*	-	-	-	-	-	-	(100,413)	-	(100,413)
At 31.12.2021	4,534,562	1,436,164	2,144,213	963,151	22,437,444	1,196,523	1,824,782	2,884,065	37,420,904
Net Book Value At 31.12.2021	712,806	610,081	2,144,888	1,215,318	16,567,127	422,732	13,021,960	2,693,711	37,388,623

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

Company – 2021

	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 1.1.2021	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
Additions	375,925	2,974	649,884	5,500	1,456,217	23,097	149,099	262,038	2,924,734
Disposal	-	-	(248,639)	-	(130,552)	-	-	(237,901)	(617,092)
Transfer	-	-	-	-	(14,899)	-	-	(17,560)	(32,459)
Written off	(20,955)	-	-	-	-	-	-	(118,386)	(139,341)
Expiry*	-	-	-	-	-	-	(100,413)	-	(100,413)
At 31.12.2021	5,141,507	2,043,006	4,289,101	2,178,469	39,004,571	1,499,267	14,846,742	5,577,776	74,580,439
Accumulated Depreciation									
At 1.1.2021	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
Charge for the financial year	648,855	371,530	395,481	221,923	4,385,786	218,097	462,802	768,624	7,473,098
Disposal	-	-	(187,910)	-	(72,572)	-	-	(67,251)	(327,733)
Transfer	-	-	-	-	(3,963)	-	-	(10,406)	(14,369)
Written off	(20,929)	-	-	-	-	-	-	(65,483)	(86,412)
Expiry*	-	-	-	-	-	-	(100,413)	-	(100,413)
At 31.12.2021	4,464,978	1,435,138	2,144,213	963,151	22,437,444	1,143,934	1,824,782	2,884,065	37,297,705
Net Book Value At 31.12.2021	676,529	607,868	2,144,888	1,215,318	16,567,127	355,333	13,021,960	2,693,711	37,282,734

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

Notes to the Financial Statements (cont'd)

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

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 31.12.2020	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.

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.

Notes to the Financial Statements (cont'd)

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	
	2021 RM	2020 RM
Building	12,692,121	12,976,762
ESM equipment	3,622,477	4,401,297
Motor vehicles	1,868,043	1,832,707
	18,182,641	19,210,766

11. SUBSIDIARIES

	Company	
	2021 RM	2020 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 2021 and 31 December 2020. 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.

Name of Company	Principal Activities	Effective Interest (%)	
		2021	2020
OpenSys Technologies Sdn. Bhd.	Call center operation, hardware maintenance and repair of self service kiosks, online marketplace operations, trading of goods, software development for Fintech and IoT and software solution, cash-in-transit solution & services and cash management solution & services	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.

Notes to the Financial Statements (cont'd)

11. SUBSIDIARIES (cont'd)

(a) Investment in subsidiaries (cont'd)

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

	OpenSys Technologies Sdn. Bhd.	
	2021 RM	2020 RM
NCI effective equity interest	15%	15%
Carrying amount of NCI	124,984	86,763
Profit allocated to NCI	38,221	21,874
Summaries financial information before inter-company elimination		
As at 31 December		
Non-current assets	142,560	135,376
Current assets	2,490,440	1,579,353
Non-current liabilities	-	(3,698)
Current liabilities	(1,799,769)	(1,132,608)
Net assets	833,231	578,423
Year ended 31 December		
Revenue	11,983,873	11,238,054
Profit for the year	254,808	145,826
Total comprehensive income	254,808	145,826
Cash flow from operating activities	597,737	390,959
Cash flow used in investing activities	(26,957)	(39,279)
Net changes in cash and cash equivalents	570,780	351,680

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

(b) Amount due from subsidiary

	Company	
	2021 RM	2020 RM
Amount due from subsidiary	58,488	53,205
Less: Accumulated impairment losses		
At beginning of the financial year	(53,205)	(48,006)
Impairment losses	(5,283)	(5,199)
At end of the financial year	(58,488)	(53,205)
Carrying amount at end of the 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.

Notes to the Financial Statements (cont'd)

11. SUBSIDIARIES (cont'd)

(c) Amount due to subsidiary

	Company	
	2021 RM	2020 RM
Amount due to subsidiary	671,669	417,074

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	
	2021 RM	2020 RM
Cost		
At beginning of the financial year	1,097,596	783,128
Addition	560,421	314,468
At end of the financial year	1,658,017	1,097,596
Less: Accumulated amortisation		
At beginning of the financial year	(783,128)	(783,128)
Amortisation for the financial year	(44,532)	-
At end of the financial year	(827,660)	(783,128)
Carrying amount at end of the financial year	830,357	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 1.50% to 2.00% (2020: 1.85% to 2.60%) per annum.

Deposits of the Group and the Company have maturity of 31 days to 365 days (2020: 365 days).

Notes to the Financial Statements (cont'd)

14. INVENTORIES

	Group/Company	
	2021 RM	2020 RM
Consumables and parts	2,742,277	2,509,781
Assembly components	2,645,880	1,826,919
Finished goods	3,946,604	2,255,077
	9,334,761	6,591,777
Recognised to profit or loss:-		
Used machines written down to net realisable value	16,700	763,600

15. TRADE RECEIVABLES

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Trade receivables	3,158,089	6,487,915	3,154,098	6,487,915
Contract assets	2,294,409	3,538,159	2,294,409	3,538,159
Total trade receivables, net	5,452,498	10,026,074	5,448,507	10,026,074

The normal credit term of the Group and of the Company granted to trade receivables ranged from 30 days to 90 days (2020: 30 days to 90 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 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.

Notes to the Financial Statements (cont'd)

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	
	2021 RM	2020 RM	2021 RM	2020 RM
Current	4,879,261	9,774,585	4,875,270	9,774,585
1 to 90 days past due	573,237	232,493	573,237	232,493
91 days past due	-	18,996	-	18,996
Total trade receivables, net	5,452,498	10,026,074	5,448,507	10,026,074

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

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Ringgit Malaysia	5,452,498	9,983,643	5,448,507	9,983,643
US Dollar	-	42,431	-	42,431
Total trade receivables, net	5,452,498	10,026,074	5,448,507	10,026,074

16. OTHER RECEIVABLES, DEPOSITS & PREPAYMENTS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Other receivables	62,370	995	-	275
Deposits	137,942	113,362	126,942	112,162
Prepayments	1,321,529	1,277,384	1,231,250	1,164,094
	1,521,841	1,391,741	1,358,192	1,276,531

Included in the prepayments are advance payments made for purchase of inventories amounting RM291,701 (2020: RM316,415).

17. SHORT TERM INVESTMENT

	Group/Company	
	2021 RM	2020 RM
Financial assets at fair value through profit or loss		
- unquoted unit trusts in Malaysia	28,894,569	26,236,121

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

Notes to the Financial Statements (cont'd)

18. SHARE CAPITAL

	Group/Company			
	2021		2020	
	Number of share Unit	Amount RM	Number of share Unit	Amount RM
Issued and fully paid :-				
At the beginning of the year	446,837,649	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	446,837,649	29,789,202

During the last 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	
	2021 RM	2020 RM
Lease liabilities	147,752	175,200
Finance lease liabilities	3,356,901	4,537,513
	3,504,653	4,712,713
Minimum lease payments :-		
Repayable not later than 1 year	1,681,944	2,031,335
Repayable later than 1 year and not later than 2 years	1,471,509	1,461,252
Repayable later than 2 years and not later than 5 years	563,772	1,574,290
	3,717,225	5,066,877
Less : Finance charges	(212,572)	(354,164)
Present value of minimum lease payments	3,504,653	4,712,713
Breakdown of present value of minimum lease payments :-		
Repayable not later than 1 year	1,548,590	1,837,606
Repayable later than 1 year and not later than 2 years	1,413,678	1,349,626
Repayable later than 2 years and not later than 5 years	542,385	1,525,481
	3,504,653	4,712,713

Notes to the Financial Statements (cont'd)

19. LEASE LIABILITIES (cont'd)

	Group/Company	
	2021 RM	2020 RM
Represented by :-		
Current	1,548,590	1,837,606
Non-current	1,956,063	2,875,107
	3,504,653	4,712,713

The finance lease liabilities of the Group and of the Company carried interest at the reporting date which ranged from 3.84% to 5.66% (2020: 4.25% to 7.96%) per annum.

20. TERM LOANS

	Group/Company	
	2021 RM	2020 RM
Repayable not later than 1 year	850,334	756,536
Repayable later than 1 year and not later than 2 years	878,561	781,649
Repayable later than 2 years and not later than 5 years	2,814,568	2,504,099
Repayable later than 5 years	1,378,580	4,705,479
	5,922,043	8,747,763
Represented by :-		
Current	850,334	756,536
Non-current	5,071,709	7,991,227
	5,922,043	8,747,763

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 of 3.27% (2020: 3.27% to 4.52%) 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.

Notes to the Financial Statements (cont'd)

21. DEFERRED TAX LIABILITIES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
At beginning of the financial year	3,630,910	3,630,897	3,627,212	3,622,805
Charge for the year (Note 8)	261,779	13	302,148	4,407
At end of the financial year	3,892,689	3,630,910	3,929,360	3,627,212

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: -

	At 1.1.2021 RM	Recognised in profit or loss RM	At 31.12.2021 RM
Group			
<u>Deferred tax liabilities</u>			
Property, plant & equipment			
- capital allowance in excess of depreciation	3,993,148	173,935	4,167,083
Development expenditure	75,472	123,814	199,286
	4,068,620	297,749	4,366,369
<u>Deferred tax asset</u>			
- Contract liabilities	(437,710)	6,793	(430,917)
- Others	-	(42,763)	(42,763)
Net after offsetting	3,630,910	261,779	3,892,689

	At 1.1.2020 RM	Recognised in profit or loss RM	At 31.12.2020 RM
<u>Deferred tax liabilities</u>			
Property, plant & equipment			
- capital allowance in excess of depreciation	4,052,092	(58,944)	3,993,148
Development expenditure	-	75,472	75,472
	4,052,092	16,528	4,068,620
<u>Deferred tax asset</u>			
- Contract liabilities	(421,195)	(16,515)	(437,710)
Net after offsetting	3,630,897	13	3,630,910

Notes to the Financial Statements (cont'd)

21. DEFERRED TAX LIABILITIES (cont'd)

	At 1.1.2021 RM	Recognised in profit or loss RM	At 31.12.2021 RM
Company			
<u>Deferred tax liabilities</u>			
Property, plant & equipment			
- capital allowance in excess of depreciation	3,985,056	175,935	4,160,991
Development expenditure	75,472	123,814	199,286
	4,060,528	299,749	4,360,277
<u>Deferred tax asset</u>			
- Contract liabilities	(433,316)	2,399	(430,917)
Net after offsetting	3,627,212	302,148	3,929,360

	At 1.1.2020 RM	Recognised in profit or loss RM	At 31.12.2020 RM
<u>Deferred tax liabilities</u>			
Property, plant & equipment			
- capital allowance in excess of depreciation	4,044,000	(58,944)	3,985,056
Development expenditure	-	75,472	75,472
	4,044,000	16,528	4,060,528
<u>Deferred tax asset</u>			
- Contract liabilities	(421,195)	(12,121)	(433,316)
Net after offsetting	3,622,805	4,407	3,627,212

22. TRADE PAYABLES

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Ringgit Malaysia	1,359,310	998,529	926,945	976,264
US Dollar	-	1,644,457	-	1,644,457
	1,359,310	2,642,986	926,945	2,620,721

The normal credit terms of trade payables granted to the Group and the Company vary from 30 days to 90 days (2020: 30 days to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

Notes to the Financial Statements (cont'd)

23. OTHER PAYABLES & ACCRUALS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Other payables	1,365,849	729,223	901,006	649,717
Accruals - others	1,467,576	1,912,944	1,459,041	1,750,595
Accruals - staff costs	3,671,938	3,723,216	2,893,848	2,983,310
Accruals - Defined contribution plan	290,335	281,158	173,399	169,882
	6,795,698	6,646,541	5,427,294	5,553,504

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 3.46% to 4.00% (2020: 3.54% to 5.37%) per annum.

25. CONTRACT LIABILITIES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Deferred revenue	1,795,489	1,823,791	1,795,489	1,805,483

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	
	2021 RM	2020 RM	2021 RM	2020 RM
At the beginning of the financial year	1,823,791	1,850,283	1,805,483	1,850,283
Revenue recognised	(15,845,867)	(19,359,692)	(15,827,559)	(19,219,692)
Progress billing to customers	15,817,565	19,333,200	15,817,565	19,174,892
At the end of the financial year	1,795,489	1,823,791	1,795,489	1,805,483

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 are expected to be recognised within 4 years.

Notes to the Financial Statements (cont'd)

25. CONTRACT LIABILITIES (cont'd)

Unsatisfied performance obligation yet to be recognised as revenue:

Group	2022	2023	2024	2025
As at 31 December 2021	RM	RM	RM	RM
Revenue to be recognised on services contract	370,170	562,771	557,233	305,315
Company	2022	2023	2024	2025
As at 31 December 2021	RM	RM	RM	RM
Revenue to be recognised on services contract	370,170	562,771	557,233	305,315
Group	2021	2022	2023	2024
As at 31 December 2020	RM	RM	RM	RM
Revenue to be recognised on services contract	551,256	183,667	552,691	536,177
Company	2021	2022	2023	2024
As at 31 December 2020	RM	RM	RM	RM
Revenue to be recognised on services contract	532,948	183,667	552,691	536,177

26. LEASES

The Group and the Company have 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 & equipment.

	Group/Company	
	2021 RM	2020 RM
Motor vehicles	1,868,043	1,832,707
Furniture & fittings	-	510,955
Renovations	-	779,819
ESM equipment	3,622,477	4,401,297
Office equipment	-	79,057
Building	144,935	170,211
	5,635,455	7,774,046

Notes to the Financial Statements (cont'd)

26. LEASES (cont'd)

(b) Depreciation charge during the year

	Group/Company	
	2021 RM	2020 RM
Motor vehicles	364,031	361,762
Furniture & fittings	122,591	245,183
Renovations	55,045	110,090
ESM equipment	778,820	778,820
Office equipment	18,973	37,946
Building	174,375	173,428
	1,513,835	1,707,229

(c) Lease expense

	Group/Company	
	2021 RM	2020 RM
Lease expense – low value leases (Note 6)	17,930	16,420

(d) Total cash outflow for all the leases during the financial year is RM2,127,931 (2020 : RM3,231,335).

(e) Addition of ROU assets during the financial year is RM798,983 (2020 : RM431,926) 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, cash recycling machines and other hardware equipments.

(ii) Software Solution and Services

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

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker ("CODM") (i.e. the Executive Chairman, Chief Executive Officer, Group Chief Compliance Officer, Group Chief Marketing 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.

Notes to the Financial Statements (cont'd)

27. OPERATING SEGMENTS (cont'd)

Major customers

There are five (2020: four) 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 chief operating decision-maker. 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
2021				
External revenue	6,155,989	55,357,821	-	61,513,810
Intersegment transactions	-	11,967,769	(11,967,769)	-
Total revenue	6,155,989	67,325,590	(11,967,769)	61,513,810
 Segment results	 1,341,895	 27,697,907		 29,039,802
Unallocated other income				780,842
Unallocated operating expenses				(14,748,453)
Profit before tax				15,072,191
 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

Notes to the Financial Statements (cont'd)

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) Related Party Transactions

<u>Entity</u>	<u>Relationship</u>	<u>Type of transactions</u>	<u>Company</u>	
			<u>2021 RM</u>	<u>2020 RM</u>
OpenSys Technologies Sdn. Bhd.	Subsidiary	Service expenses:		
		- Hardware maintenance	10,365,439	10,348,181
		- Call center operations	803,858	748,673
		- Cash-in-transit services	499,492	-
		- Software solutions	298,980	-

b) Key management personnel compensation

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:

	<u>Group</u>		<u>Company</u>	
	<u>2021 %</u>	<u>2020 %</u>	<u>2021 %</u>	<u>2020 %</u>
Return on equity	14.90	16.43	14.71	16.33

The Company is not subject to externally imposed capital requirements for the financial years ended 31 December 2021 and 31 December 2020.

Notes to the Financial Statements (cont'd)

30. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

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

Group	Financial assets at amortised costs		FVTPL		Total	
	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM
Financial Assets						
Non-current						
Fixed deposits	8,455,863	8,301,479	-	-	8,455,863	8,301,479
Current						
Trade and other receivables	3,358,401	6,602,272	-	-	3,358,401	6,602,272
Short term investment	-	-	28,894,569	26,236,121	28,894,569	26,236,121
Cash and bank balances	9,546,278	5,086,597	-	-	9,546,278	5,086,597
Total	21,360,542	19,990,348	28,894,569	26,236,121	50,255,111	46,226,469

Company	Financial assets at amortised costs		FVTPL		Total	
	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM
Financial Assets						
Non-current						
Fixed deposits	8,455,863	8,301,479	-	-	8,455,863	8,301,479
Current						
Trade and other receivables	3,281,040	6,600,352	-	-	3,281,040	6,600,352
Short term investment	-	-	28,894,569	26,236,121	28,894,569	26,236,121
Cash and bank balances	7,938,544	4,049,643	-	-	7,938,544	4,049,643
Total	19,675,447	18,951,474	28,894,569	26,236,121	48,570,016	45,187,595

Notes to the Financial Statements (cont'd)

30. FINANCIAL INSTRUMENTS (cont'd)

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

	Financial liabilities at amortised cost		Financial liabilities at amortised cost	
	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Non-current				
Lease liabilities	1,956,063	2,875,107	1,956,063	2,875,107
Borrowings	5,071,709	7,991,227	5,071,709	7,991,227
Current				
Lease liabilities	1,548,590	1,837,606	1,548,590	1,837,606
Borrowings	850,334	1,156,684	850,334	1,156,684
Trade and other payables	8,155,008	9,289,527	6,354,239	8,174,225
Amount due to subsidiary	-	-	671,669	417,074
	17,581,704	23,150,151	16,452,604	22,451,923

(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.

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 2021				
Fair value through profit or loss:				
Short term investment	28,894,569	28,894,569	-	-
31 December 2020				
Fair value through profit or loss:				
Short term investment	26,236,121	26,236,121	-	-

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.

Notes to the Financial Statements (cont'd)

31. DIVIDENDS

	Group/Company			
	2021		2020	
	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 2021				
- first interim	0.25	1,117,101	-	-
- second interim	0.25	1,117,100	-	-
- third interim	0.25	1,117,101	-	-
- fourth interim	0.25	1,117,100	-	-
(b) 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
Dividend recognised as distribution to ordinary equity holders of the Company	1.00	4,468,402	1.25	4,096,030

An interim dividend of RM0.003 per ordinary share, with the total amounting to RM1,340,517 in respect of the financial year ending 31 December 2022 declared on 21 February 2022. 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 2022.

32. SIGNIFICANT EVENT DURING AND AFTER REPORTING PERIOD

- (a) 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 cash-in-transit services, online solar marketplace, merchant acquiring services and e-wallet top-up kiosks to improve the profitability of the Group.

Despite the prolonged pandemic disruption, the Group has maintained a steady pace due to our strong fundamentals and recurring nature of our business model that has been engineered over the last couple of decades. Services business such as maintenance services for cash recycling machines, cheque deposit machines and its other hardware products, rental of bill payment kiosks, cheque processing and software development services continues to be highly relevant and in demand.

For the financial year ended 31 December 2021, the impact of COVID-19 have been reflected in this set of financial statements.

If this unprecedented health and economic crisis can be contained in the future, the Group expects that the performance of the Group will continue to be satisfactory for the financial year ending 31 December 2022 barring any unforeseen circumstances.

- (b) On 4 March 2022, the Company announced to propose transfer the entire issued share capital from the ACE Market to the Main Market of Bursa Malaysia Securities Berhad. The application in relation to the Proposed Transfer Listing has been submitted to the Securities Commission on 8 March 2022.

Notes to the Financial Statements (cont'd)

33. 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 8 April 2022.

LODGER INFORMATION

Name : Mega Corporate Services Sdn. Bhd.
Company No. : 198901010682 (187984-H)
Address : Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Phone No. : 03-2692 4271
Email : info@megacorp.com.my

List of Properties

A summary of the Group's properties as at 31 December 2021 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 31.12.2021 (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	14.5	2,455
Level 26, Tower A, Pinnacle Petaling Jaya, Jalan Utara C, 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	5	7,434
Unit A-23-01, Tower A, Pinnacle Petaling Jaya, Jalan Utara C, 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	5	1,070
Unit A-23-02, Tower A, Pinnacle Petaling Jaya, Jalan Utara C, 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	5	552
Unit A-23-08, Tower A, Pinnacle Petaling Jaya, Jalan Utara C, 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	5	1,178
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	22.3	184

Analysis of Shareholdings as at 31 March 2022

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	915	55,387	0.01
100 To 1,000 Shares	1,109	660,978	0.15
1,001 To 10,000 Shares	5,039	27,678,539	6.19
10,001 To 100,000 Shares	3,553	110,702,881	24.78
100,001 To Less Than 5% Of Issued Shares	366	212,707,222	47.60
5% And Above Of Issued Shares	1	95,032,642	21.27
Total	10,983	446,837,649	100.00

SUBSTANTIAL SHAREHOLDERS

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

DIRECTORS' SHAREHOLDINGS

No. Shareholder	Direct Interest		Deemed Interest	
	Shares	%	Shares	%
1. Tan Kee Chung	95,032,642	21.27	-	-
2. Chee Hong Soon	12,322,440	2.76	-	-
3. James Henry Stewart	814,200	0.18	-	-
4. Ong Poh Hong	140,000	0.03	62,500***	0.01

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

Analysis of Shareholdings (cont'd)

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)	16,435,000	3.68
3.	Tan Yu Yeh	14,843,000	3.32
4.	Chee Hong Soon	12,322,440	2.76
5.	Koh Lea Cheong	8,002,663	1.79
6.	Lim Swee Keah	7,015,363	1.57
7.	AmSec Nominees (Tempatan) Sdn Bhd For AmBank (M) Berhad (SWAP)	7,000,000	1.57
8.	Tan Gaik Keow	6,652,863	1.49
9.	Haw Wan Chong	6,085,063	1.36
10.	Goh Siew Tee	6,047,785	1.35
11.	Tune Hee Hian	5,965,363	1.34
12.	Hong Leong Assurance Berhad For As Beneficial Owner (UNITLINKED GF)	4,500,000	1.01
13.	Hong Leong Assurance Berhad For As Beneficial Owner (UNITLINKED BCF)	4,211,700	0.94
14.	Tham Kok Cheng	2,719,147	0.61
15.	Leong Yoke Wai	2,702,300	0.60
16.	Public Nominees (Tempatan) Sdn Bhd For Cheong Wai Juen (E-BPJ)	2,690,000	0.60
17.	Tan Eng Hooi	2,387,400	0.53
18.	Low Suet Cheng	2,097,813	0.47
19.	Liew Swee Lian	1,999,999	0.45
20.	Lau Tiam Aik	1,900,000	0.43
21.	Hong Leong Assurance Berhad For As Beneficial Owner (UNITLINKED DP)	1,875,000	0.42
22.	Hong Leong Assurance Berhad For As Beneficial Owner (UNITLINKED FLF)	1,875,000	0.42
23.	Hong Leong Assurance Berhad For As Beneficial Owner (S'HOLDERS NPAR)	1,853,400	0.41
24.	Soong Sor Pow	1,672,500	0.37
25.	Sabastian Tong Hung Yew	1,449,999	0.32
26.	Chung Chien Yee	1,392,000	0.31
27.	Lim Choon Meng	1,150,000	0.26
28.	Public Nominees (Tempatan) Sdn Bhd For Chew Chee Siong (E-JBU/SKI)	1,100,000	0.25
29.	Tan Lee Ching	1,100,000	0.25
30.	Leong Yoke Wai	1,083,763	0.24

This page is intentionally left blank.

This page is intentionally left blank.

This page is intentionally left blank.

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) (NRIC/Passport/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-sixth 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, 23rd May 2022 at 3.00 p.m. and at every adjournment thereof to vote as indicated below:-

ORDINARY RESOLUTIONS	FIRST PROXY		SECOND PROXY	
	FOR	AGAINST	FOR	AGAINST
1. To approve the payment of Directors' fees and benefits				
2. To re-elect the director, Mr. Tan Kee Chung				
3. To re-elect the director, Mr. James Henry Stewart				
4. To re-elect the director, Datin Lee Choi Chew				
5. To re-elect the director, Madam Ong Poh Hong				
6. To re-appoint the retiring auditors, Messrs. HLB Ler Lum Chew PLT				
7. Authority to allot shares				
8. Retention of Datuk Ng Bee Ken as Independent Director				
9. Retention of Dato' Abdul Manap Bin Abd Wahab 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 _____ 2022.

Signature/Common Seal

* Strike out whichever is not desired.

Notes:

- 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 17th May 2022. Only a depositor whose name appears on the Record of Depositors as at 17th May 2022 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote in his/her stead.
- A member entitled to attend, speak and vote at the meeting is entitled to appoint up to two (2) proxies to attend, speak 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.
- 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.
 - Where a member of the Company is an exempt authorised 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 authorised nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy shall be in writing under the hand of appointer or his/her attorney duly authorised in writing or, if the appointer is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a 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 or email to mega-sharereg@megacorp.com.my not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof. For those who have emailed the Form of Proxy, please submit the original at any time before the time appointed for holding the meeting or to the registration staff on the meeting day for the Company's records.

Fold this flap for sealing

Tearing line

2nd fold here

**AFFIX
STAMP**

The Company Secretary
OPENSYS (M) BERHAD
REGISTRATION NO. 199501040614 (369818-W)
Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur

1st fold here

www.myopensys.com

OpenSys (M) Berhad

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

T +603 7932 7888
F +603 7932 7878
W www.myopensys.com