



# OpenSys

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



## Evolving With Innovative SOLUTIONS

ANNUAL REPORT 2022



# Cover Rationale

The cover features a visually stunning and abstract composition, using polygonal forms to represent the company's growth and evolution. The transformation of the polygonal shape from a worm to a butterfly represents the company's journey from its early beginnings to its current stage of growth and innovation. The use of polygonal shapes creates a modern and sophisticated look that emphasizes the company's focus on cutting-edge solutions. It invites the viewer to interpret the meaning behind the abstract forms, reflecting the company's innovative and creative approach to problem-solving. Overall, the cover communicates the company's commitment to forward-thinking and the constant evolution necessary for success in a dynamic business environment.

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# Our Team

People Behind  
**THE COMPANY**

Profile of Directors

Profile of Senior Management

Corporate Information





## 1 TAN KEE CHUNG

**Executive Chairman,**

Malaysian | Male | Aged 64

Tan Kee Chung was appointed as Executive Director of OpenSys on 7 December 1995 and was redesignated as Executive Chairman on 01 January 2022. He is a co-founder of OpenSys.

He provides strategies, broad scope marketing and management policies for the Group's overall direction. He also provides leadership to the organization's officers and executives and is responsible for marshalling the effective functioning of the board including the collective oversight of management.

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.

## 2 WINNIE ONG POH HONG

### **Executive Director**

Malaysian | Female | Aged 46

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 prior to her promotion as the Chief Financial Officer in 2021. She has over 21 years of working experience in finance, accounting, reporting, analysis, taxation and treasury management. She is primarily responsible for the overall financial management, treasury, internal controls and budgeting of the Group as well as overseeing the area of legal and compliance.

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.

## 3 ERIC LIM SWEE KEAH

### **Executive Director**

Malaysian | Male | Aged 58

Eric Lim Swee Keah was appointed as Executive Director of OpenSys on 1 April 2023.

He started his career with OpenSys in 1996 as its Sales Director and he had subsequently served in various positions including 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) Sdn Bhd.

In his 27 years of working in OpenSys, he was responsible for sales, marketing, business development and strategic business direction of OpenSys as well as overseeing OpenSys' software solutions and business process outsourcing businesses. He was promoted to the role of Chief Executive Officer on 24 February 2020 and expanded his management portfolio to include human resource and finance.

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

## 4 DATO' ABDUL MANAP BIN ABD WAHAB

### **Independent Non-Executive Director**

Malaysian | Male | Aged 66

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 and Remuneration Committees.

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).

## 5 DATIN LEE CHOI CHEW

**Independent Non-Executive Director**

Malaysian | Female | Aged 64

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.

## 6 AARON WONG CHOONG WAI

**Independent Non-Executive Director**

Malaysian | Male | Aged 58

Aaron Wong Choong Wai was appointed as Independent Non-Executive Director of OpenSys on 1 July 2022. He is the Chairman of the Remuneration Committee and a member of the Audit and Nomination Committees.

He holds a Bachelor of Law from the Australian National University, Australia; and a Master of Arts in Theological Studies from Alpha Omega International College, Malaysia.

Mr. Wong has more than 30 years' experience in legal practice. He is an Advocate and Solicitor of the High Court of Malaya, and presently is a partner of the law firm of Messrs Azri, Lee Swee Seng & Co. where he is in charge of the corporate and real estate department. His expertise includes corporate restructurings, shareholder dispute resolutions, shareholders agreements and other corporate matters like trusts and issues of management of strata schemes. Mr. Wong is also a legal advisor to several Non-Governmental Organisations, including serving as deputy chairman of Pertubuhan Kebajikan Destiny (PKD), a charitable organisation registered under the Societies Act.

*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.*





## 1 ERIC LIM SWEE KEAH

**Chief Executive Officer**

Malaysian | Male | Aged 58

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

## 2 LUKE SEBASTIAN

**Chief Executive Officer -  
OpenSys Technologies**

Malaysian | Male | Aged 44

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 22 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.

## 3 WINNIE ONG POH HONG

### *Chief Financial Officer*

Malaysian | Male | Aged 46

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

## 4 CHEE HONG SOON

### *Group Chief Sustainability Officer*

Malaysian | Male | Aged 63

Chee Hong Soon is a co-founder and Group Chief Sustainability Officer of OpenSys. He primarily oversees the environmental, social, governance and sustainability activities of the Company. He obtained his Bachelor of Science degree in Physics from Universiti Malaya in 1983. He has more than 21 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.

## 5 TUNE HEE HIAN

### *Group Chief Marketing Officer*

Malaysian | Male | Aged 64

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 26 years of experience in software development, project management and implementation of an online financial systems.

## 6 KOH LEA CHEONG

### *Chief Operating Officer*

Malaysian | Male | Aged 56

Koh Lea Cheong was promoted to Chief Operating Officer on 1 January 2023.

He started his career with OpenSys in January 1996 and has since served in various capacities throughout his 27 years of service. Prior to joining OpenSys, he was the Systems Engineer in NCR (Malaysia) Sdn Bhd and AT&T Global Information Solutions (Malaysia) Sdn Bhd from 1992 to 1995.

He has over 30 years of experience in software design and development, operational management and planning particularly in the retail banking and payments industry for cards and cash. He is responsible for overseeing the day-to-day operations and functions of business process outsourcing, centre of technology, hardware development & integration and systems & network support divisions. He works closely with other senior leaders to develop and implement plans and solutions to drive growth and improve operational efficiency.

He holds a Bachelor of Applied Science degree with Honours.

## 7 WONG SIEW POOI

### *Chief Operating Officer*

Malaysian | Female | Aged 48

Wong Siew Pooi was promoted to Chief Operating Officer on 1 January 2023.

She joined OpenSys in 1999 and has more than 23 years of experience in software application design, development and support. She has previously held the position as Senior Vice President of Software Development and Integration division as well as Cheque Processing Outsourcing division. She is a leader with strong project management skill and has led the team in multiple significant projects implementation in banking and insurance industry.

She is responsible for the Software Development & Integration division, Innovation Development and Technology division, Project Management Office and Cheque Processing Outsourcing division.

She holds a Bachelor of Computer Science Degree with Honours from Universiti Sains Malaysia.



## 8 DENIS KOAY KAR HWA

**Senior Vice President - Sales**  
Malaysian | Male | Aged 43

Denis Koay holds a Bachelor of Science in Computing Degree. He has over 19 years of working experience in sales and marketing of Information Technology products. He was appointed to his current position on 1 January 2022.

## 10 OOI HOCK ANG

**Senior Vice President - Hardware Development & Integration**  
Malaysian | Male | Aged 52

Ooi Hock Ang holds a Bachelor of Computer Science (Honours) Degree. He has over 26 years of working experience in software development and support and project management. He was appointed to his current position on 1 January 2019.

## 9 HENG KEN WEI

**Senior Vice President - Centre of Technology**  
Malaysian | Male | Aged 47

Heng Ken Wei holds a Bachelor of Information Technology Degree. He has over 22 years of working experience in software application design, development and support. He was promoted to his current position on 1 January 2019.

## 11 LEONG YOKE WAI

**Senior Vice President - Research and Development**  
Malaysian | Male | Aged 64

Leong Yoke Wai holds a Bachelor of Computer Science Degree. He has over 38 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.



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**THAM KOK CHENG****Senior Vice President - Customer Data & Information Management**

Malaysian | Male | Aged 70

Tham Kok Cheng holds a Master's Certificate in Commercial Project Management. He has 45 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.

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**SHIYAMALA A/P JOEGANATHAN****Senior Vice President - Innovation, Digitalization & Transformation**

Malaysian | Female | Aged 46

Shiyamala Joeganathan holds a Bachelor of Computer Science (Honours) Degree. She has over 22 years of working experience in application software design, development and support. She was promoted to her current position on 1 January 2023.

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**LOOY WAN KENG****Acting Senior Vice President – Customer Support – OpenSys Technologies**

Malaysian | Male | Aged 41

Looy Wan Keng holds a Diploma of Information Technology in Business Information Systems. He has over 19 years of experience in field services management, hardware engineering and solutions support. He was promoted to his current position on 1 January 2023.



**15 CHONG BOON NI**

**Vice President - Software Development & Integration/Cheque Processing Outsourcing**  
Malaysian | Female | Aged 47

Chong Boon Ni holds a Bachelor of Information Technology Degree. She has over 22 years of working experience in application software design, development and support. She was promoted to her current position on 1 July 2018.

**17 NOR SHAHRIZAH BINTI MOHAMMED ZAWAWI**

**Vice President - Project Management Office**  
Malaysian | Female | Aged 49

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

**16 HON TIAN YANG**

**Vice President - Systems & Network Support**  
Malaysian | Male | Aged 46

Hon Tian Yang holds a Bachelor of Computer Science Degree. He has over 21 years of working experience in system, network and data center management. He was promoted to his current position on 1 January 2015.

**18 RON LOW CHEE KEAT**

**Vice President - Customer Support - OpenSys Technologies**  
Malaysian | Male | Aged 55

Ron Low has more than 26 years of working experience in business operations and people management. His expertise the past 14 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.

*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.*



## BOARD OF DIRECTORS

### Tan Kee Chung

- Executive Chairman

### Ong Poh Hong

- Executive Director

### Lim Swee Keah

- Executive Director

(Appointed on 1 April 2023)

### Dato' Abdul Manap Bin Abd Wahab

- Independent Non-Executive Director

### Datin Lee Choi Chew

- Independent Non-Executive Director

### Wong Choong Wai

- Independent Non-Executive Director

(Appointed on 1 July 2022)

### Chee Hong Soon

- Executive Director

(Resigned on 1 April 2023)

### James Henry Stewart

- Non-Independent Non-Executive Director

(Resigned on 1 July 2022)

### Datuk Ng Bee Ken

- Independent Non-Executive Director

(Resigned on 1 July 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) Datin Lee Choi Chew

### 3) Wong Choong Wai

(Appointed on 1 July 2022)

### 4) Datuk Ng Bee Ken

(Resigned on 1 July 2022)

## NOMINATION COMMITTEE

### 1) Datin Lee Choi Chew (Chairperson)

### 2) Dato' Abdul Manap Bin Abd Wahab

### 3) Wong Choong Wai

(Appointed on 1 July 2022)

### 4) Datuk Ng Bee Ken

(Resigned on 1 July 2022)

## REMUNERATION COMMITTEE

### 1) Wong Choong Wai (Chairman)

(Appointed on 1 July 2022)

### 2) Dato' Abdul Manap Bin Abd Wahab

### 3) Datin Lee Choi Chew

### 4) Datuk Ng Bee Ken

(Resigned on 1 July 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

A-23-1, Hampshire Place Office

157 Hampshire, No. 1 Jalan Mayang Sari

Off Jalan Tun Razak

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

Main Market

Stock Code: 0040





# The Recap

A Comprehensive  
**REVIEW**

The background of the slide is a dark blue gradient. On the left, there are large, overlapping geometric shapes in shades of purple and magenta. On the right, there is a network diagram consisting of white dots connected by thin white lines, forming a complex web. A prominent line of dots and connecting lines runs diagonally across the lower half of the slide, starting from the bottom left and extending towards the top right. The overall aesthetic is modern and technological.



Financial Highlights

Management Discussion & Analysis

Audit Committee Report

Corporate Governance  
Overview Statement

Additional Compliance Information

Statement on Risk Management and  
Internal Control

Sustainability Statement

Notice of Annual General Meeting

## 16 Financial Highlights

### Financial Year Ended 31 Dec

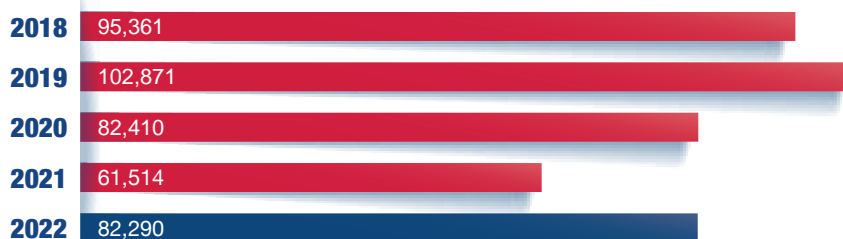
		2018	2019	2020	2021	2022
Revenue	RM'000	95,361	102,871	82,410	61,514	82,290
Profit Before Tax (PBT)	RM'000	14,304	15,351	15,187	15,072	15,871
Profit After Tax (PAT)	RM'000	10,188	11,138	11,102	11,083	11,744
Shareholders' Equity	RM'000	57,388	64,015	70,834	77,410	82,850
Earnings Per Share*	sen	3.41	3.73	2.48	2.47	2.62
Dividend Per Share	sen	1.25	1.50	1.25	1.00	1.40
Total Assets	RM'000	105,996	104,676	100,275	101,468	106,634
Net Assets Per Share*	sen	19.27	21.51	15.87	17.35	18.58

\* 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)

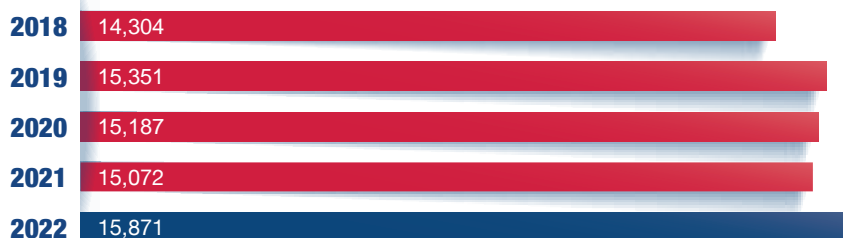
**2022**  
**RM82.290**  
**MILLION**



### Profit Before Tax (PBT)

(RM'000)

**2022**  
**RM15.871**  
**MILLION**

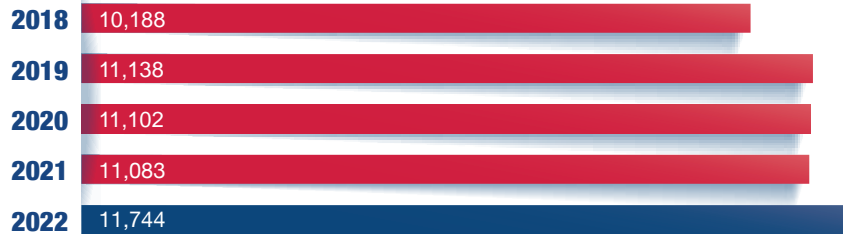




## Profit After Tax (PAT)

(RM'000)

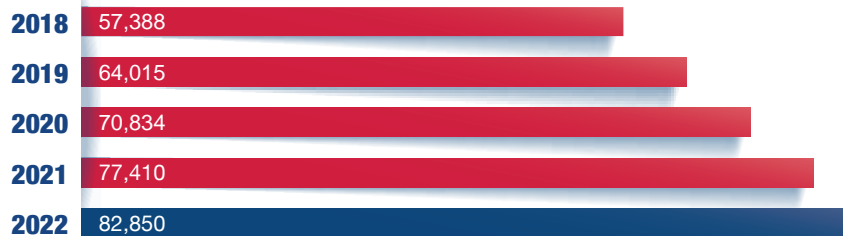
2022

**RM11.744**  
MILLION

## Shareholders' Equity

(RM'000)

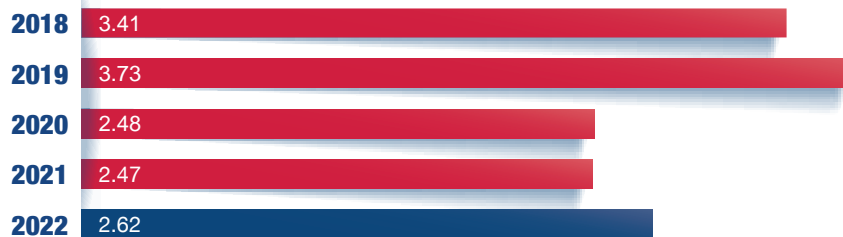
2022

**RM82.850**  
MILLION

## Earnings Per Share\*

(Sen)

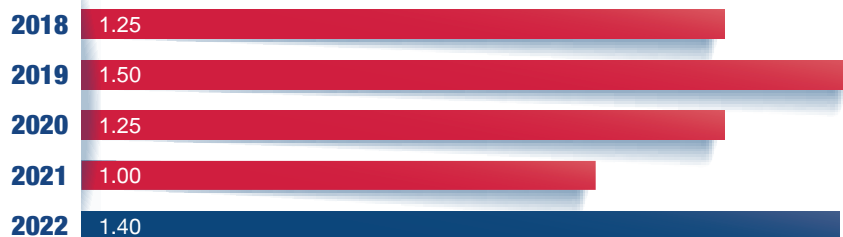
2022

**2.62**  
Sen

## Dividend Per Share

(Sen)

2022

**1.40**  
Sen

Total Assets

**RM106.634**  
MILLION

Net Assets Per Share\*

**18.58**  
SEN



“At the forefront of intelligent technology solutions, we are revolutionizing industries with our expertise, empowering businesses with cutting-edge capabilities, and delivering unparalleled results.”

## 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, assisted-service and branch transformation 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 renewable energy online marketplace, buySolar.

The Group’s core businesses consist of six (6) key segments:

- i) **Cash Recycling Machine (CRM)** is the main product of the Group’s hardware segment. CRM is an automated teller machine 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% in 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, the Group provides bill payment kiosks, related network infrastructure and services to customers such as CelcomDigi, 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, the Group provides processing services to banks and helps banks to clear 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 kiosk as well as its software products for 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 products.
- 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 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.

## 1. BUSINESS AND OPERATIONS OVERVIEW (cont'd)

- 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.
- vi) **Branch of The Future** solutions increase efficiency and productivity of branch personnel by digitalizing transactional and back-room cash operations in the banks' branch transformation journey. The solutions also enable banks to adopt open plan branch layout that enhances customer experience while allowing branch personnel to focus on advisory activities and high-value transactions.

## 2. FINANCIAL PERFORMANCE REVIEW

### 2.1 Revenue

For the year ended 31 December 2022 ("FY2022"), the Group registered an overall stronger performance with a double-digit revenue growth of 33.8% year-on-year ("y-o-y") to RM82.29 million compared to RM61.51 million in the corresponding financial year ended 31 December 2021 ("FY2021").

#### Revenue by business segments

Revenue	FY2022 RM' Mil	FY2021 RM' Mil	Change RM' Mil	Change %
Hardware Segment	19.01	6.15	12.86	209.1%
<b>Services Segment</b>				
i. Maintenance & Software Solutions Services	39.70	33.77	5.93	17.6%
ii. Business Process Outsourcing	20.05	21.09	(1.04)	-4.9%
iii. SmartCIT Secure Logistics	3.53	0.50	3.03	605.3%
	63.28	55.36	7.92	14.3%
<b>Total Revenue</b>	<b>82.29</b>	<b>61.51</b>	<b>20.78</b>	<b>33.8%</b>

Revenue from hardware had shown a strong rebound of 209.1% y-o-y to RM19.01 million. The substantial increase in hardware sales was supported by the robust demand of CRMs from the banking customers. This marked a significant turnaround after 2 years of sluggish hardware sales due to the pandemic.

Overall, services segment revenue rose 14.3% y-o-y from RM55.36 million in FY2021 to RM63.28 million in FY2022. This segment continued to be our key revenue driver contributing over 70% of our total Group revenue in FY2022.

- i) Revenue from Maintenance and Software Solutions Services continued its steady growth and increased 17.6 % y-o-y to RM39.7 million. This was mainly driven by strong recurring maintenance services arising from the increase in the number of CRMs that entered maintenance mode after the expiry of warranty period. Software upgrade and system enhancement projects secured from banking customers during FY2022 also contributed to the growth.
- ii) The Group's Business Process Outsourcing in bill payment kiosks and cheque processing business decreased marginally by 4.9% to RM20.05 million in FY2022 due to lower rental income from bill payment kiosks and lower cheque volumes during the year.
- iii) SmartCIT, launched in the fourth quarter of FY2021, contributed RM3.53 million to the Group's revenue in FY2022.



“Through internal funds and financial institution credit, the Group achieved lower gearing and higher dividend payouts.”

## 2. FINANCIAL PERFORMANCE REVIEW (cont'd)

### 2.2 Gross Profit

In tandem with the improved revenue, the Group's gross profit grew 8.1% from RM29.04 million in FY2021 to RM31.4 million in FY2022. The Group's overall gross profit margin declined from 47.2% for FY2021 to 38.2% for FY2022, largely attributed to the weakening of Ringgit against US Dollar towards the second half of FY2022 and higher cost of goods and spare parts caused by global supply chain issues.

### 2.3 Profitability

The Group reported a profit before tax ("PBT") of RM15.87 million in FY2022, an increase of 5.3% from RM15.07 million a year ago. The increase in PBT was in line with the increase in revenue and partially offset by higher operational costs and one-off administrative expenses of approximately RM0.6 million in relation to the transfer of listing to the Main Market of Bursa Securities.

In line with the better operational results, the Group reported a higher profit after tax ("PAT") of RM 11.74 million in FY2022 compared to RM11.08 million in the previous financial year. Excluding the effect of the one-off transfer of listing expenses, the normalized PAT stood at RM12.34 million in FY2022, representing an increase of 11.4% over the preceding year.

### 2.4 Financial Position Review

The following key items indicate the significant changes in the Group's financial position:

#### Inventories

The Group had increased its inventories by 14.6% to RM10.69 million as at 31 December 2022. This was primarily due to the buildup of higher stock level to cushion the impact of supply chain disruptions to meet the deliveries for upcoming projects in FY2023.

## 2. FINANCIAL PERFORMANCE REVIEW (cont'd)

### 2.4 Financial Position Review (cont'd)

#### Trade Receivables

In tandem with the higher revenue, trade receivables increased 139.6% to RM13.06 million as at 31 December 2022 from RM5.45 million last financial year. The significant increase was contributed by higher revenue generated towards the last quarter of FY2022.

#### Other Payables & Accruals

Other payables & accruals of the Group amounted to RM8.41 million as at 31 December 2022 compared with RM6.8 million in the last financial year. The increase was due to higher trade accruals and the timing differences of payments to suppliers.

#### Contract Liabilities

Contract liabilities of the Group was higher at RM2.45 million as at 31 December 2022 compared to RM1.8 million in the preceding year mainly arising from advance payments related to upfront billings for maintenance services and down payments received from customers when sales orders were concluded.

### 2.5 Liquidity and Capital Management

As at 31 December 2022, the Group's cash and cash equivalents stood at RM38.18 million as compared to RM38.44 million in the previous financial year. The Group continued to generate positive cash flow from operations during the year and maintained a healthy net cash position.

Group Debt and Equity	FY2022 RM' Mil	FY2021 RM' Mil
Total Borrowings	7.53	9.43
Cash and cash equivalents	38.18	38.44
Net Cash	(30.65)	(29.01)
Total equity attributable to owners of the Company	82.85	77.41
<b>Gross gearing ratio (times)</b>	<b>0.09</b>	<b>0.12</b>

The Group's gross gearing ratio improved from 0.12 times to 0.09 times in FY2022 due to reduction in total borrowings as well as growing profitability during the financial year under review. The Group's borrowings mainly comprised of term loans to finance the purchase of office properties, lease arrangements for bill payment kiosks outsourcing business, office equipment and motor vehicles. Total borrowings decreased from RM9.43 million in FY2021 to RM7.53 million as at 31 December 2022. The decrease was primarily due to repayment of lease liabilities and term loans in FY2022.

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 Payout

The Group has been paying dividends to its shareholders for 12 consecutive years since July 2010. 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. The Board intends to continuously reward shareholders in appreciation of the continued support and loyalty over the years. In FY2022, the Group declared a total dividend of 1.4 sen per ordinary share with a total dividend payout exceeding 50% of the Group's net profit.



### 3. BUSINESS PERFORMANCE BY SEGMENTS

The reopening of the economy and borders have re-invigorated Malaysia's economic activities and regained positive momentum in its economic recovery. The Gross Domestic Product (GDP) recorded an encouraging growth of 8.9% in 2022, exceeding the earlier forecast of 6.5 to 7.0%.

Market sentiment had improved as could be witnessed in the Group's Cash Recycling Machine ("CRM") business segment. Banks had resumed procurement activities after postponing CRM purchases for two years during the Covid-19 pandemic. The Group had recorded robust CRM hardware sales in FY2022, signaling a stable recovery of this business segment to pre-pandemic level.

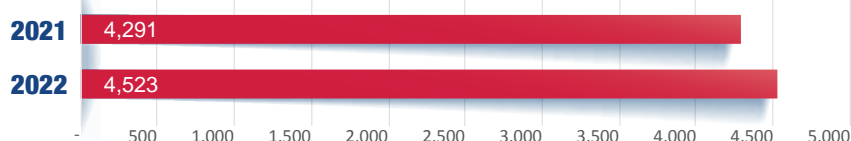
Despite going through two challenging years caused by the Covid-19 pandemic, the Group's services business segments remained resilient and will continue the same growth path in driving revenue and profits as demand grows for the Group's maintenance services for CRMs, bill payment kiosks, cheque processing and software development services.

New business segments such as SmartCIT and SmartTCR (a key component of the Branch of The Future solutions) had begun to contribute to the Group's revenue in FY2022. In particular, SmartTCR is gaining good traction and momentum from the Group's banking customers. Several banks had started to work on proof-of-concept trials using SmartTCR solutions to further drive digitalization initiatives as part of the banks' branch transformation strategy.

#### 3.1 Cash Recycling Machine (CRM)

The group's CRM installations had seen a steady growth in FY2022 as banks started to procure CRMs after postponing the purchases for two years due to the impact of the pandemic. The purchases were for the replacement of aging and obsolete machines which could not be delayed further. The total number of installed units increased from 4,291 units in FY2021 to 4,523 units in FY2022.

#### Cumulative Installed Units RG7/RG8

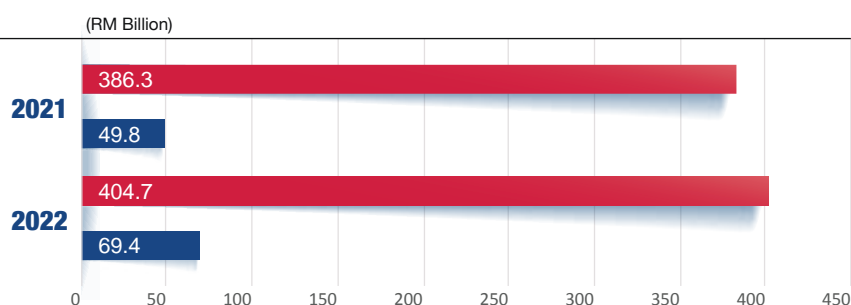


This business segment had witnessed a steady recovery throughout FY2022 and confirmed that ATMs/CRMs remained an important distribution channel for cash due to continuous wide circulation and usage by the general public. Based on official statistics from Bank Negara Malaysia (BNM), both ATM/CRM usage and Cash-In-Circulation had increased in 2022.

According to BNM's Payment Statistics, the ATM/CRM cash withdrawal value had remained robust and increased by 4.9% from RM386.3 billion in 2021 to RM404.7 billion in 2022. The transaction volume had also grown by 2.4% from 779.6 million in 2021 to 798.5 million transactions in 2022. In contrast, e-Money transaction value was at RM69.4 billion in 2022 which is only 17% of the ATM/CRM cash withdrawal value. Evidently, the usage of cash remains strong, and ATMs/CRMs will continue to be the main distribution channel of this important payment instrument.

#### Transaction Value ATM Cash Withdrawals vs E-Money

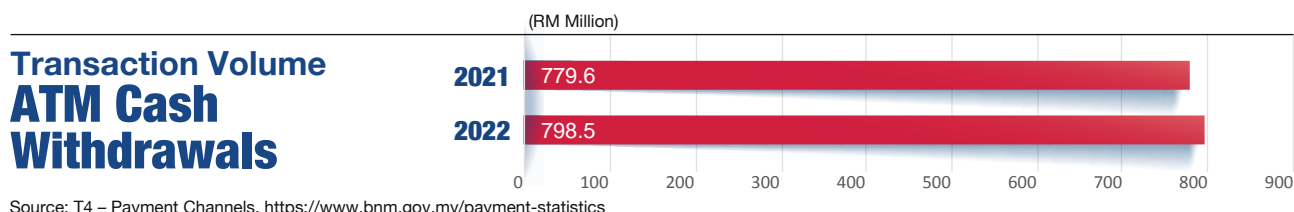
■ ATM Cash Withdrawals Txn Value (RM)  
■ e-Money Txn Value (RM)



Source: T2 – Payment Instruments & T4 – Payment Channels  
<https://www.bnm.gov.my/payment-statistics>

### 3. BUSINESS PERFORMANCE BY SEGMENTS (cont'd)

#### 3.1 Cash Recycling Machine (CRM) (cont'd)



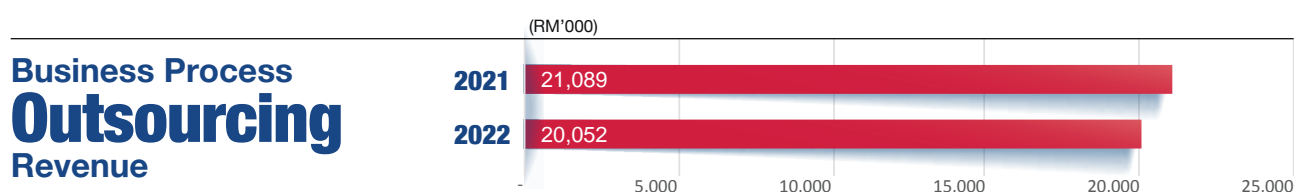
Despite rapid acceleration in e-commerce and online spending, cash remains the most prevalent medium of payment and a vital payment instrument in the economy. According to Bank Negara Malaysia's 2022 Annual Report, Cash In Circulation (CIC) grew again by 8.0% in 2022 to RM162.1 billion from RM150.1 billion a year ago.

In a 2022 study by Paynet titled "Weathering The Pandemic – Paynet Digital Payments Insights Study 2022", it was found that 78% of Malaysians still use cash and 63.5% of Malaysians living in non-urban areas use cash every day.

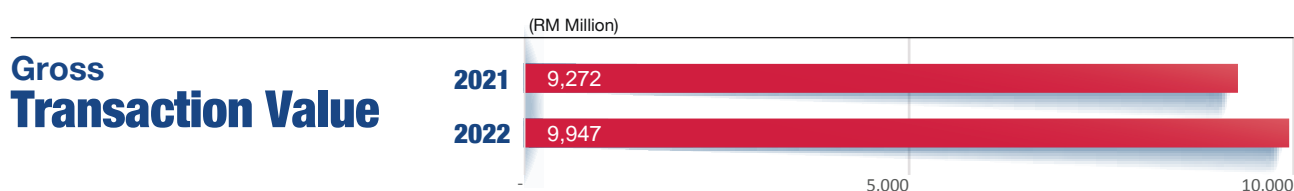
The Group strongly believes that continuous healthy co-existence of cash usage and e-payments will prevail in the foreseeable future.

#### 3.2 Business Process Outsourcing

Both Bill Payment Kiosk Outsourcing and Cheque Process Outsourcing business sub-segments continued to hold steady in FY2022. Both sub-segments combined, the total revenue declined marginally by 4.9% from RM21.09 million in FY2021 to RM20.05 million in FY2022 demonstrating strong resilience of these two business sub-segments.



In Bill Payment Kiosk Outsourcing, the Group has deployed more than 550 bill payment kiosks nationwide mainly at customers' service centers serving more than 843,000 users every month. In 2022, Gross Transaction Value (GTV) increased by 7.3% from RM9.27 to RM9.95 billion.



While the current business operations remain resilient, there are opportunities to further monetize and expand the business scope of this segment. Leveraging on the 843,000 users visiting the Group's 550 payment kiosks every month at more than 330 locations nationwide, the Group sees opportunities to cross-offer telco top-ups, e-Wallet reloads 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

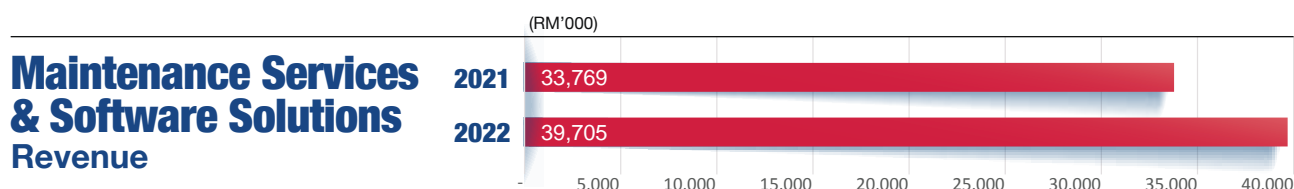
The Group's strategy in this business segment is to further unlock potential transactional opportunities on the current fleet of payment kiosks.



### 3. BUSINESS PERFORMANCE BY SEGMENTS (cont'd)

#### 3.3 Maintenance and Software Solutions Services

This business segment had been consistently driving the Group's top and bottom lines for the past few of years. In FY2022, the revenue of this segment increased by RM5.93 million or 17.6% to RM39.70 million from RM33.77 million a year ago.



The main contribution of this segment came from the maintenance services revenue of CRMs as the warranty period expired. More than 600 units of CRMs entered the maintenance mode in FY2022. The Group is currently providing maintenance services for nearly 7,250 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 for 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.

#### 3.4 SmartCIT



In 2022, the Group completed the rollout of SmartCIT with a major utility provider which encompassed one-stop collections and service management for 115 retail outlets nationwide. The SmartCIT solution provided a single point of cash collection, kiosk service management and secured logistics solution that maximized valuable security in transit and eliminated time-consuming processes. The SmartCIT implementation provided an ideal balance in improving productivity levels, therefore optimizing operating costs. The Group will be extending SmartCIT model with new SmartDeposit services aim at reducing further operational expenditures through automation.

#### 3.5 buySolar



buySolar continues to play a pivotal role in connecting the growing demand and supply in the renewable energy ecosystem. In 2022, buySolar extended the online marketplace with thirty (30) market participants, comprising of nineteen (19) solar providers, nine (9) banks, one (1) P2P financier and one (1) solar insurer. This extended network of business partners on buySolar offer flexible payment and financing options with attractive rates that continue to attract both residential and business electricity users in adopting rooftop solar. Consequently, gross merchandise sales and registered users recorded steady growth for the year. The Group will broaden buySolar's offerings to include products and solutions-based services in the growing environmental and sustainability segments.


#### 3.6 Branch Of The Future



FY2022 had seen several local banks embarking on branch transformation initiatives due to the changing customer behavior and rising costs of maintaining the physical branch network. Four banks have adopted the Group's Branch of the Future solutions, Smart Teller Cash Recycler (SmartTCR) and are at various stages of Proof Of Concept (POC) prior to mass adoption.

Preliminary results from these POC projects had demonstrated the solutions' key benefits in increasing efficiency from digitalizing branch cash operations, improving personnel productivity, enhancing customer experience as well as providing flexibility in branch layout and design.

The POC projects had started to contribute to the Group revenue in FY2022. While the contribution was modest in FY2022 at approximately RM1.5 million, the momentum gained will be pivotal to the Group's future growth in the hardware and maintenance services segments.



“Group revenue surged 33.8% in 2022, a V-shaped recovery. The outlook for FY2023 is cautiously optimistic despite global challenges.”

#### 4. OUTLOOK AND PROSPECT

Year 2022 was a recovery year for the Group with revenue approaching pre-pandemic level at RM82.29 million. The Group's revenue surged 33.8% compared to RM61.51 million in FY2021. The much-improved revenue can be regarded as a V-shape recovery and with the economy expected to grow again albeit moderately to 4.5% in 2023 amid more challenging global environment, the Group is cautiously optimistic about FY2023 and beyond with the following outlook:

**i) Cash Recycling Machine - Sales Returning To Pre-Pandemic Level**

Since late 2021, banks have resumed procurement activities after postponing the purchases for two years during the pandemic as obsolete cash machines need to be replaced. Customer service disruptions caused by machine wear and tear must be addressed. The Group expect the CRM procurement momentum to be carried forward to FY2023 with sales volume approaching pre-pandemic level.

There are a total of about 16,000 units of cash machines including ATMs, Cash Deposit Machines (CDMs) and CRMs currently in Malaysia, out of which only 5,500 units or 34% are CRMs. Potentially, there are another 10,500 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. In fact, one of the banks has started to replace the CRMs that the Group installed about 6 years ago. The replacement market for the Group's own CRMs will pick up pace in the next 12 to 24 months adding additional impetus to the sales volume. Coupled with the commanding 80% market share in CRMs, the Group is positive the CRM business segment will continue to perform well moving forward.

In addition to the CRM sales, the Group is also buoyant on the sales of CRM sidecar modules developed by the Group's own R&D team. The CRM sidecar module adds supplementary functions such as cheque deposit and card dispensing to the CRM. For example, one of the Group's banking customers had ordered 120 units of CRM cheque deposit sidecars to replace the bank's aging cheque deposit machines in 2023. The CRM sidecar modules will save banks up to 50% of the cost of a single-function machine such as cheque deposit machine or card dispensing machine.

While CRM and CRM sidecar modules are hardware components, the Group's software team has developed value added software solutions for the CRM. One such solution is the contactless cash withdrawal function where a bank's customer may withdraw cash from the CRM via the mobile banking app, without having to have any contact with the CRM. All is needed is for the customer to scan a QR code using the mobile banking app and then use the app to complete the withdrawal transaction. This solution was rolled out on the Group's CRMs in one of the major banks in 2022.

Software solutions such as contactless cash withdrawal generate higher margin income for the Group's services segment in the form of software license, implementation services as well as recurring software maintenance and support.

**ii) Robust Services 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. Maintenance Services sub-segment is expected to have consistent growth in the mid-teen year-on-year as more CRMs enter the maintenance mode after expiration of warranty period. Software Solution Services sub-segment will see constant requests for changes and modifications of the Group's software solutions such as Automated Cheque Processing Solutions, Inward Cheque Processing Solutions and Signature Verification Solutions.

#### 4. OUTLOOK AND PROSPECT (cont'd)

##### ii) Robust Services Businesses (cont'd)

The BPO segment, particularly in Bill Payment Kiosk outsourcing services, 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. The Group has embarked on building a Shared Network initiative among the Group's six large biller customers such as TNB, Telekom, CelcomDigi, Maxis, Sabah Electric and Sarawak Energy. The Shared Network will generate additional fee-based income for the Group in the form of transaction fees, merchant acquiring fees, telco and e-Wallet reload commissions.

This business segment has witnessed a steady growth year-on-year and is expected to continue with the same momentum going into FY2023.

##### iii) New Revenue Streams

More excitingly, the Group's revenue diversification strategies have borne fruits in FY2022 and are expected to have higher contribution to the Group's revenue and profit moving forward.

###### SmartCIT

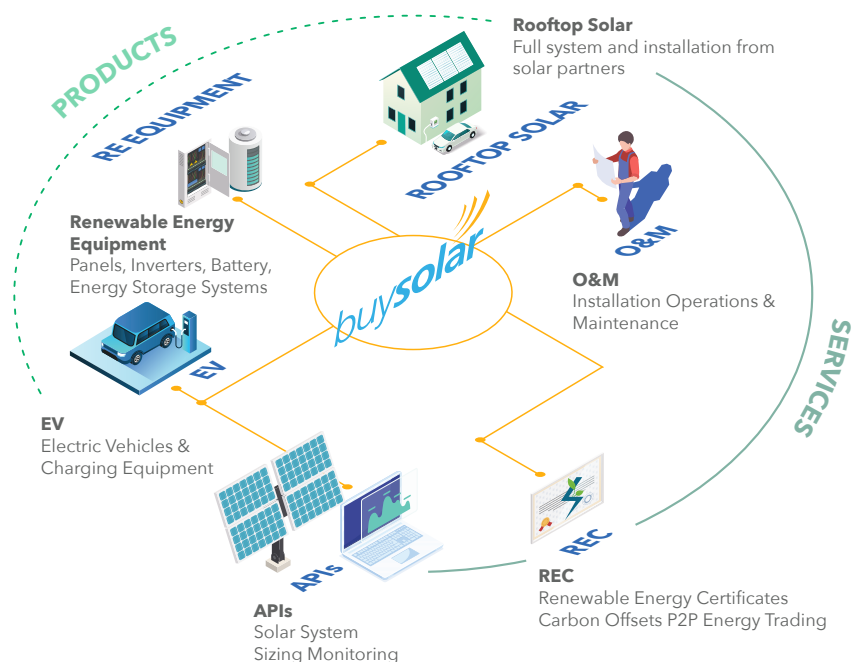
The SmartCIT segment contributed positively to the Group's financials in FY2022 after full implementation of the project with the largest utility company in the country.

The cash logistics market in Malaysia remains competitive and high in demand. However, the industry is beset with operational inefficiencies that can be improved with technologies. SmartCIT secure logistics and cash management solutions enhance efficiency by automating the entire process from the point of collection to delivery and settlement in a highly secured, resource-light, and cost-effective ecosystem, reducing up to 33 per cent in overall processing costs.

The Group will be working with partners to expand SmartCIT solutions and services in the cash management segment for corporations and financial institutions.

###### buySolar

The Malaysian Government had, on 19 September 2022, launched the National Energy Policy 2022-2040. As part of the NEP, the Low Carbon Aspiration 2040 initiative ("Aspiration") is aimed at producing a low carbon economy and expected to create significant positive economic development impact with a higher GDP contribution of RM13 billion per year for Malaysia and the creation of approximately 207,000 new jobs.



buySolar is well positioned to participate in this transition to a low-carbon economy by offering green products and services through partnerships and technologies. As a renewable energy marketplace, the Group envisages that buySolar will continue to play a strategic role in helping companies to deliver on environmental, social and governance (ESG) related goals and become more sustainable in their businesses.



## 4. OUTLOOK AND PROSPECT (cont'd)

### iii) New Revenue Streams (cont'd)

#### **Branch of The Future**

Faced with rising costs and change in customer needs and behavior, banks have been looking at ways to transform their branches to optimize costs, maximize efficiency and maintain high level of customer satisfaction. The role of a physical branch is changing from simply transactional to providing more complex, personalized, advisory services. The traditional branches must be transformed to reflect a changing world. Transformation will take multiple forms including redesigning the physical spaces of the branches, embracing transformative technologies, rethinking business models to create more personalized yet convenient banking experience and incorporating banking experience in ways that delight customers, build loyalty and relationships.

The COVID-19 pandemic has accelerated the need for branch transformation as more customers are turning to digital channels for their banking needs. The emergence of digital banks further compounds this need to re-look and re-purpose the role of branch banking.

By adopting the Group's Branch of The Future solutions (SmartTCR and qwikB Smart Branch), banks can improve efficiency, increase sales, and reduce costs while creating open collaborative spaces for more personalized banking experiences.

The Group is currently implementing SmartTCR solutions for four (4) banks as proof of concept (POC). More POCs are expected to be implemented in FY2023. The Group is confident that SmartTCR will follow similar successful footpath of CRM moving forward. The market potential for SmartTCR is approximately 4,000 to 6,000 units for more than 2,000 bank branches in Malaysia.

The economy is expected to continue recovering from the COVID-19 pandemic, which caused significant disruptions to businesses throughout the country. While the Malaysian economy is projected to grow moderately by 4.5% in 2023, there are potential risks to this outlook including rising inflation and geopolitical tensions.

While our core businesses are seeing resilient growth and strong rebound, the Group will continue to focus on growing the new revenue streams of SmartCIT, Branch Of The Future solutions, buySolar online marketplace, merchant acquiring services and e-wallet top-up kiosks to further improve the top and bottom lines. The performance of the Group will continue to be satisfactory for the financial year ending 31 December 2023, 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.

“Transforming branches, embracing technology, and creating personalized banking experiences for maximum efficiency and customer satisfaction.”



**COMPOSITION AND DESIGNATION OF AUDIT COMMITTEE**

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.

The Audit Committee comprises the following members: -

**Chairman**

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

**Members**

Datin Lee Choi Chew - Independent Non-Executive Director

Wong Choong Wai - Independent Non-Executive Director  
(Appointed on 1 July 2022)

Datuk Ng Bee Ken - Independent Non-Executive Director  
(Resigned on 1 July 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](http://www.myopensys.com) in line with Paragraph 15.11 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

**MEETINGS AND ATTENDANCE**

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

The Audit Committee shall whenever deem 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 2022.

## MEETINGS AND ATTENDANCE (cont'd)

Record of attendance for meetings held during the financial year ended 31 December 2022 is as follows: -

Audit Committee Members	Attendance
Dato' Abdul Manap Bin Abd Wahab (Chairman)	4/4
Datin Lee Choi Chew	4/4
Wong Choong Wai (Appointed on 1 July 2022)	2/2
Datuk Ng Bee Ken (Resigned on 1 July 2022)	2/2

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 2022 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.

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 2022 was RM28,171.62.

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. Inventory Control Management
- ii. Sales and Collection System
- iii. Purchase and Payment System
- iv. Human Resource and Payroll Management
- v. Employee Claims Processing and Control
- vi. Property, Plant and Equipment Management

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

The Board of Directors of OpenSys (M) Berhad (“the Company”) (“the Board”) remains committed towards governing, guiding and monitoring the direction of the Company with the objective of enhancing long term sustainable value creation aligned to the interests of shareholders and 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 2021 (“the Code”). This Statement is prepared in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“MMLR”) and it is to be read together with the Corporate Governance Report 2022 of the Company which is available on the Company’s website at [www.myopensys.com](http://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 20 February 2023 and is made available on the Company’s website at [www.myopensys.com](http://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 conform 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.

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

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

As of 1 April 2023, the Board consisted of six (6) members, comprising three (3) Executive Directors and three (3) Independent Non-Executive Directors. This composition fulfils the requirements as set out under the Paragraph 15.02(1) of the MMLR 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 Paragraph 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: -

#### **Chairperson**

1. Datin Lee Choi Chew - Independent Non-Executive Director

#### **Members**

1. Dato' Abdul Manap Bin Abd Wahab - Independent Non-Executive Director
2. Wong Choong Wai - Independent Non-Executive Director (Appointed on 1 July 2022)
3. Datuk Ng Bee Ken - Independent Non-Executive Director (Resigned on 1 July 2022)

The Terms of Reference of the Nomination Committee is made available on the Company's website at [www.myopensys.com](http://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 MMLR.

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, Dato' Abdul Manap Bin Abd Wahab will retire by rotation pursuant to Clause 78 of the Constitution whereas Wong Choong Wai and Lim Swee Keah will retire by rotation pursuant to Clause 79 of the Constitution. All the retiring Directors, being eligible, offer themselves for re-election.

The Board, on the recommendation of the Nomination Committee, supported the re-election of the retiring Directors. The Board and the Nomination Committee had reviewed the assessment results of the board evaluation exercise conducted for the financial year ended 31 December 2022 with reference to the Directors' Fit and Proper Policy and are satisfied with the performance and contributions of the retiring Directors that they had effectively discharged their duties and responsibilities well.

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.

## 34 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. Wong Choong Wai - Independent Non-Executive Director (Appointed on 1 July 2022))

##### Members

1. Dato' Abdul Manap Bin Abd Wahab - Independent Non-Executive Director
2. Datin Lee Choi Chew - Independent Non-Executive Director
3. Datuk Ng Bee Ken - Independent Non-Executive Director (Resigned on 1 July 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 2022 are as follows:-

	Fees (RM)	Salaries & Bonus* (RM)	Company Meeting Allowances (RM)	Benefits in-kind (RM)	Total (RM)
Executive Directors	48,000	1,955,495	5,000	41,366	2,049,861
Non-Executive Directors	216,000	-	10,500	-	226,500
Total	264,000	1,955,495	15,500	41,366	2,276,361

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

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

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

### **Independence of the Board**

The 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 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, Dato' Abdul Manap Bin Abd Wahab who has served as Independent Non-Executive Director of the Company for a cumulative period of more than nine (9) years but less than twelve (12) years, and recommended him to continue as Independent Non-Executive Director of the Company based on the following justifications:-

- i. He understands the business nature and office culture
- ii. He provides the Board valuable advice and insight
- iii. He actively participates in Board deliberations and decision making in an objective manner
- iv. He upholds 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 MMLR, 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 Dato' Abdul Manap Bin Abd Wahab continue to be designated as an Independent Non-Executive Director of the Company.

# Corporate Governance Overview Statement (cont'd)

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

### Independence of the Board (cont'd)

Dato' Abdul Manap Bin Abd Wahab had abstained from deliberation in regards to his continuance of office as Independent Non-Executive Director.

#### *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 2022, with details of Directors' attendance set out below: -

Board Of Directors	Attendance
Tan Kee Chung	4/4
Ong Poh Hong	4/4
Dato' Abdul Manap Bin Abd Wahab	4/4
Datin Lee Choi Chew	4/4
Wong Choong Wai (Appointed on 1 July 2022)	2/2
Chee Hong Soon (Resigned on 1 April 2023)	4/4
Datuk Ng Bee Ken (Resigned on 1 July 2022)	2/2
James Henry Stewart (Resigned on 1 July 2022)	2/2
Lim Swee Keah (Appointed on 1 April 2023)	-

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 except Lim Swee Keah have attended the Mandatory Accreditation Programme within the stipulated timeframe required in MMLR. Lim Swee Keah will be attending Mandatory Accreditation Programme within 4 months of his appointment as a Director of the Company.



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

### **Independence of the Board (cont'd)**

#### *Directors' Training*

All Directors attended the In-house Training Programme entitled Conduct of Directors and Common Breaches of Listing Requirements held on 8 November 2022.

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 2022 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 MMLR.

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 2022, 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.

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.

## Corporate Governance Overview Statement (cont'd)

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

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 MMLR, 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](http://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.

Paragraph 8.29A of MMLR 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.

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 MMLR throughout the financial year 2022.

## 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 2022 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	34,500	-	34,500
<b>Total</b>	<b>76,500</b>	<b>8,000</b>	<b>84,500</b>

## 2. Utilisation of Proceeds

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

## 3. Material Contracts

There were 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 2022 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 SC had, vide its letter dated 26 July 2022, approved the Proposed Transfer Listing under Section 214(1) of the Capital Markets and Services Act 2007 and under the Bumiputera equity requirement for public listed companies in relation to the resultant equity structure of the Company pursuant to the Proposed Transfer Listing.

On 29 September 2022, the Company obtained shareholders' approval for the amendments to the constitution of the Company to facilitate the implementation of the Proposed Transfer Listing at the Company's extraordinary general meeting.

On 30 September 2022, HLIBB, had announced on behalf of the Board that the transfer application in relation to the Proposed Transfer Listing has been submitted to Bursa Malaysia Securities Berhad ("Bursa Securities").

With effect from 9:00 a.m. on 12 October 2022, the listing of and quotation for the entire issued share capital of the Company have been transferred from ACE Market to Main Market of Bursa Securities, marking the completion of the Proposed Transfer Listing exercise.

# Statement on Risk Management and Internal Control

## Introduction

Pursuant to Paragraph 15.26(b) of the MMLR, 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 MMLR and with reference to the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

## Responsibilities of the Board

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

## Risk Management

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

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

## Key Elements of Internal Control

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

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

## Internal Audit Function

The internal audit function is presently out-sourced to a third-party professional firm who monitors and reports on the system of internal financial, accounting and operational controls. Its main responsibility is to undertake reviews of the system of internal control to ensure that such a system operates satisfactorily and effectively in the Group. It reports to the Audit Committee. The internal audit function adopts a risk-based approach and prepares its audit plans based on the risk profiles of the Group. The fee charged by the professional firm in respect of internal audit functions for the financial year ended 31 December 2022 was RM28,171.62 (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 2022, 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.



## **Our Approach**

This Sustainability Statement highlights the Group's sustainability notions, practices and accomplishments of its sustainable progress and social responsibility from the economic, environmental and social as well as governance aspects, in line with Bursa Malaysia Securities Berhad Sustainability Reporting Guide (2nd Edition).

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. In this respect, the Group mission is to ensure high standards of governance across our business to promote responsible business practices, manage environmental impacts, and meet the community's social (societal) needs in which the Group operate.

A strategic and concerted approach to address environmental, social and governance topics based on an inclusive perspective of the Group and its stakeholders mitigate business and operational risks and supports continued financial and non-financial value creation across the short, medium and long-term perspectives.

## **Sustainability Governance**

Our governance structure was established such that sustainability is embedded in at every level of our organisation. The Group's sustainability agenda is led by the Board of Directors ("Board") with the Management team's assistance to oversee the implementation of the organisation's sustainability approaches and ensure that key targets are being met. As such, the Board is committed to embedding sustainability into business strategies and operations.

Through the formation of a committee comprising representatives from various business units, the committee is responsible for implementing, overseeing and addressing all sustainability related issues from the various stakeholders and updating the Board on the Group's sustainability management performance, key material issues identified by stakeholders, and planned follow-up measures.






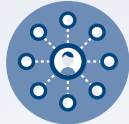
## **Stakeholder Engagement**

The Group acknowledges that it is essential to maintain regular and effective communication with our stakeholders, and through timely engagements to understand their concerns and expectations in formulating our business strategies and thus achieving the sustainable growth.

The Group is committed to developing and maintaining strong relationships with our many stakeholders. This initiative stems from our understanding that proactive stakeholder engagement is an integral aspect of our sustainability strategy. By responding to our stakeholders' different expectations and meeting their evolving needs, we are strengthening the Group's business continuity prospects. This is especially crucial as we continue to expand the Group's businesses in rapidly changing and highly-competitive markets.

## Stakeholder Engagement (cont'd)

The Group's key stakeholders, engagement channel and objective are listed below:

Key <b>STAKEHOLDERS</b>	Engagement <b>CHANNEL</b>	Engagement <b>OBJECTIVE</b>
 <b>Shareholders and investors</b>	<ul style="list-style-type: none"> <li>• Annual General Meeting</li> <li>• Extraordinary General Meeting</li> <li>• Annual Reports and Quarterly Financial Reports</li> <li>• Corporate website</li> <li>• Corporate Announcement</li> </ul>	<ul style="list-style-type: none"> <li>• To enhance shareholders' and investors' confidence</li> </ul>
 <b>Customers</b>	<ul style="list-style-type: none"> <li>• Meetings</li> <li>• Email correspondences</li> <li>• Social media</li> <li>• Electronic Direct Mail (EDM)</li> <li>• In-person service</li> <li>• Customer service channels</li> <li>• Website</li> </ul>	<ul style="list-style-type: none"> <li>• Customer engagement by our sales, software and customer service personnel</li> <li>• Quality products and services to address various needs</li> <li>• Promote a culture of open communication, trust and reliability</li> </ul>
 <b>Employees</b>	<ul style="list-style-type: none"> <li>• Meetings</li> <li>• Informal discussions</li> <li>• Virtual/physical training programmes</li> <li>• Virtual/physical townhall meetings</li> <li>• Company events</li> <li>• Performance review</li> </ul>	<ul style="list-style-type: none"> <li>• Employees retention</li> <li>• Employees welfare, safety and well-being</li> <li>• Non-discrimination and equal opportunity</li> <li>• Career advancement and skills development</li> </ul>
 <b>Suppliers</b>	<ul style="list-style-type: none"> <li>• Virtual/physical meetings</li> <li>• Supplier visit</li> <li>• Email correspondences</li> </ul>	<ul style="list-style-type: none"> <li>• Long-term business relationship</li> <li>• Business ethics and compliance</li> <li>• Maintaining soundness and strengthening competitiveness</li> <li>• Products and service quality</li> <li>• Leverage partnerships</li> </ul>
 <b>Government and Regulatory</b>	<ul style="list-style-type: none"> <li>• Meetings</li> <li>• Email correspondences</li> <li>• Conferences &amp; Seminars</li> <li>• Compliance reporting</li> </ul>	<ul style="list-style-type: none"> <li>• Government policies and regulatory compliance</li> <li>• Provide industry feedback and recommendations</li> </ul>
 <b>Community</b>	<ul style="list-style-type: none"> <li>• Participating in charity events</li> <li>• Providing scholarships</li> <li>• Internship programs</li> </ul>	<ul style="list-style-type: none"> <li>• Enhancing the well-being of the community</li> <li>• Provide human resources development and employment opportunities</li> </ul>

## Ethical Business Practices

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.

### Ethical Business Practices (cont'd)

All Board members and employees have accepted the Group's anti-bribery and corruption ("ABC") policy. The Group communicates the ABC policy to all employees during employee upon joining the Company, and the Company also reminds employees of its commitment to ABC through briefing on ABC policy.

### Material Sustainability Matters

Materiality assessment is vital in guiding the Group's strategies and prioritising its sustainability endeavours. The Group define the material sustainability matters as those having a significant economic, environmental and social impact on the Group's business and stakeholders.

The materiality assessment process includes:



## ECONOMIC

### 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.

We continue focusing on technology ideas that can be a complementary to our current business and leverage on our captive market to implement new technology offerings and products in response to the ever evolving customers' requirements, to enhance our financial performance and in turn shareholders' value.

### Suppliers

We are committed to enhancing our processes and engagement with our suppliers to identify and manage risks, underpinned by the values of integrity and transparency. We look to create value by looking for opportunities to collaborate and share the best practices with our suppliers. Hence, our suppliers' engagement is filtered through with careful selection with specific criteria.

### Regulatory Compliance

The Group believes that strict compliance with all relevant laws and regulations is a requisite to promote an ethical and responsible society. To this end, the Group strives to comply with all the relevant laws and regulations applicable to the Group's business operations. The Group's commitment to proper compliance with laws and regulations has proven to be favourable and value-enhancing for our stakeholders.

## ENVIRONMENT

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.

### Renewable Energy

The Group created buySolar ([www.buySolar.my](http://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 15 solar photovoltaic service providers, 9 financier and financial services providers, 1 solar insurance provider and 3 solar PV investors registered with the buySolar platform.



In 2022, buySolar has facilitated the successful installation of 480 kWp of solar systems in 54 residential premises and 245 kWp in 8 commercial and industrial premises in Malaysia. This represents a yearly offset of 5.56 tonnes Carbon Dioxide Emissions.

Malaysia has set its goal to achieve 31% of its energy generation mix from renewable energy by 2025. Consumers will have an option to purchase green energy without having to install their own renewable energy installation via a subscription to the internationally recognized Renewable Energy Certificate (REC). Every purchase of REC 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 2022, the Group has purchased 618 RECs representing 618 MWh of electricity generated from renewable sources. This will offset an approximate of 394.90 tonnes of Carbon Dioxide Emissions from purchased electricity used in the various offices of the Group.

In 2023, the Group will embark on further initiatives in the Renewable Energy space.

### Reduce, Reuse and Recycle

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.

## SOCIAL

### 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 recognize the efforts and to boost the morale of our employees, the Group holds company trips or annual dinners in appreciation of all of our employees who 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.

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.

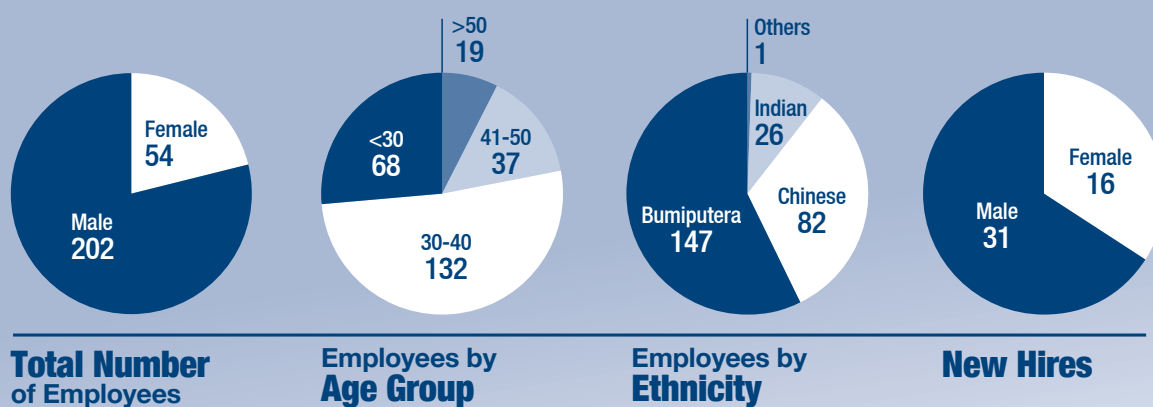
Employee safety and health is of great importance to the Group. When the COVID-19 pandemic struck, the Group implemented the Group wide Pandemic Business Continuity Plan. This Business Continuity Plan ensures that the Group operations continues to function during the COVID-19 pandemic as the Group provides vital support services to its customers who are providing essential services such as banking, telecommunications and utilities.

Although the Government has declared that all employees may return to the office, the Group allows employees to work from home and the Group have facilitated voice and video meetings among employees, customers and suppliers.

### Equality and Diversity

The Group adopts a non-discriminatory policy for hiring and promoting employees. The Group support all employees regardless of age, race, gender, religion and cultural belief, as we recognise the importance of inclusivity and equality in retaining a capable workforce.

## THE WORKPLACE DIVERSITY in 2022





## Training and Development

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. In 2022, the Group has provided 8 interns with on job training. The Group has also provided scholarships to several students to support their financial needs during their studies at universities or colleges.

In 2022 the Group's staff turnover rate is 14% due to the good employee welfare, training and development programmes provided by the Group.

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.

## 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 October 2022, the Group contributed RM6,000 to the 2022 UOB Global Heartbeat Run/Walk Fundraiser. This fundraiser contributes to HOPE Worldwide Malaysia, Food Aid Foundation and Pintar Foundation to provide homes with food and daily essential items, as well as provide quality education and improve literacy amongst underprivileged students.

## Our Commitment

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.

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN that the Twenty-seventh 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, 22nd May 2023 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 2022 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 RM289,500.00 for the period from 1st June 2023 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) Dato' Abdul Manap Bin Abd Wahab	Clause 78	<b>(ORDINARY RESOLUTION 2)</b>
ii) Wong Choong Wai	Clause 79	<b>(ORDINARY RESOLUTION 3)</b>
iii) Lim Swee Keah	Clause 79	<b>(ORDINARY RESOLUTION 4)</b>
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 5)**

### 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.

AND THAT pursuant to Section 85 of the Act to be read together with Clause 8 of the Company's Constitution, approval be and is hereby to waive the statutory pre-emptive rights of the shareholders of the Company to be offered with new Company shares ranking equally to the existing issued Company shares arising from any issuance of the new Company shares pursuant to Sections 75 and 76 of the Act."

**(ORDINARY RESOLUTION 6)**

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

"THAT subject to the passing of Ordinary Resolution 2, 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 7)**

7. 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 28th April 2023

Kuala Lumpur

## 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 16th May 2023. Only a depositor whose name appears on the Record of Depositors as at 16th May 2023 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 authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.*
5. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorized in writing or, if the appointer is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorized.*
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](mailto: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 6, 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 23rd May 2022.*
  - 7.2 *The proposed Ordinary Resolution 7, if passed, will allow the Independent Director, Dato' Abdul Manap Bin Abd Wahab who has served the Company for a cumulative period of more than 9 years but less than 12 years, to continue to act as Independent Non-Executive Director of the Company. The Board supports the retention of Dato' Abdul Manap Bin Abd Wahab as Independent Director for: -*
    - i) *He understands the business nature and office culture.*
    - ii) *He provides the Board valuable advice and insight.*
    - iii) *He actively participates in Board deliberations and decision making in an objective manner.*
    - iv) *He upholds independent decision and challenges the management objectively.*

*Ordinary Resolution 7 will be on two-tier voting pursuant to Practice 5.3 of the Malaysian Code on Corporate Governance.*

## IMPORTANT NOTICE:-

In order to safeguard the health of attendees at Annual General Meeting ("AGM"), attendees are encouraged to wear a face mask when attending the 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.



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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 2022.

## 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 (Resigned on 1 July 2022)  
 Datuk Ng Bee Ken (Resigned on 1 July 2022)  
 Dato' Abdul Manap Bin Abd Wahab  
 Datin Lee Choi Chew (Appointed on 1 January 2022)  
 Ong Poh Hong (Appointed on 1 January 2022)  
 Wong Choong Wai (Appointed on 1 July 2022)

Tan Kee Chung and Chee Hong Soon are also Directors of the 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	11,743,787	11,419,677
Attributable to:		
Owners of the Company	11,695,171	11,419,677
Non-controlling interests	48,616	-
	11,743,787	11,419,677

## RESERVES AND PROVISIONS

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

## DIRECTORS' BENEFITS

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

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

### Directors' remuneration

	Group/Company RM
Salaries	837,516
Fees	264,000
Benefit in kind	41,366
Others*	1,133,479
	<b>2,276,361</b>

\* Others include allowance, bonus & defined contribution plan

## 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 :-

	Balance at 1.1.2022	Number of ordinary shares		Balance At 31.12.2022
		Acquired	Disposed	
<b>Direct interests</b>				
Tan Kee Chung	95,032,642	-	-	95,032,642
Chee Hong Soon	12,322,440	-	-	12,322,440
Ong Poh Hong	140,000	-	-	140,000
<b>Indirect interests</b>				
Ong Poh Hong	62,500 <sup>(1)</sup>	-	-	62,500 <sup>(1)</sup>

<sup>(1)</sup> Deemed interests by virtue of interests held by her spouse pursuant to Section 59(11)(c) of the Companies Act 2016.

By virtue of his substantial interest in OpenSys (M) Berhad, Mr. Tan Kee Chung is deemed to be interested in the shares of all the subsidiaries to the extent of the Company's interests in the respective subsidiaries as disclosed in Note 11 to the Financial Statements.

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

**DIVIDENDS**

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

	<b>RM</b>
In respect of the financial year ended 31 December 2022 :-	
The first interim dividend of 0.30 sen per ordinary share, paid on 15 March 2022	1,340,517
The second interim dividend of 0.30 sen per ordinary share, paid on 16 June 2022	1,340,517
The third interim dividend of 0.40 sen per ordinary share, paid on 8 September 2022	1,787,356
The fourth interim dividend of 0.40 sen per ordinary share, paid on 15 December 2022	1,787,356
	6,255,746

The Board of Directors does not recommend any final dividend for the current financial year ended 31 December 2022.

A first interim dividend of 0.40 sen per ordinary share amounting to RM1,787,356 was declared on 20 February 2023 and paid on 16 March 2023 in respect of the year ending 31 December 2023.

**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 RM12,000.

**STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS**

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:-
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts have been written off and that adequate allowance has been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records of the Group and of the Company in the ordinary course of business including the values of current assets have been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this Report, the Directors are not aware of any circumstances:-
- (i) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
  - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

## STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (cont'd)

- (c) At the date of this Report, there does not exist:-
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
  - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.
- (d) No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.
- (e) At the date of this Report, they are not aware of any circumstances not otherwise dealt with in this Report or the financial statements of the Group and of the Company which would render any amount stated in the respective financial statements misleading.
- (f) In their opinion,
- (i) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
  - (ii) 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.

## AUDITORS' REMUNERATION

The auditors' remuneration of the Group and of the Company during the financial year is RM50,000 and RM42,000 respectively.

## SUBSIDIARIES

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

## AUDITORS

The auditors, HLB Ler Lum Chew 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: 31 March 2023  
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 2022 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: 31 March 2023  
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 31 March 2023

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 2022 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 61 to 106.

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 2022, 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.

## 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**

03160/09/2024 J

Chartered Accountants

Dated: 31 March 2023

Kuala Lumpur

# Statements of Profit or Loss and Other Comprehensive Income

for the Financial Year ended 31 December 2022

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Revenue	4	82,290,389	61,513,810	82,259,870	61,497,705
Cost of sales		(50,890,817)	(32,474,008)	(52,667,531)	(33,771,128)
Gross profit		31,399,572	29,039,802	29,592,339	27,726,577
Other operating income		702,528	780,842	713,887	784,842
Selling & distribution costs		(1,168,407)	(883,463)	(988,155)	(666,955)
Administration expenses		(8,334,344)	(7,200,310)	(8,115,564)	(7,063,254)
Other operating expenses		(3,926,736)	(3,866,670)	(3,205,544)	(3,261,146)
Research & development expenses		(2,613,177)	(2,384,457)	(2,394,538)	(2,384,457)
Finance costs	5	(188,795)	(413,553)	(188,795)	(413,553)
Profit before tax	6	15,870,641	15,072,191	15,413,630	14,722,054
Income tax expense	8	(4,126,854)	(3,989,565)	(3,993,953)	(3,894,238)
Profit for the year, representing total comprehensive income for the year		11,743,787	11,082,626	11,419,677	10,827,816
Total comprehensive income attributable to:-					
Owners of the Company		11,695,171	11,044,405	11,419,677	10,827,816
Non-controlling interests		48,616	38,221	-	-
		11,743,787	11,082,626	11,419,677	10,827,816
Earnings per ordinary share Basic (Sen)	9	2.62	2.47		

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



		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
ASSETS					
Non-current assets					
Property, plant & equipment	10	33,614,269	37,388,623	33,369,664	37,282,734
Investment in subsidiaries	11	-	-	85,000	85,000
Development expenditure	12	836,650	830,357	836,650	830,357
Fixed deposits	13	8,602,817	8,455,863	8,602,817	8,455,863
		43,053,736	46,674,843	42,894,131	46,653,954
Current assets					
Inventories	14	10,694,349	9,334,761	10,694,349	9,334,761
Trade receivables	15	13,063,963	5,452,498	13,058,968	5,448,507
Other receivables, deposits & prepayments	16	1,582,859	1,521,841	1,482,049	1,358,192
Income tax assets		62,259	43,397	-	-
Cash and cash equivalents	17	38,176,810	38,440,847	36,456,594	36,833,113
		63,580,240	54,793,344	61,691,960	52,974,573
Total assets		106,633,976	101,468,187	104,586,091	99,628,527

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

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
EQUITY AND LIABILITIES					
Equity					
Share capital	18	29,789,202	29,789,202	29,789,202	29,789,202
Retained earnings		53,060,344	47,620,919	52,162,603	46,998,672
Total equity attributable to owners of the Company					
		82,849,546	77,410,121	81,951,805	76,787,874
Non-controlling interests		173,600	124,984	-	-
Total equity					
		83,023,146	77,535,105	81,951,805	76,787,874
Non-current liabilities					
Lease liabilities	19	1,019,363	1,956,063	1,019,363	1,956,063
Term loans	20	4,049,261	5,071,709	4,049,261	5,071,709
Deferred tax liabilities	21	3,630,082	3,892,689	3,623,990	3,929,360
Contract liabilities	22	1,169,181	1,425,319	1,169,181	1,425,319
		9,867,887	12,345,780	9,861,795	12,382,451
Current liabilities					
Trade payables	23	1,246,747	1,359,310	741,925	926,945
Other payables & accruals	24	8,414,261	6,795,698	6,896,287	5,427,294
Amount due to subsidiary	11	-	-	1,052,344	671,669
Lease liabilities	19	1,587,169	1,548,590	1,587,169	1,548,590
Term loans	20	881,218	850,334	881,218	850,334
Contract liabilities	22	1,279,981	370,170	1,279,981	370,170
Income tax liabilities		333,567	663,200	333,567	663,200
		13,742,943	11,587,302	12,772,491	10,458,202
Total liabilities					
		23,610,830	23,933,082	22,634,286	22,840,653
Total equity and liabilities					
		106,633,976	101,468,187	104,586,091	99,628,527

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 2022

	← Attributable to owners →				
	Share capital RM	Distributable Retained earnings RM	Total RM	Non controlling interests RM	Total equity RM
Balance at 1 January 2021	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 (Note 31)	-	(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
Profit for the year, representing total comprehensive income for the year	-	11,695,171	11,695,171	48,616	11,743,787
Dividends (Note 31)	-	(6,255,746)	(6,255,746)	-	(6,255,746)
Balance at 31 December 2022	29,789,202	53,060,344	82,849,546	173,600	83,023,146

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 2022

	← Attributable to owners →		
		Distributable	
	Share capital RM	Retained earnings RM	Total equity RM
Balance at 1 January 2021	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 (Note 31)	-	(4,468,402)	(4,468,402)
Balance at 31 December 2021	29,789,202	46,998,672	76,787,874
Profit for the year, representing total comprehensive income for the year	-	11,419,677	11,419,677
Dividends (Note 31)	-	(6,255,746)	(6,255,746)
Balance at 31 December 2022	29,789,202	52,162,603	81,951,805

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 2022

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash flows from operating activities				
Profit before tax	15,870,641	15,072,191	15,413,630	14,722,054
Adjustments for :-				
Amortisation	100,377	44,532	100,377	44,532
Depreciation	7,245,259	7,529,542	7,156,808	7,473,098
Gain on disposal of property, plant & equipment	(251,907)	(143,338)	(251,907)	(143,338)
Impairment loss on amount due from subsidiary	-	-	5,537	5,283
Interest expenses	188,795	413,553	188,795	413,553
Interest income	(606,656)	(700,209)	(606,656)	(700,209)
Inventories written down	106,800	16,700	106,800	16,700
Inventories written off	12,138	44,559	12,138	44,559
Unrealised gain on foreign exchange	-	(5,706)	-	(5,706)
Property, plant & equipment written off	20,942	52,929	20,942	52,929
Operating profit before working capital changes	22,686,389	22,324,753	22,146,464	21,923,455
Changes in working capital:-				
Inventories	(2,165,352)	(3,634,203)	(2,165,352)	(3,634,203)
Receivables	(7,672,483)	4,443,476	(7,734,318)	4,495,906
Payables	2,159,673	(1,157,115)	1,937,646	(1,824,275)
Related parties balances	-	-	375,138	249,313
Cash generated from operations	15,008,227	21,976,911	14,559,578	21,210,196
Interest paid	(188,795)	(413,553)	(188,795)	(413,553)
Interest received	606,656	700,209	606,656	700,209
Income tax paid	(4,737,956)	(3,859,381)	(4,628,956)	(3,688,381)
Income tax refund	-	2,022	-	-
Net cash from operating activities	10,688,132	18,406,208	10,348,483	17,808,471

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

	<b>Group</b>		<b>Company</b>	
	<b>2022 RM</b>	<b>2021 RM</b>	<b>2022 RM</b>	<b>2021 RM</b>
Cash flows from investing activities				
Purchase of property, plant & equipment	(2,474,203)	(1,405,542)	(2,247,036)	(1,378,585)
Proceeds from disposal of property, plant & equipment	636,976	432,697	636,976	432,697
Development expenditure	(106,670)	(560,421)	(106,670)	(560,421)
Net cash used in investing activities	(1,943,897)	(1,533,266)	(1,716,730)	(1,506,309)
Cash flows from financing activities				
Dividend paid	(6,255,746)	(4,468,402)	(6,255,746)	(4,468,402)
Placement of fixed deposit	(146,954)	(154,384)	(146,954)	(154,384)
Repayment of bankers' acceptance	-	(400,148)	-	(400,148)
Repayment of borrowings	(991,564)	(2,825,720)	(991,564)	(2,825,720)
Repayment of lease liabilities	(1,614,008)	(1,906,159)	(1,614,008)	(1,906,159)
Net cash used in financing activities	(9,008,272)	(9,754,813)	(9,008,272)	(9,754,813)
Net changes in cash and cash equivalents	(264,037)	7,118,129	(376,519)	6,547,349
Cash and cash equivalents brought forward	38,440,847	31,322,718	36,833,113	30,285,764
Cash and cash equivalents carried forward (Note 17)	38,176,810	38,440,847	36,456,594	36,833,113

**NOTES TO THE STATEMENTS OF CASH FLOWS**

(a) Analysis of acquisition of property, plant &amp; equipment ("PPE"):-

	<b>Group</b>		<b>Company</b>	
	<b>2022 RM</b>	<b>2021 RM</b>	<b>2022 RM</b>	<b>2021 RM</b>
Cash	2,474,203	1,405,542	2,247,036	1,378,585
Lease arrangement	715,887	698,099	715,887	698,099
Transfer from inventories	691,010	848,050	691,010	848,050
	3,881,100	2,951,691	3,653,933	2,924,734

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 2022

## NOTES TO THE STATEMENTS OF CASH FLOWS (cont'd)

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

	As at 1.1.2022 RM	Principal and interest payments RM	Proceeds RM	Acquisition of PPE RM	Interest expense RM	As at 31.12.2022 RM
<b>Group/Company</b>						
Banker acceptance	-	(253,574)	252,000	-	1,574	-
Lease liabilities	3,504,653	(1,756,876)	-	715,887	142,868	2,606,532
Term loans	5,922,043	(1,035,917)	-	-	44,353	4,930,479
	9,426,696	(3,046,367)	252,000	715,887	188,795	7,537,011

	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
<b>Group/Company</b>						
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

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

## 1. GENERAL INFORMATION

The principal activities of the Company are :-

- (a) to provide solutions to the financial services industry in the areas of self-service machines and universal delivery systems and IT services such as systems integration, project management, software development, support services and training;
- (b) investment holding; and
- (c) to develop, assemble, manufacture, sell, import, export, let out, hire, lease, finance, install, alter, maintain, service, repair or otherwise deal in all kinds of computers, self-service machines, software application solutions and provision of related services.

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

The Company is a limited liability company, incorporated and domiciled in Malaysia and has been transferred from the ACE Market to the Main Market of Bursa Malaysia Securities Berhad on 12 October 2022.

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, 75.9% (2021: 86.0%) of the Group's trade receivables and contract assets were due from four (2021: nine) major customers.

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

### (a) Credit risk (cont'd)

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

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

Trade and other receivables, fixed deposits and cash and cash equivalents 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, which is primarily in RM. The foreign currency in which these transactions are denominated are mainly US Dollar & Euro.

Approximately 71.6% (2021: 45.6%) of the Group's purchases are denominated in the foreign currency of the Group. The currency exposure of trade payable at the reporting date are disclosed in the 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. As the influence of interest rate changes on the profit or loss is insignificant, no sensitivity analysis has been conducted.

### (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.

### (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.

**2. FINANCIAL RISK MANAGEMENT AND OBJECTIVES (cont'd)****(e) Liquidity and cash flow risk (cont'd)**

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
<b>Group</b>				
<b>31 December 2022</b>				
<b>Financial liabilities:</b>				
Payables	9,661,008	-	-	9,661,008
Lease liabilities	1,670,611	1,076,182	-	2,746,793
Term loans	1,069,764	3,494,154	1,032,228	5,596,146
Total	12,401,383	4,570,336	1,032,228	18,003,947
<b>31 December 2021</b>				
<b>Financial liabilities:</b>				
Payables	8,155,008	-	-	8,155,008
Lease liabilities	1,681,944	2,035,281	-	3,717,225
Term loans	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
<b>Company</b>				
<b>31 December 2022</b>				
<b>Financial liabilities:</b>				
Payables	7,638,212	-	-	7,638,212
Amount due to subsidiary	1,052,344	-	-	1,052,344
Lease liabilities	1,670,611	1,076,182	-	2,746,793
Term loans	1,069,764	3,494,154	1,032,228	5,596,146
Total	11,430,931	4,570,336	1,032,228	17,033,495
<b>31 December 2021</b>				
<b>Financial liabilities:</b>				
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
Term loans	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

### 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 3	Reference to Conceptual Framework
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	

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

##### (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 2023**

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 101	Non-current Liabilities with Covenants
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)****(a) Basis of preparation (cont'd)****MFRS, Amendments to MFRS and Issues Committee ("IC") Interpretations (cont'd)****(ii) Standards issued but not yet effective (cont'd)****Effective date deferred**

Amendments to MFRS 10  
and MFRS 128

Sales 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 the 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 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 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 useful lives involves significant judgement. A 5% difference in depreciation charge would results in approximately 3.1% (2021: 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.

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%



### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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.

#### (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.

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (e) Basis of consolidation (cont'd)

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.

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.

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (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.

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.

### **3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

#### **(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.

##### **(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 measured 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 or 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 instrument 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.

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (j) Financial assets (cont'd)

##### **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).

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, money market instruments, 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.

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (n) Leases (cont'd)

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

###### Right-of-use assets (cont'd)

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.

Lease payments include the following:

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

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

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

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

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

###### 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.



### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (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.

##### 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.

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (q) Revenue recognition (cont'd)

##### Revenue from contracts with customers (cont'd)

##### (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.

##### (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.

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### (r) Employee benefits (cont'd)

##### (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.

#### (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.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)****(u) Foreign currencies (cont'd)****(ii) Foreign currency transactions**

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

**4. REVENUE**

	<b>Group</b>		<b>Company</b>	
	<b>2022 RM</b>	<b>2021 RM</b>	<b>2022 RM</b>	<b>2021 RM</b>
<b>Revenue from contract with customers</b>				
Sale of hardware	19,006,329	6,155,989	19,006,329	6,155,989
Software solution & services rendered	63,284,060	55,357,821	63,253,541	55,341,716
	<b>82,290,389</b>	<b>61,513,810</b>	<b>82,259,870</b>	<b>61,497,705</b>
<b>Timing of revenue recognition:</b>				
At a point in time	19,036,848	6,172,093	19,006,329	6,155,989
At over time	63,253,541	55,341,717	63,253,541	55,341,716
	<b>82,290,389</b>	<b>61,513,810</b>	<b>82,259,870</b>	<b>61,497,705</b>

**5. FINANCE COSTS**

	<b>Group/Company</b>	
	<b>2022 RM</b>	<b>2021 RM</b>
Banker acceptance interest	1,574	11,205
Lease interest	142,868	203,842
Term loan interest	44,353	198,506
	<b>188,795</b>	<b>413,553</b>

## 6. PROFIT BEFORE TAX

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Auditors' remuneration				
- statutory	50,000	50,000	42,000	42,000
- others	34,500	29,000	34,500	29,000
Depreciation	2,273,314	2,418,004	2,189,863	2,361,560
Directors' remuneration				
- emoluments	1,970,995	1,512,748	1,970,995	1,512,748
- fees	264,000	183,000	264,000	183,000
Impairment loss on amount due from subsidiary	-	-	5,537	5,283
Lease expenses not capitalised in lease liabilities				
- low value leases	17,130	17,930	17,130	17,930
Property, plant & equipment written off	1,160	26	1,160	26
Gain on disposal of property, plant & equipment	(87,264)	(64,514)	(87,264)	(64,514)
Interest income				
- fixed deposits	(176,970)	(161,761)	(176,970)	(161,761)
- money market instrument	(429,686)	(538,448)	(429,686)	(538,448)
Realised (gain)/loss on foreign exchange	(4,864)	1,338	(5,028)	1,338
Unrealised gain on foreign exchange	-	(5,706)	-	(5,706)
Staff costs (excluding Directors' remuneration)				
- Salaries, wages, bonus & others	3,584,741	3,510,957	2,896,307	2,940,637
- Defined contribution plan expense	341,995	355,713	309,237	320,509
Included in the cost of sales are as follows :-				
Cost of inventories	19,896,921	6,432,410	19,896,921	6,432,410
Depreciation	4,971,945	5,111,538	4,966,945	5,111,538
Director's emoluments	-	601,820	-	601,820
Inventories written off	12,138	44,559	12,138	44,559
Property, plant & equipment written off	19,782	52,903	19,782	52,903
Gain on disposal of property, plant & equipment	(164,643)	(78,824)	(164,643)	(78,824)
Staff costs (excluding Directors' emoluments)				
- Salaries, wages, bonus & others	14,621,022	12,752,950	6,510,731	5,320,469
- Defined contribution plan expense	1,663,614	1,416,106	770,123	598,684
Included in the research & development expenses are as follows :-				
Amortisation of development expenditure	100,377	44,532	100,377	44,532
Staff costs (excluding Directors' emoluments)				
- Salaries, wages, bonus & others	2,240,179	2,085,977	2,047,065	2,085,977
- Defined contribution plan expense	272,621	253,948	247,096	253,948

## 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

	<b>Fees RM</b>	<b>Salaries RM</b>	<b>Others RM</b>	<b>BIK* RM</b>	<b>Total RM</b>
<b>2022</b>					
Executive Directors	48,000	837,516	1,122,979	41,366	2,049,861
Non-executive Directors	216,000	-	10,500	-	226,500
<b>2021</b>					
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

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	<b>2022</b>		<b>2021</b>	
	<b>Group/Company</b>		<b>Group/Company</b>	
	<b>Executive</b>	<b>Non-executive</b>	<b>Executive</b>	<b>Non-executive</b>
Below RM50,001	-	3	-	-
RM50,001 – RM100,000	-	2	-	3
RM400,001 – RM450,000	1	-	-	-
RM550,001 – RM600,000	-	-	1	-
RM600,001 – RM650,000	1	-	1	-
RM950,001 – RM1,000,000	-	-	1	-
RM1,000,001 – RM1,050,000	1	-	-	-

Included in the remuneration of Directors of the Group and of the Company is contribution to a defined contribution plan expense amounting to RM287,304 (2021: RM330,697) charged to profit or loss.

## 8. INCOME TAX EXPENSE

	<b>Group</b>		<b>Company</b>	
	<b>2022 RM</b>	<b>2021 RM</b>	<b>2022 RM</b>	<b>2021 RM</b>
Malaysian income tax based on results for the financial year				
- Current tax	4,554,679	3,950,779	4,433,566	3,812,165
- Over-provision in prior financial years	(165,218)	(222,993)	(134,243)	(220,075)
	4,389,461	3,727,786	4,299,323	3,592,090



**8. INCOME TAX EXPENSE (cont'd)**

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Deferred tax				
- Origination and reversal of temporary differences (Note 21)	(262,607)	261,779	(305,370)	302,148
	4,126,854	3,989,565	3,993,953	3,894,238

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	
	2022 RM	2021 RM	2022 RM	2021 RM
Profit before tax	15,870,641	15,072,191	15,413,630	14,722,054
Income tax using Malaysian tax rate of 24%	3,808,954	3,617,326	3,699,271	3,533,293
Income not subject to tax	(103,124)	(129,228)	(103,124)	(129,228)
Non-deductible expenses	586,242	724,460	532,049	710,248
Over-provision of income tax in prior financial years	(165,218)	(222,993)	(134,243)	(220,075)
	4,126,854	3,989,565	3,993,953	3,894,238

The Company may distribute dividends out of its entire retained earnings as at 31 December 2022 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 (2021: RM459,194) and RM50,666 (2021: 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	
	2022	2021
Basic EPS		
Profit attributable to owners (RM'000)	11,695	11,044
Number of shares in issued ('000)	446,838	446,838
Basic EPS (sen)	2.62	2.47

**10. PROPERTY, PLANT & EQUIPMENT****Group – 2022**

	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 1.1.2022	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
Additions	761,763	30,955	630,227	-	1,286,116	62,892	225,887	883,260	3,881,100
Disposal	-	-	(676,730)	-	(310,482)	-	-	(241,807)	(1,229,019)
Transfer	-	-	-	-	-	-	-	(13,250)	(13,250)
Written off	(77,977)	(29,407)	-	-	(1,001,044)	(2,530)	-	(11,948)	(1,122,906)
Expiry*	-	-	-	-	-	-	(272,183)	-	(272,183)
At 31.12.2022	5,931,154	2,047,793	4,242,598	2,178,469	38,979,161	1,679,617	14,800,446	6,194,031	76,053,269
Accumulated Depreciation									
At 1.1.2022	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
Charge for the financial year	493,298	372,326	374,847	220,545	4,269,164	233,888	468,782	812,409	7,245,259
Disposal	-	-	(549,244)	-	(192,290)	-	-	(102,416)	(843,950)
Transfer	-	-	-	-	-	-	-	(9,066)	(9,066)
Written off	(77,949)	(29,403)	-	-	(984,189)	(2,100)	-	(8,323)	(1,101,964)
Expiry*	-	-	-	-	-	-	(272,183)	-	(272,183)
At 31.12.2022	4,949,911	1,779,087	1,969,816	1,183,696	25,530,129	1,428,311	2,021,381	3,576,669	42,439,000
Net Book Value At 31.12.2022	981,243	268,706	2,272,782	994,773	13,449,032	251,306	12,779,065	2,617,362	33,614,269

**Company – 2022**

	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 1.1.2022	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
Additions	536,234	30,955	630,227	-	1,286,116	61,254	225,887	883,260	3,653,933
Disposal	-	-	(676,730)	-	(310,482)	-	-	(241,807)	(1,229,019)
Transfer	-	-	-	-	-	-	-	(13,250)	(13,250)
Written off	(77,977)	(29,407)	-	-	(1,001,044)	(2,530)	-	(11,948)	(1,122,906)
Expiry*	-	-	-	-	-	-	(272,183)	-	(272,183)
At 31.12.2022	5,599,764	2,044,554	4,242,598	2,178,469	38,979,161	1,557,991	14,800,446	6,194,031	75,597,014
Accumulated Depreciation									
At 1.1.2022	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
Charge for the financial year	430,726	371,678	374,847	220,545	4,269,164	208,657	468,782	812,409	7,156,808
Disposal	-	-	(549,244)	-	(192,290)	-	-	(102,416)	(843,950)
Transfer	-	-	-	-	-	-	-	(9,066)	(9,066)
Written off	(77,949)	(29,403)	-	-	(984,189)	(2,100)	-	(8,323)	(1,101,964)
Expiry*	-	-	-	-	-	-	(272,183)	-	(272,183)
At 31.12.2022	4,817,755	1,777,413	1,969,816	1,183,696	25,530,129	1,350,491	2,021,381	3,576,669	42,227,350
Net Book Value At 31.12.2022	782,009	267,141	2,272,782	994,773	13,449,032	207,500	12,779,065	2,617,362	33,369,664

\* Related to expiry of the tenancy agreement of right-of-use assets.

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

## Group – 2021

	Furniture Computers RM	Motor & fittings RM	vehicles RM	ESM Renovations RM	Office equipment RM	equipment RM	Reworkable Building RM	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

## 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 right-of-use assets.

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

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.

**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 :-

	<b>Group/Company</b>	
	<b>2022 RM</b>	<b>2021 RM</b>
Building	12,588,597	12,692,121
ESM equipment	2,843,657	3,622,477
Motor vehicles	1,987,418	1,868,043
	<b>17,419,672</b>	<b>18,182,641</b>

**11. SUBSIDIARIES****(a) Investment in subsidiaries**

	<b>Company</b>	
	<b>2022 RM</b>	<b>2021 RM</b>
Unquoted shares - at cost	86,000	86,000
Less: Accumulated impairment losses	(1,000)	(1,000)
	<b>85,000</b>	<b>85,000</b>

The Group had the following subsidiaries at 31 December 2022 and 31 December 2021. 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.

<b><u>Name of Company</u></b>	<b><u>Principal Activities</u></b>	<b>Effective interest (%)</b>	
		<b><u>2022</u></b>	<b><u>2021</u></b>
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

## 11. SUBSIDIARIES (cont'd)

### (a) Investment in subsidiaries (cont'd)

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.

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

	<b>OpenSys Technologies Sdn. Bhd.</b>	
	<b>2022 RM</b>	<b>2021 RM</b>
NCI effective equity interest	15%	15%
Carrying amount of NCI	173,600	124,984
Profit allocated to NCI	48,616	38,221
Summaries financial information before inter-company elimination		
As at 31 December		
Non-current assets	244,605	142,560
Current assets	2,940,623	2,490,440
Non-current liabilities	(6,092)	-
Current liabilities	(2,021,795)	(1,799,769)
Net assets	1,157,341	833,231
Year ended 31 December		
Revenue	15,498,013	11,983,873
Profit for the year	324,110	254,808
Total comprehensive income	324,110	254,808
Cash flow from operating activities	339,649	597,737
Cash flow used in investing activities	(227,167)	(26,957)
Net changes in cash and cash equivalents	112,482	570,780

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

**11. SUBSIDIARIES (cont'd)****(b) Amount due from subsidiary**

	<b>Company</b>	
	<b>2022 RM</b>	<b>2021 RM</b>
Amount due from subsidiary	64,025	58,488
Less: Accumulated impairment losses		
At beginning of the financial year	(58,488)	(53,205)
Impairment losses	(5,537)	(5,283)
At end of the financial year	(64,025)	(58,488)
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.

**(c) Amount due to subsidiary**

	<b>Company</b>	
	<b>2022 RM</b>	<b>2021 RM</b>
Amount due to subsidiary	1,052,344	671,669

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.

	<b>Group/Company</b>	
	<b>2022 RM</b>	<b>2021 RM</b>
Cost		
At beginning of the financial year	1,658,017	1,097,596
Addition	106,670	560,421
At end of the financial year	1,764,687	1,658,017
Less: Accumulated amortisation		
At beginning of the financial year	(827,660)	(783,128)
Amortisation for the financial year	(100,377)	(44,532)
At end of the financial year	(928,037)	(827,660)
Carrying amount at end of the financial year	836,650	830,357

### 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 1.60% to 2.40% (2021: 1.50% to 2.00%) per annum.

Deposits of the Group and the Company have maturity of 31 days to 367 days (2021: 31 days to 365 days).

### 14. INVENTORIES

	Group/Company	
	2022 RM	2021 RM
Consumables and parts	3,615,276	2,742,277
Assembly components	2,936,297	2,645,880
Finished goods	4,142,776	3,946,604
	10,694,349	9,334,761
Recognised to profit or loss:-		
Inventories written down	106,800	16,700
Inventories written off	12,138	44,559

### 15. TRADE RECEIVABLES

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Trade receivables	10,609,132	3,158,089	10,604,137	3,154,098
Contract assets	2,454,831	2,294,409	2,454,831	2,294,409
Total trade receivables, net	13,063,963	5,452,498	13,058,968	5,448,507

The normal credit term of the Group and of the Company granted to trade receivables ranged from 30 days to 90 days (2021: 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's and the Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group and the Company trades only with recognised and creditworthy third parties. It is the Group's and the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's and the Company's exposure to bad debts is not significant.



**15. TRADE RECEIVABLES (cont'd)**

Impairment for trade receivable and contract asset are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. At the end of the reporting period, the Group and the Company assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve-month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

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.

The Group's credit risk exposure in relation to trade receivables as at 31 December are set out as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2022 RM</b>	<b>2021 RM</b>	<b>2022 RM</b>	<b>2021 RM</b>
Current	11,174,458	4,879,261	11,169,463	4,875,270
1 to 90 days past due	1,880,676	573,237	1,880,676	573,237
91 days past due	8,829	-	8,829	-
Total trade receivables, net	13,063,963	5,452,498	13,058,968	5,448,507

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

**16. OTHER RECEIVABLES, DEPOSITS & PREPAYMENTS**

	<b>Group</b>		<b>Company</b>	
	<b>2022 RM</b>	<b>2021 RM</b>	<b>2022 RM</b>	<b>2021 RM</b>
Other receivables	6,364	62,370	5,185	-
Deposits	123,256	137,942	122,456	126,942
Prepayments	1,453,239	1,321,529	1,354,408	1,231,250
	1,582,859	1,521,841	1,482,049	1,358,192

Included in the prepayments are advance payments made for purchase of inventories amounting RM210,115 (2021: RM291,701).

**17. CASH AND CASH EQUIVALENTS**

	<b>Group</b>		<b>Company</b>	
	<b>2022 RM</b>	<b>2021 RM</b>	<b>2022 RM</b>	<b>2021 RM</b>
Cash and cash equivalents comprise :-				
Money market instruments	1,134,255	28,894,569	1,134,255	28,894,569
Cash & bank balances	37,042,555	9,546,278	35,322,339	7,938,544
	<b>38,176,810</b>	<b>38,440,847</b>	<b>36,456,594</b>	<b>36,833,113</b>

Money market instruments consist of investment in income funds. The income funds are highly liquid, readily convertible to cash within 1 working day and subject to an insignificant risk of changes in value.

For the purpose of presenting the Statements of Cash Flows, cash and cash equivalents comprise the following:

	<b>Group</b>		<b>Company</b>	
	<b>2022 RM</b>	<b>2021 RM</b>	<b>2022 RM</b>	<b>2021 RM</b>
Fixed deposits (Note 13)	8,602,817	8,455,863	8,602,817	8,455,863
Cash and cash equivalent (as per above)	38,176,810	38,440,847	36,456,594	36,833,113
Cash and cash equivalent (as per above)	46,779,627	46,896,710	45,059,411	45,288,976
Less : Fixed deposits under lien	(8,602,817)	(8,455,863)	(8,602,817)	(8,455,863)
Cash and cash equivalents per statement of cash flows	<b>38,176,810</b>	<b>38,440,847</b>	<b>36,456,594</b>	<b>36,833,113</b>

**18. SHARE CAPITAL**

	<b>Group/Company</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Number of share Unit</b>	<b>Amount RM</b>	<b>Number of share Unit</b>	<b>Amount RM</b>
Issued and fully paid :-				
Ordinary shares				
At beginning/end of the financial year	446,837,649	29,789,202	446,837,649	29,789,202

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

**19. LEASE LIABILITIES**

	<b>Group/Company</b>	
	<b>2022 RM</b>	<b>2021 RM</b>
Lease liabilities	194,825	147,752
Finance lease liabilities	2,411,707	3,356,901
	<b>2,606,532</b>	<b>3,504,653</b>
Minimum lease payments :-		
Repayable not later than 1 year	1,670,611	1,681,944
Repayable later than 1 year and not later than 2 years	513,047	1,471,509
Repayable later than 2 years and not later than 5 years	563,135	563,772
	<b>2,746,793</b>	<b>3,717,225</b>
Less : Finance charges	(140,261)	(212,572)
Present value of minimum lease payments	<b>2,606,532</b>	<b>3,504,653</b>
Breakdown of present value of minimum lease payments :-		
Repayable not later than 1 year	1,587,169	1,548,590
Repayable later than 1 year and not later than 2 years	481,792	1,413,678
Repayable later than 2 years and not later than 5 years	537,571	542,385
	<b>2,606,532</b>	<b>3,504,653</b>
Represented by :-		
Current	1,587,169	1,548,590
Non-current	1,019,363	1,956,063
	<b>2,606,532</b>	<b>3,504,653</b>

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% (2021: 3.84% to 5.66%) per annum.

**20. TERM LOANS**

	<b>Group/Company</b>	
	<b>2022 RM</b>	<b>2021 RM</b>
Repayable not later than 1 year	881,218	850,334
Repayable later than 1 year and not later than 2 years	919,592	878,561
Repayable later than 2 years and not later than 5 years	2,206,875	2,814,568
Repayable later than 5 years	922,794	1,378,580
	<b>4,930,479</b>	<b>5,922,043</b>

## 20. TERM LOANS (cont'd)

	Group/Company	
	2022 RM	2021 RM
Represented by :-		
Current	881,218	850,334
Non-current	4,049,261	5,071,709
	<b>4,930,479</b>	<b>5,922,043</b>

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% to 4.27% (2021: 3.27% ) per annum.

The term loans are secured by :-

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

## 21. DEFERRED TAX LIABILITIES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
At beginning of the financial year	3,892,689	3,630,910	3,929,360	3,627,212
Charge for the year (Note 8)	(262,607)	261,779	(305,370)	302,148
At end of the financial year	<b>3,630,082</b>	<b>3,892,689</b>	<b>3,623,990</b>	<b>3,929,360</b>

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 1.1.2022 RM	Recognised in profit or loss RM	At 31.12.2022 RM
<b>Group</b>			
<u>Deferred tax liabilities</u>			
Property, plant & equipment			
- capital allowance in excess of depreciation	4,167,083	(148,091)	4,018,992
Development expenditure	199,286	(398)	198,888
	<b>4,366,369</b>	<b>(148,489)</b>	<b>4,217,880</b>

**21. DEFERRED TAX LIABILITIES (cont'd)****Group (cont'd)**Deferred tax asset

- Contract liabilities

- Others

Net after offsetting

At 1.1.2022 RM	Recognised in profit or loss RM	At 31.12.2022 RM
(430,917)	(156,881)	(587,798)
(42,763)	42,763	-
3,892,689	(262,607)	3,630,082

Deferred tax liabilities

Property, plant &amp; equipment

- capital allowance in excess of depreciation

Development expenditure

Deferred tax asset

- Contract liabilities

- Others

Net after offsetting

At 1.1.2021 RM	Recognised in profit or loss RM	At 31.12.2021 RM
3,993,148	173,935	4,167,083
75,472	123,814	199,286
4,068,620	297,749	4,366,369
(437,710)	6,793	(430,917)
-	(42,763)	(42,763)
3,630,910	261,779	3,892,689

**Company**Deferred tax liabilities

Property, plant &amp; equipment

- capital allowance in excess of depreciation

Development expenditure

Deferred tax asset

- Contract liabilities

Net after offsetting

At 1.1.2022 RM	Recognised in profit or loss RM	At 31.12.2022 RM
4,160,991	(148,091)	4,012,900
199,286	(398)	198,888
4,360,277	(148,489)	4,211,788
(430,917)	(156,881)	(587,798)
3,929,360	(305,370)	3,623,990

## 21. DEFERRED TAX LIABILITIES (cont'd)

	At 1.1.2021 RM	Recognised in profit or loss RM	At 31.12.2021 RM
<b>Company (cont'd)</b>			
<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

## 22. CONTRACT LIABILITIES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Deferred revenue				
Represented by:				
Current	1,279,981	370,170	1,279,981	370,170
Non-current	1,169,181	1,425,319	1,169,181	1,425,319
	2,449,162	1,795,489	2,449,162	1,795,489

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	
	2022 RM	2021 RM	2022 RM	2021 RM
At beginning of the financial year	1,795,489	1,823,791	1,795,489	1,805,483
Revenue recognised	(15,986,261)	(15,845,867)	(15,986,261)	(15,827,559)
Progress billing to customers	16,639,934	15,817,565	16,639,934	15,817,565
At end of the financial year	2,449,162	1,795,489	2,449,162	1,795,489

**22. CONTRACT LIABILITIES (cont'd)**

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.

Unsatisfied performance obligation yet to be recognised as revenue:

**Group/Company**

	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
As at 31 December 2022	RM	RM	RM	RM
Revenue to be recognised on services contract	1,279,981	729,594	303,681	135,906

	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
As at 31 December 2021	RM	RM	RM	RM
Revenue to be recognised on services contract	370,170	562,771	557,233	305,315

**23. TRADE PAYABLES**

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

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Ringgit Malaysia	1,206,562	1,359,310	701,740	926,945
US Dollar	40,185	-	40,185	-
	<b>1,246,747</b>	<b>1,359,310</b>	<b>741,925</b>	<b>926,945</b>

The normal credit terms of trade payables granted to the Group and the Company vary from 30 days to 90 days (2021: 30 days to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

**24. OTHER PAYABLES & ACCRUALS**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Other payables	1,252,389	1,192,722	1,053,966	901,006
Accruals – others	2,592,039	1,453,774	2,313,042	1,272,112
Accruals – staff costs	4,569,833	4,149,202	3,529,279	3,254,176
	<b>8,414,261</b>	<b>6,795,698</b>	<b>6,896,287</b>	<b>5,427,294</b>



## 25. BANKERS' ACCEPTANCE

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

The interest charges on the bankers' acceptance of the Group and of the Company during the financial year ranged from 3.54% (2021: 3.46% to 4.00%) per annum.

## 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 of 5 years, while plant and machinery and other equipment generally have lease terms between 3 and 5 years.

### (a) Carrying amounts

Right-of-use ("ROU") assets classified within property, plant & equipment

	Group/Company	
	2022 RM	2021 RM
Motor vehicles	1,987,418	1,868,043
ESM equipment	2,843,657	3,622,477
Building	190,466	144,935
	<b>5,021,541</b>	<b>5,635,455</b>

### (b) Depreciation charge during the year

	Group/Company	
	2022 RM	2021 RM
Motor vehicles	313,950	364,031
Furniture & fittings	-	122,591
Renovations	-	55,045
ESM equipment	778,820	778,820
Office equipment	-	18,973
Building	180,355	174,375
	<b>1,273,125</b>	<b>1,513,835</b>

### (c) Lease expense

	Group/Company	
	2022 RM	2021 RM
Lease expense – low value leases (Note 6)	17,130	17,930

(d) Total cash outflow for all the leases during the financial year is RM1,774,006 (2021 : RM2,127,931).

(e) Addition of ROU assets during the financial year is RM856,113 (2021 : RM798,983) 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 Sustainability Officer, Group Chief Marketing Officer, Chief Financial Officer and Chief Operating Officer) that are used to make strategic decisions.

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

**Major customers**

There are four (2021: five) 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 :-

	<b>Hardware RM</b>	<b>Software Solution and Services RM</b>	<b>Total RM</b>
<b>2022</b>			
Total revenue	19,006,329	63,284,060	82,290,389
Segment results	2,782,299	28,617,273	31,399,572
Unallocated other income			702,528
Unallocated operating expenses			(16,231,459)
Profit before tax			15,870,641

## 27. OPERATING SEGMENTS (cont'd)

	Hardware RM	Software Solution and Services RM	Total RM
<b>2021</b>			
Total revenue	6,155,989	55,357,821	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

## 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

- (i) The following significant transaction which have been transacted with the related company are as follows:

Entity	Relationship	Type of transactions	Company	
			2022 RM	2021 RM
OpenSys Technologies Sdn. Bhd.	Subsidiary	Services in relation to hardware maintenance, call center, operation cash in transit transit and software solutions	15,467,494	11,967,769

- (ii) The following significant transaction which have been transacted with the key management personnel are as follows:

	Company	
	2022 RM	2021 RM
Proceeds from disposal of property, plant & equipment	110,350	-

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:

	Group		Company	
	2022	2021	2022	2021
	%	%	%	%
Return on equity	14.60	14.90	14.39	14.71

The Company is not subject to externally imposed capital requirements for the financial years ended 31 December 2022 and 31 December 2021.

## 30. FINANCIAL INSTRUMENTS

### Categories of financial instruments

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

	Financial assets at amortised cost			
	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Non-current Fixed deposits	8,602,817	8,455,863	8,602,817	8,455,863
Current Trade and other receivables	10,738,752	3,358,401	10,731,778	3,281,040
Cash and cash equivalents	38,176,810	38,440,847	36,456,594	36,833,113
	57,518,379	50,255,111	55,791,189	48,570,016

**30. FINANCIAL INSTRUMENTS (cont'd)**

	Financial assets at amortised cost			
	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Non-current Lease liabilities	1,019,363	1,956,063	1,019,363	1,956,063
Term loans	4,049,261	5,071,709	4,049,261	5,071,709
Current Lease liabilities	1,587,169	1,548,590	1,587,169	1,548,590
Term loans	881,218	850,334	881,218	850,334
Trade and other payables	9,661,008	8,155,008	7,638,212	6,354,239
Amount due to subsidiary	-	-	1,052,344	671,669
	17,198,019	17,581,704	16,227,567	16,452,604

**31. DIVIDENDS**

	Group/Company			
	2022		2021	
	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 2022				
- first interim	0.30	1,340,517	-	-
- second interim	0.30	1,340,517	-	-
- third interim	0.40	1,787,356	-	-
- fourth interim	0.40	1,787,356	-	-
(b) 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
Dividend recognised as distribution to ordinary equity holders of the Company	1.40	6,255,746	1.00	4,468,402

An interim dividend of RM0.004 per ordinary share, with the total amounting to RM1,787,356 in respect of the financial year ending 31 December 2023 declared on 20 February 2023. 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 2023.

**32. CAPITAL COMMITMENT**

Capital expenditure as at the reporting date is as follows:

	<b>2022 RM</b>	<b>2021 RM</b>
Approved and contracted for Property, plant and equipment	644,586	-

**33. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform with current financial year's presentation.

	<b>As previously stated RM</b>	<b>Grouping RM</b>	<b>As restated RM</b>
Group as at 31 December 2021			
Statement of Financial Position			
<b>Current assets</b>			
Income tax assets	-	43,397	43,397
Short term investment	28,894,569	(28,894,569)	-
Cash & bank balances	9,546,278	(9,546,278)	-
Cash and cash equivalents	-	38,440,847	38,440,847
<b>Non-current liabilities</b>			
Contract liabilities	-	1,425,319	1,425,319
<b>Current liabilities</b>			
Contract liabilities	1,795,489	(1,425,319)	370,170
Income tax liabilities	619,803	43,397	663,200
Group for year ended 31 December 2021			
Statement of Cash Flows			
Placement of short term investment	(2,658,448)	2,658,448	-
Net changes in cash and cash equivalents	4,459,681	2,658,448	7,118,129
Company as at 31 December 2021			
Statement of Financial Position			
<b>Current assets</b>			
Short term investment	28,894,569	(28,894,569)	-
Cash & bank balances	7,938,544	(7,938,544)	-
Cash and cash equivalents	-	36,833,113	36,833,113
<b>Non-current liabilities</b>			
Contract liabilities	-	1,425,319	1,425,319
<b>Current liabilities</b>			
Contract liabilities	1,795,489	(1,425,319)	370,170

**33. COMPARATIVE FIGURES (cont'd)**

	As previously stated RM	Grouping RM	As restated RM
Company for year ended 31 December 2021			
Statement of Cash Flows			
Placement of short term investment	(2,658,448)	2,658,448	-
Net changes in cash and cash equivalents	3,888,901	2,658,448	6,547,349

**34. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS**

The financial statements have been authorised for issue in accordance with a resolution of the Board of Directors on 31 March 2023.

**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



A summary of the Group's properties as at 31 December 2022 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 31.12.2022 (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	15.5	2,395
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	6	7,270
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	6	1,048
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	6	541
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	6	1,153
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	23.3	181

# 108 Analysis of Shareholdings

as at 3 April 2023

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	968	57,082	0.01
100 To 1,000 Shares	1,030	606,155	0.14
1,001 To 10,000 Shares	4,678	26,238,858	5.87
10,001 To 100,000 Shares	3,805	124,786,690	27.93
100,001 To Less Than 5% Of Issued Shares	469	200,116,222	44.78
5% And Above Of Issued Shares	1	95,032,642	21.27
<b>Total</b>	<b>10,951</b>	<b>446,837,649</b>	<b>100.00</b>

## 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. Lim Swee Keah	7,015,363	1.57	502,500**	0.11
3. Ong Poh Hong	140,000	0.03	62,500***	0.01

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

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

**LIST OF THIRTY (30) LARGEST SHAREHOLDERS**

<b>No.</b>	<b>Name</b>	<b>No. Of Shares Held</b>	<b>%</b>
1.	Tan Kee Chung	95,032,642	21.27
2.	Chee Hong Soon	12,322,440	2.76
3.	Koh Lea Cheong	8,002,663	1.79
4.	Lim Swee Keah	7,015,363	1.57
5.	Tan Gaik Keow	6,652,863	1.49
6.	Haw Wan Chong	6,085,063	1.36
7.	Goh Siew Tee	6,047,785	1.35
8.	Tune Hee Hian	6,030,363	1.35
9.	Public Nominees (Tempatan) Sdn Bhd For Cheong Wai Juen (E-BPJ)	4,879,000	1.09
10.	Leong Yoke Wai	2,802,300	0.63
11.	Tham Kok Cheng	2,719,147	0.61
12.	Lim Choon Meng	2,400,000	0.54
13.	Tan Eng Hooi	2,387,400	0.53
14.	Lee Siang Diong	2,200,000	0.49
15.	Low Suet Cheng	2,097,813	0.47
16.	Liew Swee Lian	1,999,999	0.45
17.	Lau Tiam Aik	1,930,300	0.43
18.	Lim Kim Yew	1,795,000	0.40
19.	Soong Sor Pow	1,672,500	0.37
20.	Sabastian Tong Hung Yew	1,449,999	0.32
21.	Chung Chien Yee	1,392,000	0.31
22.	Tan Yu Yeh	1,306,700	0.29
23.	Ho Xi Wen	1,170,000	0.26
24.	Public Nominees (Tempatan) Sdn Bhd For Chew Chee Siong (E-JBU/SKI)	1,100,000	0.25
25.	Tan Lee Ching	1,100,000	0.25
26.	Leong Yoke Wai	1,083,763	0.24
27.	HSBC Nominees (Asing) Sdn Bhd For Morgan Stanley & Co. International PLC (Firm A/C)	1,052,800	0.24
28.	Citigroup Nominees (Asing) Sdn Bhd For UBS AG	1,028,300	0.23
29.	Yong Lai Fong	1,000,000	0.22
30.	Ng Ah Mooi	1,000,000	0.22

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# 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):-

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

and / or\*

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

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-seventh 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, 22nd May 2023 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, Dato' Abdul Manap Bin Abd Wahab				
3. To re-elect the director, Wong Choong Wai				
4. To re-elect the director, Lim Swee Keah				
5. To re-appoint the retiring auditors, Messrs. HLB Ler Lum Chew PLT				
6. Authority to allot shares				
7. 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 \_\_\_\_\_ 2023.

\_\_\_\_\_  
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 16th May 2023. Only a depositor whose name appears on the Record of Depositors as at 16th May 2023 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](mailto: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.

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**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

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**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](http://www.myopensys.com)