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**7. BUSINESS OVERVIEW**

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**7.1 OVERVIEW OF THE WORLD ECONOMY**

The world economic performance in the first half of 2003 took a dive on account of the war in Iraq and the outbreak of the Severe Acute Respiratory Syndrome ("SARS"). With the end of the Iraq war and containment of SARS, global economic performance in the second half of 2003 is expected to improve, supported by indications of an upturn in the major economies towards the end of the second quarter. The expected return of investor and consumer confidence, resulting from accommodative monetary policies and fiscal easing in major economies, will further boost demand. However, there exist downside risks arising from continued global current account imbalances, inadequate structural reforms in some economies and security concerns in several parts of the world.

Even though world economic growth was lethargic, the financial markets were active in the first half of 2003. With prevailing low interest rates and high liquidity in the market, funds sought for equities in the hope for higher yields on the expectations that the global economy would recover towards the second half of 2003. Consequently, the major bourses did relatively well, with the Dow Jones and the Nikkei performing 12.4% and 20.6% better respectively, in the eight months from end-2002 to end-August 2003.

In a global economic environment weighed down by uncertainties and lacklustre global demand, the concern in all international fora continues to focus on the need to stimulate economic growth and maintain financial stability. At the same time, countries are increasingly looking towards regional and bilateral arrangements to spur trade and economic growth.

World output growth is expected to improve marginally to 3.2% in 2003 (2002: 3%) given the weak economic environment. Weaknesses still persist in the Euro area and Japan although some positive signs have emerged. Global growth continues to be dependent on the USA, whose growth is expected to be slightly lower than the previous year at 2.2% (2002: 2.4%). World growth and trade are expected to improve with most economic activities returning to normalcy. Business confidence and sentiment will, however, be cautiously optimistic against the backdrop of threats from terrorist attacks. World growth is still hinged on the modest performance of the USA economy with the Euro area still marked by relative weakness although Japan, the world's second largest economy, is showing signs of a more definitive path of sustained positive growth.

Global economic growth for the second half of 2003 is projected to be gradual but firm. This is supported by the more positive economic data on Japan, the Euro area and in particular, the USA. In the USA, low interest rates coupled with the extra cash in the hands of consumers made possible from tax cuts contributed towards the sustained vibrancy in housing construction and growing strength in retail sales, while industrial production rose on account of revival in the high-tech sector and auto production. In Japan, positive results of corporate restructuring were reflected in improvement in corporate profits and a gradual upturn in business fixed investment. Meanwhile, in the Euro area, pick-up in personal computer replacements led to higher investment and strengthening consumption. Growth in major economies will also be supported by better performance in Asia as the impact of SARS fades out. With stronger export growth benefitting from pent-up demand pushing up consumption and the positive impact of stimulus packages introduced by many countries in the region, the pace is expected to gain momentum. The momentum from growth in the second half of this year is expected to be sustained into 2004, when world growth is expected to reach 4.1% (2003: 3.2%).

Overall, indications point towards an improved outlook and higher optimism for 2004, despite the downside risks. Upbeat stock market activities across major bourses into the second half of 2003 should bolster optimism for a firmer global economic recovery. Thus, world economy is expected to post a higher growth of 4% with the USA, the Euro area and Japan registering growth of 3.6%, 2.3% and 1%, respectively in 2004.

*(Source: Economic Report 2003/2004)*

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**7. BUSINESS OVERVIEW (Cont'd)**

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**7.2 OVERVIEW OF THE MALAYSIAN ECONOMY**

After experiencing sluggish growth in 2001, the Malaysian economy rebounded strongly in 2002. Higher growth in 2002 bolstered optimism for a stronger economic performance in 2003 in anticipation of an improved world economic outlook. The prospect for a global economic recovery was, however, affected by recent geopolitical developments, in particular the war in Iraq, sporadic incidences of militancy and outbreak of the SARS. During the second quarter, consumer and business sentiments in regional economies were particularly affected by the anxiety of a probable prolonged and widespread SARS epidemic that curtailed transport and tourism-related activities besides trade and investment flows.

Against this adverse global environment and concerns of further weakening of the already sluggish global economy, the Government has put in place a package of broad-based pro-growth measures in May 2003. The Package of New Strategies, apart from providing immediate relief for the SARS-affected sectors, was to address structural and organisational issues towards sustaining economic growth in the medium and longer term. The strategic measures introduced boosted confidence necessary to stimulate domestic consumption and investment. In addition, the short war in Iraq and the quick containment of SARS provided the much-needed relief for the economy to ride over the difficult times and remain on track to a firmer growth trajectory. The stock market began its upward trend after the announcement of the Package of New Strategies as investor confidence started to build up in response to the measures laid out by the Government.

Malaysia's sound economic fundamentals and expansionary fiscal and accommodative monetary policies, supplemented by the Government's proactive stimulus package, have helped to sustain high growth in the real gross domestic product ("GDP"). After expanding 4.5% in the first half and with prospects of sustained growth in the second half, the economy is set to achieve its targeted growth of 4.5% this year, higher than the 4.1% achieved in 2002. The economy is expected to be driven by stronger domestic demand reinforced by a modest pickup in external demand in the second half of the year. Exports will continue to be buoyed by global economic recovery and the upturn in electronics, especially in information technology-related products and equipment. On the domestic front, consumer spending continues to pick up, on account of favourable export earnings and high commodity prices, positive wealth effect from better stock market performance as well as rising consumer confidence. All sectors registered positive growth with manufacturing and services driving the economy.

The strengthened macroeconomic fundamentals and a more broadly balanced economic structure with emerging new sources of growth will provide the foundation for sustained higher growth. The Malaysian economy is, therefore, targeted to achieve a stronger GDP growth of 5.5%-6% for 2004.

*(Source: Economic Report 2003/2004)*

**7.3 OVERVIEW AND PROSPECTS OF THE IT INDUSTRY**

In Malaysia, the period from 1996 to 2000 saw a rapid growth in Information and Communications Technology ("ICT") utilisation with investments in ICT expanding at a rate of 9.2% per annum from RM3.8 billion in 1995 to RM5.9 billion in 2000. This was largely due to the increasing local awareness of the importance of production, diffusion and utilisation of knowledge and information for improving competitive and overall economic performance. Special incentives such as the abolition of sales tax on computers and components, and the granting of accelerated capital allowance for expenses on computers and other ICT equipment also assisted in increasing the usage of ICT.

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**7. BUSINESS OVERVIEW (Cont'd)**

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The extent of ICT usage was also measured in terms of PC and Internet penetration rates. The number of PCs installed rose dramatically from 610,000 in 1995 to 2.2 million in 2000. The Eighth Malaysia Plan period also saw an increasing usage of the Internet by households and companies with the number of Internet subscribers increasing from 13,000 in 1995 to about 1.2 million in 2000. Despite the phenomenal growth, the penetration rates were still low at 9.0% of the population for PCs and 7.0% for the Internet.

The rapid growth of the Internet as a consumer technology led to the accelerated use of e-commerce globally as well as nationally. The e-commerce market was estimated to have increased from USD1 billion in 1998 to USD6 billion in 2000 in the Asia Pacific region. E-commerce has helped reshape market places and trading relationships as well as lowered international trading boundaries. It presented opportunities for businesses to improve competitiveness, have a global presence, undertake customisation and create novel businesses.

*(Source: The Eighth Malaysia Plan 2001-2005)*

Despite the smaller contribution of total factor productivity to growth, the economy continued its transition to higher value added activities, with the public and private sector continuing to implement measures to enhance productivity. Among these were the increased expenditure on research and development (R&D), intensification of education and training programmes, retraining of retrenched workers, enhancing the utilisation of ICT, improving management techniques and organisational effectiveness, and expediting the granting of patents and utility innovation. During the review period, the number of patents granted increased by 3.6 times from 405 patents in 2000 to 1,492 patents in 2002, reflecting improved innovative capability within the economy.

ICT was used extensively with the implementation of the smart school pilot project in 87 schools. The project involved electronic teaching and learning, development of course-wares, local area networking and wide area networking as well as computerisation of school management.

The Computer Infrastructure Project was also launched in 2001 to widen the coverage of computer-aided teaching and learning. The project provided schools with computer laboratories, teaching and learning coursewares and Internet connectivity covering 2,690 or 29 per cent of schools. To further utilise ICT in the teaching and learning processes, a portal, MySchoolNet was developed to enable teachers and students to source educational materials and information.

E-commerce activities applications were used mainly by the banking sector. The study on Electronic Commerce Strategic Directions for Malaysia conducted in 2001 identified several areas that the Government needs to focus to expedite the greater use of e-commerce. These included reducing set-up costs, enhancing technical know-how, creating a critical mass, improving inbound usage by setting up Internet data centres and Internet contents development, providing adequate protection for intellectual property rights and allaying public concerns on security and integrity of transactions on the Internet.

*(Source: Mid-Term Review of the Eighth Malaysia Plan 2001-2005)*

In terms of regulation, the Government has committed to provide a comprehensive framework of cyberlaws and IP laws to facilitate and assist the development of a truly IT and multimedia and content industries.

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**7. BUSINESS OVERVIEW (Cont'd)**

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As a strategy to achieve Vision 2020, Malaysia has embarked on an ambitious plan to leapfrog in to the information age by providing intellectual and strategic leadership. This means investing in an environment that encourages innovation, helping companies, both Malaysian and international, to reach new technologies frontiers, partnering global IT players and providing the opportunities for mutual enrichment and success. As a first step, Malaysia has created the MSC, a world-first, world-class act, to help companies of the world test the limits of technology and prepare themselves for the future. The MSC will also accelerate Malaysia's entry into the information age, and through it, help actualise Vision 2020.

In relation to the above, the Government has set out the ten (10) point Bill of Guarantees to MSC companies which include areas such as providing competitive financial incentives including no income tax or an investment tax allowance for up to ten (10) years and no duties on the import of multimedia equipment, allowing freedom of sourcing capital for MSC infrastructure and freedom of borrowing funds globally, unrestricted employment of local and foreign knowledge workers and freedom of ownership by exempting companies with MSC status from local ownership requirements.

*(Source: www.msc.com.my, last extracted at 29 December 2003, being the latest practicable date prior to the printing of this Prospectus)*

To date, MSC, which has been developed with state-of-the-art multimedia infrastructure has attracted more than 900 local and international ICT companies, far exceeding the target of 500 for 2003. In the past, the construction of such large infrastructure was carried out by foreigners. Malaysia now have the expertise and technological capability to undertake these projects by its own. Malaysia has nearly 44,000 engineers in civil, mechanical and electrical engineering as well as 3,000 architects and 2,000 quantity surveyors. With Malaysia's own experience in the construction of the Second Link, the Kuala Lumpur Telecommunications Tower and Petronas Twin Towers, Malaysia have successfully built the Putrajaya Administrative Centre, a well-planned and beautiful city, which is a model for other countries.

MDC has successfully attracted and encouraged companies to provide shared services, especially for IT support services for their global operations, including information and data processing centres. The Budget 2004 (which was presented to the Dewan Rakyat on 12 September 2003) quoted that Ericsson has established its headquarters here, while HSBC and Standard Chartered Bank, among the largest banking and financial institutions in the world, set up their electronic data processing offices to provide back-end processing and customer contact services to their groups worldwide. The Budget 2004 also quoted that Shell, a major petroleum company in the world and DHL have created similar services in MSC. These activities have succeeded in providing employment opportunities for highly qualified Malaysian professionals.

Some of the Government's initiatives to spur further growth of ICT are:

- (i) To set up a one-stop agency to hand-hold and guide investors in obtaining approvals from various authorities, with the view to expediting their project implementation. In view of the success of MDC in developing MSC, the Government will expand its role to become a one-stop agency via Malaysian Industrial Development Authority ("MIDA") for selected services sectors. The Government is confident that MDC will be able to undertake its new role effectively.
- (ii) To roll-out smart school programmes in stages and implement the Schoolnet project to enable students to gain wider internet access. This programme has been implemented in almost 200 schools in remote areas of Sabah and Sarawak. This is in line with the implementation of the teaching of Science and Mathematics in English using ICT in year 2002. This programme involves an expenditure of RM5 billion for the Eight Malaysia Plan 2001-2005 period.

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**7. BUSINESS OVERVIEW (Cont'd)**


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- (iii) To set up private commercial wings in Government hospitals to enable serving doctors to enjoy better remunerations and thereby, continue to serve with the Government. These measures would be able to attract specialists who have left the service to return and serve in Government hospitals. In addition, this will enable those seeking better medical treatment to obtain such treatment at reasonable charges in Government hospitals. It will also enable the Government hospitals to be promoted abroad, in line with the objective to encourage health tourism. Furthermore, the Government has built many hospitals with modern and sophisticated equipment, including the application of ICT for the paperless Total Health Information System (THIS). This includes Hospital Selayang, Serdang and Pandan in Johor.
- (iv) To ensure the disabled also benefit from the use of ICT, a Pioneer ICT Resource Centre will be established in Sungai Buloh to train the visually and hearing impaired in ICT skills. The Government will also provide ICT enabler to facilitate them to use ICT as a communications tool, particularly at zebra crossings and during emergencies, especially on the highways. In addition, all Government buildings will be provided with appropriate facilities to help the disabled in their dealings with Government departments, including facilities in lifts. The Government hopes the private sector will also provide such facilities for them.
- (v) To implement the e-Government. In the Ministry of Finance, services such as e-perolehan, e-SPKB and e-stamping have been implemented. In addition, the issuance of patents and copyrights will be expedited by increasing the number of highly skilled personnel.

*(Source: Budget 2004 which was presented to the Dewan Rakyat on 12 September 2003)*

#### **7.4 OVERVIEW AND PROSPECTS OF THE FINANCIAL SERVICES INDUSTRY**

The capital market has been progressively opened up, with gradual increases in foreign equity participation in stock broking, fund management and entry of managers, specialists, experts and professionals. Malaysia is committed to 49% foreign equity in stock broking companies. Under appropriate circumstances, Malaysia allows full foreign ownership, such as in fund management and investment advisory. Malaysia's liberal policies in the financial services sector has resulted in significant presence of foreign services providers in the country. At the end of year 2002, apart from the 13 wholly foreign-owned banks which set up presence in Malaysia, foreigners also owned an average 23% of total equity in four domestically-owned banks. On an aggregate basis, foreigners account for about 33% of total commercial bank assets. In the insurance sector, 23 out of a total of 54 insurance companies are majority foreign-owned. Foreign market share in the insurance industry remains high, accounting for 77% of life insurance premiums and 40% of general insurance premiums. In the capital market, five out of 79 licensed fund managers are majority or wholly foreign-owned whilst in the investment advisory sector, close to half of the licensed advisers are majority or wholly foreign-owned.

Besides equity participation, foreign participation has also taken other forms, such as participation through strategic alliances with local entities. In the insurance sector, there are 10 bancassurance arrangements involving locally-incorporated foreign-owned banks, of which nine were established with domestically-owned insurance companies.

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**7. BUSINESS OVERVIEW (Cont'd)**

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To prepare domestic institutions for liberalisation, a timeline of 10 years have been set aimed at building a core of strong and forward-looking domestic players. The timelines are encapsulated in the Financial Sector Masterplan ("FSMP") and the Capital Market Masterplan ("CMP"). Both the FSMP and the CMP, launched in 2002, provide a guide on Malaysia's approach towards financial liberalisation and the strategies that would be adopted. By end December 2002, 54 domestic banking institutions consolidated into 10 core banking groups. This contrast with 13 foreign-owned commercial banks in the country. In the broking sector, the number of stockbroking companies was 40, compared to 66 before the consolidation programme began in 2000.

The mergers was a first for Malaysia in terms of their scale and complexity as they involved more than 50 banking institutions and 66 stockbroking companies. It is therefore not surprising that the process of restructuring and consolidation is still ongoing, particularly in the broking industry, where some institutions have yet to identify their merger partners. For institutions that have completed their merger exercises, much still needs to be done to consolidate the corporate cultures of the merged institutions. Difficulties are also faced in merging databases and IT systems without disruption to operational efficiency. Other difficulties have also surfaced, in particular, human resource management and manpower deployment which are still being addressed to ensure minimal social disruption. It is important to monitor and manage these developments to ensure the stability of the financial system, more so in an environment of geopolitical uncertainties and nascent economic recovery.

Malaysia, as a member of the World Trade Organisation ("WTO"), is certainly committed to long-term gradual and progressive liberalisation of the financial services sector. But at the same time Malaysia must ensure that liberalisation must be in the context of its own domestic imperatives. The financial sector must support the nation's economic development agenda. Malaysia's stand is that for the benefits of liberalisation to be fully realised, the pace of liberalisation has to be in tandem with the capacity and ability of the system to absorb these changes without undermining financial stability. Liberalisation must be carried out at a pace that is consistent with prevailing conditions, infrastructure and regulatory framework and towards meeting the needs of the economy. It is imperative that liberalisation does not marginalise domestic financial institutions.

*(Source: Economic Report 2003/2004)*

Based on reports that have been published and OpenSys' experiences of providing services and products to financial institutions, the financial services industry has been affected by developments in technology, deregulation and changes in customer demands and expectations.

Developments in technology that have had an impact on the financial services industry include the multiplication and increasing acceptance of delivery channels such as the self-service terminals, the PDA and the Internet. The proliferation of such channels is increasing the need for financial institutions to provide their products and services through such electronic delivery channels instead of relying merely on the branch.

The increased demand and need for electronic delivery make it necessary that software is developed which can integrate information sources, applications and systems from all of the financial institution's delivery channels for more efficient management of customer information. If financial institutions can obtain greater co-ordination among the various delivery channels, cross-channel inter-operability can be achieved. This would mean that all types of transactions could be performed at any types of delivery channels. In order to achieve this, a unified system that can provide a common interface to users regardless of delivery channel and products would have to be developed. The system would also provide a single link between all the delivery channels to the back office. This system would thus enable all the various delivery channels to use the same customer processing application and the same customer data store.

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**7. BUSINESS OVERVIEW (Cont'd)**

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Many countries in the world including Malaysia are deregulating their financial markets, which have resulted in mergers and acquisitions in the financial services industry. Deregulation also results in fewer restrictions and lower entry barriers for new entrants and greater freedom for existing players in this industry. As a result, the provision of particular or specific financial services is no longer limited to certain types of financial institutions. For example, the offering of insurance policies and services is no longer limited to insurance companies. The provision of stock broking services is no longer limited to stock broking firms and investment companies. Neither is banking services such as loans and financing limited only to banks. In addition, more organisations are moving into providing financial services and seeking to compete with existing financial institutions.

As a result, there is greater competition amongst the financial institutions. In order to retain their customers, financial institutions have to improve their customer services by providing more points of contact for their customers and also the ability to reach their customers more often. If possible, they should also seek to shunt low-profit transactions to delivery channels other than the branch such as self-service terminals or the Internet. Hence, a need for new delivery channels arises so that customers can contact their financial institutions anytime, anywhere.

The demands of customers in the financial services market have been changing. Customers are slowly beginning to prefer and expect to have a one-stop financial services centre instead of going to various financial institutions for each different type of product. In order to stay competitive and to retain its customers, financial institutions will have to begin cross-selling its products. Further, as customers in the financial services market become more mobile, they will be more inclined to use more delivery channels or contact points with their financial institutions besides the branch. Channels such as the Internet, self-service kiosk and PDAs are becoming more popular.

These developments in technology together with the deregulation of the financial services market and the changes in customer demands and expectations will result in the need for a more efficient software system that can integrate both the "front end" delivery channels processes with the "back-end office" data store and processing activities. There is therefore, a demand for software that will be able to link all types of transactions, products and the channels to facilitate cross-selling and multi-channel delivery without having to create a new set of software for each new product, each new delivery channel or each new type of transaction.

Further, there is a demand by financial institutions for software that can integrate data that is obtained from one transaction with data from another transaction of a different nature. The integration and analysis of such data will allow financial institutions to remain competitive and relevant by providing them with customer profiles that will be useful in the process of determining the particular needs and preferences of each customer.

The developments in the financial services industry have affected the self-service industry in that ATMs are one of the delivery channels that financial institutions may use to reach a larger audience and to provide contact between their customers and themselves. Financial institutions can be more competitive if they devote more of their resources to developing and customising attractive products for customers instead of spending time and effort on low-profit generating activities such as the collection and clearing of cheques. This can be accomplished by moving these transactions to self-service channels. Presently, most cash withdrawals occur at ATMs but cheque deposits still occur at the teller or through "unintelligent" collection boxes. Although the common view of a self-service terminal is that of a cash-dispensing machine, financial institutions are beginning to realise the advantages of providing other services via their self-service terminals.

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## 7. BUSINESS OVERVIEW (*Cont'd*)

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There is a demand for self-service machines that are more than mere cash dispensers. Financial institutions seeking to be more competitive can accept the idea of machines that can perform non-cash functions and other functions that generate little or no profits such as the payment of cheques, the purchase of demand or bankers' drafts. In addition, such machines would provide greater convenience for customers to perform their financial transactions anytime.

In addition, the technology in respect of digital imaging and image processing has now reached a commercially viable stage where it is possible to truncate the process of the payment of cheques. The truncation of cheque clearing and payment processes would involve the removal of the requirement to present the hard copy of the cheque to the paying bank before it is cleared and payment is made. This provides an opportunity for depositing and clearing cheques at self-service machines with digital imaging technology and appropriate software that is capable of linking the delivery channel to the back-end office.

The market is still lacking in self-service machines providing non-cash functions. Any company providing such machines now will have a market lead and consequently a sizeable market share in this self-service segment.

**Sources:**

1. *Datamonitor Plc., "Financial Services Technology in Asia-Pacific"; Feb 2002; and*
2. *Representation by the Executive Directors of OpenSys.*

### 7.5 BUSINESS MODEL

The focus of OpenSys' business model is on increasing its marketing and sales channels world-wide by establishing a presence in its key markets for its products and services, and in particular, by establishing a distribution network for its products based on a 100% channel policy by building an international network of distributors and resellers. Under its 100% channel policy, it is OpenSys' intention to concentrate solely on the development and manufacture or assembly of its products and not to compete with its distributors or resellers.

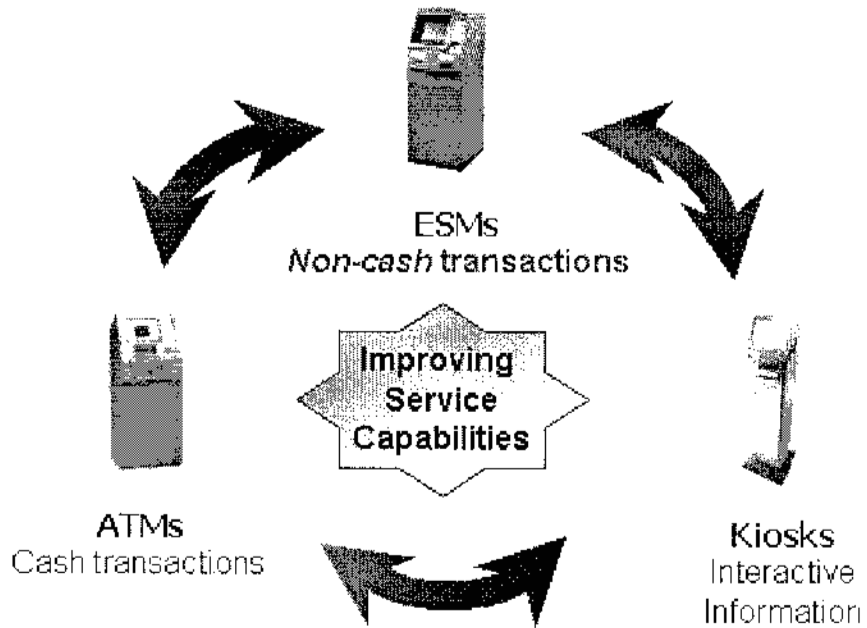
### 7.6 PRODUCTS AND SERVICES

OpenSys designs and develops the Touch ESM, which allows users to perform various non-cash financial transactions, develops and licenses proprietary enterprise software products for customers in the financial services industry under its eSys suite of solutions, and provides IT services in connection with its own software products and software products of third parties.



### 7.6.1 Touch ESM

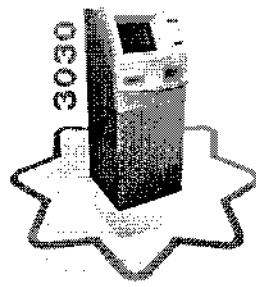
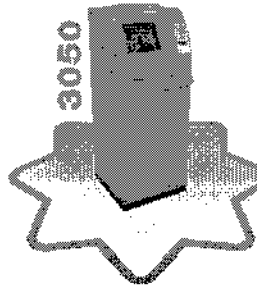
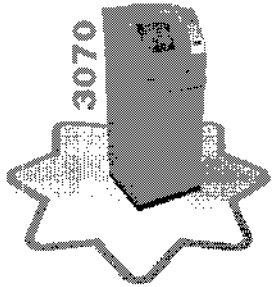
Touch ESM is a family of non-cash self-service machines that allow financial institutions such as banks, insurance companies and stockbroking companies to set up unmanned branches or electronic banking centres to provide convenient service to their customers 24 hours 7 days a week. It complements other self-service machines such as ATMs for cash transactions and kiosks for interactive transactions.



#### ESM Role and Position

OpenSys currently has three models of Touch ESM, namely the Touch 3030, Touch 3050 and Touch 3070. The various models have similar underlying hardware components but they can be used to support multiple functions by changing the programs contained in the software provided by OpenSys.

Depending on the combination of functions available in each model, the Touch ESM can be used for cheque-deposits without the need of bank-in slips and/or envelopes, payment of bills, purchase of certificates of deposit, insurance policies and bankers' or demand drafts, opening of fixed deposit accounts, subscription for shares, topping up of stored cash value of Smart Cards, cash cards or pre-paid cards and obtaining information in respect of existing bank accounts, insurance policies and share information. Payment can be made through funds transfer, debit or credit cards or cheques. This makes it very convenient for customers as they are able to perform these transactions without having to enter a physical branch.

		
<b>Functions</b>	<b>Functions</b>	<b>Functions</b>
Draft Issuance	-	Draft Issuance
CD/FD	-	CD/FD
Insurance	-	Insurance
-	Cheque Deposit	Cheque Deposit
-	Bill Payment	Bill Payment
Stock	Stock	Stock
Prepaid Cards	Prepaid Cards	Prepaid Cards
eCash	eCash	eCash
Status Enquiry	Status Enquiry	Status Enquiry

#### Touch ESM Family

The Touch ESM has a kiosk-based design that makes it easy to deploy. It can be situated easily to meet user needs and preferences in locations such as electronic banking centres, banking halls, shopping malls, transportation terminals, petrol stations, office complexes and offices. It can be connected readily to the existing ATM networks of banks. It also has the potential to be deployed by other institutions such as telecommunications and utilities companies or government agencies.

The Touch ESM is user-friendly. It is designed with a tilted touch screen, multi-lingual display, mini-shelf and optimal height-and-reach to cater to most users. It has a small footprint to save space and can be customised with the customer's corporate colour for image branding. Its touch screen can be used to display advertisements and promotions while the machine is idle.

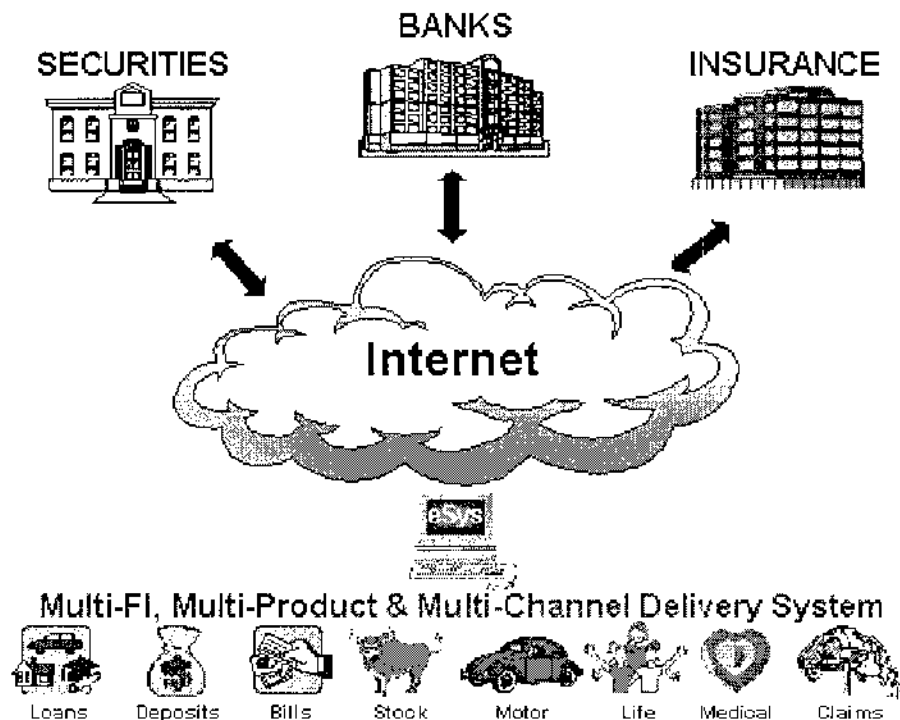
The Touch ESM is equipped with a number of security devices to safeguard transactions. It is capable of using biometrics, Smart Cards, electronic keys and passwords to prevent unauthorised access. It contains a computer that can generate a record of transactions for verification purposes. The Touch ESM can be integrated with the customers' computer systems to facilitate the sharing of data, software distribution and allow remote monitoring and creation of audit trails.

The Touch ESM is supported by a twelve-month product warranty against failure to conform to product specifications. After this product warranty period, a customer can choose to contract with OpenSys or its distributors for product maintenance services at a cost that is calculated based on a percentage of the initial hardware purchase price and software licence fee of the Touch ESM. Under the maintenance contract, the customer is entitled to periodic servicing of the Touch ESM, changing of defective or worn-out parts and upgrading of software, as well as customer telephone hotline support.

## 7. BUSINESS OVERVIEW (Cont'd)

## 7.6.2 eSys

eSys is a suite of enterprise software primarily for the financial services industry that facilitates the convergence of “brick & mortar” branches, agencies, call centres, kiosks and the Internet into a *universal multi-channel delivery system* that enables consumers to access financial services anytime, anywhere.



#### eSys Multi-Channel Delivery System

This multi-channel approach allows financial institutions to optimise the right channel for the right customer and for the right products and services. Financial institutions can use eSys to cross-sell their products via a single user interface, thus lowering delivery cost and cementing customer loyalty.

eSys is a useful tool for financial institutions that offer a multitude of financial products and services. It enhances the business-to-business relationship between the financial institutions and their agents, partners or consumers by offering a secure universal front-end to its core processing systems.

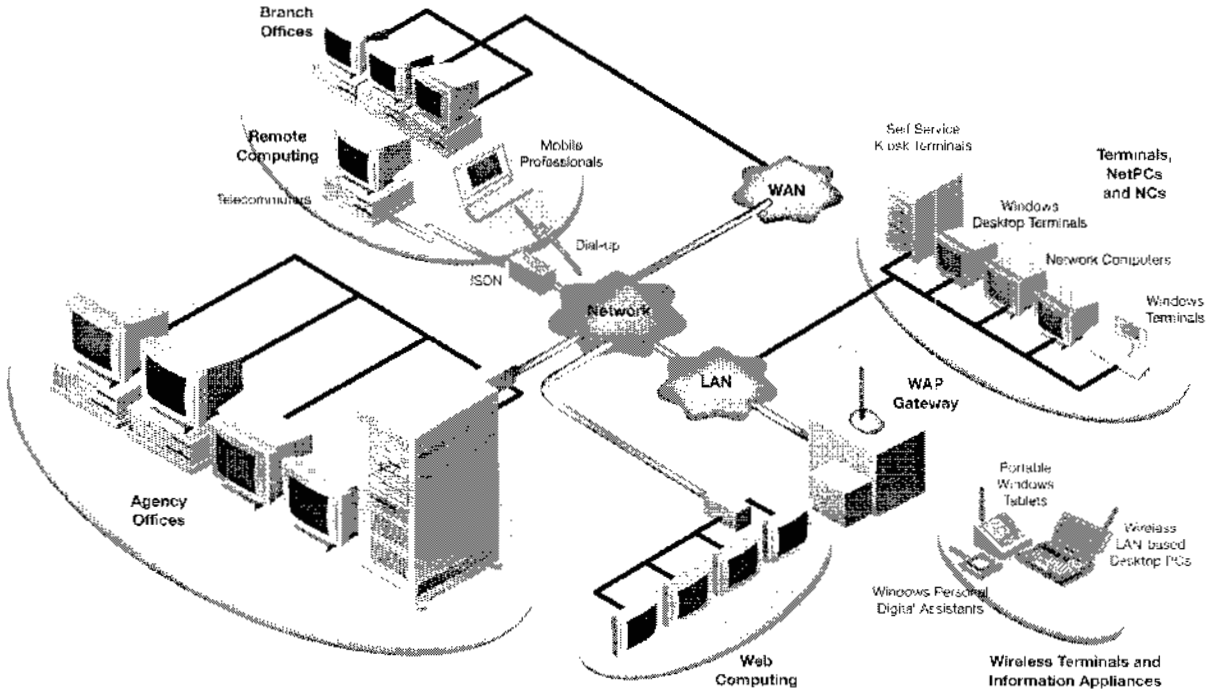
eSys encompasses the complete spectrum of front-end activities that begins with a sale, followed by product or service application submission and processing, and lastly by subsequent product servicing functions.

eSys is designed on Internet component-based distributed computing technology and can therefore be deployed in a variety of environments. Functionally, eSys is ideally suited to transaction-oriented financial services.

eSys is also designed without an end-state. As new services and products are developed, functionalities can be added with the same consistent user interface with business objects reusability.

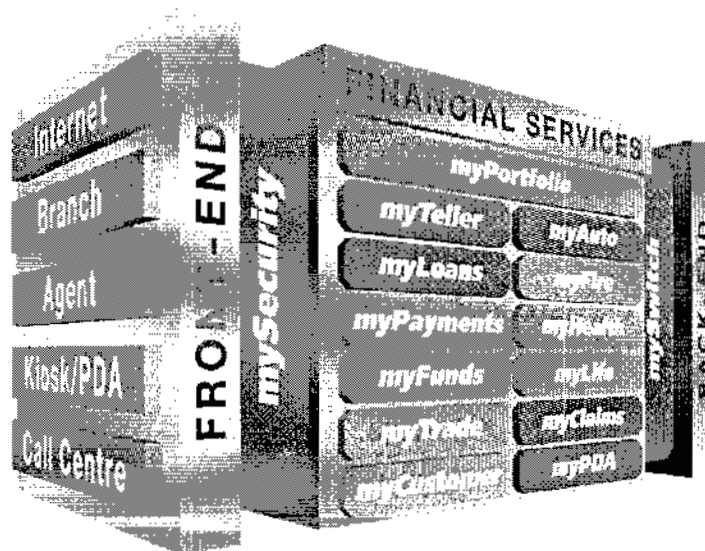
7. BUSINESS OVERVIEW (Cont'd)

A typical deployment scenario of eSys is set out below:



Typical Deployment Scenario of eSys

eSys is an umbrella of many functional modules. Each of these functional modules is a major business application by itself. The modules within eSys can be used individually or collectively in any logical combination. Due to the modularity that is built into eSys, new modules can be easily introduced without affecting existing modules. Modules can be integrated to form a more cohesive and highly functional application software while retaining a consistent user interface across multiple delivery channels.



eSys Functional Components

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7. **BUSINESS OVERVIEW (Cont'd)**

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The modules within eSys are:

**myTeller**

myTeller is a highly configurable and secure financial transaction processor that can be connected to any retail-banking host. It can be used in brick-and-mortar branches, agency offices, kiosks/personal digital assistants, call centers and on the Internet.

myTeller can process transactions in accordance to definable characteristics such as opening of all types of deposit and loan accounts, cash withdrawals, cheque deposits, funds transfers and balance enquiries. myTeller also supports electronic journals and audit trails.

**myLoans**

myLoans is a workflow-enabled system that tracks loans from the point of customer application to the point of approval.

It automates credit processing, credit approvals and the printing of various types of loan documents. Electronic routing of tasks within the workflow system reduces processing times as well as eliminates errors.

**myPayments**

myPayments allows users to securely make electronic bill payments via various delivery channels. Users can enter their bill details directly or recall certain values stored in the system.

It authorises transactions by directly debiting the customer's bank account online. The type of bills that can be paid includes utility bills, insurance premiums, club subscriptions and loan installments.

**myFunds**

myFunds is a front-end transaction processor that handles mutual funds' transactions both online and offline. It can be used in both a business-to-business (B2B) or business-to-consumer (B2C) environment.

myFunds can be connected to any mutual funds' back-end systems. It can handle a large number of transaction types with full audit trails and electronic journals. myFunds can also provide portfolio statements and mutual funds rates.

**myTrade**

myTrade allows users to securely trade in financial instruments such as equity stocks, bonds and derivatives. It can be used in a B2B or B2C environment.

myTrade provides real-time quotes and index information. It can also provide historical information as well as current financial news. myTrade has an in-built online trading system that can be linked to other back-end systems.

**myAuto**

myAuto allows agents and insurance companies to sell automobile insurance. It can handle new sales as well as renewal of premiums. It has a built-in risk assessment module to reduce underwriting risk.

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7. **BUSINESS OVERVIEW (Cont'd)**

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It provides functions such as premium calculation and quotation, generation of policies or cover notes, payment submission, agency reports and general ledger interface.

**myFire**

myFire allows agents and insurance companies to sell fire insurance. It has a risk assessment module that carries out risk accumulation analysis and identification of risk factors, thus moving the underwriting functions to the front office.

It provides functions such as premium calculation and quotation, issuance of policies, payment submission, agency reports and general ledger interface.

**myHealth**

myHealth allows for the purchase of medical or health insurance coverage. The system can process new purchases and renewals. It can handle both group and individual coverage schemes.

It provides functions such as product selection, generation of quotations, printing of policies and schedules and payment submission.

**myLife**

myLife allows agents and insurance companies to sell and service life insurance products. Its financial modeling function and slick presentation format increase the effectiveness of insurance salespeople.

It provides functions such as 'what-if' analysis, competitive information and comparisons, online proposal generation and payment collection.

**myClaims**

myClaims is a workflow-enabled insurance claims processing system that tracks claims from submission to disbursement to closure. It incorporates imaging of all related claim documents that can be recalled for review at any stage of the claim process.

Its key functions include notification, registration, automatic assignment of examiner, adjuster, workshop and solicitor, recommendation and approval, recovery, adjustments, payments, fraud alert and blacklisting.

**myPDA**

myPDA allows insurance agents to sell motor, fire and medical insurance using PDAs. It can provide customers' profile and renewal information, product information, underwriting guides, tariff ratings, claims history and reports. It can also generate instant proposals, quotations and recommendations to customers. myPDA can be synchronised with personal computers to simplify submission of reports by insurance agents to their insurance companies.

**myCustomer**

myCustomer provides a central repository of customer related data that is captured by the various eSys modules. This repository allows eSys modules to generate a consolidated view of the customer which enables cross selling of products.

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7. **BUSINESS OVERVIEW (Cont'd)**

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myCustomer supports target marketing, sales, e-commerce and post sales service and support. myCustomer also allows for data mining and the generation of demographic analysis. It can be used in both a B2B and B2C environment.

**mySecurity**

mySecurity offers a comprehensive set of high-security and high-performance cryptographic mechanisms which provides the infrastructure and application level security for all eSys modules. It features state-of-the-art published and certified block and asymmetric ciphers.

mySecurity creates an authentication channel with a private secure tunnel to securely transmit transactions. mySecurity shields the user from complex cryptographic functions and supports user-password and/or unique physical tokens such as Smart Cards and optional biometrics verifications.

**mySwitch**

mySwitch consists of communication objects that act as gateways to legacy systems over standard protocols. It provides functions such as application message control, self-service device transaction processing and interface to payment gateways and shared ATM networks.

**myPortfolio**

myPortfolio is an intelligent virtual personal assistant to the financial institution's representatives, agents, partners and customers. It has access to the financial institution's knowledge base and it will seek, filter and package information on a personalized basis.

It aggregates information such as interest rates, deposits, loans, mutual funds and foreign exchange; provides "what-if" analysis and at a later stage, can advise on investment portfolios.

**7.6.3 Provision of IT Services**

OpenSys provides a range of IT services in connection with its software products and the software products of third parties:

**(a) System Integration Services**

Systems integration services are provided to customers who acquire computer software from OpenSys or a particular supplier. In such cases, OpenSys is appointed to assist the customer in installing such software and ensuring that it is compatible with the customer's existing computer system and that it functions in accordance with the specifications provided by the software supplier. The entire process of installation and customisation incorporates several related and overlapping functions, namely:

- **project management**, which involves the overall management of the system integration project on behalf of the customer, which requires the provision of services in respect of any one or more of the areas set out below;

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7. BUSINESS OVERVIEW (Cont'd)

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- **system scoping**, which involves assisting the customer to identify and articulate its requirements for the software to be supplied, determining the resources required, installation time frames and expected costs;
- **system design**, which involves the creation of a plan for implementing the tasks to be performed by the software;
- **system analysis**, which involves the study of the customer's existing computer system to determine how it works and how best it can be adapted to accommodate the new software to be installed, so as to ensure the efficient performance of the tasks to be assigned;
- **system customisation**, which involves modifying and adjusting the software so that it can perform in a way that serves the customer's purpose, and can link effectively with the customer's existing equipment and software; and
- **system implementation**, which involves the actual installation of the customized software package and its connection with the existing equipment and software within the customer's computer system.

(b) **Support Services**

Software support service is provided after the new software is installed during system integration or is provided for the existing software in a computer system. Software support comprises the following:

- software maintenance and trouble-shooting which involves the ongoing care of software to ensure that it performs in accordance with specifications, which involves the identification, removal and rectification of errors in the software programme, the ongoing installation of upgrades and the provision of advice to software users in relation to the foregoing matters; and
- software operating systems and network support which involves the giving of advice to customers as to how to operate their system in the most optimal fashion.

(c) **Consulting Services**

Consulting services include capacity planning and fine-tuning of computer systems to ensure high availability, and educational courses on ATM network operations, UNIX and Windows-NT operating systems.

OpenSys has established a track record with its business partners and financial institutions in providing IT services to them. OpenSys has demonstrated its ability by providing a level of service acceptable to multi-national companies such as NCR, Sanchez and ING Companies.



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**7. BUSINESS OVERVIEW (Cont'd)**


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**7.7 R&D**

OpenSys' product development activities are currently focused on the development and design of Touch ESMs and software development. It commenced its product development efforts on Touch ESMs in 2001 and its efforts were focused on developing the Touch ESM 3030, 3050 and 3070. In software development, its product development efforts from 1998 to 2001 were focused on developing applications for eSys, namely myTeller, myAuto, myPDA, myClaims, mySwitch, mySecurity and myLoans.

The capitalised development expenditure for the past three (3) financial years ended 31 December 2002 and the seven (7) months financial period ended 31 July 2003 is set out below:

	Financial year ended 31 December			Seven (7) months period ended 31 July 2003
	2000	2001	2002	RM 000
	RM 000	RM 000	RM 000	RM 000
Development expenditure capitalised	1,891	4,031	4,423	2,450
% of the development expenditure over revenue	16.8%	20.1%	20.1%	18.1%

OpenSys' commitment to product development is evidenced by the increase in the number of employees allocated to product development over the last three (3) financial years from 42 employees in 2000 to 72 employees as at 29 December 2003, being the latest practicable date prior to the printing of this Prospectus. These are employees who devote more than a third quarter of their time to product development activities. Their remaining time is used in the fulfilment of their other responsibilities that include providing IT services and/or management.

OpenSys' product development team has technical expertise in self-service machines, banking systems, stockbroking systems, insurance systems and cryptography. In addition to technical expertise, its product development team has members who have relevant experience in the banking, insurance and stockbroking industries. This industry knowledge allows it to understand the needs of its customers in the financial services industry in the development of the Touch ESM and eSys software.

**7.8 TOOLS AND SOFTWARE**

Below are some of the tools and software used by OpenSys in software development:

Software Development Stage	Tools Used by OpenSys
Analysis Stage	Rational Unified Process
Design Stage	Rational Rose
Coding Stage	(i) Internet Explorer (ii) DHTML (iii) Java (iv) Visual Basic (v) C/C++ (vi) MTS (vii) ODBC-compliant databases
Systems Testing Stage	Rational Rose
Documentation Stage	Rational Rose

**7.9 QUALITY ASSURANCE AND OPERATING PROCESS****7.9.1 Quality Assurance****Project management methodology for software development and IT services**

OpenSys' approach to project management is guided by the standards and methodology set by the PMI.

PMI members are individuals practising and studying project management in many different industry areas, including aerospace, business management, construction, engineering, financial services, information technology, pharmaceuticals and telecommunications.

Since 1984, PMI has been dedicated to developing and maintaining a rigorous, examination-based, professional certification programme to advance the project management profession and to recognise the achievements of individuals in project management. PMI's Project Management Professional (PMP®) certification is a recognised professional credential for individuals associated with project management.

Five (5) of OpenSys' senior employees have PMI certification. OpenSys has adopted the PMI's standards and methodology for its software development and system integration projects since the founding of the Company.

PMI methodology encompasses the following:

- (i) scope management, which seeks to ensure that all necessary work is in place to complete the project successfully;
- (ii) quality management, which seeks to ensure that the project will satisfy the requirements, i.e. quality control to monitor specific results;
- (iii) time management, which seeks to ensure the timely completion of the project, i.e. estimating activity duration;
- (iv) cost management, which seeks to ensure that the project is completed within the approved budget;
- (v) human resource management, which seeks to ensure the most effective use of the people involved in the project, i.e. team development;
- (vi) procurement management, which seeks to ensure that requisite goods and services to achieve the project scope are efficiently acquired from outside the client's organisation, i.e. by the solicitation of quotes; and
- (vii) communication management, which seeks to ensure the timely and appropriate generation, collection, dissemination, storage and ultimate disposition of project information such as performance reporting.

To maintain PMI standards and ensure that the PMI methodology is followed, OpenSys has set up a Project Management Office ("PMO"). Its PMO ensures that the project management methodology adopted by the Company is applied consistently by all project teams to achieve the best quality products and services.

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**7. BUSINESS OVERVIEW (Cont'd)**

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**7.9.2 Operating Process**

**Software Development Process**

OpenSys' software development process consists of four broad phases as follows:

**Inception Phase**

OpenSys defines in broad terms the scope of the project and the requirements of its customers. It then develops a project plan to determine the time and resources which would be needed to complete the project.

**Elaboration Phase**

OpenSys determines the detailed specifications and draw up a blueprint for the software. It also assesses the commercial viability of the project.

**Construction**

OpenSys writes the software programmes and continue to refine the programmes until they meet the specifications and comply with the blueprint. The software is then released for testing by the customer(s).

**Transition**

OpenSys delivers the software to the customer(s) and train the end-users to use the software.

**7.10 MARKET COMPETITION**

OpenSys believes that the market it competes in is segmented by technology, products and business sectors and its major competitors in each segment of its business are as follows:

**(a) Touch ESMs**

OpenSys Touch ESM is based on a multi-function, non-cash, self-service machine concept with proprietary software which integrates such functions and connects the ESM to a financial institution's computer system. Although there may be other manufacturers which produce self-service machines for other industries and other purposes, the Directors believe they do not have the multi-functional capability and connectivity of the Company's Touch ESMs.

**(b) eSys software**

eSys is different from other similar software programmes because it has a software platform which can facilitate the convergence of "brick-and-mortar" branches, agencies, call centres, kiosks and the Internet into a multi-channel delivery system. Accordingly, to the best of OpenSys' knowledge, it believes that there is no directly comparable product that can provide the same multi-channel, multi-product capability on a single software platform.

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**7. BUSINESS OVERVIEW (Cont'd)**

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**(c) Provision of IT services**

OpenSys' IT services are currently focused on particular sectors of the financial services industry, namely retail banking, insurance and stockbroking. OpenSys believe its competitors include various listed and unlisted companies that provide IT services both in Malaysia and overseas.

**7.11 COMPETITIVE STRENGTHS****(a) *Experienced management team***

OpenSys has an experienced management team at all levels of its management structure. Each of its nine Executive Directors and Key Management personnel has more than 10 years of relevant working experience. Details of their work experience can be found in Section 8.5 of this Prospectus.

**(b) *Knowledge of the market in which it operates***

OpenSys' experience in providing IT services to the financial services industry, and its seven (7) year track record in such projects has provided the Company with a deeper understanding of the product needs of the financial services industry. OpenSys also has employees with prior working experience in the financial services industry involved in product development and in servicing customers. Its collective expertise and experience has improved the focus of its product development and has helped it to develop products that are customised to meet industry needs.

**(c) *Commitment to product development***

OpenSys' commitment to product development has enabled it to develop and launch new products and to expand its core areas of business. This is demonstrated by its development and launch of its eSys suite of software applications and Touch ESM 3000. Details of its product development efforts and plans are set out in the Section 7.6 of this Prospectus. OpenSys believes that its continued commitment to product development will allow it to be more responsive to changes in technology, industry standards and customer demands for its products, and mitigate any effects of product failure or obsolescence.

**(d) *Ability to attract and retain its employees***

The Company has grown from 21 employees in 1996 to 102 employees as at 29 December 2003, being the latest practicable date prior to the printing of this Prospectus. It has a low employee turnover rate. Its ability to retain and increase its collective expertise and experience and making such expertise and experience available to others has allowed it to develop its products and service its customers.

The competitive advantage of the Company as compared to its competitors is that OpenSys is a one-stop solution centre whereby hardware and software and its related peripherals are packaged together with efficient after sales service and prompt response time.

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**7. BUSINESS OVERVIEW (Cont'd)**


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**(e) Significant employee ownership which aligns management and shareholder interests**

As at 29 December 2003, being the latest practicable date prior to the printing of this Prospectus, 12 of its total number of employees are shareholders of the Company. Upon implementation of the ESS, an additional 70 employees will become shareholders of OpenSys. At least approximately 43.61% of the enlarged share capital of the Company will be held by its Executive Directors and Key Management personnel directly and indirectly after the Listing (after the ESS and Public Issue but before the implementation of the ESOS), where some of their OpenSys Shares are under moratorium, details of which are set out in the Section 10.7 of this Prospectus. OpenSys believes that the substantial shareholdings of its Executive Directors, Key Management personnel and employees in the Company will serve to align their interests with the interests of the Company and motivate them in their performance. Through their shareholding in the Company and the implementation of the ESS and ESOS, OpenSys believes that it is more likely to be able to retain its key employees. OpenSys also believes that its ESOS will enable it to offer more attractive remuneration packages to its current and future employees and facilitate their retention and recruitment.

**(f) Track record in providing IT services**

OpenSys believes that through its association with NCR and Sanchez, its services for the ING Companies and the international scope of its projects, it has demonstrated that its services meet the standards acceptable to multinational corporations and financial institutions. It has in the course of its business provided IT services directly or indirectly (through outsourcing arrangements) to 19 banks, insurance companies and financial institutions in 10 countries.

**7.12 Trademarks and Other Intellectual Property Rights**

The table below sets out the trademarks and service marks (which are currently used by the Company) which the Company had applied to register with the Intellectual Property Corporation of Malaysia and their status as follows:

No.	Trademark	Classes Applied for in Malaysia	Status
1.	a. myTeller <b>myTeller</b>	35 and 36	Trademark registered under Class 35.
	b. myAuto <b>myAuto</b>	35 and 36	Trademark registered under Class 35 and approved for registration under Class 36.
	c. myPDA <b>myPDA</b>	35 and 36	Trademark pending approval for registration.
	d. myClaims <b>myClaims</b>	35	Trademark registered under Class 35.

## 7. BUSINESS OVERVIEW (Cont'd)

No.	Trademark	Classes Applied for in Malaysia	Status
	c. mySwitch <b>mySwitch</b>	35 and 36	Trademark registered under Class 35. Trademark approved for registration under Class 36.
	f. mySecurity <b>mySecurity</b>	35 and 36	Trademark registered under Class 35. Trademark approved for registration under Class 36.
2.	myCheques <b>myCheques</b>	9, 35 and 36	Trademark registered under Class 9 and Class 35. Trademark approved for registration under Class 36.
3	a. the logo of OpenSys <b>OpenSys</b> ™	9, 35, 36 and 42	Trademark registered under Class 9 and Class 35. Trademark approved for registration under Class 36 and Class 42.
	b. eSys <b>eSys</b>	9,35,36 and 42	Trademark registered under Class 35. Appeal filed for applications under Class 9 and Class 42 following objection as the said trademark resembles other existing trademarks belonging to other proprietor(s). Application under Class 36 pending approval.
	c. eSoho <b>eSoho</b>	9, 35, 36 and 42	Trademark registered under Class 35. Trademark approved for registration under Class 9 and Class 42. Application under Class 36 pending approval.
4.	Touch <b>Touch</b> !	9, 36 and 42	Trademark approved for registration under Class 9 and Class 42. Application under Class 36 pending approval.

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**7. BUSINESS OVERVIEW (Cont'd)**


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In addition, the Company has applied for the registration of the following trademarks in Malaysia which may be used for its products:

No.	Trademark	Classes	Status
1.	myChecks!	35,36	Pending approval.
2.	myCustomer	35,36	Pending approval.
3.	myDeposits	35,36	Application under Class 35 approved on 4 February 2002. Application under Class 36 pending approval.
4.	myFire	35	Trademark registered under Class 35.
5.	myFunds	35,36	Pending approval.
6.	myGL	35,36	Trademark registered under Class 35. Trademark approved for registration under Class 36.
7.	myHealth	35,36	Pending approval.
8.	myHP	35,36	Trademark approved for registration under Class 35. Application under Class 36 pending approval.
9.	myLife	35	Appeal filed following objection.
10.	myLoans	35	Trademark registered under Class 35.
11.	myPayments	35	Trademark registered under Class 35.
12.	myPortfolio	35,36	Pending approval.
13.	myTrade	35,36	Pending approval.
14.	myAdvisor	36	Trademark approved for registration under Class 36.
15.	myMedical	36	Trademark approved for registration under Class 36.

**Notes:**

- (1) Class 9 is in respect of data processing equipment and computers.
- (2) Class 35 is in respect of advertising, business management, business administration and office functions.
- (3) Class 36 is in respect of insurance, financial and monetary affairs.
- (4) Class 42 is in respect of design and development of computer hardware and software.

**Copyright**

OpenSys owns the copyright in all software developed for its current eSys and eSoho modules namely myTeller, myAuto, myPDA, myClaims, mySwitch, mySecurity, myLoans and myCheques.

**Industrial Designs**

OpenSys has applied in Malaysia for the registration of the design of the cabinet of the Touch 3050 as an industrial design under the Industrial Designs Act, 1996. The said industrial design was registered on 20 March 2002.

## 7. BUSINESS OVERVIEW (Cont'd)

## 7.13 MAJOR CUSTOMERS

The Company's Touch ESM models are mainly sold in Malaysia and Asia Pacific countries (which includes sales of ESMs to its appointed distributors) while eSys has been sold in Malaysia and Europe. In addition, OpenSys provides a range of IT services to customers in Malaysia, Europe and Asia Pacific.

The Company's domestic and export markets by sales value for the past three (3) years ended 31 December 2002 and the seven (7) months financial period ended 31 July 2003 is set out below:

Region	Financial Year Ended 31 December						Seven (7) months period ended 31 July 2003	
	2000		2001		2002		RM 000	%
	RM 000	%	RM 000	%	RM 000	%	RM 000	%
Malaysia	4,419	39.3	13,376	66.8	11,492	52.3	13,113	96.8
Europe	6,789	60.4	6,570	32.8	3,264	14.8	419	3.1
Asia Pacific (excluding Malaysia) <sup>(i)</sup>	38	0.3	90	0.4	7,233	32.9	12	0.1
<b>Total Sales</b>	<b>11,246</b>	<b>100.0</b>	<b>20,036</b>	<b>100.0</b>	<b>21,989</b>	<b>100.0</b>	<b>13,544</b>	<b>100.0</b>

**Note:**

(i) Included in Asia Pacific are Singapore, Thailand, Indonesia, Brunei, Philippines and Hong Kong.

The top ten (10) customers based on the seven (7) months financial period ended 31 July 2003, the percentage of sales out of the total revenue and the length of relationship are set out below:

Major Customers	Length of relationship (years)	% of sales out of total revenue
CSA*	2	59.9
Malayan Banking Berhad	1	12.9
EON Bank Berhad	1	10.5
United Overseas Bank (M) Berhad	1	3.1
Maxis Mobile Sdn Bhd	1	3.1
ING Interadvies	5	2.3
Berjaya General Insurance Berhad	1	2.0
Malaysian Assurance Alliance Bhd	5	1.7
Uni. Asia General Insurance Bhd	4	0.9
Sanchez Computer Associates	6	0.8

**Note:**

\* Distributor appointed by OpenSys for the sale and distribution of ESMs.



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**7. BUSINESS OVERVIEW (Cont'd)**


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**7.14 MAJOR SUPPLIERS**

The Company's eSys suite of software is developed in-house. The Company has outsourced the assembly of its Touch ESMs to APT Kiosk (M) Sdn Bhd ("APT"). Nevertheless, OpenSys has the capability to assemble its Touch ESMs in-house using its own resources and/or to obtain the services of other suppliers to assemble its Touch ESMs in the event its agreement with APT to assemble the same is terminated, or in the event APT is unable to perform its obligations for any reason. In addition, the Company also has various suppliers for its third party hardware and software products.

The top ten (10) suppliers based on the seven (7) months financial period ended 31 July 2003, the percentage of purchases out of the total purchases and the length of relationship are set out below:

<b>Major Suppliers</b>	<b>Length of relationship (years)</b>	<b>% of purchases out of total purchases</b>
APT Kiosk (M) Sdn Bhd	1	76.5
CTS Electronics	1	5.2
CSA	1	4.3
Olitec Services Sdn Bhd	1	3.2
Azure Technologies (M) Sdn Bhd	2	1.1
Maagnet Systems Sdn Bhd	1	0.8
Imamovers Sdn Bhd	2	0.7
Powercomp Distribution Sdn Bhd	1	0.7
Action Point Technology	7	0.6
Dicom Information Technology Sdn Bhd	2	0.3

**7.15 INTERRUPTION IN OPENSYS' BUSINESS**

There are no interruptions in the business of the Company which may have had a significant effect on the operations of the Company during the past twelve (12) months up to 29 December 2003, being the latest practicable date prior to the printing of this Prospectus.