

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

**MINUTES** of the Twenty-seventh Annual General Meeting (“27th AGM” or “the Meeting”) of the Company duly convened and 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, 22 May 2023 at 3:00 p.m.

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**Board of Directors present :** Mr. Tan Kee Chung (*Chairman of the Meeting*)  
Mr. Lim Swee Keah  
Madam Ong Poh Hong  
Dato’ Abdul Manap bin Abd Wahab  
Datin Lee Choi Chew  
Mr. Wong Choong Wai

**In Attendance :** Ms. Cindy Lim (Secretary)

**Shareholders/Proxies :** As per Attendance List

**Invited Guests :** As per Attendance List

**Chairman of Meeting**

The Chairman of the Company, Mr. Tan Kee Chung (“Chairman”) took the chair and called the Meeting to order. He welcomed and thanked the members/proxies and invited guests for their attendance.

The Chairman proceeded to introduce all the Board members namely, Mr. Lim Swee Keah, Madam Ong Poh Hong, Dato’ Abdul Manap bin Abd Wahab, Datin Lee Choi Chew and Mr. Wong Choong Wai.

**Quorum**

Pursuant to Clause 63 of the Company’s Constitution, two (2) members present in person or by proxy shall constitute a quorum for the meeting. The Company received a total of 72 shareholders and proxies representing 140,142,898 shares equivalent to 31.36% of the total number of issued shares of the Company registered at the commencement of the meeting.

With the requisite quorum present, the Chairman declared the Meeting duly convened.

**Notice**

The Notice of the Meeting duly distributed to the members within the requisite statutory period was taken as read.

**Procedures for Meeting**

The Chairman invited the Secretary to brief on the Meeting procedure to be followed in tabling and approving resolutions in a general meeting.

The Secretary informed that pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions tabled at a general meeting would be voted by way of poll. The Company has appointed Mega Corporate Services Sdn. Bhd. as the Poll Administrator and Mega Business Consultancy Division as the Independent Scrutineer for the poll voting. She then briefed on the voting procedure by e-polling.

The Chairman informed that the 27th AGM would be divided into two segments. The first segment was to discuss and vote on the proposed resolutions as laid out in the agenda whereas the second segment after the announcement of the poll results, the Executive Director/Chief Executive Officer, Mr. Eric Lim and the Chief Executive Officer of OpenSys Technologies Sdn. Bhd., Mr. Luke Sebastian would give a presentation on the Company's business update.

The Chairman invited Mr. Eric Lim to brief the shareholders/proxies on the Company's business highlights as follows:-

- (a) Income Statement Overview
- (b) Key Financial Position
- (c) Dividend Payout

#### **Queries from the Minority Shareholder Watchdog Group ("MSWG")**

Before proceeding with the business of the Meeting, the Chairman informed that the Company has received written questions from MSWG in relation to operational and financial and corporate governance matters of which the Company has replied in writing accordingly.

The Chairman presented the letter from MSWG dated 9 May 2023 and the Company's responses as summarised in Annexure I as attached at the Meeting.

#### **AS ORDINARY BUSINESS**

##### **1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 and the Reports of the Directors and Auditors thereon**

The Chairman informed that the first item on the agenda was to receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon which was meant for discussion only as the Company's Constitution provides that the Audited Financial Statements are to be laid in the general meeting. Hence, the Audited Financial Statements will not put forward for voting.

The Chairman invited attendees to raise questions pertaining to the financial statements. There were some clarifications from the floor. The details of which are as Annexure II attached.

After due deliberation from the floor on the Audited Financial Statements for the financial year ended 31 December 2022, the Chairman declared that the Audited Financial Statements for the financial year ended 31 December 2022 and the Reports of the Directors and Auditors thereon were received.

- 2. To approve the payment of Directors' fees and benefits payable up to RM289,500.00 for the period from 1 June 2023 until the conclusion of the next Annual General Meeting of the Company [Ordinary Resolution 1]**

The Chairman tabled Ordinary Resolution 1 which was in relation to payment of Directors' fees and benefits payable up to RM289,500.00 for the period from 1 June 2023 until the conclusion of the next Annual General Meeting of the Company.

All the Directors who are shareholders of the Company, were abstained from voting on this resolution pursuant to Practice 7.2 of the Malaysian Code on Corporate Governance.

There was no question raised by the shareholders/proxies on this agenda.

- 3. To re-elect the following Directors retiring in accordance with Clauses 78 and 79 of the Company's Constitution respectively:-**

- i) Dato' Abdul Manap Bin Abd Wahab [Ordinary Resolution 2]**
- ii) Mr. Wong Choong Wai [Ordinary Resolution 3]**
- iii) Mr. Lim Swee Keah [Ordinary Resolution 4]**

The Chairman tabled Ordinary Resolutions 2, 3, and 4 on the re-election of Dato' Abdul Manap Bin Abd Wahab, Mr. Wong Choong Wai and Mr. Lim Swee Keah. They are subject to retire by rotation in accordance with Clauses 78 and 79 of the Company's Constitution respectively and being eligible, had offered themselves for re-election.

Their profiles were set out in the Profile of Directors section on pages 5 to 6 of the Annual Report 2022.

There was no question raised by the shareholders/proxies on this agenda.

- 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]**

The Chairman informed that Ordinary Resolution 5 was in relation to the re-appointment of the retiring auditors, Messrs. HLB Ler Lum Chew PLT as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company and to authorise the Board of Directors to fix their remuneration.

It was recorded that Mr. Wong Chee Hong had represented Messrs. HLB Ler Lum Chew PLT attended the Meeting.

There was no question raised by the shareholders/proxies on this agenda.

#### **AS SPECIAL BUSINESS**

- 5. Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016 [Ordinary Resolution 6]**

The Chairman informed that Ordinary Resolution 6 was to obtain approval from the shareholders to empower the Directors to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016 and to waive the statutory pre-emptive rights of the

shareholders of the Company pursuant to Section 85 of the Companies Act 2016 and Clause 8 of the Constitution of the Company. The authority would enable the Directors to allot up to 10% of the total number of issued shares of the Company at any time upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit and would be in the best interest of the Company.

No shares were issued during the financial year arising from the mandate obtained at the last Annual General Meeting.

There was no question raised by the shareholders/proxies on this agenda.

**6. To retain Dato' Abdul Manap bin Abd Wahab as an Independent Director pursuant to the Malaysian Code on Corporate Governance [Ordinary Resolution 7]**

The Chairman informed that subject to the passing of Ordinary Resolution 2, the Ordinary Resolution 7 was to seek approval from the shareholders to retain Dato' Abdul Manap Bin Abd Wahab as Independent Director who has served the Company for more than nine (9) years based on the attributes were set out in the Explanatory Notes in the Notice of 27th AGM.

The Chairman explained that a two-tier voting process would be conducted for Ordinary Resolution 7 pursuant to Practice 5.3 of the Malaysian Code on Corporate Governance.

The Chairman, being the largest shareholder of the Company was classified as Tier 1 and the remaining shareholders as Tier 2. These resolutions are deemed successful if both Tier 1 and Tier 2 votes support the resolution.

There was no question raised by the shareholders/proxies on this agenda.

**7. ANY OTHER BUSINESS**

There was no notice received for any other business to be transacted at the 27th AGM.

**8. POLLING PROCESS**

The Chairman requested shareholders/proxies to cast their votes by e-polling. The 27th AGM was adjourned for 20 minutes for poll voting.

The Chairman reminded the shareholders/proxies for the briefing on the Company's business update after the announcement of poll results.

**9. POLL RESULTS**

The Meeting resumed upon the receipt of the poll results duly verified by the Independent Scrutineer. The Chairman read out the verified voting results as follow:-

Resolutions	Voted For			Voted Against			Results
	No. of Shareholders	No. of Shares	%	No. of Shareholders	No. of Shares	%	
Ordinary Resolution 1	67	132,986,285	99.9991	3	1,250	0.0009	Accepted

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Ordinary Resolution 2	70	140,141,798	99.9992	2	1,100	0.0008	Accepted
Ordinary Resolution 3	70	140,141,798	99.9992	2	1,100	0.0008	Accepted
Ordinary Resolution 4	70	140,141,798	99.9999	1	100	0.0001	Accepted
Ordinary Resolution 5	71	140,142,798	99.9999	1	100	0.0001	Accepted
Ordinary Resolution 6	68	140,138,596	99.9969	4	4,302	0.0031	Accepted
Ordinary Resolution 7							Accepted
- Tier 1	1	95,032,642	100.0000	0	0	0.0000	
- Tier 2	68	45,109,056	99.9973	3	1,200	0.0027	

Based on the above, the Chairman declared all Resolutions **CARRIED**.

**IT WAS RESOLVED:**

**Ordinary Resolution 1**

“THAT the payment of Directors’ fees and benefits payable up to RM289,500.00 for the period from 1 June 2023 until the conclusion of the next Annual General Meeting of the Company, be and is hereby approved.”

**Ordinary Resolution 2**

“THAT Dato’ Abdul Manap Bin Abd Wahab who is retiring by rotation pursuant to Clause 78 of the Company’s Constitution and being eligible, be and is hereby re-elected to the Board.”

**Ordinary Resolution 3**

“THAT Mr. Wong Choong Wai who is retiring by rotation pursuant to Clause 79 of the Company’s Constitution and being eligible, be and is hereby re-elected to the Board.”

**Ordinary Resolution 4**

“THAT Mr. Lim Swee Keah who is retiring by rotation pursuant to Clause 79 of the Company’s Constitution and being eligible, be and is hereby re-elected to the Board.”

**Ordinary Resolution 5**

“THAT the retiring auditors, Messrs. HLB Ler Lum Chew PLT be and is hereby re-appointed as Auditors of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company at a remuneration to be fixed by the Directors.”

**Ordinary Resolution 6**

“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 (excluding treasury shares, if any) 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 7**

"THAT Dato' Abdul Manap bin Abd Wahab be and is hereby retained as Independent Non-Executive Director of the Company."

**10. TERMINATION**

There being no further matters, the Meeting was concluded at 5:40 p.m. with a vote of thanks to the Chairman.

The Chairman invited those presence who are keen to know more on the Company's overview to stay back for the briefing.

**11. PRESENTATION ON THE COMPANY'S OVERVIEW AND OUTLOOK**

The Chairman invited the Executive Director/Chief Executive Officer, Mr. Lim Swee Keah and the Chief Executive Officer of OpenSys Technologies Sdn. Bhd., Mr. Luke Sebastian to present to the shareholders/proxies on the Company's business update which covered the following core businesses/segments:-

1. Self-service Terminals
  - Cash Recycling Machine (CRM)
  - CRM Cheque Deposit and Card Dispensing Sidecar
2. Business Process Outsourcing (BPO)
  - Bill Payment Kiosk
  - Cheque Processing
3. Maintenance and Software Solutions Services
4. Branch of The Future
  - Smart Teller Cash Recycler (SmartTCR)
5. Smart Cash-In-Transit Secure Logistics (SmartCIT)
  - Smart Cash Management Services
6. buySolar

Confirmed True Record,

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**TAN KEE CHUNG**  
Chairman

**ANNEXURE I**

**Reply to MSWG's questions raised in the letter dated 9 May 2023:**

**Operational & Financial Matters**

1. The main contribution of the Maintenance and Software Solutions Services segment came from the maintenance services of Cash Recycling Machines (CRMs) as their 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 (CDMs) and desktop cheque scanners (page 23 of AR2022).

- a) OpenSys previously provided guidance that the annual maintenance fee for a CRM is 10% to 12% of the selling price, which typically ranged between RM60,000 to RM70,000. Has there been any change to selling price or annual maintenance fee structure for CRMs since then? What was the average annual maintenance fee per CRM in FY2022?

OpenSys' Response:

- *Average Selling Price (ASP) of CRMs increase 30% in the market due to supply chain disruptions, inflationary pressure and weaker ringgit.*
- *On annual maintenance fee, we are in the process of negotiating with our customers to increase the fee structure.*

- b) Out of the 7,250 devices that OpenSys is currently providing maintenance services for, how many devices consist of CRMs?

OpenSys' Response:

- *Majority of the devices are CRMs.*

- c) What is the estimated number of CRMs that will be out of warranty and will be entering maintenance mode in FY2023, FY2024 and FY2025, respectively?

OpenSys' Response:

- *On average about 200 – 300 units per year.*

- d) Of the RM39.7 million total revenue generated from the Maintenance and Software Solutions Services segment in FY2022 (page 19 of AR2022), how much of it was specifically generated from the maintenance of CRMs?

OpenSys' Response:

- *Majority of the maintenance is for CRMs.*

2. In the past few years, we have noticed that certain bank branches in the Klang Valley have replaced OpenSys' OKI CRMs with ATMs from a competitor. What could be the possible reasons for this? Is it possible that banks are adopting cost-saving measures? Do you expect

this trend to continue, and what strategies is OpenSys employing to overcome any potential challenges in retaining its customers?

OpenSys' Response:

- *We have not observed or seen this trend.*
  - *Could be isolated incidents where the bank in question may be relocating and optimizing their assets based on the transaction profile of the branch location.*
  - *For example, for a branch that is cash withdrawal centric, the bank may install more ATMs than the CRMs, and vice versa.*
  - *We still have 80% market share.*
3. The Group is implementing Smart Teller Cash Recycler (SmartTCR) solutions for four banks as proof of concept (POC), with more POCs planned for FY2023. SmartTCR is expected to follow a similar successful path as the CRM. The market potential for SmartTCR is about 4,000 to 6,000 units for over 2,000 bank branches in Malaysia (page 27 of AR2022).
- a) Considering that banks might consider purchasing CRMs as a necessity due to the need for replacing their existing ATMs and CDMs, how crucial is a SmartTCR for banks compared to CRMs? Is a SmartTCR also considered a necessity or more of an optional investment for banks?

OpenSys' Response:

- *SmartTCR solutions play a crucial role in the branch transformation journey for banks.*
  - *It increases efficiency and productivity of branch personnel.*
  - *It empowers branch personnel to concentrate on advisory activities and high-value transactions.*
  - *Branch banking for complex and high-value transactions versus Digital banking for simple banking transactions.*
- b) What is the selling price of a SmartTCR and how does the maintenance fee structure and warranty period compare to that of your CRMs?

OpenSys' Response:

- *SmartTCR selling price is about RM100K -RM120K per unit.*
  - *Maintenance fee 10% to 12% of selling price.*
  - *Warranty period is 1 year.*
- c) What is the expected timeline for the implementation of SmartTCR solutions for the four banks that are currently in the POC stage? Have those banks expressed interest in mass adoption of SmartTCRs? If so, what is the number of orders expected in FY2023 and the foreseeable future?

OpenSys' Response:

- *We expect implementation to start in 4Q2023.*
- *Disclosure of forward-looking numbers is subject to Bursa Malaysia Listing Requirements.*



- *Updates via official communications such as Bursa Link, quarterly reports, annual reports and investor presentations.*
4. The Group will be working with partners to expand SmartCIT solutions and services in the cash management segment for corporations and financial institutions (page 26 of AR2022).
- a) Has Opensys conducted any POC trials with its existing financial institution customers for SmartCIT solutions?
  - b) What potential challenges and reasons might be preventing financial institutions from adopting SmartCIT solutions as a replacement for their current traditional cash-in-transit solutions, and what steps is Opensys taking to address these concerns?

OpenSys' Response:

- *Some banks want us to provide a total solution to solve their cash management problems.*
  - *SmartCIT delivers a complete solution (not just collection of cash) with a one-stop total outsourcing approach.*
- c) Assuming that Opensys is able to capture a 20% market share of the cash-in-transit market for financial institutions, what is the potential revenue and earnings that Opensys could generate from its SmartCIT solutions? Could you provide information on the key assumptions and methodology used to arrive at this estimate?

OpenSys' Response:

- *Market size is about RM800 million.*
  - *Disclosure of targets, potential revenue and earnings subject to Corporate Disclosure Policy under Main Market Listing Requirements.*
- d) Please provide information on the partners that Opensys is currently working with to expand SmartCIT solutions and services. What is the profit-sharing arrangement between Opensys and its partners in this venture?

OpenSys' Response:

- *We are currently working with 2 licensed security companies.*
- *Depending on customer needs, we are open to work with other CIT companies.*
- *Details of commercial terms are subject to non-disclosure agreements.*

Corporate Governance Matters

1. Practice 8.1 of the Malaysian Code on Corporate Governance stipulates a detailed disclosure on a named basis of the remuneration of individual directors, including breakdowns of fees, salary, bonus, benefits in-kind, and other emoluments.

This disclosure enables shareholders to make informed decisions when voting on the approval of directors' remuneration and to consider the appropriate remuneration package based on the directors' responsibilities.

However, Opensys departed from Practice 8.1 by not providing detailed remuneration disclosure on a named basis.

As per the Bursa Malaysia Listing Requirements, all listed companies must disclose annually the remuneration of all directors (including the remuneration for services rendered to the listed company as a group) for the financial year on a named basis, stating the amount received or to be received from the listed company and on a group basis, respectively. The disclosure must include the amount in each component of the remuneration (e.g. directors' fees, salaries, percentages, bonuses, commission, compensation for loss of office, and benefits in kind based on an estimated money value) for each director.

Please take note that this is a rule-based listing requirement for all listed companies.

OpenSys' Response:

- *We take note of Practice 8.1 of MCCG.*
- *Due to confidentiality, personal data protection and security reasons, the Board believes that the disclosure of individual director remuneration in bands of RM50,000 (page 34 of AR2022) is sufficient.*
- *Directors' remuneration is reviewed by the Remuneration Committee on an annual basis to ensure that rewards commensurate with their experience and individual performance.*

**ANNEXURE II**

The questions/inputs forwarded by shareholders/proxies namely, Mr. Aw Kum Wah, Mr. Mah Ah Wat, Mr. Tang Kin Wah, Mr. Chee Sai Mun and Mr. Clint Loh Chi Lun, duly addressed and attended by the Directors and Senior Management were summarised as follows:-

**Q1) Despite the huge growth in the Group's revenue from RM61.5 million in financial year ("FY") 2021 to RM82.3 million in FY2022, the Group's gross profit increased slightly by RM2.0 million from RM29.0 million in FY2021 to RM31.4 million in FY2022. Please advise the reason for the lower gross profit margin.**

A1) The decline in hardware sales in FY2021 was mainly due to the prolonged Covid-19 pandemic. However, FY2022 was a recovery year, the banks have resumed procurement activities after the reopening of the economy and borders, and hence the Group recorded robust CRM hardware sales growth which typically has a lower gross profit margin. Additionally, the lower gross margin was further impacted by the higher costs of goods and spare parts due to supply chain constraints as well as the weakening of the Ringgit.

**Q2) Please advise the reason for the increase in administration expenses.**

A2) The administration expenses were increased from RM7.2 million in FY2021 to RM8.3 million in FY2022. It consisted of one-off transfer listing fees of approximately RM0.6 million as well as the upkeep expenses for network infrastructure upgrades for computer equipment.

**Q3) What are the cost benefits or advantages of OpenSys listed on the Main Market?**

A3) The listing on Main Market would bring benefits to OpenSys as follows:-  
(a) The Main Market transfer increases OpenSys' credibility, image and reputation, as well as provide it with greater recognition and support from customers, suppliers and potential investors, particularly larger institutional investors.  
(b) Main Market is a better platform for the Group's future fundraising and expansion of business growth.

**Q4) The Group's revenue declined since FY2020 based on the 5-Year Financial Highlights as stated on page 16 of the Annual Report 2022, but the improved revenue in FY2022 was not as higher as the pre-pandemic. Please advise:-**  
(a) The reason for the decelerating of the Group's revenue over the years.  
(b) The new market to be penetrated by the Group in the near future, if any.  
(c) The Group's prospect.

A4) The revenue decline was due to the impact of the Covid-19 pandemic. All the procurement and installation activities were prohibited due to the lockdown and movement restrictions especially in 2020 and 2021. Nevertheless, our hardware sales had started to approach the pre-pandemic level in FY2022 with almost a V-shape recovery and we are optimistic about FY2023 and beyond.

**Q5) Cash Recycling Machine (CRM)**

(a) Why Standard Chartered Bank Malaysia Berhad ("SCB") and United Overseas Bank Malaysia Berhad ("UOB") did not purchase CRMs from OpenSys?

- (b) What are the current market shares of OpenSys's CRMs? What are the competitive advantages of OpenSys's CRMs over its competitors in the market?**
- (c) The implementation of mobile banking applications by banks could reduce the usage of ATMs and CRMs at bank branches. Does OpenSys foresee that banking customers will continue to install more CRMs at their branches in terms of maintenance cost?**

A5) SCB and UOB have installed our cheque deposit machines but not CRM at their branches.

We have more than 80% market shares in CRMs. Our competitive advantages are having superior cash recycling technology, strong software integration skills and comprehensive after-sale support.

Based on BNM statistics, the usage of cash remained strong and Cash-In-Circulation had increased in 2022. Hence, CRMs will continue to be the main distribution channel of this payment instrument. We are positive that the CRM business segment will continue to perform well moving forward.

**Q6) Smart Cash-In-Transit (SmartCIT)**

- (a) What was the revenue contributed in FY2022?**
- (b) Please share the Group's future outlook in terms of challenges.**

A6) 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 revenue generated was approximately RM3.5 million equivalent to 4% of the overall revenue in FY2022.

The cash logistics market in Malaysia remains competitive and high in demand. The Group will be working with partners to expand SmartCIT solutions and services in the cash management segment for corporations and financial institutions. Therefore, we are optimistic about our future outlook in SmartCIT.

**Q7) buySolar online marketplace**

- (a) Noted that buySolar was launched in February 2020, please advise the reason for the low cumulative gross merchandise value of RM5.1 million.**
- (b) Please advise the estimated breakeven point. Is it worth it for OpenSys to allocate more and more resources? Is the cost spent within the budget? Will OpenSys consider reviewing the business model?**

A7) From our point of view, the cumulative gross merchandise value of RM5.1 million is considered reasonable as compared with the other players in the renewable energy marketplace. buySolar is a platform business model where the market participants can benefit from the presence of others.

As a renewable energy marketplace, the Group anticipates 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 due to the rising awareness of ESG.

We noted shareholders' concern about the gradual buySolar progress in terms of monetization. The Group will broaden buySolar's offerings to include products and solutions-based services in the growing environmental and sustainability segments.

Moreover, we acknowledged the shareholders' viewpoints as to how the buySolar progress could be expedited. We might consider to acquire a solar company in order to accelerate our current position.

**Q8) Branch of the Future (BOTF)**

**(a) Who are the potential banking customers?**

**(b) Who bears the cost incurred in Proof-Of-Concept (POC) projects?**

**(c) Has OpenSys adopted a cost-benefit approach in terms of monetization?**

A8) There are four banks that have adopted the Group's BOTF solutions, Smart Teller Cash Recycler (SmartTCR) and are at various stages of POC. Those banks are Alliance Bank Malaysia Berhad, Affin Berhad, Ambank Berhad and Malayan Banking Berhad. Hong Leong Bank Berhad is our existing customer of the BOTF solutions.

Both banking customers and OpenSys would share the costs incurred on POC projects subject to the mutual agreement.

The POC projects had begun to contribute to the Group's revenue in FY2022. We are confident that the POC projects will result in mass adoption by the banks.

**Q9) What is the accounting treatment for the Research and Development ("R&D") expenses incurred?**

A9) We charged out the R&D expenses such as staff costs of those involved in the R&D activities on continuous new software enhancement to the payment kiosks and CRMs in relation to the business segments of the Group. The R&D expenses for FY2022 was RM2.6 million.

**Q10) Are the Group's business segments still relevant given the decline in cheque usage?**

A10) Though the cheque usage is declining, our cheque processing solutions remain relevant as banks' corporate customers still use cheque as a payment instrument. With the decline, bank may be considering to outsource their cheque processing to OpenSys for cost efficiency, and therefore, our business processing outsourcing segment will be relevant.

**Q11) Is OpenSys moving towards the cashless trend like China?**

A11) The ecosystem of China is different from ours whereby China is an under-banked country. It is easier for China to leapfrog and adopt a cashless environment especially in using mobile payment.

Here in Malaysia, cash is not going away anytime soon based on the following facts:-

- ATMs withdrawal value up 4.9% in 2022
- ATMs transaction volume up 2.4% in 2022
- The cash-in-circulation grew 8% in 2022 to RM162.1 billion

- About 10,000 units of ATMs that are replaceable by CRMs.

We believe that cash and e-payment will continue to co-exist in the foreseeable future. Nevertheless, we have been mindful of the e-payment trend and we are looking at new business segments which could generate additional revenue for the Group moving forward.

**Q12) Please advise the revenue contribution by segments of OpenSys.**

A12) The following business segments contributed to our revenue in FY2022:-

- Hardware segment such as CRMs
  - Services Segment
    - (i) Maintenance & Software Solutions Services
    - (ii) Business Process Outsourcing
    - (iii) SmartCIT Secure Logistics
- 13) The Board of Directors appreciated the questions raised by the MSWG from the minority shareholders' perspective to know more about our challenges in relation to CRMs, BOTF and SmartCIT segments. However, OpenSys is an information technology company that is in an intensely competitive industry. Therefore, we are always cautious about the publication of data to the public to prevent revealing of our trade secrets that could be detrimental to our shareholders.
- 14) Shareholders commended the comprehensive concept of buySolar platform, particularly relevant in Malaysia.
- 15) The Board of Directors appreciated the suggestion from shareholders for OpenSys to explore the opportunity to work with the Minister of Transport Malaysia on the Road Transport Department (JPJ) system.