

# ANNUAL REPORT 2022

theta

TOGETHER FOR A SUSTAINABLE FUTURE



# THIRTIETH ANNUAL GENERAL MEETING ("30TH AGM")

## DATE AND TIME

Monday, 26 June 2023 at 10.00 a.m.

## BROADCAST VENUE\*

Theta Edge Berhad's Headquarters  
Lot 11B, Jalan 223, Seksyen 51A  
46100 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia.

## ONLINE PLATFORM

TIIH Online Website at <https://tiih.online>  
With Remote Participation and Voting  
(RPV) Facilities

\* Broadcast venue refers to a physical venue where the Chairman and essential individuals are present to facilitate the conduct of a virtual general meeting. Shareholders will not be allowed to attend the 30th AGM in person at the Broadcast Venue on the day of the meeting.

## RESPONSIBLE GROWTH SUSTAINABLE FUTURE

In the quest for next-level growth, Theta Edge Berhad places great importance on sustainability and creating greater value for its stakeholders. As a pioneer in ICT products and services solutioning provider, Theta Edge Berhad is committed to continuously uphold and enhance its Environment, Social and Governance ("ESG") practices across the organization, while pursuing economic sustainability.



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## 30<sup>TH</sup> ANNUAL GENERAL MEETING

### DATE & TIME

Monday, 26 June 2023 at 10.00 a.m.

### BROADCAST VENUE\*

Theta Edge Berhad's Headquarters  
Lot 11B, Jalan 223, Seksyen 51A  
46100 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia.

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

**TENGGU DATO' SERI HASMUDDIN BIN TENGGU OTHMAN**  
Chairman, Non-Independent Non-Executive Director

**ABDUL HALIM BIN JANTAN**  
Senior Independent Non-Executive Director

**DATUK SERI ASRI BIN HAMIDIN @ HAMIDON**  
Non-Independent Non-Executive Director

**SHAMSUL KAMAL BIN HUSSEIN KAMAL**  
Non-Independent Non-Executive Director

**ZAINAL 'ABIDIN BIN ABD JALIL**  
Non-Independent Non-Executive Director

**ROZAHAN BIN OSMAN**  
Non-Independent Non-Executive Director

**ERMA SURIANEE BINTI MALEK**  
Independent Non-Executive Director

**LATIFAH BINTI M.DAUD**  
Independent Non-Executive Director

**AZIH BIN YUSOF**  
Independent Non-Executive Director

### NOMINATION AND REMUNERATION COMMITTEE (NRC)

**ABDUL HALIM BIN JANTAN**  
Chairman, Senior Independent Non-Executive Director

**LATIFAH BINTI M.DAUD**  
Member, Independent Non-Executive Director

**ERMA SURIANEE BINTI MALEK**  
Member, Independent Non-Executive Director

**SHAMSUL KAMAL BIN HUSSEIN KAMAL**  
Member, Non-Independent Non-Executive Director

**ROZAHAN BIN OSMAN**  
Member, Non-Independent Non-Executive Director

### AUDIT AND RISK MANAGEMENT COMMITTEE (ARMC)

**ERMA SURIANEE BINTI MALEK**  
Chairperson, Independent Non-Executive Director

**ABDUL HALIM BIN JANTAN**  
Member, Senior Independent Non-Executive Director

**ROZAHAN BIN OSMAN**  
Member, Non-Independent Non-Executive Director

### INVESTMENT STEERING COMMITTEE (ISC)

**LATIFAH BINTI M.DAUD**  
Chairperson, Independent Non-Executive Director

**ZAINAL 'ABIDIN BIN ABD JALIL**  
Member, Non-Independent Non-Executive Director

**ABDUL HALIM BIN JANTAN**  
Member, Senior Independent Non-Executive Director

**SHAMSUL KAMAL BIN HUSSEIN KAMAL**  
Member, Non-Independent Non-Executive Director

### REGISTERED OFFICE

Lot 11B, Jalan 223  
Seksyen 51A  
46100 Petaling Jaya  
Selangor Darul Ehsan, Malaysia  
Tel : +603 6043 0000  
Fax : +603 6043 0077

### COMPANY SECRETARIES

**CYNTHIA GLORIA LOUIS**  
(SSM PC No. 201908003061)  
(MAICSA 7008306)

**CHEW MEI LING**  
(SSM PC No. 201908003178)  
(MAICSA 7019175)

### SHARE REGISTRAR

**Tricor Investor & Issuing House Services Sdn Bhd**  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite, Avenue 3  
Bangsar South, No. 8, Jalan Kerinchi  
59200 Kuala Lumpur, Malaysia  
Tel : +603 2783 9299  
Fax : +603 2783 9222

### EXTERNAL AUDITOR

**KPMG PLT**  
(LLP0010081-LCA & AF 0758)  
Chartered Accountants  
Level 10, KPMG Tower  
8, First Avenue, Bandar Utama  
47800 Petaling Jaya  
Selangor Darul Ehsan, Malaysia  
Tel : +603 7721 3388  
Fax : +603 7721 3399

### SHARE LISTING

**Main Market of Bursa Malaysia Securities Berhad**  
Stock Name : THETA  
Stock Code : 9075

### PRINCIPAL BANKER

Bank Muamalat Malaysia Berhad  
Bank Islam Malaysia Berhad

### WEBSITE

[www.theta-edge.com](http://www.theta-edge.com)

## CORPORATE STRUCTURE




**Information Technology**

IT Advisory, system integration, application development and IT implementation services to businesses.

**THETA Technologies Sdn Bhd****100%****THETA Mobility Sdn Bhd**  
(formerly known as Upperstage Sdn Bhd)

General Trading  
Acquisition of digital Assets

**THETRIS ISS Sdn Bhd**

Provision of software, hardware and technology equipment, Information Technology Consulting and Services, Security and Surveillance Systems, Artificial Intelligence, Data Analytics and Information Management.

**Healthcare**

HIS/ EMR and Healthcare Efficiency management system implementation, integration, project management and support services to hospitals.

**THETA Healthcare Sdn Bhd****Green Technology**

Energy Efficiency, Environmental Sustainability Advisory, system implementation and data analytics services to businesses.

**THETA Greentech Sdn Bhd****Telecommunications & Greentech**

Supply, installation and maintenance support services for telecommunications and CME services.

**THETA Telecoms Sdn Bhd****R&D & Internal Developer**

Product enhancement/ redevelopment of system

**THETA Innovation Sdn Bhd****Dormant**

Marketing of computer products, provision of application development services and other computer related activities.

**THETA Services Sdn Bhd****Dormant**

Dealers, software writers, compilers and testers, system developers, trainers and consultants in computers and all services related to information technology industry.

**Advanced Business Solutions (M) Sdn Bhd****Dormant**

Other Information Technology service activities not elsewhere classified.

**TH 2.0 Sdn Bhd****Dormant**

Public mobile data network operator.

**Impianas Sdn Bhd**



A portrait of Tengku Dato' Seri Hasmuddin Bin Tengku Othman, the Chairman of the Board of Theta Edge Berhad. He is a middle-aged man with grey hair, smiling, wearing a dark suit, a white shirt, and a striped tie. He is standing against a dark, textured background.

# CHAIRMAN'S STATEMENT

TENGKU DATO' SERI HASMUDDIN  
BIN TENGKU OTHMAN

Chairman, Non-Independent Non-Executive Director

**Dear Shareholders,**

It is a privilege to write to you as the Chairman of the Board of Theta Edge Berhad ("Theta"). On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Consolidated Financial Statements of Theta Edge Berhad ("Theta") and its subsidiaries for the financial year ended 31 December 2022 ("FY2022").

## CHAIRMAN'S STATEMENT

### Operating Environment

Rebounding from the pandemic-induced economic shock, the Malaysian economy gathered momentum in 2022 as its growth rate surpassed expectations quarter after quarter which brought much relieves to all sectors. In the third quarter of 2022, private consumption has increased by 15% year-on-year. The Covid-19 Pandemic continued to have an impact into FY2023. Headwinds from the continuing Russia-Ukraine Crisis also had negative impact on the Malaysian economy.

The Group has been in the transformation phase since 2021 and is now in a better financial position. The Group remains strong with our operations continuing to generate healthy cash flow. During FY2022, the Group through its subsidiary, Theta Telecoms Sdn Bhd secured the JENDELA Phase 1 (Part 1) Project with a contract value amounting to RM154.4 million which considerably contributed to the Group's revenue and strengthened our financial position.

The Group recorded a revenue of RM94.3 million and achieved a profit after tax of RM7.6 million for FY2022. During the year, we were also able to undertake and complete a private placement exercise in April 2022 with net proceeds of RM7.5 million after deducting exercise cost of RM0.3 million.

A more in-depth review of our financial and operational performance is reported under the Management Discussion and Analysis of Business Operations and Financial Performance ("MDA") section of this Annual Report

### Outlook And Prospects

According to Bank Negara Malaysia ("BNM"), growth in our economy is expected to remain within 4 to 5 percent in 2023, as slowing global growth is anticipated to weigh on exports while concern about elevated costs of living and input costs are expected to impact spending by households and businesses. Domestic demand, particularly private sector spending, will remain the anchor of growth for the Malaysian economy in 2023. BNM's Financial Sector Blueprint 2022-2026 envisions improved financial inclusion, promotion of digitalization and advancement of Islamic financing along the transition to a sustainable economy. The global and domestic economy's shift towards home digitalization and online consumption of goods and services led to increase in demand for digital and 5G related products and services, Fintech and IT solutions which favors the Group in sustaining its revenue growth to remain resilient despite economic uncertainties in the coming years.

The Group remains cautious, but also positive with FY2023 prospects on the back of continued demand for digital and green technology product lines and services and IT solutioning delivery, playing the enabler role in bridging digital technology gap, thus promoting innovation and competitive advantage.

Theta's team has embarked on a rebranding exercise to better

repositioning of the group within the current digital technology sector and venture into new revenue horizons and market territories. The Group also focused on improving the capabilities of its employees through training and upskilling, upgrading capacities and automation in systems and processes, and continuously aligning its assets to improve revenue growth, project delivery and customer satisfaction.

### Sustainability

At Theta, sustainability and ESG best practices have always been the strategic business thrust as they are embedded in our daily operations. With Board Committee's close monitoring and oversight on management performance of the sustainability implementation, Theta is committed towards balancing profitability and sustainability aligning the Group with Global Reporting Initiative Standards ("GRI") and the United Nations Sustainable Development Goals ("UNSDGs").

### Dividend

The Group announced a final single tier dividend of RM0.015 per share for FY2022 to our shareholders.

We look forward to rewarding our loyal shareholders with attractive dividend yield while exercising financial prudence to enable us to reinvest in our business pursuits and it is always our intention to pay dividends to our shareholders.

### Annual General Meeting

Despite the Covid-19 approaching an endemic, we shall continue to adhere to strict standard operating procedures and will maintain an online channel participation for this year's Thirtieth Annual General Meeting of the Company ("30th AGM") which has been scheduled on Monday, 26 June 2023 at 10:00 a.m. All shareholders are welcome to participate in our 30th AGM in which the notice is enclosed in this annual report for your reference and guidance.

### Acknowledgement

Last but not least, I would like to express my gratitude to the employees, customers, business associates, consultants, bankers, governmental and regulatory authorities staff and shareholders for their continued support and confidence in the Group.

**TENGKU DATO' SERI HASMUDDIN TENGKU OTHMAN**  
Chairman

28 April 2023

## CORPORATE PROFILE

# ABOUT US

Theta Edge Berhad (“Theta”), a member of **TH** Group, initially has traded under the Second Board of the Kuala Lumpur Stock Exchange in 1994, before moving to the Main Board of Bursa Malaysia Securities Berhad in 1999. Since then, it has been classified in the technology category of Bursa Malaysia Securities Berhad's Main Market.

Theta is one of Malaysia's pioneering Information Communication and Technology (“ICT”) service providers with a market presence of more than three (3) decades focusing on Information Technology Solutions & System Integration, Telecommunication Engineering Services & Civil Works, and Green Energy & Environmental Infrastructure Consultancy Services.

## VISION & MISSION

### VISION

Strive to drive adoption of sustainable innovative technology resulting in betterment of people's future wellbeing.

### MISSION

Enabling organizations and communities to reimagine their way of life through adoption of innovative technology.

## CORE VALUES

# C

**Courage**

Courage to step out of your comfort zone for personal and professional growth

# A

**Accountable**

Taking responsibility for our every word and action

# R

**Responsive**

Responsive to the needs of our clients in delivering value-based solutions

# E

**Engaged**

Engaged in positive relationship with our partners through outstanding services

# S

**Simplicity**

Making lives easier for everyone through efficient management and smooth workflow



## CORPORATE PROFILE

# OUR PEOPLE



## CORE BUSINESSES

# BUSINESS PILLARS

Theta is the **One-Stop ICT & Digital Solutions Services Provider** involved in **digital transformation for customers**. Theta improves people's lives by achieving commercial and industrial excellence through technology.



# 1



Smart Solutions & ESG



Custom Application Development



Technology



Cyber Security Services



Cloud & Data Centre Modernization



Managed Services & Data Centre in a Box



Healthcare as a Service



Device as a Service



Network Services



Payment System Solutions



## CORE BUSINESSES

Theta is a pioneer in providing Information Technology (“IT”) and Telecom Engineering products and services to its established presence nationwide, supported by our shared resources across the nation.



# 2



### Telecommunication



Telecommunication Engineering  
Products and Services



Jendela 5G Tower



Hi-Tech Agriculture & Energy Renewal



5G Pole



Smart Pole



Fiberisation & VSAT



# BOARD OF DIRECTORS

- 1. TENGKU DATO' SERI HASMUDDIN TENGKU OTHMAN**  
CHAIRMAN, NON-INDEPENDENT NON-EXECUTIVE DIRECTOR
- 2. DATUK SERI ASRI HAMIDIN @ HAMIDON**  
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR
- 3. SHAMSUL KAMAL BIN HUSSEIN KAMAL**  
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR
- 4. ZAINAL 'ABIDIN BIN ABD JALIL**  
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR
- 5. ROZAHAN BIN OSMAN**  
NON-INDEPENDENT NON-EXECUTIVE DIRECTOR



## BOARD OF DIRECTORS

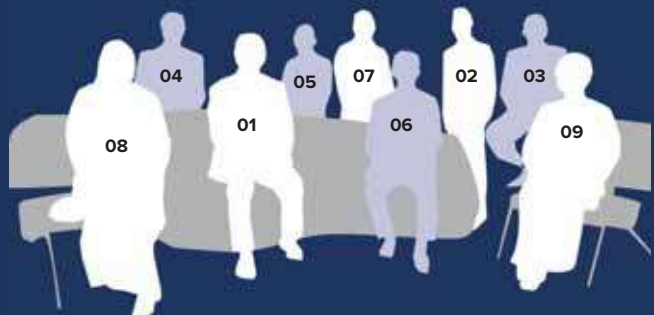


**6. ABDUL HALIM BIN JANTAN**  
SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

**7. AZIH BIN YUSOF**  
INDEPENDENT NON-EXECUTIVE DIRECTOR

**8. ERMA SURIANEE BINTI MALEK**  
INDEPENDENT NON-EXECUTIVE DIRECTOR

**9. LATIFAH BINTI M. DAUD**  
INDEPENDENT NON-EXECUTIVE DIRECTOR





## PROFILE OF DIRECTORS



### TENGGU DATO' SERI HASMUDDIN BIN TENGGU OTHMAN

**Position:**

Chairman, Non-Independent Non-Executive Director

**Date of Appointment:**

29 November, 2021

**Nationality:**

Malaysian

**Gender:**

Male

**Age:**

61

**Qualification**

- Bachelor of Law (Honours), University of Malaya
- Member of the Chartered Institute of Islamic Finance Professional

**Working Experience**

In 1990, Tengku Dato' Seri Hasmuddin Bin Tengku Othman ("Tengku Dato' Seri Hasmuddin") joined Messrs. Hisham, Sobri & Kadir where he is presently the Principal Partner. His main areas of practice are corporate and commercial law and Islamic banking and finance. Tengku Dato' Seri Hasmuddin is among the legal counsel involved in framing the structural framework for Islamic banking documentation in the early stages of that sectors development in Malaysia.

He is a member of the Chartered Institute of Islamic Finance Professional since 2009. He continues to play an active role in the development of this area of law through his involvement in the organization of Kuala Lumpur Islamic Finance Forum (KLIFF), an annual forum that gathers prominent personalities, practitioners and industry players of Islamic Finance as well as by presenting papers on the subject both locally and internationally.

Tengku Dato' Seri Hasmuddin Tengku Othman was the former director of Bank Muamalat Malaysia Berhad. He was appointed as a Non-Independent Non-Executive Director of Bank Muamalat on 18 April 2006 and was subsequently redesignated to Independent Non-Executive Director by Bank Negara Malaysia on 16 February 2009 until his retirement on 18 April, 2018. He is also the former director of Rangkaian Hotel Seri Malaysia Sdn. Bhd., Institut Jantung Negara Sdn Bhd, Amanah Ikhtiar Malaysia and Serba Dinamik Holdings Berhad. Currently, Tengku Dato' Seri Hasmuddin sits on the board of IJN Holdings Sdn Bhd and GoodScience Sdn Bhd.

Tengku Dato' Seri Hasmuddin is also involved in charitable organisations in the capacity of a trustee to the Tuanku Najihah Foundation, Yayasan Institut Al Quran Kuala Lumpur, Tabung Amanah Pesakit Malaysia, Institut Quran Tuanku Jaafar and Yayasan Munarah.

He has been on the Board of Lembaga Tabung Haji (**TH**) since 16 March 2021.

**Directorship of Listed Issuers and Public Companies**

- 30 September 2021 - **TH** Plantations Berhad
- 18 November 2004 - Aliran Ihsan Resources Berhad
- 1 December 2021 – Putrajaya Perdana Berhad

**Board Committee**

Nil

**Declaration**

- A representative of **TH**, a major shareholder of the Company
- No family relationship with any director and/or major shareholder of the Company and does not have any equity interest in the Company and its subsidiaries
- No conflict of interest other than disclosed under Additional Compliance Information Disclosure (Recurrent Related Party Transactions) in the Annual Report
- No convictions of offences (other than traffic offences, if any) within the past five (5) years
- No public sanction or penalties by any regulatory bodies during the financial year.

**Number of Board Meetings Attended during the financial year:**

9/10

## PROFILE OF DIRECTORS



### ABDUL HALIM BIN JANTAN

**Position:**

Senior Independent Non-Executive Director

**Date of Appointment:**

8 August, 2014

Independent Non-Executive Director

21 September, 2020

Redesignated to Senior Independent Non-Executive Director

**Nationality:**

Malaysian

**Gender:**

Male

**Age:**

65

**Qualification**

- Higher School Certificate
- Fellow Member of the Malaysian Insurance Institute and a Certified Risk Practitioner

**Working Experience**

Halim sits on various private company boards and two (2) public listed company boards. He has over 40-years experience and practice in developing and structuring Risk Management and Risk Transfer and is currently the Director and Chief Executive Officer of Sterling Insurance Brokers (Sterling), an Insurance Broking and Consulting company which he established in year 2000. He is also an Independent Director of Jentayu Sustainables Berhad (previously known as IPMUDA Berhad) as the Chairman of AC, Chairman of BRC and member of NRC.

As a forty (40) year old veteran in the practice of Risk Management and Risk Transfer, the art and science of developing an insurance solution has always been a passionate and enjoyable part of his life.

Prior to embarking in his enterprising journey being the Founder of Sterling Group of companies, he spent fourteen (14) years at American Malaysian Insurance Berhad (AMI), being the CEO in his last position.

Through the years, he has successfully established Sterling as the Premium Independent Power Plant (IPP) Broker in the insurance and reinsurance market and he is focussed in expanding its portfolio into specialised industry like Space, Aviation, Marine Hull and Employee Benefits continuously, by leveraging on technological advancement in Artificial Intelligence and Predictive Modelling.

Since then, he has evolved into becoming an entrepreneur with other business interest taking a third of his time, whilst he remained centrally focused in Engineering, Insurance Advisory and Risk Management services. It has given him 'across the board' hands-on experience and the leading-edge to craft his transactional business and insurance consultancy to forge ahead of the curve.

Today, the Sterling Group comprises of the following subsidiaries ;

- |                                      |   |
|--------------------------------------|---|
| • Sterling Insurance Brokers Sdn Bhd | • Sterling HCR Sdn Bhd                  |
| • Sterling Risks Solution Sdn Bhd    | • TUV-NORD Engineering Services Sdn Bhd |
| • Sterling I-Tech Sdn Bhd            | • NeuPower Ventures Sdn Bhd             |
| • Sterling Automation Sdn Bhd        | • Wing Cycle Sdn Bhd                    |

to provide a sustainable ecosystem and intellectual capital to deliver a high-end comprehensive total solution with a competitive cost structure to selected and targeted industries.

As a pastime indulgence, he thoroughly enjoys endurance sport, hence a triathlete at heart, with swimming, cycling and running being his biggest passion. Truly his day is not complete without doing one or the other, six (6) days a week. Somewhere in between, playing and walking nine holes in the golf course takes precedence occasionally.

After years of focusing on the growth of his Group business, he is now keen to give back to the industry and society, hence he participates regularly as panel speaker at industry seminars and conferences as well as occasional guest lecturer at universities, locally and internationally.

He hopes to pass down to future generations the same love for 'business enterprise', that he passionately inherited from his revered predecessors.

**Directorship of Listed Issuers and Public Companies**

- 2 November, 2020 – Jentayu Sustainables Berhad (formerly known as IPMUDA Berhad)

**Board Committee**

- Chairman of Nomination and Remuneration Committee
- Member of Audit and Risk Management Committee
- Member of Investment Steering Committee

**Declaration**

- No family relationship with any director and/or major shareholder of the Company and does not have any equity interest in the Company and its subsidiaries
- No conflict of interest with the Company
- No convictions of offences (other than traffic offences, if any) within the past five (5) years
- No public sanction or penalties by any regulatory bodies during the financial year

**Number of Board Meetings Attended during the financial year:**  
10/10

## PROFILE OF DIRECTORS



### DATUK SERI ASRI BIN HAMIDIN @ HAMIDON

**Position:**

Non-Independent Non-Executive Director

**Date of Appointment:**

29 November, 2021

**Nationality:**

Malaysian

**Gender:**

Male

**Age:**

57

**Qualification**

- Masters of Economics, Hiroshima University, Japan
- Bachelor of Economics (Hons), University of Malaya
- Diploma in Public Administration, National Institute of Public Administration (INTAN)

**Working Experience**

Datuk Seri Asri Bin Hamidin @ Hamidon ("Datuk Seri Asri") was the Secretary General of the Treasury, Ministry of Finance. Prior to the appointment, he was the Deputy Secretary General (Policy) of the Treasury. He has served for more than 25 years in several Government departments and divisions including the Economic Planning Unit in the Prime Minister's Department and in the Ministry of Finance, where he started his career ladder. In 1998, he served the MACC before being appointed as the Diplomatic Officer at the National Service Department in March 2003.

Datuk Seri Asri is currently the Trustee for Yayasan Amanah Hartanah Bumiputera. He was the Non-Independent Non-Executive Director of DanaInfra Nasional Berhad, Permodalan Nasional Berhad, Tenaga Nasional Berhad's Chairman, Director of 1Malaysia Development Berhad, Perbadanan Insurans Deposit Malaysia (PIDM), Chairman of Lembaga Hasil Dalam Negeri and Kumpulan Wang Persaraan (Diperbadankan). He was the Non-Independent Non-Executive Director of Telekom Malaysia Berhad from 2018 to 2020 and the Independent Non-Executive Director of Bina Darulaman Berhad from 2018 to 2021.

**Directorship of Listed Issuers and Public Companies**

Nil

**Board Committee**

Nil

**Declaration**

- A representative of **TH**, a major shareholder of the Company
- No family relationship with any director and/or major shareholder of the Company and does not have any equity interest in the Company and its subsidiaries
- No conflict of interest other than disclosed under Additional Compliance Information Disclosure (Recurrent Related Party Transactions) in the Annual Report
- No convictions of offences (other than traffic offences, if any) within the past five (5) years
- No public sanction or penalties by any regulatory bodies during the financial year.

**Number of Board Meetings Attended during the financial year:**

5/10

## PROFILE OF DIRECTORS



### SHAMSUL KAMAL BIN HUSSEIN KAMAL

**Position:**

Non-Independent Non-Executive Director

**Date of Appointment:**

1 April, 2022

**Nationality:**

Malaysian

**Gender:**

Male

**Age:**

52

**Qualification**

Bachelor of Computer Science (Hons) University of Malaya

**Working Experience**

Shamsul Kamal b Hussein Kamal took office as Chief Technology Officer at Lembaga Tabung Haji (**TH**) in September 2018. He graduated with Bachelor of Computer Science (Hons) from the University of Malaya (UM) and has accumulated 27 years of extensive experience in Information Technology. He began his career in 1994 as IT Officer for Development and Commercial Bank Berhad (Currently RHB Bank Berhad) and later in Kuwait Finance House (Malaysia) Berhad. He also served in MESDAQ Berhad, MIMOS Berhad and Jaring Communications Sdn Bhd.

He was one of the pioneer team member with the responsibility to develop and setup the whole IT systems for MESDAQ Berhad (Malaysia Second Stock Exchange) and Kuwait Finance House (Malaysia) Berhad, where he served as Head of IT Infrastructure and Security.

His extensive knowledge and experience cover various spectrum of IT systems, architecture, infrastructure, implementation, integration, sales and consultancy. He also developed valuable skills and expertise in implementing Blockchain technology during his tenure as Chief Technology Officer in a FINTECH company.

He is currently driving the Digital Transformation for **TH** in achieving **TH** Hijrah 24.

**Directorship of Listed Issuers and Public Companies**

Nil

**Board Committee**

- Member of Nomination and Remuneration Committee
- Member of Investment Steering Committee

**Declaration**

- A representative of **TH**, a major shareholder of the Company
- No family relationship with any director and/or major shareholder of the Company and does not have any equity interest in the Company and its subsidiaries
- No conflict of interest other than disclosed under Additional Compliance Information Disclosure (Recurrent Related Party Transactions) in the Annual Report
- No convictions of offences (other than traffic offences, if any) within the past five (5) years
- No public sanction or penalties by any regulatory bodies during the financial year.

**Number of Board Meetings Attended during the financial year:**

8/8

## PROFILE OF DIRECTORS



### ZAINAL 'ABIDIN BIN ABD JALIL

**Position:**

Non-Independent Non-Executive Director

**Date of Appointment:**

10 May, 2021

**Nationality:**

Malaysian

**Gender:**

Male

**Age:**

64

**Qualification**

- Bachelor of Civil Engineering, University of Queensland, Australia

**Working Experience**

Zainal 'Abidin bin Abd Jalil was the Executive Director of Dagang NeXchange Berhad (DNeX) from December 2020 till March 2023. He has served about six (6) years as the Group Managing Director of the Company till his retirement in February 2019 and subsequently assumed the role of an Executive Director. He was redesignated as Executive Director for the Energy Division in December 2020.

As an accomplished industry leader with a wealth of experience in managing large multi-national businesses in IT and capital-intensive energy industry, he is well-experienced in business turnaround, organizational transformation, Mergers & Acquisitions and building sustainable enterprise to compete in international markets. As the Group Managing Director of DNeX, he turned around the Company, which was formerly Time Engineering (a GLC) with a market capital of RM180 million into a RM2 billion company with global footprint and a diverse line of businesses in the three core segments of IT/e-Services, Technology and Energy.

He had a long career at ExxonMobil spanning 28 years in various leadership roles at the IOC business units worldwide. He has significant leadership experience in managing upstream exploration and production businesses including offshore operations, and joint-ventures with global IOCs. He has a track record working on oilfield assets in major hydrocarbon producing basins in West Africa, North America and Asia Pacific.

Serving as Chief Executive Officer of Malakoff Corporation Berhad, he successfully spearheaded the Company's transformation into a major international Independent Water and Power Producer (IWPP) with core businesses in power generation, renewable energy, water desalination and operations and maintenance services. He was instrumental in leading Malakoff into international market as well as building renewable energy business in the Middle East, North Africa, South East Asia and Australia. He was with Malakoff for three years prior to joining DNeX in June 2014.

**Directorship of Listed Issuers and Public Companies**

- 15 March 2022 - **TH** Heavy Engineering Berhad

**Board Committee**

- Member of Investment Steering Committee

**Declaration**

- A representative of Threadstone Capital Sdn Bhd, a major shareholder of the Company
- A Director of Threadstone Capital Sdn Bhd and the major shareholder of the Company through his interest in Threadstone Capital Sdn Bhd
- No family relationship with any director and/or major shareholder of the Company
- Details of shareholdings held in the Company are disclosed on page 151 of the Annual Report
- No equity interest in the subsidiaries
- No conflict of interest with the Company
- No convictions of offences (other than traffic offences, if any) within the past five (5) years
- No public sanction or penalties by any regulatory bodies during the financial year.

**Number of Board Meetings Attended during the financial year:**

9/10



## PROFILE OF DIRECTORS



### ROZAHAN BIN OSMAN

**Position:**

Non-Independent Non-Executive Director

**Date of Appointment:**

10 May, 2021

**Nationality:**

Malaysian

**Gender:**

Male

**Age:**

58

**Qualification**

- Member of the Association of Chartered Certified Accountants (ACCA)
- Certified Management Accountant (CMA)
- Chartered Financial Analyst (CFA)
- Member of the Malaysian Institute of Accountants

**Working Experience**

Rozahan Bin Osman has more than 30 years' working experience in areas including financial management, corporate finance, corporate planning and corporate services. Throughout his career, he has serviced various industries including manufacturing, oil and gas engineering, property development and services sector.

His previous employment includes Group Chief Financial Officer for Perak SEDC Group from 2013 to 2019 and Cement Industries of Malaysia as Chief Financial Officer from 2007 to 2012. Prior to the above employment stints, he has served several companies including Malaysia Marine and Heavy Engineering Berhad, Magna Prima Berhad, Malakoff Berhad, Zalik Securities Berhad and Ernst and Young.

**Directorship of Listed Issuers and Public Companies**

- 8 June 2021 - Signature International Berhad

**Board Committee**

- Member of Nomination and Remuneration Committee
- Member of Audit and Risk Management Committee

**Declaration**

- A representative of Threadstone Capital Sdn Bhd, a major shareholder of the Company
- No family relationship with any director and/or major shareholder of the Company and does not have any equity interest in the Company and its subsidiaries
- No conflict of interest with the Company
- No convictions of offences (other than traffic offences, if any) within the past five (5) years
- No public sanction or penalties by any regulatory bodies during the financial year.

**Number of Board Meetings Attended during the financial year:**

10/10

## PROFILE OF DIRECTORS



### ERMA SURIANEE BINTI MALEK

**Position:**

Independent Non-Executive Director

**Date of Appointment:**

10 September, 2021

**Nationality:**

Malaysian

**Gender:**

Female

**Age:**

53

**Qualification**

- Executive Master in Business Administration, Universiti Teknologi MARA (UiTM)
- Chartered Management Accountant, Malaysian Institute of Accountants
- Associate Member, Chartered Institute of Management Accountants, United Kingdom

**Working Experience**

Erma Surianee Malek has an extensive of more than 23 years' experience in Management Accounting, Financial Analysis, Material Management, and Project Management in multiple industries. She started her career with Goodyear Malaysia Berhad in 1997, where she successfully managed Quality Standard, Sarbanes-Oxley and Six Sigma work environment. She was the first female Chairperson of the Consultative Committee for Goodyear Executive Staff. In 2005, she joined UMW, managing finance and general management of its start-up company.

Erma later joined Khazanah Nasional Berhad in 2007 where she managed Financial Operations and Settlements and was involved in Special Project for Public Market Trading. She was the Finance Representative for the Lab on Rationalisation of Yayasan Hasanah and Khazanah foundations as well as the lead for Khazanah Certified Accountants program.

She was involved in the start-up and auditing of Khazanah Representative Offices overseas and was the Nominee Director for Education and Creative & Media sector companies.

Erma is also known for her community services participation, which includes advising start-up shelters on governance and operating structures, as well as providing guidance on the accounting book-keeping for a humanitarian NGO.

**Directorship of Listed Issuers and Public Companies**

Nil

**Board Committee**

- Chairman of Audit and Risk Management Committee
- Member of Nomination and Remuneration Committee

**Declaration**

- No family relationship with any director and/or major shareholder of the Company and does not have any equity interest in the Company and its subsidiaries
- No conflict of interest with the Company
- No convictions of offences (other than traffic offences, if any) within the past five years
- No public sanction or penalties by any regulatory bodies during the financial year.

**Number of Board Meetings Attended during the financial year:**

10/10

## PROFILE OF DIRECTORS



### LATIFAH BINTI M. DAUD

**Position:**

Independent Non-Executive Director

**Date of Appointment:**

10 September, 2021

**Nationality:**

Malaysian

**Gender:**

Female

**Age:**

60

**Qualification**

- Master of Business Administration, Eastern Illinois University, United States of America
- Bachelor of Science in Computer Management, Eastern Illinois University, United States of America

**Working Experience**

Latifah M.Daud is currently the Executive Director, Strategic Human Capital Management at Khazanah Nasional Berhad.

She has extensive management consulting and human resources experience gained over a 30-year career in a variety of industries including semiconductor, aerospace and software technology solutions. Latifah and family lived in Shanghai, China for eight years before returning home to join Khazanah in 2015.

Early on in her career, Latifah worked for a consulting firm in Singapore, as well as at Hatibudi Nominees/Renong Group and Arab Malaysian Merchant Bank in Kuala Lumpur. Latifah once taught computer science at Yayasan Pelajaran Mara. She was a Board of Trustee of Yayasan Khazanah and a member of the Industrial Relations Panel at Malaysian Employers Federation. She now sits on the Industry Network Talent Advisory, at TalentCorp, Ministry of Human Resources.

**Directorship of Listed Issuers and Public Companies**

Nil

**Board Committee**

- Chairman of Investment Steering Committee
- Member of Nomination and Remuneration Committee

**Declaration**

- No family relationship with any director and/or major shareholder of the Company and does not have any equity interest in the Company and its subsidiaries
- No conflict of interest with the Company
- No convictions of offences (other than traffic offences, if any) within the past five (5) years
- No public sanction or penalties by any regulatory bodies during the financial year.

**Number of Board Meetings Attended during the financial year:**

10/10

## PROFILE OF DIRECTORS



### AZIH BIN YUSOF

**Position:**

Independent Non-Executive Director

**Date of Appointment:**

1 March, 2022

**Nationality:**

Malaysian

**Gender:**

Male

**Age:**

61

**Qualification**

- Master of Science in Computer Science, Universiti Malaysia Terengganu
- Bachelor of Science in Computer Science, Universiti Kebangsaan Malaysia
- Foundation Certificate in IT-Service Management, Examination Institute for Information Science

**Working Experience**

Azih bin Yusof has more than three (3) decades of experience in public services and had served several Government agencies including Malaysian Administrative Modernisation and Management Planning Unit (MAMPU).

He is currently the Executive Director of TAJDID Corporation Sdn Bhd, a corporate entity under the Terengganu State Government.

He has served as the Public Sector ICT Consultant (System Development) between 2015 to 2019. He was then appointed as the Head of ICT Consultant (System Development) and the Director of ICT Consultancy Division, MAMPU.

Azih recently retired as the Deputy Director General (Information and Communications Technology) of MAMPU. He was also the Government Chief Information Officer (GCIO) who was responsible for five (5) core dimension of public sector ICT services. He was the Commission Member of Suruhanjaya Syarikat Malaysia from 25 June 2021 to 31 March 2022.

He was certified as an expert in the field of Database Management for Public Sector in 2011 and had provided consultation service to the main project of the ICT public sector involving integrated digital services, data driven digital services and strengthening capability and capacity in information technology.

**Directorship of Listed Issuers and Public Companies**

Nil

**Board Committee**

Nil

**Declaration**

- No family relationship with any director and/or major shareholder of the Company and does not have any equity interest in the Company and its subsidiaries
- No conflict of interest with the Company
- No convictions of offences (other than traffic offences, if any) within the past five (5) years
- No public sanction or penalties by any regulatory bodies during the financial year.

**Number of Board Meetings Attended during the financial year:**

7/8



# SENIOR MANAGEMENT TEAM

**1 NURASLINA ZAINAL ABIDIN**  
Group Chief Executive Officer

**2 MOHAMAD IZZAT BIN SERPUDIN**  
Group Chief Financial Officer

**3 SHAM SOL BIN ALI**  
Head, Organisation Resilience

**4 ALIAS BIN ABDULLAH**  
Head, Group Corporate Services

**5 ROSNIZA BINTI BAHARUM**  
Head, Strategic Communication

**6 NURUL FADLI BIN ISMAIL**  
Head, Human Capital

**7 ROBERT LYE WENG TUCK**  
Head, Technology Business Transformation

**8 ZAHARI BIN ABDUL JALIL**  
Head, Telecoms Engineering (Non-IT)

**9 MUHAMMAD SHAHRIZWAN ZAINAL BIN ABU BAKAR**  
Acting Head, Group Internal Audit

**10 AHMAD ZAID BIN SULAIMAN**  
Head, Group Delivery & PMO

**11 SYAHRUL HAFIDZ BIN SUID**  
Head, Group Solutions & Pre-Sales

**12 OMAR BIN ABU BAKAR**  
Head, Sales & Accounts Management



## KEY SENIOR MANAGEMENT'S PROFILE



### NURASLINA BINTI ZAINAL ABIDIN

**Position:**

Group Chief Executive Officer

**Date of Appointment:**

8 September 2021

**Nationality:**

Malaysian

**Gender:**

Female

**Age:**

48

**Qualification**

- BSc.(Hons) in Food and Science Technology, University of Science Malaysia
- Six Sigma Master Black Belt

**Working Experience**

Nuraslina brings with her over 18 years of experience in successful transformation and optimisation of business performance for major corporate organisations and conglomerates. Her penchant for strategic and analytical thinking enables her to navigate complex situations in identifying opportunities for major service recoveries and propel company-wide changes to improve their performances and turned them into top-notch industry players.

Nuraslina joined Theta Edge Berhad as Chief Transformation Officer in 2021, in which later she was appointed as Group Chief Executive Officer in the same year. Her main role is to lead and drive fundamental transformational change in Theta Edge Berhad, which entails the Business As Usual (BAU) transformation agenda, comprising five pillars, namely financial performance process optimisation, customer centric approach to customer engagement, human capital management and culture of the organization.

Nuraslina's appointment demonstrated her pivotal role to drive the value creation pursuits of Theta Edge Berhad in the establishment of customer centric and solutioning capability which is complemented by other strategic moves not limited to optimising operational efficiency and stronger balance sheet of the company. The strategic move to invest in payment system solutions platforms strengthens her vision in transforming the Group to become the preferred digital provider in the market.

As an entrepreneur and technopreneur, she has received numerous accolades in recognition of her contributions and is one of the sought-after speakers on local and international speaking platforms – making her the formidable industry influencer globally and regionally.

Apart from her strategic visionary and transformational leadership in business growth and performance improvement, she is also recognised for her philanthropic activities. She introduced an inclusive community-based CSR programme, known as 'Digitalising B40 Community Programme' which focuses in bridging the digitalization gap of the educational landscape among Asnaf and B40 Community. She has also inspired Theta to commence the Digital Masjid Programme, with the objective to improve efficient and transparent financial management for the Masjid.

**Directorship of Listed Issuers and Public Companies**

Nil

**Declaration**

- No family relationship with any director and/or major shareholder of the Company and does not have any equity interest in the Company and its subsidiaries
- No conflict of interest with the Company
- No convictions of offences (other than traffic offences, if any) within the past five years
- No public sanction or penalties by any regulatory bodies during the financial year.

## KEY SENIOR MANAGEMENT'S PROFILE



### MOHAMAD IZZAT BIN SERPUDIN

**Position:**

Group Chief Financial Officer

**Date of Appointment:**

11 May 2022

**Nationality:**

Malaysian

**Gender:**

Male

**Age:**

39

**Qualification**

- Professional Qualification in Accountancy from Association of Chartered Accountants (ACCA)
- Professional Qualification in Accountancy from Malaysian Institute of Accountants (MIA)
- Diploma in Accountancy from MARA University of Technology

**Working Experience**

Mohamad Izzat is a Chartered Certified Accountant with more than ten (10) years working experience in accounting and finance fields and across various business functions, specifically in strategic corporate planning, corporate finance, business development, investor relations and corporate communications, being attached to several public-listed companies.

He is competent in financial reporting and analysis, cash flow management, budgeting, investment appraisal, financial modeling, project financing, business restructuring, project management and strategic communication as well as literate in MFRS accounting standard.

He has experience working with MMC Corporation Berhad (Group) managing the Group Strategy and Investor Relations, Media Prima Berhad (Group) managing the Group Corporate Finance and Strategic Communication, New Strait Times Press Berhad, DRB Hicom Berhad (Group) reviewing the financial performance of operating companies and Deloitte Malaysia whereby he designed and planned the audit engagement and deliverables.

**Directorship of Listed Issuers and Public Companies**

Nil

**Declaration**

- No family relationship with any director and/or major shareholder of the Company and does not have any equity interest in the Company and its subsidiaries
- No conflict of interest with the Company
- No convictions of offences (other than traffic offences, if any) within the past five years
- No public sanction or penalties by any regulatory bodies during the financial year.

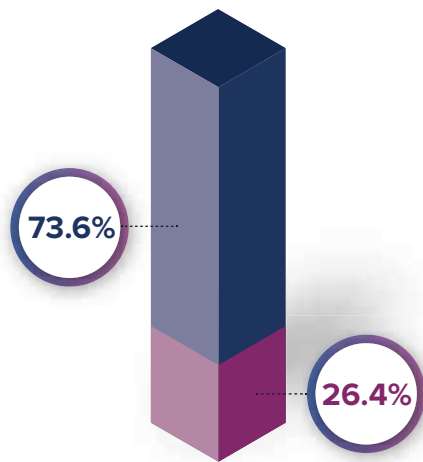
## FINANCIAL HIGHLIGHTS

		FY2018	FY2019	FY2020	FY2021	FY2022
<b>FINANCIAL RESULTS</b>						
Revenue	RM'000	70,469	49,896	47,504	144,143	94,272
Gross profit	RM'000	11,909	12,282	7,295	10,914	23,039
Gross profit	%	17%	25%	15%	8%	24%
Profit/(Loss) before finance cost, taxation, depreciation, allowances and other non cash items	RM'000	946	3,006	(1,928)	(3,414)	10,186
Profit/(Loss) before finance costs and taxation	RM'000	(1,229)	408	(2,794)	(4,156)	8,853
Finance costs	RM'000	342	237	233	635	1,206
Profit/(Loss) for the year	RM'000	(1,608)	180	(6,967)	(4,796)	7,609
Basic earnings / (Loss) per share	Sen	(1.50)	0.17	(6.50)	(4.47)	6.45
<b>FINANCIAL POSITION</b>						
Total assets	RM'000	79,507	79,614	73,993	100,120	137,949
Total liabilities	RM'000	11,620	10,241	11,587	42,510	64,954
Net assets	RM'000	67,887	69,373	62,406	57,610	72,995
Number of ordinary shares in issue	'000	107,243	107,243	107,243	107,243	117,968
Net assets per share	RM	0.63	0.65	0.58	0.54	0.62
Bank borrowings	RM'000	754	-	2,359	19,040	15,737
Gearing		0.01	-	0.04	0.33	0.22
Cash and cash equivalent	RM'000	46,332	44,839	41,559	50,000	56,199
<b>SHARE PERFORMANCE</b>						
Year high	RM	0.55	0.58	0.90	2.49	1.01
Year low	RM	0.24	0.25	0.16	0.65	0.55
Year close	RM	0.27	0.43	0.77	0.85	0.68
Trading volume for the year	'000	22,271	45,722	58,720	851,915	39,633
Market capitalisation	RM'000	28,956	46,114	82,041	91,157	80,808
Price to book	RM	0.43	0.66	1.31	1.58	1.10

## GROUP INCOME STATEMENT FY2021 AND FY2022

		Year Ended 31 December 2021 RM'000	Year Ended 31 December 2022 RM'000	Change
Revenue	RM'000	144,143	94,272	-35%
Gross Profit	RM'000	10,914	23,039	111%
Profit/(Loss) Before Taxation	RM'000	(4,791)	7,647	260%
Profit/(Loss) After Taxation	RM'000	(4,796)	7,609	259%
Profit/(Loss) for the Period	RM'000	(4,796)	7,609	259%
Profit/(Loss) attributable to Owners of the Company	RM'000	(4,796)	7,609	259%
Profit/(Loss) per share	sen	(4.47)	6.45	244%
Net Assets per share attributable to Owners of the Company	RM	0.54	0.62	15%

## FINANCIAL HIGHLIGHTS



# theta

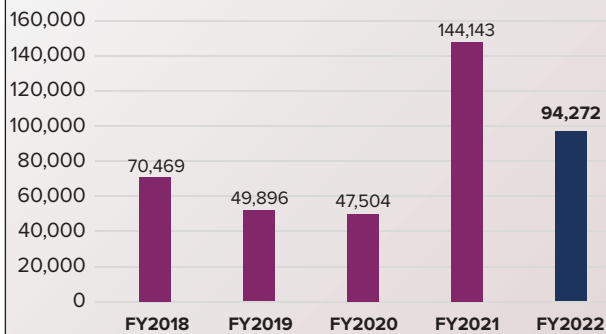
Revenue (FY2022)

## RM94.3 million

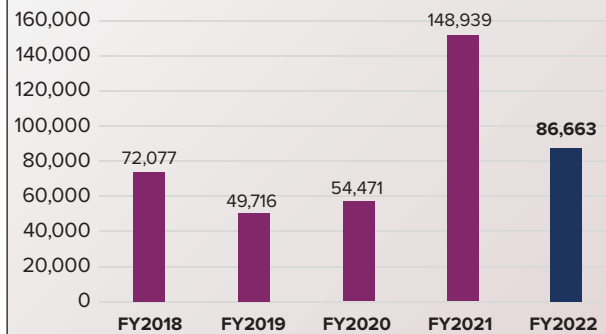
■ IT &amp; System's Integration

■ Telecommunications

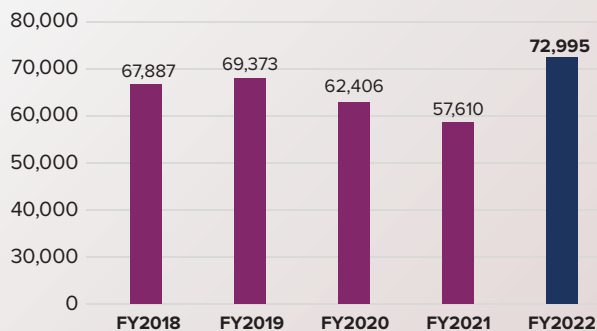
## REVENUE (RM'000)



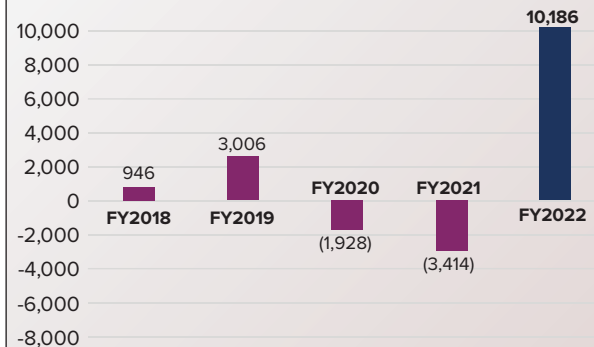
## TOTAL EXPENSES (RM'000)



## NET ASSETS (RM'000)



## EBITDA (RM'000)



## MANAGEMENT DISCUSSION AND ANALYSIS

### National Economic Outlook

The Malaysia's digital economy has been rapidly transforming the business landscape, with significant growth and investment across diverse industries including high-tech manufacturing. The players in the digital economy, especially startups are the forefront in driving the digital economy, disrupting traditional markets with innovative technology and new business models. As at December 2022, the Malaysia digital economy market share has grown to RM205 billion, representing 14% of the country's GDP, with e-commerce and fintech serving as the primary growth drivers. Together, these two sectors accounted for 90% of Malaysia digital economy.

Global investment in technology is expected to climb 5.1% in 2023 and the similar trend is expected to happen in Malaysia. According to a forecast by Gartner. Technology investment in Malaysia is anticipated to climb despite inflation because these investments improve productivity.

A report by GlobalData Market Opportunities Forecasts that IT expenditure in Malaysia will reach RM103.75 billion in 2023. The Malaysia Digital Economy Corp (MDEC) predicts the demand for IT tech talent will rise at a compound annual growth rate (CAGR) of 7.59% per year from 2023 to 2026 in the areas of growth, i.e. Cybersecurity, Software-as-a-Service conferencing solutions, E-commerce, and Internet of Things (IoT).

### Overview Of The Group's Business And Operations

The Group's business strength lies in its established core competencies in the areas of IT advisory, system integration, application development and IT implementation services for business enterprises. Its established clients are mainly the government sector, GLC's and Essential services for IT Services, system integration, apps development and IT solutioning in state management accounting, government accounting for all Malaysian missions overseas, land title management and issuance, managing the first and second-tier telco network infrastructure and related services and pilgrimage management.

FY 2022, the Group remain vigilant in its business operations despite local and global post-Pandemic economic uncertainties. Amidst the challenging environment, the Group continues to improve on productivity, enhanced its existing solutions and service offerings while broadening its customer base, locally and at the regional level. Moving towards the high-performance culture organization with sustainable future, business operations were stringently monitored and expenses were prudently managed.

FY2022, while aggressively building its capacity and resource upskilling, the Group strengthened its revenue sourcing orientation from traditional project pitching/bidding to strategic recurring and subscription-based revenue.

### Group Transformation Plan

The Group has always been focusing in high-performing culture organization attainment. Immediate initiatives taken for the necessary robust transformation in the preceding year have considerably yielded commendable outcomes as the result of stringent cash flow management after series of fluctuating revenue stream, down-trending profit after tax and stretched financial resources for the last five (5) years. By the end of FY2022, the Group improved its financial performance demonstrated by higher margin and profit after tax despite lower revenue.

The Group enthusiastically stepped into the second year of its 5 Years' Strategic Plan, continuing to pursue and monitor the performance of its BAU ("Business As Usual") Transformation Initiatives and Value Creation Plan ("VCP") activities based on its three-prong approach, i.e. (i) defend core capabilities (ii) drive growth (iii) accelerate development.

### Transformation Initiatives

Since FY2021, massive transformation initiatives have been taken which include group-wide cost optimization, strategic partnerships for the acquisition of new competencies, strategic supply chain management, and roll-out of operational policies and procedures to strengthen corporate governance. While maintaining its core businesses and growing its business at the same time, the Group successfully completed a major portion of its transformation initiatives until the date of this Annual Report.

The Group is still striving to complete the remaining of the transformation initiatives mainly in business process improvement, effective cost management, customer relationship improvement, upskilling its resources matching to the clients' expectations and strengthening its corporate governance with prudent risk management.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Value Creation Plan

Value Creation Plan (“VCP”) executions stretch across five (5) years’ implementation period. FY2022, the Group focused on the completion of VCP 1 which is targeted for FY2023, mainly to develop customer centric and solutioning capability, secure high profitable projects and complement the process with competent resources to safeguard financial standing.

Its Manpower Rationalization Exercise contributed to substantial reduction in human capital costs. The Group implementation of gross profit margin elements as key consideration prior to tendering/bidding throughout the project execution was proven as effective measure to ensure solid financial health and prevent the Group from financial risks. In FY2022, the Group initiated performance monitoring measures which involved all employees. Sales reward incentives were also introduced as motivational factors to secure more profitable deals.

In mid-2022, Theta initiated its Group rebranding exercise during its transition to Group headquarters’ relocation to new building premises, giving its fresh new look and reposition itself well in the market, which reflect its goals, product offerings and values.

The Group has always been committed to embrace change and make the most of its talents and disciplines at their disposal to drive change and empower transformative efforts. As part of meaningful business transformation process, the Group set up a Centre of Excellence. The establishment of the centre showcases an incubation hub which congregates people to collaboratively convene, conduct research and widen their influence of expertise.

In December 2022, the Group initiated its in-house e-wallet brand, linked to VISA known as SAKUPAY which could be used for contactless payment transactions anywhere in the world via SAKUPAY apps.

### Way Forward

The Group will continue in implementing its business on the asset-light, competency-heavy model, which aims to transform its commodity products into specialty products with the integration of payment services solution. The critical success factor is to be ready for the transformation journey by building a game-changing talent strategy, strengthening marketing and brand positioning, acquiring key and strategic competencies, to enable a new age working environment, business model, and culture, and ensuring an efficient source of funding.

The Group is also transforming its business direction to recurring and subscription income-based structure apart from the traditional way of doing business, leveraging on the National Budget 2023 business opportunities for all economic sectors in which digital technology element is embedded.

The implementation of 5G could supercharge the Malaysia digital economy of rural populations as they enjoy stable and high-speed internet access with potential to double the rural e-commerce market size by 2025, growing from RM7 billion to RM14 billion in 2025. The Group is strengthening its technical competencies as the preparation for more challenging digital technology business pre-requisites in the strategic areas of Artificial Intelligence, Internet of Things, cyber-security and payment services solution. Venturing with partners/providers will give the Group an added advantage by matching product capabilities between parties involved in the product-line.

The Group is also building its environmental credentials to attract the interest of investors which could help expand its business globally and accessible to 235 Bursa Malaysia ESG-mandated funds at its disposal.

The management of the Group is committed in steering the Group towards a sustainable business plan and improved financial performance. Moving forward, the Group is positive of the outlook for the FY2023 and will continue with its strategic initiatives.

### Review Of Financial Results

The Group reported revenue of RM94.3 million and Profit Before Tax of RM7.6 million for FY2022, as compared to RM144.1 million revenue and a loss before tax of RM4.8 million in the corresponding period of the previous year.

The significant decrease in revenue by RM49.9 million (35% decline) in the year under review was attributed to one-off supply of binocular and equipment amounting to RM98.5 million in the preceding year. The decrease is also resulted from delays in completing on-site works within peninsular Malaysia, due to effects of the extreme monsoon weather and shortage of telecommunication tower erector specialists.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group's Gross Profit for FY2022 increased by RM12.1 million or 111% as compared to a slight increase of RM3.6 million or 49.6% in the preceding year, mainly due to higher margin contributed by the system integration related contracts for Suruhanjaya Tenaga and Jabatan Kebajikan Masyarakat (under the Ministry of Women, Family and Society) and installation of telecommunication towers under JENDELA Phase 1 Project.

The Group's Profit After Tax for FY2022 increased by RM12.4 million or 259% as compared to the preceding financial year. Despite a reduction in operating expenses by RM1.5 million or equivalent to 10% from the previous financial year, the increase in the Group's PAT was mainly impacted by higher GP recorded during the financial year as well as an increase in finance costs by RM0.6 million from the previous financial year.

The Group's cash position remained relatively healthy with cash flows from operating activities recorded an increase of RM10.1 million for FY2022 as compared to a reduction of RM6.5 million in the preceding year.

The Group's gearing reduced from 0.33 to 0.22 derived from settlement of payment on the Group borrowings to fund equipment rental and services. Lease liabilities of RM8.2 million were recognised in the liabilities section of the Group Balance Sheet which described the lease of office and warehouse premises pursuant to the requirements of MFRS16.

Arising from positive improvements in Group liquidity position, its net assets per share increased from RM0.54 to RM0.62 for FY2021 and FY2022 respectively.

## GROUP SEGMENTAL PERFORMANCE

### Information Technology

The revenue contribution of this segment decreased from RM134.7 million to RM24.9 million as most contracts in hand have been completed. Theta Technologies is preparing its capacity to secure bigger scale projects in digital hi-technology but still continue with its core businesses mainly supply of hardware and IT maintenance for TH and the Customs Department.

In FY2023, the Group aspires as the recognised Digital Systems Integrator to the Marketplace, where adopting digital product and services will be centre-stage, via partnerships with world renowned technology market leaders to pursue three (3) future mega trends in IT sector which are Artificial Intelligence, Big Data and Cyber Security. Internal resources technology know-how upskilling to the level of trusted system integrator in the market is inevitable to remain relevant in the industry. The Group, through its subsidiary, Theta Technologies is exploring potential opportunities to transform the entity into a service provider with subscription-based business model through participation in projects with multi years recurring revenue, deploying new applications and strategic partnership. This would include providing device-as-a-service offering to customers for their ease in adopting new technology.

Towards achieving the abovementioned goal, the Group undertakes the necessary changes to implement the Go-To-Market (GTM) organization structure by consolidating GTM functions, adopting matrix structure and redeveloping cadence and management system. This would enable the Group to maximize its resources and develop core competencies at the same time offers job rotation and roles diversity for its people.

### Telecommunication Services

The telecommunication segment was the top performer business segment with a contribution of 73.6% to Group revenue in FY2022 amounting to RM69.4 million as compared to RM9.4 million or a 6.5% contribution in the preceding year. This was contributed largely from the implementation of the Jalanan Digital Nasional (JENDELA) Phase 1 (Part 1) Project apart from the materialization in the delivery of purchase orders from the continuing of the existing contracts serving the existing clients such as TNB, Celcom, Webe, Telekom and Motorola.

Theta's Telecommunication segments made a sturdy growth in FY2022 from optimized costs management via consistent efforts in prudent cost control initiatives, workforce rationalization exercise, and vendor development implementation apart from winning the clients' confidence as the trusted partner for JENDELA (Phase 1) project delivery.

## MANAGEMENT DISCUSSION AND ANALYSIS

This business segment, equipped with Network Facilities Provider (NFP), Network Service Provider (NSP), and Application Service Provider (ASP) licenses obtained from MCMC, continues to explore huge business potentials and revenue growths in the provision of Civil, Mechanical, Electrical (CME) works; technical installations; and engineering services to local telecommunication companies and multinational telecommunication equipment vendors apart from energy-saving solutions for corporate clients and other organizations.

In anticipation of market demand, Theta Telecoms acknowledges the importance of telecommunications infrastructure and services, particularly in relation to 5G infrastructure, and plans to strengthen its engineering services business while expanding into new markets. This expansion includes telecommunications infrastructure, 4G and 5G network connectivity, green technology (emphasizing energy efficiency and renewable energy), hi-technology agriculture, and managed services, with a focus on delivering complete solutions to clients and climbing up the value chain.

Leveraging on its experience in executing the JENDELA project, Theta Telecoms aims to construct and own telecommunication towers and poles to be leased to operators across Malaysia and further cementing its position in the industry.

Theta Telecoms boasts a diverse client base, including telecommunication operators, state governments, government agencies, municipal councils, campuses, land developers, and property owners. Our commitment in meeting each client's specific needs and their integrated approach to technology and sustainability, positions Theta Telecoms as a preferred partner across various industries.

### Manpower

The average number of employees in FY2022 was 189 as compared to 301 for FY2021. The reduction of 37.2% was due to employee turnover which resulted in an attrition rate of 46%.

### Certifications

Currently, the Group under its subsidiary companies have valid licenses and accreditations under the Environmental Management System standard ISO 14001:2015 for Management of Projects for ICT and Telecommunications services, ISO 45001:2018 for Occupational Health and Safety Management Systems (OHSMS) and Capability Maturity Model Integration (CMMI) Certification.

These certifications justify testimonials to the Group organizational adherence to the industry best practice standards, validate our professional capabilities in those certification areas, enhance Group credibility and customer confidence levels, instilling our commitments in service quality continuous improvement and promote high performance culture.

### Business and Operation Risks

In 2022, the Group made significant progress in enhancing its risk management capabilities by establishing and implementing its Enterprise Risk Management (ERM) Framework and successfully developing the Risk Register in April 2022. As a result of these initiatives, the Group identified several business and operational risks, primarily related to project delivery timelines and performance. The Group swiftly took action to address these risks by implementing necessary safeguards and mitigation measures to avoid any negative impacts. Overall, these efforts have resulted in a more robust risk management system, positioning the Group for sustained success in the future.

The Group also enhanced its resource capabilities including restructuring the organization structure and the composition of the Department within the Company to drive the business strategy and transformation initiatives during the year.

### Financial Risk

The Group's commitment to the Value Creation Plan and robust transformation has yielded positive results over the past year, stabilizing our financial position. The cost-reduction initiatives have contributed to approximately RM62 million, equivalent to a 42% in savings as compared to the previous year. The Group's successful procurement strategy and manpower rationalization have been key drivers of this cost saving and avoidance initiative.

In addition to these efforts, the Group has also benefitted from successful project outcomes, particularly through the JENDELA Project and high-margin maintenance contracts such as ISPECS and land management system Project for the Melaka State Government. These projects not only contributed to our financial growth but also positively impacted the Company's cash flow during the year.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Human Capital Risk

Throughout 2022, the Group made significant progress towards our strategic goals and continued to build a strong foundation for future growth. One of the key initiatives was the introduction of core values i.e Courage, Accountable, Responsive, Engaged and Simplicity that act as guidance for the Group's actions and decisions moving forward that helped the Group in building a culture of excellence and enable the Group to deliver the best possible outcomes for the customers and stakeholders.

The Group also embarked on a comprehensive Human Capital Transformation Plan aimed at making the Company the employer of choice. The plan focused on several key areas, including strong leadership, competitive pay, staff engagement programs, and an attractive and modern office environment that becomes essential to building with a high-performing organization.

By investing in the people and creating a great place to work, the Group was able to attract and retain the best talent, and ultimately drive business success. After the completion of the Voluntary Separation Scheme (VSS) Program which was implemented in 2021, the Group made it a priority to bring in new talent to refresh its internal capabilities and maintaining a competitive edge.

To ensure delivery of its strategic objectives, the Group prioritizes performance management and productivity measurement. This enables tracking of progress and make data-driven decisions that helps in optimizing the Company's operations and improve its overall performance.

### Partner Risk

The Group implemented several initiatives in FY2022 as part of the ongoing commitment in mitigating partner risk. One key initiative was the Vendor Development Program to help Bumiputera small businesses and SMEs to provide support and expertise on the resources for the project delivery. Among others the initiatives also included a rigorous due diligence process in partner selection to ensure their service delivery and meeting their contractual commitments which helps the Group in mitigating any adverse risks at early stage.

Another initiative was our Strategic Outsourcing Program, which allowed us to strategically partner with vendors to improve our product offerings and overall competitiveness through robust price comparisons to ensure the Group is getting the best value for its investments. In managing Partner Risk, a regular performance reviews have been carried out to ensure the Partners meeting their obligations which allows the Company to identify any potential issues and take appropriate actions to address them.

### Political, Economic, and Regulatory Risks

FY2022 was a challenging year for the Group. Political uncertainty arising from Government instability and the election process for the formation of the new government resulted in delays in decision-making and disruptions to account management positioning.

As a result, the Group operated in an environment where changes in regulations and laws, economic conditions, and shifts in government policies which significantly impacted the businesses. Given the Group's heavy involvement in government-related projects, these factors increase the level of risk that the Group faces and despite these challenges, the Group remains vigilant and committed to manage its risks by taking a proactive measure to ensure the sustainability and profitability of the Group.

The Group is committed in upholding the highest levels of integrity, transparency, and good governance in all its operations by preventing and mitigating the risks of corruption and unethical behaviour in the Group's business operations, the Group has fully complied with requirements of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 ("MACC Act") including obtained certificate from the Corporate Integrity System Malaysia ("CISM") in recognition of the Company's compliance. On top of that, the Group has also made an improvement in its whistle-blower reporting platform for its various stakeholders.

### Internal Audit

The Group established its in-house Internal Audit Department ("IAD") to perform the internal audit function and discontinued the internal audit services provided by BDO on 22 August 2022 which has been rendering internal audit services for the Group since July 2019. The Internal Audit (IA) team reports directly to the ARMC.

## MANAGEMENT DISCUSSION AND ANALYSIS

### MARKET OUTLOOK AND PROSPECTS

Beyond FY2023, the Group is cautiously optimistic in our future growth as it is not insulated from market and economic volatilities. Despite headwinds from the global component shortages, including the impact of Russia-Ukraine war and market uncertainties, we anticipate that there will be near term challenges, especially global supply chain disruptions.

Market demand is increasingly shifting towards organizations that emphasize their commitments towards sustainability. The Government believes that the Digital Technology sector will be a prime driver in economic growth with multiple forward and backward linkages that kickstart momentum for the economy.

The unprecedented disruption by COVID-19 is accelerating the urgency for agility, adaptability and transformation. Industry structures and business models are being disrupted – and the digitalization of the economy is being rapidly accelerated. An estimated 70% of new value created in the economy over the next decade will be based on digitally enabled platform business models.

Malaysia is a fast-developing centre for digital technology and high-tech manufacturing. According to Gartner, Global investment in technology is anticipated to climb 5.1% in 2023. Technology investment in Malaysia will climb despite inflation because these investments improve productivity.

5G plays a more significant role at industrial level. Government expects 70% of 5G deployment is for industrial purposes to drive Malaysia's digital transformation. Malaysia Institute of Economic Research (MIER) forecasted GDP to increase by RM110 billion to RM321 billion in the next decade, contingent upon investment in 5G technology.

As Malaysia continues to chart its course through 2023, the government has announced a significant allocation of nearly RM30 billion (including various funds and loans) to support businesses in accelerating their digitalization and automation efforts. This move, outlined in the Budget 2023 and guided by Malaysia Madani's vision of sustainability and innovation, is expected to boost the country's economic growth and competitiveness by enabling businesses to harness the power of digital technologies.

The Group ensures that operational policies and other relevant policies are all in place to be effectively implemented to strengthen its corporate governance and resilience. Continuous business and operational process improvements shall be implemented to position the Group as a high-performing culture organization, trusted and preferred digital solution provider in the local and regional market. More effective approach shall complement the existing group-wide cost optimization, strategic partnerships for the acquisition of new competencies and strategic supply chain management.

The Group will be kept abreast with stand-out technologies and trends that will be leveraged to boost delightful customer experience, network & business resilience and value propositions. The Group will continue nurturing its Technology and Telecommunications segments which it expects to benefit from the fast-growing global and Malaysia digital and technology sectors, being set to grow at 5.1% despite inflation FY2023 onwards.

The Group also expects the outstanding issues with IJN to be resolved in the forthcoming financial year pursuant to the contract termination received in March 2023 on the supply, conducting requirement study, design, developing/customising, configuring, integration, data migration, installation, testing, training, support and maintenance of the hospital information system and electronic medical record for IJN.

In FY2022, the Group participated in digital literacy enhancement initiatives to bridge the digital divide gap among urban and rural communities by distributing 1,500 computers nationwide, contributing to the nation-building agenda of creating a technology-savvy society for high-income economy.

Premised on the above, the Group remains cautiously optimistic and continues to take prudent approach in managing its operations, while constantly on the look-out for opportunities for diversification in ensuring growth sustainability.



## MANAGEMENT DISCUSSION AND ANALYSIS

### DIVIDENDS

The Group has established a formal Dividend Policy which is available at the company website [www.theta-edge.com](http://www.theta-edge.com). The Group will continue to adhere to its dividend pay-out policy of up to 40% of its annual profit after tax.

For the current financial year ended 31 December 2022, the Group declared a Dividend of RM0.015 per share.

### DIRECTORS' FIT AND PROPER POLICY

Directors' Fit and Proper Policy was established in FY2021 which is accessible at the company's website [www.theta-edge.com](http://www.theta-edge.com). In 2022, the Group engaged with external consultants in evaluating FY2022 board performance and effectiveness which encouraged greater candour among Board directors and provide independent perspective on board performance.

### CORPORATE DEVELOPMENT

On 25 February 2022, the Group had announced on behalf of the Board that the Company proposes to undertake a private placement of new ordinary shares in Theta Edge Berhad ("Placement Shares") of up to 10% of the total number of issued shares of the Company to third party investor(s) at an issue price of RM0.725 per share ("Private Placement"). Bursa Securities had vide its letter on 25 February 2022 approved the listing and quotation of up to 10,724,300 Placement Shares to be issued pursuant to the Private Placement. As at 29 April 2022, Theta Edge Berhad has issued a total of 117,967,569 shares pursuant to the Private Placement exercise to investors.

On 14 February 2023, the Group was notified of a disposal of 19.5 million shares by Arcadia Acres Sdn Bhd ("Arcadia Acres") to Threadstone Capital Sdn Bhd ("Threadstone").

As at the date of this Annual Report for 2022, both **TH** and Threadstone remain as the largest shareholders in Theta Edge Berhad with **TH** and Threadstone having a shareholding of 27.28% and 16.53% respectively.

The Group welcomed newcomers to the Board in 2022, Azih bin Yusof who came on Board on 1 March 2022 as the Independent Non-Executive Director and Shamsul Kamal Hussein Kamal as the Non-Independent Non-Executive Director, a nominee director of **TH**. Both directors are professional experts in Digital Technology transformation, modernization and innovation from the public service and institutional investor settings respectively.

### ACKNOWLEDGEMENT

On behalf of the Group, I would like to thank our shareholders, regulatory authorities, customers, business partners and associates, bankers and financial institutions, consultants as well as our employees for their continued trust and unwavering support in the Group.

I would also like to express my utmost gratitude to all Board members for their invaluable guidance and continued support in bringing the Group to a better position.

The Group will continue to explore new business opportunities and implement prudent business strategies and will proceed cautiously to enhance our existing business endeavours to deliver stakeholders' value in the years ahead.

*Nuraslina Zainal Abidin Group*  
Chief Executive Officer

# MEDIA APPEARANCES



## ACTIVITIES

### Theta Edge Berhad Annual Report 2022: Highlights For The Year

In 2022, Theta participated in various events under **#thetaCares** programmes, bringing people together in our commitment to promote innovation thus bridging the digital technology gaps across the nation.

#### 1 THETA REBRANDING SOFT-LAUNCH: EMBRACING CHANGE AND INNOVATION

**Location:** Theta Edge Berhad's Headquarters  
**Date:** 15 December 2022

Theta Edge Berhad organized a half-day soft-launch event of our rebranding exercise, embracing its fresh new look, logo, and office. This transformative event showcased our dedication to innovation and adaptability in the technology solutions landscape.



#### 2 2022 TOWNHALL: CONNECTING AND COMMUNICATING

**Location:** TH Hotel Kelana Jaya, Selangor  
**Date:** 7 April 2022

The inaugural Townhall Event held at **TH** Hotel Kelana Jaya brought together our employees and management for an engaging and informative event, providing avenues of communication among Senior Management and employees towards achieving our common goal in the rapidly evolving technology landscape.



## ACTIVITIES

# 3

## DISTRIBUTION OF 500 COMPUTERS AND 156 NOTEBOOKS TO UNDERPRIVILEGED COMMUNITIES IN PENINSULAR MALAYSIA

**Location:** Menara **TH** Tun Razak, Kuala Lumpur  
**Date:** 30 March 2022

In March 2022, 500 computers and 156 notebooks were distributed to underprivileged communities under Theta's newly launched CSR and community outreach program, **#thetaCares**, demonstrating Theta's commitment in enabling digital access and bridging technology gap within the education landscape.



# 4

## DONATION OF 50 LAPTOPS TO B40 OUTSTANDING STUDENTS IN PAHANG

**Location:** Kampung Rantau Panjang Mosque, Pahang  
**Date:** 8 April 2022

**#thetaCares**, in conjunction with the inauguration of the Kampung Rantau Panjang Mosque and the Iftar Ceremony in Lanchang, Temerloh, HRH The Regent of Pahang, Tengku Mahkota Tengku Hassan Ibrahim Alam Shah Ibni Al-Sultan Abdullah Ri'ayatuddin Al-Mustafa Billah Shah handed over donated laptops to B40 outstanding students. The ceremony was witnessed by Pn. Nuraslina Zainal Abidin, Theta's GCEO.





## ACTIVITIES

# 5

### LAPTOP SPONSORSHIP TO 10 EXCELLENT UNIVERSITY STUDENTS

**Date:** 15 April 2022

**#thetaCares** road-show across Pahang witnessed HRH The Regent of Pahang Tengku Hassan Ibrahim Alam Shah Ibni Al-Sultan Abdullah Ri'ayatuddin Al-Mustafa Billah Shah's handing over of 10 sponsored laptops to 10 excellent university students.



# 6

### CONTRIBUTION OF 100 COMPUTERS TO 39 SCHOOLS ACROSS PERAK

**Date:** 15 July 2022

In partnership with **TH** (Perak) and Jabatan Pendidikan Negeri Perak, Theta distributed 100 computers to students originating from various 39 schools across Perak.



# 7

### 154 COMPUTER DELIVERED TO COMMUNITY CENTRES, PERAK STATE

**Date:** 14-21 July 2022

In July 2022, Theta Edge Berhad in collaboration with the Ipoh City Council (MBI) and Lembaga Tabung Haji Perak, contributed 154 computers to 12 community centers throughout Perak. 12 computers were then distributed to Kem Batalion 3, Pusat Gerakan Am (PGA) and Perpustakaan Desa Kem Briged Utara, witnessed by YDH Supt Azhar Haji Hashim.



## ACTIVITIES

8

## DISTRIBUTION OF COMPUTERS IN THE DISTRICT OF BERA, PAHANG BY THE FORMER PRIME MINISTER OF MALAYSIA, YAB DATO' SRI ISMAIL SABRI BIN YAAKOB

**Date:** 22 October 2022

Theta Edge Berhad distributed 189 computers to Parents and Teacher's Association (PIBG) in Bera, organized by Pegawai Pendidikan Daerah Bera (PPD), mosques and Tabika KEMAS Bera, in line with the effort in uplifting the community towards the digital adaptation through the Group Corporate Social Responsibility (CSR) Programme, **#thetaCares**.

The computer handover was perfected during "Majlis Penyampaian Sumbangan YAB Perdana Menteri dan Penyerahan Komputer **#thetaCares**" oleh YAB Perdana Menteri Dato' Sri Ismail Sabri bin Yaakob, witnessed by Theta GCEO, Puan Nuraslina Zainal Abidin at Bera Convention Hall.



9

## HANDOVER OF NOTEBOOKS TO 50 UNDERPRIVILEGED STUDENTS

**Date:** 1 November 2022

Theta Edge Berhad collaborated with TAJDID Corporation Sdn Bhd (Terengganu Advanced Joint Digital Intelligent Development) in distributing notebooks to 50 underprivileged students in Terengganu, promoting IT-savvy society in the IR 4.0.

Present at the event were YB Ustaz Ariffin Deraman, (Chairman of the Terengganu State Tourism and Culture Committee), Puan Nuraslina Zainal Abidin (Theta GCEO), YB Ustaz Sulaiman Sulong (Deputy Chairman of the Terengganu State Tourism Committee, Culture and Digital Technology of the state of Terengganu), Encik Azih Yusof (Executive Director of TAJDID Corporation Sdn Bhd) and Tuan Haji Zuwislan Awang (Chairman of Marang District Council).



## SUSTAINABILITY STATEMENT

# GCEO'S STATEMENT



### Dear Stakeholders,

I am pleased to present Theta Edge Berhad's Sustainability Report for 2022, which demonstrates our commitment to responsible business practices, long-term value creation, and social and environmental stewardship. As a leading technology and digital services provider, we understand our crucial role in driving positive change for our business and the communities and environment in which we operate.

This report highlights our accomplishments, challenges, and ongoing efforts to integrate sustainability into our business operations following the Sustainability Accounting Standards Board (SASB) and the United Nations Sustainable Development Goals (UNSDGs).

In 2022, we made significant progress in our sustainability journey, including enhancing corporate governance, improving energy efficiency, fostering innovation, and promoting diversity and inclusion.

As we look to the future, we remain dedicated to upholding the highest standards of ethical conduct, pursuing growth opportunities that align with our sustainability goals, and collaborating with our stakeholders to create lasting positive impacts.

We thank you for your continued trust and support as we work towards a more sustainable and equitable future.

Sincerely,

Nuraslina Zainal Abidin  
Group Chief Executive Officer  
Theta Edge Berhad



## SUSTAINABILITY STATEMENT

### VISION

Strive to drive the adoption of sustainable, innovative technology to improve people's future well-being.

### MISSION

Enabling organizations and communities to reimagine their way of life by adopting innovative technology.

### CORE VALUES

Enabling organizations and communities to reimagine their way of life by adopting innovative technology.

**C**

#### Courage

Courage to step out of comfort zone for personal and professional growth

**A**

#### Accountable

Taking responsibility for our words and actions

**R**

#### Responsive

Responsive to the needs of our clients in delivering value-based solutions

**E**

#### Engaged

Engaged in a positive relationship with our partners through outstanding services.

**S**

#### Simplicity

Making lives easier for everyone through efficient management and smooth workflow.

### Report Scope and Boundary Reporting Framework

The Sustainability Statement discloses the Environment, Social, and Governance impact on the business operation for 2022 following the Bursa Malaysia Securities Berhad Sustainability Reporting Guidelines. Theta has reintroduced its new Corporate ESG and Sustainability Reporting Framework to comply with the Sustainability Accounting Standards Board (SASB) and United Nations Sustainable Development Group (UNSDG) standards and guidelines in measuring the materiality impact.

Theta Edge Berhad (Theta) is committed to integrating sustainability culture and awareness into every aspect of the Company's operations. As part of this commitment, Theta has developed a new framework that will guide the Company in its efforts to align with Environmental, Social, and Governance (ESG) principles.

Through the implementation of this framework, Theta aims to become a leading company in incorporating ESG considerations into its business practices. This will enable the Company to make significant progress toward its goal of being a part of the FTSE4Good Index, widely recognized as a benchmark for sustainable and responsible investment.

Theta recognizes that sustainability is a critical issue that requires the involvement of all stakeholders. As such, the new framework aims to integrate sustainability into every aspect of the Company's operations, from its supply chain management to its product development and marketing strategies.

In addition to incorporating ESG principles, Theta is committed to developing a sustainability culture that all employees and stakeholders will embrace. The Company recognizes that sustainable development is a collective effort and requires ongoing engagement and collaboration between all parties.

As we continue to grow and expand, the Company remains committed to its vision of being a responsible and sustainable organization. The new sustainability framework is a critical step in this journey, and we are looking forward to working closely with all stakeholders to achieve its sustainability goals.

# SUSTAINABILITY STATEMENT

## GOVERNANCE AND ETHICS

### Corporate Governance Structure

Theta Edge Berhad is committed to maintaining a robust corporate governance structure that ensures transparency, accountability, and effective decision-making. Our Board of Directors oversees the Company's strategic direction, risk management, and overall performance, while our executive management team, led by the CEO, is responsible for implementing the Board's decisions and managing day-to-day operations.

The Board comprises a diverse mix of independent and non-independent directors with expertise in technology, finance, and other relevant sectors. To ensure that our governance structure remains practical and up-to-date, we regularly review and revise our policies and practices in line with the Malaysian Code of Corporate Governance and international best practices.

### Stakeholder Engagement

Understanding and addressing the needs and expectations of our stakeholders is critical to our long-term success. Accordingly, we actively engage various stakeholders, including employees, customers, suppliers, investors, regulators, and local communities, through various channels such as meetings, surveys, workshops, and digital platforms.

Our stakeholder engagement efforts help us identify material issues, prioritize our sustainability initiatives, and continuously improve our performance. We are committed to maintaining an open, transparent, and constructive dialogue with all our stakeholders, incorporating their feedback into our decision-making processes and sustainability strategy.

<b>Investors &amp; Shareholders</b>	<ul style="list-style-type: none"> <li>• Direct interaction through Annual General Meeting</li> <li>• Timely announcement of quarterly results</li> <li>• Website at <a href="http://www.theta-edge.com">www.theta-edge.com</a></li> <li>• Direct communication to Senior Independent Non-Executive Director</li> </ul>	<ul style="list-style-type: none"> <li>• Being responsive to investors' feedback</li> <li>• Provide clarity on the Company's financial performance</li> <li>• Access to the Senior Independent Non-Executive Director</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Engagement with employees on an ongoing basis at all levels via various means of communication platform</li> <li>• Community volunteering work</li> <li>• Health, Safety, and Environmental Day</li> <li>• Department meeting</li> <li>• Employee training</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthen teamwork and co-operation</li> <li>• Inculcate the work-life balance</li> <li>• Improves technical and soft skills development</li> <li>• Health and Safety</li> </ul>
<b>Business Partners &amp; Vendors</b>	<ul style="list-style-type: none"> <li>• Communication at all levels with the business partners regularly</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthen the business relationship for mutual benefits</li> <li>• Collaboration to provide competitive goods and services</li> </ul>
<b>Government &amp; Regulators</b>	<ul style="list-style-type: none"> <li>• Continuous communication engagement with relevant agencies</li> <li>• Participated in Government and regulatory events</li> </ul>	<ul style="list-style-type: none"> <li>• Adherence with the regulatory requirements and expectations</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>• Engagement at all levels, including directors, management, and operations</li> <li>• Call center for customer care during working hours and dedicated Project Manager after working hours.</li> <li>• Customer Survey Index form to measure customer satisfaction.</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthen the relationship</li> <li>• Understanding expectations</li> </ul>
<b>Communities</b>	<ul style="list-style-type: none"> <li>• Training and work exposure for internship students</li> <li>• Corporate Social Responsibility programs</li> </ul>	<ul style="list-style-type: none"> <li>• Creation of job opportunities and working experience for fresh graduates</li> <li>• Understanding the communities needs</li> </ul>



## SUSTAINABILITY STATEMENT

### Ethical Standards and Compliance



At Theta Edge Berhad, we are committed to conducting our business ethically and complying with all applicable laws and regulations. Accordingly, we have implemented a comprehensive Code of Conduct that outlines our expectations for ethical behaviors, anti-corruption practices, and fair business dealings for all employees, directors, and business partners.

To reinforce our commitment to ethical conduct, we provide regular training and communication on ethical matters and have established clear reporting channels for employees and stakeholders to raise concerns or report potential violations. In addition, we take all reports of misconduct seriously and have a zero-tolerance approach to any breaches of our Business Code of Ethics via our transparent whistle-blower channel and reporting.

### Risk Management



Effective risk management is essential for the sustainable growth of our business. At Theta Edge Berhad, we have implemented an Enterprise Risk Management (ERM) framework that aligns with the principles of the ISO 31000:2018 standard. Our ERM framework enables us to identify, assess, and manage strategic, operational, financial, and sustainability-related materiality risks.

Our Board of Directors oversees the risk management process, while our Risk Champion and Owners, comprising representatives from different Corporate Functions and Business Units, are responsible for monitoring and reporting risks and mitigation measures. In addition, we regularly review and update our risk management policies and practices to ensure they remain effective in addressing the evolving risk landscape.

Through our proactive risk management approach, we aim to safeguard our business and create long-term value for our stakeholders while contributing to achieving the United Nations Sustainable Development Goals (UNSDGs).

## ECONOMIC PERFORMANCE AND UNSDGs INTEGRATION

### Financial Highlights



Theta Edge Berhad is proud to announce its 2022 financial highlights, which demonstrate our unwavering commitment to sustainable growth and value creation for our shareholders. Despite experiencing a 35% decrease in revenue, dropping from RM144.1 million in the previous year to RM94.3 million in 2022, the company made significant strides in terms of profitability and earnings per share.

Our 2022 net profit reached RM7.6 million, representing a remarkable 259% increase compared to the previous year's net loss of RM4.8 million. This significant turnaround in our financial position highlights the effectiveness of our strategic initiatives and our focus on operational efficiency.

In addition, our earnings per share (EPS) improved substantially by 244%, rising from a negative EPS of 4.5 cents in the previous year to a positive 6.5 cents in 2022. This robust growth in EPS further underscores our dedication to enhancing shareholder value and reflects the success of our efforts in driving the company's financial performance.

### Economic Value Generated and Distributed



Theta Edge Berhad demonstrated its commitment to generating and distributing economic value in a responsible and sustainable manner that benefits all stakeholders. The company generated RM94.3 million in revenues and distributed RM6.0 million in operating costs and RM18.7 million in employee wages and benefits. These figures highlight the company's focus on prioritizing employee welfare and creating a positive impact on the communities it serves.

Additionally, Theta Edge Berhad has participated in various community initiatives, aligning with its corporate social responsibility goals. The company's dedication to community development and sustainable practices underscores its long-term focus on creating equitable and prosperous futures for all stakeholders. Theta Edge Berhad's economic performance in 2022 reflects its unwavering commitment to responsible growth and value creation for shareholders, employees, and the communities in which it operates.

## SUSTAINABILITY STATEMENT

### Market Presence and Competitiveness

Our commitment to innovative solutions and exceptional customer service drives Theta Edge Berhad's market presence and competitiveness. Our ability to adapt to market changes and anticipate customer needs has positioned us as a trusted partner for businesses across various industries in Malaysia and beyond.

We continually invest in our workforce, strengthening our capabilities and fostering a culture of innovation and collaboration. This enables us to maintain our competitive edge and deliver value to our clients, shareholders, and other stakeholders.

### Investment in Innovation and Technology

Innovation and technology are at the enablers of our business strategy. In 2022, we invested RM356.8 thousand in research and development (R&D), representing 4.7% of our profits. These investments focused on enhancing our existing solutions and developing new products and services in E-Masjid, Sakupay, and Qalqa.

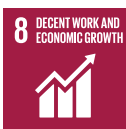
Our commitment to innovation also extends to our collaborations with industry partners, academic institutions, and government agencies, which enable us to leverage external expertise and resources to drive technological advancements and create new market opportunities.

### UNSDGs Impact and Alignment

Theta Edge Berhad is committed to contributing to achieving the United Nations Sustainable Development Goals (UNSDGs) through our business operations, products and services, and community engagement initiatives. Some critical areas of our UNSDGs alignment include:



We actively pursue energy efficiency in our operations and invest in renewable energy solutions for our facilities. Additionally, we provide our customers with energy-efficient products and services, enabling them to reduce their energy consumption and transition to cleaner energy sources.



By creating high-quality jobs, investing in employee development, and promoting a diverse and inclusive work environment, we contribute to sustainable economic growth and decent work opportunities.



Our investments in R&D and innovative technology solutions support the development of resilient infrastructure and sustainable industrialization, fostering innovation and driving economic growth.



We are committed to creating sustainable communities by supporting local economic development, promoting social inclusivity, and providing access to essential services.



We are committed to responsible resource management throughout our value chain. We continually improve our processes to minimize waste, increase resource efficiency, and promote sustainable procurement practices among our suppliers.



Through our energy efficiency measures, greenhouse gas emissions reduction initiatives, and sustainable solutions, we play a role in mitigating climate change and its impacts by implementing Solar Energy usage for Theta Edge Berhad.

## SUSTAINABILITY STATEMENT

### Jendela Initiative: Expanding Digital Connectivity for Sustainable Development

As a part of our commitment to social and environmental sustainability, Theta Edge Berhad is proud to announce that our wholly-owned subsidiary, Theta Telecoms Sdn Bhd, has been appointed the designated universal service provider for the provision and implementation of the Jalinan Digital Negara (JENDELA) Phase 1 project. This initiative highlights our dedication to bridging the digital divide and fostering sustainable development in Malaysia.

The JENDELA project involves supplying, delivering, and installing tower structures and their ancillaries to provide cellular services for 221 locations across 14 clusters in the country. With a total project cost of RM154.36 million, inclusive of any applicable taxes imposed by the Government, the project will be implemented over nine months, commencing from January 29, 2022. We anticipate this endeavor will contribute positively to our group's earnings for the financial year ending December 31, 2022, and in the financial year 2023.

Theta Edge Berhad, as a member of the **TH** group, is dedicated to supporting the nation's digital transformation efforts, and we believe that the JENDELA project aligns with our core values and the United Nations Sustainable Development Goals (UNSDGs). By providing improved digital connectivity to underserved areas, we aim to empower communities with greater access to information, education, and economic opportunities, ultimately promoting social inclusion and sustainable growth in Malaysia.

### Our Material Matters

We have identified our material matters based on their significance to our business operations, stakeholder expectations, and their impact on the environment, society, and economy. Our material issues encompass three main areas:

Environmental Management	Our environmental management material focuses on reducing our environmental footprint and promoting sustainable practices. These include:	Energy and carbon management	➤	We aim to reduce greenhouse gas emissions by promoting energy efficiency and investing in renewable energy sources.
		Water management	➤	We aim to conserve water resources and minimize water consumption across our operations.
		Waste management	➤	We aim to reduce waste generation and promote recycling and responsible disposal.
Social Management	Our social management material promotes social responsibility and supports our employees, customers, and communities. These include:	Human capital management	➤	We aim to provide employees with a safe and healthy work environment and promote their well-being and career development.
		Occupational health and safety	➤	We aim to ensure our employees' and stakeholders' health and safety.
		Community contributions and development	➤	We aim to support the development of our local communities by promoting economic growth, social development, and access to essential services.
Governance Management	Our governance management material matters to focus on promoting good governance practices and ensuring transparency and accountability in our operations. These include:	Leadership and governance	➤	We aim to promote responsible decision-making and ensure our operations align with our values and principles.
		Procurement practices and efficiency	➤	We aim to promote responsible procurement practices that minimize environmental and social risks and promote sustainable development.
		Business model and innovation	➤	We aim to promote sustainable business models and innovative solutions that address ESG challenges and create long-term value for our stakeholders.
		Policy Awareness and compliance enforcement	➤	We aim to foster a culture of awareness and adherence to policies, regulations, and industry standards, ensuring that our organization consistently complies with relevant laws and best practices while continuously working to improve internal controls and risk management.

## SUSTAINABILITY STATEMENT

### Health, Safety & Environmental (HSE)

Theta Edge Berhad is committed to conducting its business to provide a safe and healthy ecosystem. The various operational processes and activities should support sustainable development, management, and maintenance of all environmental best practices, i.e. ("EMS") ISO 14001:2015 and Theta has established the HSE Committee, where the team members will meet regularly to discuss HSE issues and ensure adherence to HSE policies. In addition, for continued assurance, internal audits by the HSE Committee are conducted periodically to ensure compliance with the HSE policy.

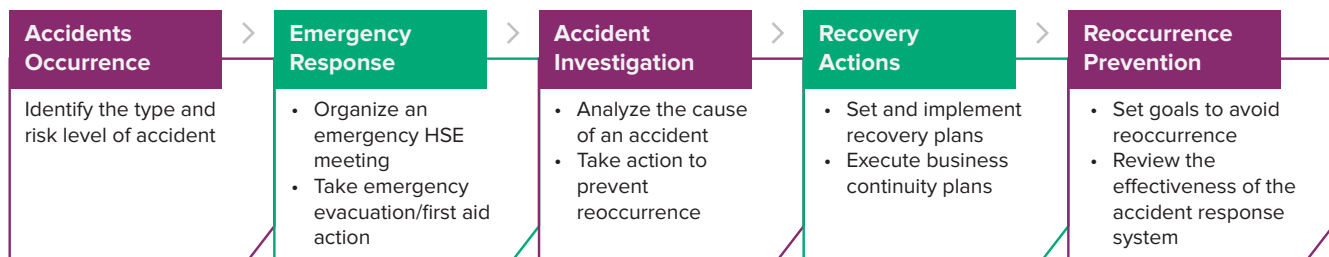
In ensuring our compliance with HSE standards, the National Institute of Occupational Safety and Health (NIOSH), accredited by Malaysian Standards, is appointed to perform THETA's annual audit. When further guidance is needed, the Department of Occupational Safety and Health (DOSH) and the Department of Environment will be engaged to enhance our value proposition.

The Emergency Response Team has also been set up to guide HSE matters on emergency preparation and actions, especially for employees. This ensures that the proper steps can be taken to eliminate, minimize or mitigate any risk and severity to employees, the public, and properties in an emergency.

### Health, Safety & Environmental (HSE) Prevention & Response Process

Identify risk factors	Set countermeasures and improvement	Monitor
<ul style="list-style-type: none"> <li>Non-compliance with HSE policy</li> <li>Lack of proper on-site and off-site management</li> </ul>	<ul style="list-style-type: none"> <li>Set control measures to comply with HSE policy</li> <li>Conduct HSE training, proper information, and education for employees and stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Evaluate performance</li> <li>Policy and processes</li> <li>Conduct an on-site and off-site audit periodically</li> <li>Yearly audit by external parties</li> </ul>

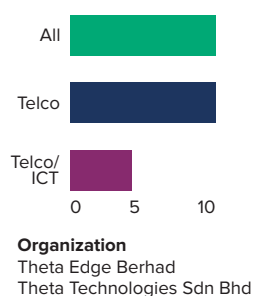
### Accident Response Process



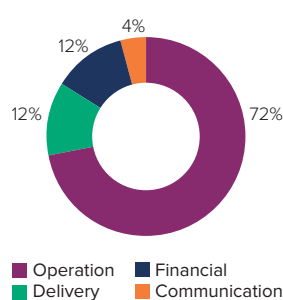
### HSE RISK REGISTER 2022

## TOTAL RISK REGISTER 25

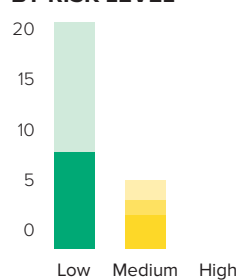
#### RISK REGISTER BY HQ/BRANCHES



#### RISK REGISTER BY CATEGORY



#### RISK REGISTER BY RISK LEVEL



#### RISK MATRIX

Likelihood	1	2	3	4	5
5	5	10	15	20	25
4	4	8	12	16	20
3	3	6	9	12	15
2	2	4	6	8	10
1	1	2	3	4	5
	1	2	3	4	5
	Severity				

## SUSTAINABILITY STATEMENT

### Eco-Friendly ICT

Theta recognizes the threats of global warming. Therefore, Theta takes proactive approaches to practice eco-friendly IT operations as responsible global citizens. The following are the various initiatives to help reduce and minimize the business's environmental impact and carbon footprint in its business operations.

<b>Computers</b>	<ul style="list-style-type: none"> <li>• Enable energy saving settings on devices, peripherals and systems that are on idle mode.</li> </ul>
<b>Green Conduct</b>	<ul style="list-style-type: none"> <li>• Leverage use of shared electronic drives</li> <li>• Minimize all forms of wastage, energy and encourage the use of environment-friendly products</li> <li>• Avoid printing where possible</li> <li>• Encourage the virtual conferencing technologies to minimize travel carbon footprint</li> </ul>
<b>Servers</b>	<ul style="list-style-type: none"> <li>• Operate for energy and operational efficiency.</li> <li>• Strive for data, network, computing and storage consolidation.</li> <li>• Optimize virtualization, cloud and other relevant technologies where possible.</li> </ul>
<b>Printing and Printers</b>	<ul style="list-style-type: none"> <li>• Encourage double-sided printing</li> <li>• Encourage draft quality print to save toner and avoid colour printing</li> <li>• Minimised use of individual printers and enable shared print devices</li> <li>• Go Digital to promote paperless</li> <li>• Save ink setting to save printer toner</li> <li>• Use recycled paper for printing</li> </ul>
<b>Data Privacy, Confidentiality and Security</b>	<ul style="list-style-type: none"> <li>• Adhere the Personal Data Protection Acts, while working towards ISO/IEC 27001:ISMS Certification</li> <li>• Consolidate and apply relevant security policy for all data, user, equipment, infrastructure and other assets and liabilities.</li> <li>• Optimize secured virtualization, cloud and other relevant technologies where possible.</li> </ul>
<b>Energy Consumption</b>	<ul style="list-style-type: none"> <li>• Proactive monitoring on electrical use for the Group.</li> <li>• Deploy and operate more energy saving devices.</li> </ul>

### Environmental Management System

Theta Edge Berhad is committed to environmental responsibility and has implemented a robust Environmental Management System (EMS) across its various locations. The EMS ensures the Company's operations align with industry best practices and regulatory requirements while minimizing environmental impacts.

### Embracing Technology Recycling and Sustainable Materials

As part of our ongoing commitment to reducing our environmental impact and promoting sustainability, we have adopted innovative technology recycling practices and incorporated recycled materials in our products and services.

Our technology recycling initiatives focus on the responsible disposal and recycling of end-of-life electronic equipment, ensuring that valuable resources are recovered and reintroduced into manufacturing. By promoting the reuse of materials and reducing electronic waste, we contribute to preserving natural resources, minimizing environmental pollution, and promoting a greener future for future generations.

Furthermore, we have integrated the use of recycled materials into our product development process, aiming to minimize the consumption of virgin materials and reduce the carbon footprint of our products. By employing eco-friendly design principles and incorporating recycled materials, we strive to deliver high-quality, sustainable solutions that meet our customer's needs without compromising our planet's well-being.

Theta Edge Berhad is committed to driving positive change in our industry by embracing sustainable practices throughout our operations. By championing technology recycling and using recycled materials, we continue contributing to the global effort toward a more sustainable and environmentally responsible future.

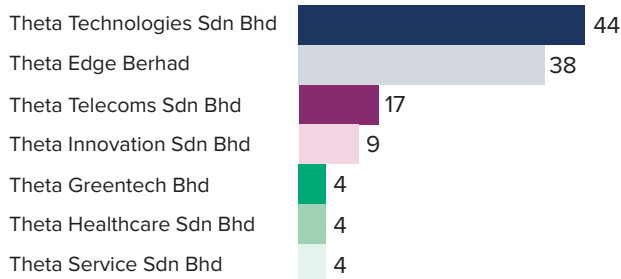


## SUSTAINABILITY STATEMENT

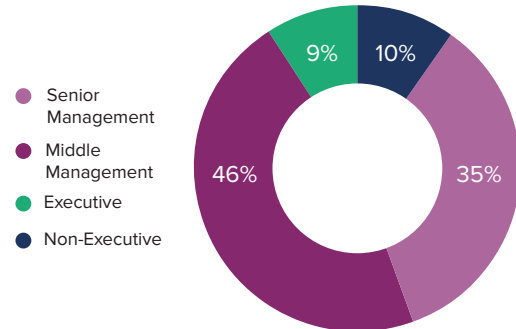
### Employee Engagement and Development

At Theta Edge Berhad, we value our employees and prioritize their personal and professional growth. Therefore, we offer comprehensive training and development programs, including leadership courses, technical skills training, and on-the-job mentoring. We also conduct regular employee engagement surveys to gather feedback and identify areas for improvement. In 2022, a total of 115 staff has attended training and programs to increase their knowledge and capabilities, reflecting our continuous efforts to create a supportive and empowering workplace.

#### Company



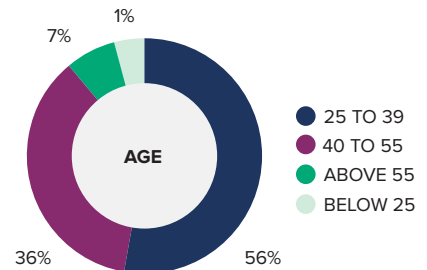
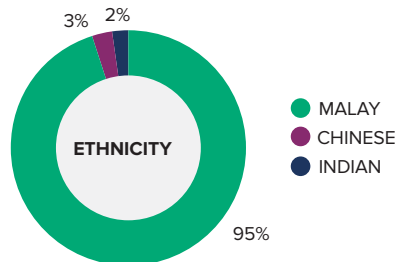
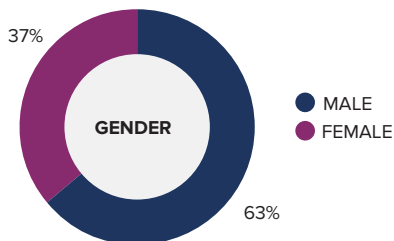
#### Staff Attendance by Position Category



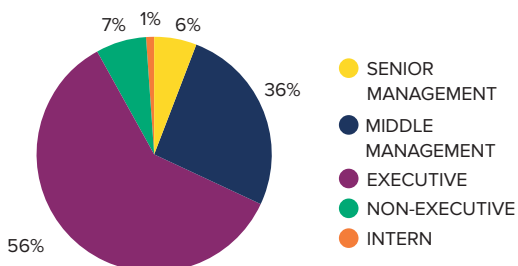
### Diversity and Inclusion

#### STAFF DETAILS 2022

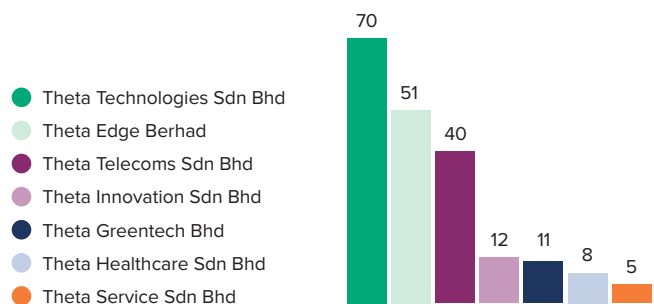
TOTAL STAFF **197**



#### POSITION CATEGORY



#### COMPANY

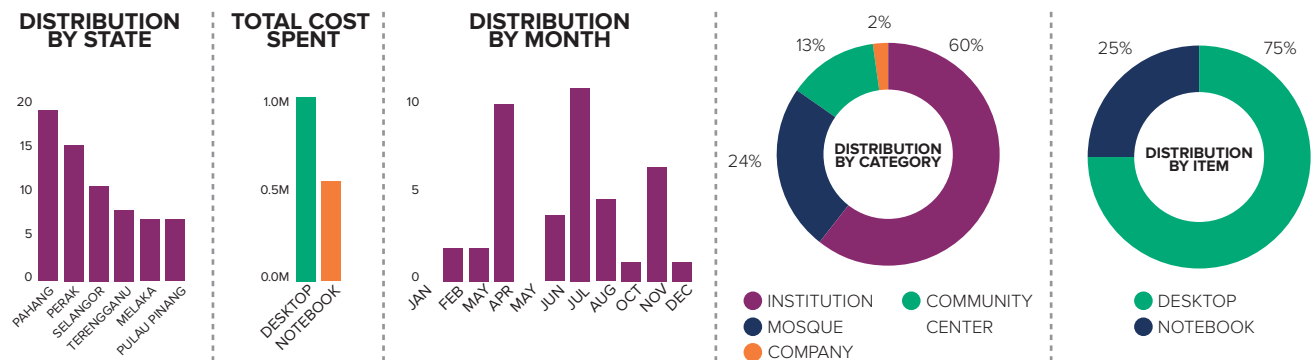


## SUSTAINABILITY STATEMENT

### Community Outreach and Development

The Corporate Social Responsibility program is a platform to empower and enrich communities. By doing so, giving back to the community is a way for the Company to show an appreciation and recognition of the needs of and low-income community where it operates.

**TOTAL COST INVESTED FOR CSR 1.3M** | **TOTAL LAPTOP/NOTEBOOK DISTRIBUTED 636**



### SYNERGY PARTNER

GREATER IPOH  
BATU GAJAH

KDYMM

LEMBAGA TABUNG  
HAJI NEGERI PERAK  
& JPN

GREATER IPOH  
KUALA KANGSAR

KEM BATALION

LEMBAGA ZAKAT  
SELANGOR (LZS)

### Customer Satisfaction and Privacy

We strive to deliver high-quality products and services while maintaining the trust and satisfaction of our customers. To ensure customer satisfaction, we have collected feedback through surveys and other channels, using this information to enhance our offerings. In 2022, our customer satisfaction score achieved 88% compared to the previous year as part of our branding strategy to improve brand awareness and positioning.

Furthermore, we are committed to protecting customer data and privacy and have developed Theta Edge Berhad PDPA Policy to build confidence and ensure robust data management compliance within the Company. In addition, we adhere to strict data protection regulations, including investing in human capital for cybersecurity capability and training our employees on data privacy best practices.

### Procurement Practices and Efficiency

In 2022, Theta Edge Berhad made significant strides in refining our procurement processes, improving transparency, cost savings, and better supplier relationships. Key to these achievements was implementing the Vendor Integrity Pack (VIP) and establishing the Group Strategic Procurement Committee (GSPC). The VIP promotes ethical and transparent dealings with our vendors, while the GSPC monitors procurement activities and ensures compliance with our procurement policies.

Our commitment to operational efficiency enabled us to achieve RM18.4 million in cost savings this year, which can be attributed to strategic sourcing, supplier negotiations, and streamlined procurement operations. In addition, we have developed a comprehensive procurement Standard Operating Procedure (SOP) that highlights the tender and bidding process, providing guidance for our employees and ensuring consistency across our procurement activities.

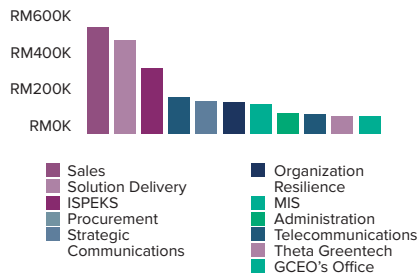
To further enhance the efficiency of our GSPC meetings, we have implemented a standardized document template that ensures all necessary information is consistently presented. This allows the GSPC to make well-informed decisions and maintain the highest standards in our procurement practices, including price benchmarking for the lowest cost. As we move forward, Theta Edge Berhad remains committed to continuous improvement in our procurement operations, ensuring sustainability and effectiveness for the benefit of our stakeholders.

## SUSTAINABILITY STATEMENT

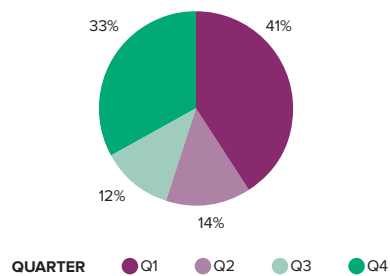
### COST SAVING 2022

TOTAL COST SAVING **RM18.4M**

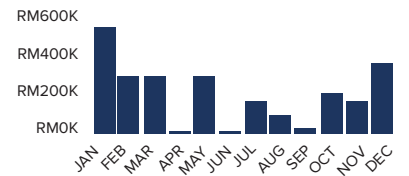
#### COST SAVING BY DEPARTMENT



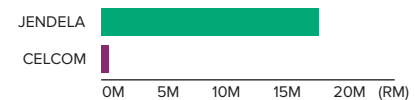
#### COST SAVING BY QUARTER YEAR



#### COST SAVING BY MONTH



#### COST SAVING BY PROJECT



### Leadership and Governance

At Theta Edge Berhad, we recognize the importance of strong leadership and governance in ensuring our organization's sustainability and long-term success. As a testament to our commitment to maintaining the highest standards of corporate governance, we have implemented six policies and three frameworks that provide the foundation for our business practices and guide our decision-making processes.

These policies and frameworks have been designed to foster a culture of transparency, accountability, and ethical conduct across all levels of our organization. They encompass various areas, including risk management, corporate responsibility, and environmental, social, and governance (ESG) considerations. By enforcing these policies and frameworks, we aim to create a robust governance structure that supports our Company's sustainable growth and upholds our stakeholders' interests.

As we progress, Theta Edge Berhad remains committed to continuously improving our leadership and governance practices, including business process improvement, to enable the Company to speed up for Go to the Market. In addition, we will regularly review and update our policies and frameworks to ensure their ongoing relevance and effectiveness and to align with evolving industry standards and best practices. By doing so, we will continue to demonstrate our dedication to responsible and sustainable business practices and maintain the trust and confidence of our stakeholders.

### Business Model & Innovation

Theta Edge Berhad's focus on innovation and sustainability is evident through its efforts to shift from a project-based into an in-house product revenue stream. This move ensures the Company's long-term growth is met and provides opportunities to develop innovative solutions that address societal and environmental challenges.

Three innovative solutions developed by Theta Edge Berhad are E-Masjid, Sakupay, and Qalca. E-Masjid is the accounting system and cash management for the administration and operation of Mosques throughout Selangor via a strategic partnership with an IT arm and a subsidiary of Majlis Agama Islam Selangor (MAIS).

Sakupay is an e-wallet platform that aims to bridge the gap between traditional banking services and underserved users, particularly those in the B40 group. The platform offers easy account setup, low transaction fees, and the ability to make payments using a mobile device. In addition, the platform's cashback rewards and other incentives encourage users to adopt digital payments, improving their financial management and well-being. This innovative solution is a testament to Theta Edge Berhad's commitment to social inclusion and economic empowerment.

## SUSTAINABILITY STATEMENT

Another innovative solution developed by Theta Edge Berhad is Qalca, a cloud-based accounting system designed to comply with the accrual accounting standards widely used and recognized as the standard for government accounting. This innovation is an earmark on Theta project experiences in developing an Accounting System that supports the Government of Malaysia and more than 80 Malaysian Embassies worldwide. The system's unique features, including advanced data management and reporting tools, make it easy for government employees, even at overseas embassies or at the state level, to record and track financial transactions, including financial reporting. This innovation is a significant advancement in government accounting technology and demonstrates Theta Edge Berhad's commitment to providing solutions that improve financial management capabilities.

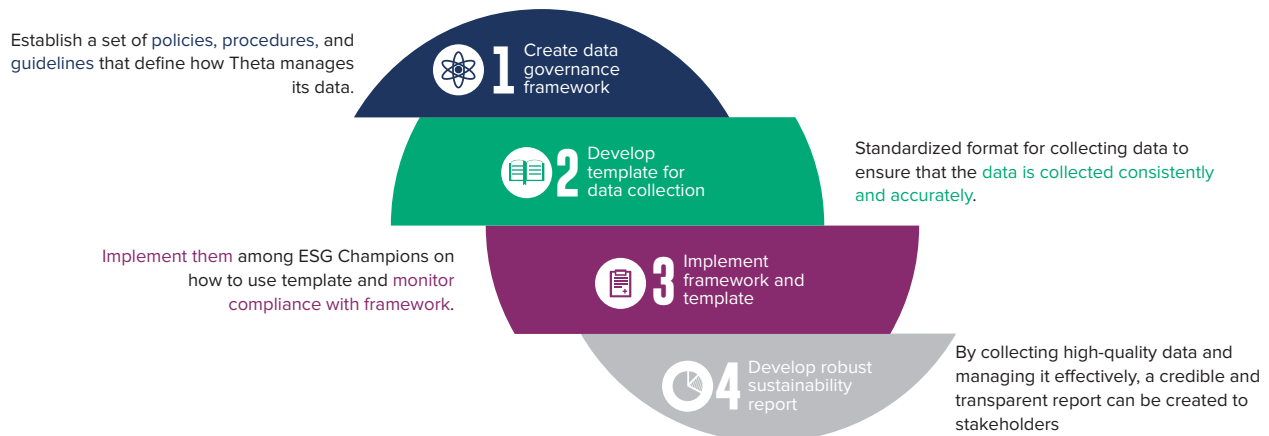
Overall, Theta Edge Berhad's innovative solutions demonstrate the Company's commitment to research and development, including innovation for sustainability, social responsibility, and financial empowerment. Investing in these innovative solutions

### Way Moving Forward



As we move forward, Theta Edge Berhad remains committed to upholding sustainability as a critical pillar of our business. Accordingly, we will continue to invest in and improve our environmental, social, and governance practices, focusing on reducing our carbon footprint, promoting diversity and inclusion, and enhancing our procurement practices.

We aim to have a robust Data Governance Framework to implement within Theta Edge Berhad for more accurate and high-quality Data Management



In addition, we will work to further integrate the United Nations Sustainable Development Goals (UNSDGs) into our business operations and to create innovative products and services that meet the evolving needs of our customers and stakeholders. Innovation and technology remain at the forefront of our business model, and we will continue seeking new opportunities to develop products and solutions that support our sustainability goals while driving growth and profitability.

In the coming year, the Company's business objective will be aligned with the ESG requirement and measurement to continuously reform its traditional business into a more sustainable and ESG-friendly driven. The Company also plans to continue our efforts to reduce our carbon footprint and promote renewable energy solutions while prioritizing the health and safety of our employees and the community.

We will also remain committed to our ethical and transparent business practices, enforcing our policies and frameworks and promoting responsible procurement practices. Furthermore, we will continue to support our communities through various outreach and development initiatives, aiming to impact the lives of those around us positively.

Theta Edge Berhad is excited about the opportunities as we continue to drive sustainability in our industry and the world. We look forward to collaborating with our stakeholders to achieve our shared sustainability goals and create a better future for future generations.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of Theta Edge Berhad (“Company”) is committed to a corporate culture that is based on the principles of corporate governance and is practised by the Company and its subsidiaries (“the Group”). The Board is fully accountable to the shareholders and stakeholders and will be bound to continuously enhance the level of corporate governance in the management of the Group’s business, its financial performance for the achievement of business profitability, preservation of long-term shareholders’ value and the protection of shareholders’ interests, without failing to take into account the interests of other stakeholders.

The Group has applied the following three (3) main Principles in the Malaysian Code on Corporate Governance (“MCCG”) (“the Code”): -

- Principle A - Board Leadership and Effectiveness
- Principle B - Effective Audit and Risk Management; and
- Principle C - Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

The Group’s Corporate Governance Framework is built principally on the following requirements and guidelines: -

- The principles and recommendations of MCCG
- The corporate governance requirements of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“BMSB”)
- All relevant laws and regulations

The Group has applied all the recommended practices encapsulated in the MCCG for the financial year under review and up to date of this Statement except the followings:-

Practice 5.2 : At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Practice 5.9 : The board comprises at least 30% women directors.

Practice 5.10 : The board discloses in its annual report the company’s policy on gender diversity for the board and senior management.

Practice 8.2 : The board discloses on a named basis the top five senior management’s remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

The applications of each Practice set out in the MCCG are furnished in further detail in the Corporate Governance (CG) Report as mandated by the Listing Requirements of Bursa Securities. The CG Report provides the details on how the Company has applied each of the Practices set out in the MCCG for the financial year under review and up to the date of this Annual Report as well as explanation for the departures from the above-mentioned Practices.

The manner and extent of compliance are stated as follows: -

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

#### I. BOARD RESPONSIBILITIES

The Board provides the overall governance, stewardship and oversight for the direction and management of the Company and the Group.

In discharging its duties and functions effectively, the Board delegates certain responsibilities to its Board Committees. All Committees have written terms of reference. These Committees are formed to enhance business and operating efficiency. The Chairman of the respective Committees will report to the Board the outcome of the Committees Meetings for the Board’s consideration and final decision. Minutes of the respective meetings will be presented to the Board for its information. The Board retains full responsibility for the direction and control of the Company and the Group.



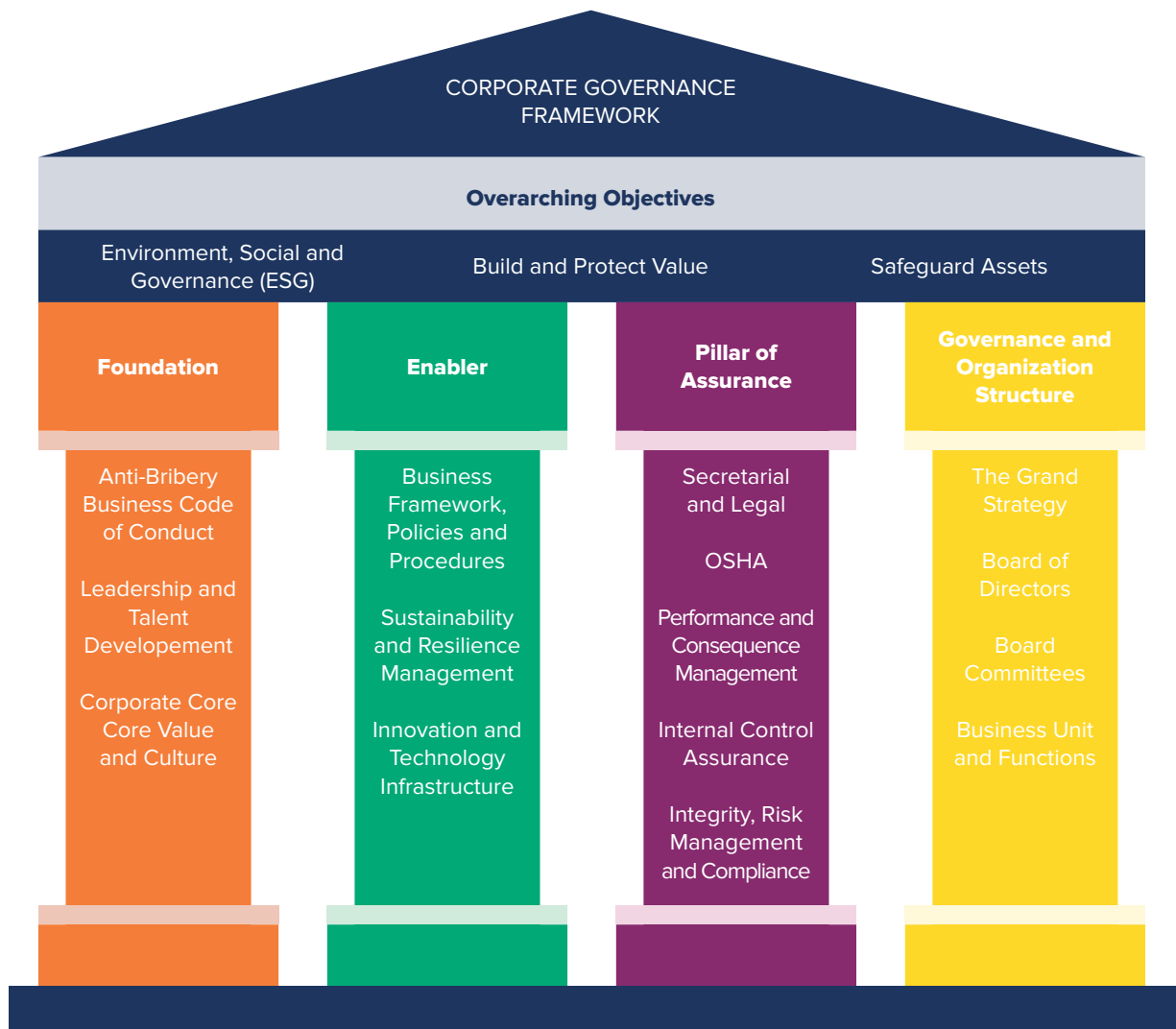
# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### I. BOARD RESPONSIBILITIES (CONT'D)

The Group Corporate Governance Framework would help in achieving the overall Theta's Grand Strategy set by the Company. It shall be applied to Theta Edge Berhad and its subsidiaries (herein referred to as "the Group") in managing its day-to-day business and operational activities. This document will be reviewed at least every three (3) years or as and when necessary. This document will be changed as the organisation structure and business processes matures. The Group Corporate Governance Framework depicts the various components that are put in place to ensure that all areas of good governance are developed and incorporated towards achieving the corporate objectives and goals.

#### Group Corporate Governance Framework



As illustrated, the overarching objectives of the Group Corporate Governance are as follows:-

- 1) Build and protect company value;
- 2) Safeguard assets and shareholders' interests; and
- 3) Meet the expectation of the Company's mission and vision through effective ESG management.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### I. BOARD RESPONSIBILITIES (CONT'D)

#### Group Corporate Governance Pillars

The overarching goals of the Group Corporate Governance are supported by four (4) pillars:

#### 1) Foundation

Ensures the behavioural aspects and intended culture that are being practised and embedded in its business activities when dealing with the relevant stakeholder and customers.

#### 2) Enabler

Provides administrative support and guidance to specific business units and functional control that drive its day-to-day business and operation activities within the Company.

#### 3) Pillars of Assurance

Provides a 2nd and 3rd lines of defence for monitoring and reviewing the effectiveness and efficiency of the internal control of its business processes and activities within the Company.

The pillars of assurance are supported by five (5) elements, (i) Secretarial and Legal; (ii) Occupational, Safety, Health; (iii) Performance and Consequence Management; (iv) Internal Audit Assurance; and (v) Integrity, Risk Management and Compliance.

#### 4) Governance and Organisation Structure

Governance and Organization Structure explains on how the company is organised/structured towards achieving its corporate strategy and supervision on its performance.

The Organisation Structure also refers to the segregation of duties between the Executive and its Management function of the Group. The separation of authority is crucial for an effective and good governance framework that includes various components of the governance structure such as Board of Directors, Board Committees, Management committees, Group Chief Executive Officer ("GCEO"), Senior Management and the various business units and functions within the Group.

The Group Corporate Governance Structure is divided into 3 approval levels:-

Structure	Main	Sub-Committee
Board (Main)	<ul style="list-style-type: none"> <li>Board of Directors</li> </ul>	<ul style="list-style-type: none"> <li>Nomination and Remuneration Committee (NRC)</li> <li>Audit and Risk Management Committee (ARMC)</li> <li>Investment Steering Committee (ISC)</li> </ul>
Board (Subsidiary)	<ul style="list-style-type: none"> <li>Subsidiary Management Committee</li> </ul>	<ul style="list-style-type: none"> <li>Tender/Bidding Working Committee (TBWC)</li> </ul>
Management	<ul style="list-style-type: none"> <li>Group Management Committee</li> </ul>	<ul style="list-style-type: none"> <li>Group Innovation Working Committee (GIWC)</li> <li>Group Consequence Management Working Committee (GCMWC)</li> <li>Group Strategic Procurement Committee (GSPC)</li> </ul>

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### I. BOARD RESPONSIBILITIES (CONT'D)

#### Board of Directors

The Board establishes the vision and strategic objectives of the Group, directing policies, strategic action plans and stewardship of the Group's resources. The Board's roles and responsibilities amongst others include:-

- (i) reviewing, adopting and monitoring the Group's strategic direction, annual business and operating plans and financial budgets;
- (ii) identifying and managing principal risks affecting the Group;
- (iii) reviewing the adequacy and integrity of the Group's management information systems, risk management and internal controls;
- (iv) reviewing and approving the quarterly and yearly financial results to ensure that they are fairly stated and conform with the relevant regulations including acceptable accounting policies that result in balanced and understandable financial statements;
- (v) reviewing and approving material investment, acquisition or disposal of assets;
- (vi) reviewing and approving the appointment, remuneration and succession planning for senior management;
- (vii) overseeing the process of disclosure and communications, developing and implementing shareholders' communication policy;
- (viii) together with senior management, promote good corporate governance culture within the Company which reinforce ethical, prudent and professional behaviour;
- (ix) ensuring the integrity of the Company's financial and non-financial reporting;
- (x) attending substantially all the meetings of the Board and substantially all the meetings of each Committee on which the Director serves;
- (xi) reviewing, before attending meetings of the Board or Committees, all materials provided by the Company relating to matters to be considered at the meetings;
- (xii) ensuring a formal and transparent Board nomination and election process;
- (xiii) monitoring and managing potential conflicts of interest of management, Board members and shareholders, including misuse of corporate assets and abuse in related party transactions.

The Board reserves full decision-making powers on the following matters: -

- (i) Conflict of interest issues relating to a substantial shareholder or a Director;
- (ii) Material acquisitions and disposition of assets not in the ordinary course of business within the provisions as specified in Discretionary Authority Limit ("DAL");
- (iii) Strategic investments and investments in capital projects, mergers and acquisitions and corporate exercise;
- (iv) Authority levels in accordance with the DAL to determine the matters reserved for the Board, Board Committees or the Management;
- (v) Treasury policies;
- (vi) Risk management policies; and
- (vii) Key human resource issues.

#### Roles of the Chairman and Group Chief Executive Officer ("GCEO")

The roles of the Non-Independent Non-Executive Chairman and the GCEO are mentioned in the Board Charter which is published on the Company's website [www.theta-edge.com](http://www.theta-edge.com).

The Chairman and the GCEO are held by different individuals. The Chairman is primarily responsible for ensuring Board's effectiveness and conduct. The Chairman leads the Board in setting the Group's key policies and direction, ensures effective operation of the Board and is the spokesperson for the Board. The Chairman of the Board is not a member of the Audit and Risk Management Committee as well as the Nomination and Remuneration Committee.

The GCEO is responsible for the day-to-day running of the business and implementation of the policies, strategies and decisions adopted by the Board. The GCEO is assisted by the Senior Management and heads of each division in implementing and running the Group's day-to-day business operations.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### I. BOARD RESPONSIBILITIES (CONT'D)

#### Roles of the Independent Directors

The independent directors provide unbiased and independent views to safeguard the interests of shareholders. The independent directors are actively involved in the various Board Committees and contribute significantly to areas such as performance monitoring and enhancement of corporate governance and controls. They provide a broader view, independent assessment and opinions on management proposals presented by the GCEO and Management.

#### The Group's Company Secretary

The Company Secretaries, Cynthia Louis and Chew Mei Ling are Associate members of the Malaysian Institute of Chartered Secretaries & Administrators (MAICSA). The Company Secretaries whose appointment and removal are subject to the Board's approval, attend Board and Board Committees meetings. The Board has direct access to the advice and services of the Company Secretaries who are responsible to the Board for ensuring that the Board's procedures are followed and that applicable rules and regulations are complied with.

In performing their duties, the Company Secretaries carry out, amongst others, the following tasks: -

- Statutory duties as required under the Companies Act, 2016, Main Market Listing Requirements of BMSB and Capital Market and Services Act, 2007;
- Facilitating and attending Board Meetings and Board Committees Meetings;
- Maintaining records for the purpose of meeting statutory obligations;
- Assisting the Board with the preparation of announcements for release to BMSB and the Securities Commission Malaysia ("SC"); and
- Rendering advice and support to the Board and Management.

#### Information and Support for Directors

Prior to any Board meeting, an agenda together with the relevant documents and information are distributed to all Directors at least five (5) business days in advance of board meetings unless in unavoidable circumstances. The Senior Management and/or other relevant Board members will provide comprehensive explanation of pertinent issues and recommendations. The issues would then be deliberated and discussed thoroughly by the Board prior to decision-making.

Apart from the above, the Board members are supplied with information and reports on financial, operational, corporate, regulatory, business development, investment and audit matters by way of board reports or upon specific request to enable them to discharge their duties and responsibilities. All Directors are notified of the corporate announcements released to BMSB, amendments to BMSB's Listing Requirements and any pertinent Regulatory changes. All Directors have access to the Management, Company Secretary and Auditors for independent views and advice.

In furtherance of their duties, the Directors may seek independent professional advice, if necessary, at the expense of the Company.

#### Meetings and Time Commitment

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company during the financial year ended 31 December 2022. In compliance with the Listing Requirements, all the Directors do not hold directorships more than that prescribed under the Listing Requirements. There were ten (10) Board of Directors' Meetings held during the financial year ended 31 December 2022.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### I. BOARD RESPONSIBILITIES (CONT'D)

##### Meetings and Time Commitment (CONT'D)

Details of the meeting attendance for the Board, Board Committees, Annual General Meeting during the financial year are set out as follows:-

Directors	Board of Directors	ARMC	NRC	ISC	AGM
Tengku Dato' Seri Hasmuddin bin Tengku Othman	9/10	-	-	-	-
Abdul Halim bin Jantan <sup>(6)</sup>	10/10	8/8	8/8	6/6	1/1
Muhammad Fawwaz bin Aminuddin <sup>(1)</sup>	1/1	1/1	1/1	-	-
Datuk Seri Asri Hamidin @ Hamidon	5/10	-	-	-	1/1
Zainal 'Abidin bin Abd Jalil <sup>(6)</sup>	9/10	-	-	6/6	1/1
Rozahan bin Osman <sup>(2)</sup>	10/10	6/8	5/8	-	1/1
Latifah binti M. Daud <sup>(3)</sup>	10/10	-	8/8	6/6	1/1
Erma Surianee binti Malek	10/10	8/8	8/8	-	1/1
Azih bin Yusof <sup>(4)</sup>	7/8	-	-	-	1/1
Shamsul Kamal bin Hussein Kamal <sup>(5) (6)</sup>	8/8	-	-	6/6	1/1
<b>Total Number of Meetings</b>	<b>10</b>	<b>8</b>	<b>8</b>	<b>6</b>	<b>1</b>

ARMC - Audit and Risk Management Committee

NRC – Nomination and Remuneration Committee

ISC – Investment Steering Committee

AGM - Annual General Meeting

Note:

The Investment Steering Committee ("ISC") was established to conduct review on the investment in determined by the Board effective from 29 June 2022.

(1) Resigned as NINED on 8 February 2022. Resigned as ARMC and NRC member on the same date.

(2) Appointed as ARMC and NRC member on 1 April 2022.

(3) Designated as ISC Chairperson effective from 29 June 2022.

(4) Appointed as Board member on 1 March 2022.

(5) Appointed as Board member on 1 April 2022 and NRC member on 28 February 2023.

(6) Appointed as ISC members effective from 29 June 2022.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### I. BOARD RESPONSIBILITIES (CONT'D)

#### Main activities of the Board in year 2022

The activities carried out by the Board in year 2022 include the followings : -

- Reviewed and approved the proposed appointment and remuneration package of new Board members and Board committee members.
- Filled the vacancy in NRC and ARMC following the resignation of Muhammad Fawwaz.
- Reviewed and approved the appointment of the new CFO.
- Reviewed and approved Group's Annual Operating Plan ("AOP").
- Reviewed and approved Terms of Reference of NRC, ARMC, ISC and Board Charter.
- Approved the acceptance of the Letter of Award for Jalinan Digital Negara (JENDELA) project.
- Reviewed and approved the proposed Private Placement and the appointment of M&A Securities Sdn Bhd as the Financial Adviser.
- Approved the following Company Policies, Frameworks, Structures and plans.: –
  - ESG Reporting Framework;
  - Corporate Governance Framework and Structure;
  - CSR Framework;
  - Innovation Framework;
  - Dividend Policy;
  - People Transformation Plan;
  - Directors' Fit & Proper Policy;
  - Anti-Bribery and Adequacy Policy;
  - Enterprise Risk Management Framework;
  - Long Term Incentive Employee Share Scheme;
  - Short Term Employee Incentive;
  - Performance Bonus Framework;
  - Sales Incentive Scheme;
  - Sign-On Retention Scheme (SRS) Exercise for Key Transformation Team;
  - Code of Business Ethics; and
  - Salary Revision Retention Scheme.
- Received updates on Manpower Rationalisation Exercise (MRE) Status.
- Reviewed and approved tender submissions.
- Reviewed the outcome of the Board Assessment and evaluation - performance of the individual director, the effectiveness of the Board as a whole and Board Committees, Board's and Board Committees' skill matrix and composition and Board's training needs.
- Reviewed and approved the quarterly unaudited consolidated financial results.
- Reviewed proposals on potential collaborations between Theta Edge Berhad and third parties.
- Received updates on Corporate Exercise and project progress.
- Approved Internal Audit Plan 2022/2023.
- Approved the Disposal of Company Vehicles.
- Received forensic audit report on Theta Technologies Sdn Bhd projects by Messrs Baker's Tilly
- Approved the appointment of Messrs. Russell Reynolds Associates on the Board Performance Review.
- Received report on the Internal Business Review report by Messrs. Grant Thornton.
- Approved the Directors and Officers' Liability Insurance renewal.
- Approved Theta's new logo, vision and mission statement.
- Received and noted the report on summary of directors' dealings, market price and shareholding movements.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### I. BOARD RESPONSIBILITIES (CONT'D)

##### Board Charter

The Company has in place a Board Charter that sets out, among others, the responsibilities, authorities, procedures, evaluations and structures of the Board and Board Committees, as well as the relationship between the Board with its management and shareholders. More information on the Board Charter can be found on the Company's website at [www.theta-edge.com](http://www.theta-edge.com).

The Board will review the Board Charter as and when necessary to ensure it remains consistent with the Board's objectives and responsibilities, and all the relevant standards of corporate governance. The Board Charter was last reviewed on 27 April 2023.

##### Code of Conduct and Ethics

The Board observes the Directors' Code of Ethics established by the Companies Commission of Malaysia ("CCM") which can be viewed on CCM's website at [www.ssm.com.my](http://www.ssm.com.my). The Group established the Code of Business Ethics approved by the Board on 29 August 2022 for adoption which is published on the Company's website at [www.theta-edge.com](http://www.theta-edge.com).

The Code of Conduct and Ethics was made effective on 5 September 2022.

##### Whistle-blower Policies and Procedures

The Company had in 2020 adopted a Whistle-blower Policy which provides avenues for the whistle-blowers to disclose any wrongdoing(s), corrupt, unethical, and questionable practices or improper conduct committed or about to be committed by any staff of the Group. The Whistle-blower Policy is published on the Company's website at [www.theta-edge.com](http://www.theta-edge.com) and is reviewed by the Company periodically or as and when there is a change in the regulatory requirement.

The Whistle-blower Policy was last reviewed and approved by the Board on 28 February 2022.

##### Anti-Bribery and Adequacy Policy

In line with the introduction of the Corporate Liability under the Section 17A of the Malaysian Anti-Corruption Commission Act, the Company reviewed and published its Anti-Bribery and Adequacy Policy on the Company's website [www.theta-edge.com](http://www.theta-edge.com) in May 2020.

The Group has always been committed in upholding the highest standards of integrity, transparency and good governance in its operations. The Company had on 13 April 2012 and 30 May 2017 signed the Malaysian Corporate Integrity Pledge. The Group pledges that it will abide by the Anti-Corruption Principles in the conduct of its business and operations with all stakeholders.

The Anti-Bribery and Adequacy Policy was last reviewed and approved by the Board on 18 April 2022.

##### Sustainability

Theta acknowledges the importance of sustainability in its business activities. While every effort is made to achieve its corporate objectives, Theta made pragmatic steps in complying with the principles and supporting pillars of sustainability, namely environmental, social and governance, concerning the conduct of the business. The Board believes that no company can prevail by maximising the shareholders' value alone, and the needs and interests of other stakeholders must be taken into consideration.

More information on Sustainability is set out in the Sustainability Statement contained in this Annual Report at pages 38 to 49 and is available on the Company's website [www.theta-edge.com](http://www.theta-edge.com)

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### II. BOARD COMPOSITION

#### Board Composition

The Board currently consists of nine (9) members comprising the Non-Independent Non-Executive Chairman, four (4) Non-Independent Non-Executive Directors and four (4) Independent Non-Executive Directors. Our Independent Directors constitute 44.4% of the Board members and the Board comprises two (2) women directors, thus our Board composition complies with Paragraph 15.02 of the Main Market Listing Requirements.

The Board believes that the current composition is appropriate given the collective skills and experience of the Directors and Theta Group's current size and nature of Theta's business. Further, the Board is of the view that with the current Board size, there is no disproportionate imbalance of power and authority on the Board between the Non-Independent and Independent Directors. The presence of Independent Directors, though not forming half of the Board members, is sufficient to provide the necessary check and balance on the decision-making process of the Board. The Board will continue to monitor and review the Board size and composition as may be needed.

The Non-Executive Directors of the Company are independent of management and free from any business relationship which could materially interfere with the exercise of their judgment. The Board members are actively involved in various Board Committees, particularly the Independent Non-Executive Directors. They provide guidance, unbiased, fully balanced and independent and objective views, advice and judgment to various areas such as performance monitoring, enhancement of corporate governance and controls so as to safeguard the interest of shareholders and stakeholders and to ensure that the highest standards of conduct and integrity are maintained by the Group.

It is a mandatory practice to have the Directors concerned to declare their interests and abstain from the decision-making process when a potential conflict of interest arises.

#### Tenure of Independent Director

The Code recommends that the tenure of an Independent Director should not exceed a consecutive or cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to his re-designation as a non-independent director. None of the Independent Directors has served more than nine (9) years on the Board for the financial year 2022.

#### Annual Assessment of Independence

Criteria have been set to assess the independence of candidate for directors and existing directors based on the guidelines set out in the Listing Requirements.

On an annual basis, the Directors are required to confirm their independence by completing the independence checklist.

None of the Independent Directors disclosed any relationships and/or transactions that could materially interfere with their independent judgments and decisions. The Board was satisfied with the level of independence demonstrated by all the Independent Directors.

#### Board Diversity

The Board diversity not only relates to gender but also to professional experiences, business experiences, skills, knowledge, age, ethnicity and educational background.

The Company is led and managed by an experienced Board comprising members with a wide range of experience in the relevant fields such as management, information technology, telecommunication, finance and law. The Directors bring a broad range of skills, experiences and knowledge required to successfully direct and supervise the Group's business activities.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### II. BOARD COMPOSITION (CONT'D)

#### Board Diversity (CONT'D)

The profile of each Director is disclosed on pages 12 to 20 of the Annual Report.

The Board Experience Matrix during the financial year 2022 was as follows:

Board Experience Matrix (2022)

Board Member	Required responsibilities, track record and experiences											
	Strategic Thinking & Planning	Audit, Accounting & Finance	Marketing & Branding	Digital & Information Technology	Legal & Regulatory	Risk Management	Human Resources, Culture & Succession	Senior Executive Leadership	Board Leadership	Technology, Media, Telecom Sector	Public Service Sector	Financial Services Sector
Tengku Dato' Seri Hasmuddin Bin Tengku Othman	●	●	●	●	●	●	●	●	●	●	●	●
Datuk Seri Asri Bin Hamidin @ Hamidon	●	●	●	●	●	●	●	●	●	●	●	●
Shamsul Kamal Bin Hussein Kamal	●	●	●	●	●	●	●	●	●	●	●	●
Zainal 'Abidin Bin Abd Jalil	●	●	●	●	●	●	●	●	●	●	●	●
Rozahan Bin Osman	●	●	●	●	●	●	●	●	●	●	●	●
Abdul Halim Bin Jantan	●	●	●	●	●	●	●	●	●	●	●	●
Azih Bin Yusof	●	●	●	●	●	●	●	●	●	●	●	●
Erma Surianee Binti Malek	●	●	●	●	●	●	●	●	●	●	●	●
Latifah Binti M. Daud	●	●	●	●	●	●	●	●	●	●	●	●
Presence of expertise today (1 to 3)	2.88	2.00	1.88	2.13	2.13	2.50	2.38	2.75	2.38	1.88	2.38	2.13



- Technical qualification in this field and/or;
- Proven and successful career experience in relevant roles exercising this discipline with specific expertise and accountability over multiple years
- Exposure to multiple environments and situations in application of this capability
- Clearly recognised as an advocate, ambassador or representative of this field



- Associated qualification in this role
- Board experience and exposure to such domains
- Has operated in commercial decision environments that have been exposed to this capability and experienced in decision making involving this capability over at least two (2) years
- Some recognition as a representative of this field



- Limited exposure to and experience in this capability
- Limited or no qualification in this area
- Limited experience in environments where this capability is a success factor in their individual accountability and decision making
- Little or no evidence or track record as a representative of this field



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### II. BOARD COMPOSITION (CONT'D)

#### Board Diversity (CONT'D)

The Company does not have a policy on gender, ethnicity and age group for candidates to be appointed on the Board. The Group does not practice any form of objective or selection criteria in consideration of candidates to the Board. Any appointment and retention of directors are based on merit and without prejudice, taking into consideration the requirements for the Board to be effective. The Board periodically assess the skills, expertise, experience, gender, age and independence of its directors against the needs of the Board. The Board is guided by the principle that the appointment of a new Board member shall not be based solely on gender.

Whilst it is aware of potential benefits that might accrue from having members in the Board of different genders, age groups as well as ethnicity, the Board is of the view that the interests of the Company and the Group are better served if the selection of suitable candidates is made on the criteria of meritocracy, skill-set requirements and experience relevant for the position, rather than formalizing policies and targets towards gender, age and ethnicity.

The Board currently comprises two (2) women directors and this has complied with Paragraph 15.02 (1) (b) of the Main Market Listing Requirements which requires at least one (1) woman representative on the Board.

Board appointment date, tenure, independence, gender and age diversity for the financial year 2022 are as follows:

Board of Directors	Date of Appointment	Tenure (years)	Independence	Gender	Age	ARMC	NRC	ISC
Tengku Dato' Seri Hasmuddin Bin Tengku Othman	Nov 2021	1	NED (Chair)	M	61			
Datuk Seri Asri Bin Hamidin @ Hamidon	Nov 2021	1	NED	M	57			
Shamsul Kamal Bin Hussein Kamal	Apr 2022	0.58	NED	M	52			
Zainal 'Abidin Bin Abd Jalil	May 2021	1.5	NED	M	64			
Rozahan Bin Osman	May 2021	1.5	NED	M	58			
Abdul Halim Bin Jantan	Aug 2014	8.25	SINED	M	65		Chair	
Azih Bin Yusof	Mar 2022	0.67	INED	M	61			
Erma Surianee Binti Malek	Sep 2021	1.17	INED	F	53			
Latifah Binti M. Daud	Sep 2021	1.17	INED	F	60	Chair		Chair
		<b>1.87*</b>	<b>44.4%*</b>	<b>22.2%*</b>	<b>59*</b>			

#### Note:

\* Indicates either a proportion by percentage or an average figure, depending on the corresponding category of data.

In order to promote greater transparency on the criteria for Board appointments, the Company has adopted the Directors' Fit and Proper Policy which encompasses the guidelines for nomination, appointment, election and re-election of directors.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### II. BOARD COMPOSITION (CONT'D)

#### Sourcing of Directors

The nomination and election process of Board Members are as follows: -

#### Appointment of New Directors

The Board does not set specific criteria for the selection and assessment of candidate for appointment as director. It is the Company's policy to assess all potential Board candidates without regard to race, gender, age, nationality, religious beliefs, or any other factor not relevant to their competence and performance as a potential Board member as well as to meet the regulatory requirements such as the Companies Act, 2016 and the Listing Requirements. Importance is placed on consideration that would add value and effectiveness to the Board and the Company.

The NRC is responsible to recommend candidates to the Board to fill vacancies arising from resignation, retirement or other reasons or if there is a need to appoint additional directors with the required skills or profession to the Board in order to provide the diversity and close the competency gap in the Board identified by the NRC. The potential candidate(s) may be proposed by existing directors, senior management, shareholders or third-party referrals/independent sources.

The NRC is responsible to conduct an assessment and evaluation on the proposed candidates, which may include review of the candidate's resume, curriculum-vitae and qualifications. The NRC would also assess the candidate's integrity, wisdom, commitment (including time commitment), independence, ability to make independent and analytical inquiries, ability to work as a team to support the Board, understanding of the business environment and the willingness to devote adequate time and commitment to attend to the duties and functions of the Board.

Upon completion of the assessment and evaluation of the proposed candidates, the NRC would make its recommendation to the Board for Board Evaluation, approval and decision on the appointment of the proposed candidates.

There were two (2) new Board members appointed in 2022. Azih bin Yusof was appointed as an Independent Non-Executive Director on 1 March 2022. Shamsul Kamal bin Hussein Kamal, the Board representative of **TH**, a major shareholder of Theta Edge Berhad, was appointed on 1 April 2022 as the Non-Independent Non-Executive Director. The presence of both directors bring together their vast experience and strengths in the modernisation and transformation of digital Information Technology and financial services.

#### Chairmanship of the Nomination and Remuneration Committee ("NRC")

The NRC is primary responsible for recommending appointments to the Board, Board Committees, Senior Management and other strategic positions as may be determined by the Board.

#### Chairman & Membership

- (i) The NRC comprises a minimum of two (2) members, all of whom are Non-Executive Directors, a majority of whom are independent;
- (ii) The Board shall ensure that any vacancy in the NRC is filled within three (3) months of such vacancy;
- (iii) The appointment of a committee member automatically terminates when the member ceases to be a director;
- (iv) The NRC is chaired by the Senior Independent Director or an Independent Director.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### II. BOARD COMPOSITION (CONT'D)

#### Chairmanship of the Nomination and Remuneration Committee ("NRC") (CONT'D)

The current composition of the NRC is as follows:-

##### Chairman

Abdul Halim bin Jantan – Senior Independent Non-Executive Director

##### Members

Latifah M. Daud – Independent Non-Executive Director

Erma Surianee Malek – Independent Non-Executive Director

Rozahan bin Osman – Non-Independent Non-Executive Director

*(Appointed as a Member on 1 April 2022)*

Shamsul Kamal bin Hussein Kamal – Non-Independent Non-Executive Director

*(Appointed as a Member on 28 February 2023)*

#### Evaluation of Board, Board Committees and Individual Directors

In line with the MCCG, the Board's evaluation comprises Performance Evaluation of the Board and various Board Committees, Directors' Self-Assessment and Assessment of the independence of the Independent Directors. The assessment of the Board is based on three (3) main areas covering Individual Performance, Board Evaluation and Board Committees Evaluation. For Individual Performance and Board Evaluation, the assessment criteria include among others, contribution and performance, calibre and personality, Board mix and composition, quality of information and decision making as well as participation at Board and Board Committees Meetings. The criteria for assessing the independence of an Independent Director include the relationship between the Independent Director and the Group and his or her involvement in any significant transaction with the Group. The results and recommendations from the evaluation were reported to the Board for further consideration and action, if required.

For 2022, the Company has engaged an external firm, Russell Reynolds Associates ("RRA"), to conduct the effectiveness assessment for the board independently.

In addition to regulatory and governance requirements stipulated by Bursa and the MCCG, this exercise also involved analysing the present structure, composition and practices of the current board of Theta Edge against its desired future state and business strategies. This was done through a combination of surveys and interviews conducted by RRA with both the management and the board, which looked into the effectiveness of the board as a whole, its committees, and the individual directors. The following areas of effectiveness were explored:

Board as a whole	<ul style="list-style-type: none"> <li>• Clarity and Culture</li> <li>• Capability and Diversity</li> <li>• Meetings and Processes</li> <li>• Stakeholder Relations</li> <li>• Board Management Dynamics</li> <li>• Support and Chair Leadership</li> </ul>
Board committee	<ul style="list-style-type: none"> <li>• Structure</li> <li>• Processes</li> <li>• Dynamics</li> <li>• Capabilities</li> </ul>
Individual directors	<ul style="list-style-type: none"> <li>• Skills</li> <li>• Values and Behaviours</li> <li>• Strategy</li> </ul>

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### II. BOARD COMPOSITION (CONT'D)

#### Evaluation of Board, Board Committees and Individual Directors (CONT'D)

There were no major concerns arising from the results of the assessments of the Board and the Board Committees. The feedback confirmed that the Board and each of its committee continue to operate effectively and that each Director continues to make an effective contribution and demonstrates a strong commitment to their roles. At the time of review, the Board practices of Theta Edge Berhad are compliant with the regulatory requirements stipulated by Bursa Malaysia.

The results of these assessment form the basis for the NRC's recommendation to the Board for the re-election of Directors at the forthcoming AGM.

#### Annual Assessment of Existing Directors & Board

Key activities carried out by the NRC during the financial year and up to the date of this Statement:-

- (i) Deliberated, reviewed and recommended to the Board of Directors on the proposed appointment and remuneration package of Azih bin Yusof as the new INED and Dr Suhaidi Hassan as the new director for Theta's subsidiary company.
- (ii) Recommended to the Board for approval on the appointment of the new CFO.
- (iii) Received and updated on the status of Manpower Rationalisation Exercise (MRE).
- (iv) Reviewed and recommended to the Board on the People Transformation Plan.
- (v) Noted on the resignation of Muhammad Fawwaz and recommended replacements to the NRC and ARMC.
- (vi) Reviewed and recommended to the Board on Sign-On Retention Scheme, Talent Management Framework, Talent Mobility Framework, Learning Curriculum and People First Initiatives.
- (vii) Reviewed and made recommendation to the Board on Sign-On Retention Scheme (SRS) Mechanics and Disbursement.
- (viii) Deliberated, reviewed and recommended to the Board of Directors on the proposed appointment and remuneration package of new board members and board committee members.
- (ix) Noted on the presentation, findings and report by Russell Reynolds on Board Effectiveness, Performance of the individual director, the effectiveness of the Board as a whole and the Board Committees, Board's skill matrix and composition of the Board and Board Committees, Independence of Independent Directors; and Training needs of the Directors.
- (x) Reviewed and recommended to the Board for shareholders' approval at the forthcoming AGM on re-election of directors, directors' fees for FY2023 and directors' benefits.
- (xi) Reviewed and recommended to the Board for the approval of Board Charter and the terms of reference of NRC, ARMC and ISC.

#### Re-election of Directors

In accordance with the provisions of the Company's Constitution, an election of Directors shall take place each year. At every annual general meeting, one-third (1/3) of the Directors or if their number is not a multiple of three (3) then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election provided that all Directors shall retire from office once at least in each three (3) years, but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires. The Directors to retire in every year shall, subject nevertheless as hereinafter provided, be the Directors who have been longest in office since their last election, but as between persons who became Directors on the same day, the Director to retire shall, unless they otherwise agree among themselves, be determined by lot.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### II. BOARD COMPOSITION (CONT'D)

#### Re-election of Directors (CONT'D)

Zainal 'Abidin Abd Jalil, Rozahan Osman and Latifah binti M.Daud would retire by rotation pursuant to Clause 119 of the Company's Constitution at the forthcoming AGM and being eligible, offer themselves for re-election.

At the NRC meeting held on 12 April 2023, the NRC had deliberated and assessed the individual Directors who are subject to re-election at the forthcoming AGM. At the recommendation of the NRC, the Board was satisfied that the Directors have performed well and discharged their duties and responsibilities satisfactorily and would recommend to the shareholders to vote in favour of the relevant resolutions with regards to their re-election at the forthcoming AGM.

#### Directors' Training

All the Directors have attended the Mandatory Accreditation Programme. Directors are encouraged to attend relevant seminars and conferences to enhance their skills and knowledge and to keep abreast with the latest developments on laws and regulations.

For the year under review, the training programmes and seminars attended by the Directors are as follows:

Directors	Seminar/Forum/Conference/Training	Organiser	Date
Tengku Dato' Seri Hasmuddin bin Tengku Othman	Board Risk Intelligence Executive Masterclass Asia (Malaysia Series) 2022	At EQ Kuala Lumpur, Malaysia	11 and 12 October 2022
Abdul Halim bin Jantan	ESG Webinar	Top Glove Bhd	21 January 2022
	Emerging Trends and Importance of Risk Management	EIS – Employment Ins System	14 April 2022
	Inspiring Leadership through Mindset Change	UNISEL	20 May 2022
	Palm Oil Export : Risks Management	MPOC	01 June 2022
	Asia Captive Conference	Labuan IBFC	18 August 2022
	Integrity and Corporate Governance, friend or foe ?	Securities Commission Malaysia	06 October 2022
	Takaful, the Malaysian Experience and its success stories - Speaker	Asia Insurance Review / Islamic Insurance and Pension Department of Turkey	11 October 2022
	MARIM's 2022 Risk Management Conference – Moderator	MARIM	20 October 2022
	10th MITBA CEO Conference 2022, London	MITBA	13 and 14 July 2022
	Speaker – ESG and Risks Webinar: Through the Looking Glass	Felda Group Ventures Bhd	14 December 2022



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### II. BOARD COMPOSITION (CONT'D)

#### Directors' Training (CONT'D)

Directors	Seminar/Forum/Conference/Training	Organiser	Date
Datuk Seri Asri bin Hamidin @ Hamidon	PNB Integrity Talk on "Section 17A MACC ACT Corporate Liability, Adequate Procedures and ISO 37001 ABMS"	Permodalan Nasional Berhad	5 April 2022
	Tabung Haji Nominee Director's Training Programme 2022 – Leadership Essential Series	TH	8-9 June 2022
	Khazanah Megatrends Forum 2022	Khazanah Nasional Berhad	3-4 October 2022
	Programme Confirmation for ESG Disclosure Improving the Quality of ESG Data and Its Impact	SIDC	24 November 2022
Zainal 'Abidin bin Abd Jalil	DneX Group Offsite SP2023 Leadership Brainstorming	PwC Malaysia	24 and 25 March 2022
Rozahan bin Osman	Enhanced Sustainability Practices and Disclosures of the Listing Requirements.	Bursa Malaysia Securities Berhad	22 November 2022
	Bursa Malaysia Immersive Experience: The Bursa "Agender"	Bursa Malaysia Securities Berhad	1 December 2022
Latifah binti M. Daud	The Economic Times Phoenix CXO Summit APAC	The Economic Times	18 to 19 January 2023
	Employer Branding Trends & Priorities 2022 – APAC Edition	Universum Global	15 February 2022
	Resilience for Leaders Program	Fish Camp	12, 19, 26 February 2022; 5, 12, 19 March 2022
	Regional Expert Roundtable on "Gender Equality in Nationality Matters and the Prevention of Statelessness"	UNHCR	8 March 2022
	CFA Society Malaysia Charter Award Ceremony 2022	CFA Society Malaysia	28 May 2022
	Virtual Future Talent Summit	Future Talent Council	21 to 22 June 2022
	Driving productivity, unlocking exponential growth with workforce management solutions	People Matters	28 July 2022

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### II. BOARD COMPOSITION (CONT'D)

#### Directors' Training (CONT'D)

Directors	Seminar/Forum/Conference/Training	Organiser	Date
Latifah binti M. Daud	Graduan Forum – Future of Work: What can we expect?	Graduan	1 August 2022
	HR Roundtable Discussion; The Employee Experience Blindspot – How HR and business leaders are uncovering new realities in the changing world of work	People Matters	21 September 2022
	Future Talent Council Summit, Abu Dhabi 2022	Future Talent Council	5 to 6 October 2022
	Bursa Immersive Session: The Board “Agender”	Leadwomen	30 November 2022
	Economist Impact: Future of Healthcare Week Asia 2022	Economist Impact	15 to 17 November 2022
	Human Capital Solutions, Financial Institutions Conference	Aon	23 November 2022
	Talent Acquisition, Future Skills, Educator/ Employer Alliances, Diversity, Equity, and Inclusion as well as the Future of Organizational Culture	Future Talent Council	6 to 7 December 2022
Erma Surianee binti Malek	MIA International Accountants Conference	Malaysian Institute of Accountants	8 to 9 June 2022
	International Directors Summit	Institute of Corporate Directors Malaysia	26 – 28 September 2022
	Asia Pacific Board Leadership Forum	Institute of Corporate Directors Malaysia	19 to 20 October 2022
	Introduction to Corporate Directorship	Institute of Corporate Directors Malaysia	14 to 16 November 2022
	Green Finance Leadership Program (GFLP): Scaling-up Sustainable Finance in Southeast Asia	The World Bank	29 to 30 November 2022
	MFRS Updates Seminar	KPMG	13 December 2022
Azih bin Yusof	Mandatory Accreditation Programme (MAP) – Bursa Malaysia	Bursa Malaysia Securities Berhad	21-23 June 2022
Shamsul Kamal bin Hussein Kamal	Mandatory Accreditation Programme (MAP) – Bursa Malaysia	Bursa Malaysia Securities Berhad	21-23 June 2022
	<b>TH</b> Nominee Director's Training Programme	<b>TH</b>	12 December 2022

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### III. REMUNERATION

#### Remuneration Policy and Procedures for Directors and Senior Management

The objectives of the Directors' remuneration policies are to attract, retain and motivate the Directors serving the Board of the Company. The Board through the NRC shall ensure that the levels of remuneration are sufficient to attract and retain the right calibre of Directors to manage the strategic direction and oversight of the Group.

When reviewing the structure and level of Directors' fees, which comprises base Director's fee and additional fees for service rendered on Board Committee, the NRC takes into consideration the respective Director's roles and responsibilities in the Board and Board Committees.

The level of remuneration of Non-Executive Directors reflects their experience and level of responsibility undertaken by them. Non-Executive Directors will receive a fixed fee, with additional fees if they are members of Board Committees, with the Chairman of the ARMC and NRC receiving a higher fee/allowance in respect of his service as chairman of the respective committee. The fees for Directors are determined by the Board with the approval from shareholders at the AGM. No Director is involved in deciding his own remuneration.

The details of the remuneration policy of the Company are available for reference at the Company's website at [www.theta-edge.com](http://www.theta-edge.com).

The Board is assisted by the NRC in determining, reviewing and developing a remuneration policy and reward system for the Board, Board Committees, Senior Management and other strategic positions as may be determined by the Board. The remuneration package links rewards to corporate and individual performance. A remuneration policy is presently in place to ensure the levels of remuneration are sufficiently attractive to retain Directors and Key Senior Management.

The NRC held 8 meetings during the financial year ended 31 December 2022.

The details of the terms of reference of the NRC are available on the Company's website at [www.theta-edge.com](http://www.theta-edge.com).

#### Disclosure of Remuneration of Directors and Senior Management

Details of Directors' remuneration paid and payable for the financial year ended 31 December 2022 are set out as follows:-

	Fees (RM)	Salary & Bonus (RM)	Retirement Benefit (RM)	Other Emoluments (RM)	Total (RM)
<b>Group</b>					
<b>Non-Executive Directors</b>	<b>310,959</b>	<b>-</b>	<b>-</b>	<b>302,000</b>	<b>612,959</b>
	Fees (RM)	Salary & Bonus (RM)	Retirement Benefit (RM)	Other Emoluments (RM)	Total (RM)
<b>Company</b>					
<b>Non-Executive Directors</b>	<b>310,959</b>	<b>-</b>	<b>-</b>	<b>302,000</b>	<b>612,959</b>

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### III. REMUNERATION (CONT'D)

Details of Directors' remuneration on a named basis for the financial year ended 31 December 2022 are set out as follows:-

No. Directors	Fees (RM)	Allowance (RM)	Salary & Bonus (RM)	Retirement Benefit (RM)	Other Emoluments (RM)	Total (RM)
1 Dato' Noordin bin Sulaiman <sup>(1)</sup>	-	3,000	-	-	-	3,000
2 Abdul Halim bin Jantan	30,000	63,000	-	-	-	93,000
3 Muhammad Fawwaz bin Aminuddin <sup>(2)</sup>	3,205	11,000	-	-	-	14,205
4 Tengku Dato' Seri Hasmuddin bin Tengku Othman <sup>(3)</sup>	60,000	27,000	-	-	-	87,000
5 Datuk Seri Asri bin Hamidin @ Hamidon <sup>(4)</sup>	30,000	9,000	-	-	-	39,000
6 Zainal 'Abidin bin Abd Jalil	30,000	22,500	-	-	-	52,500
7 Rozahan bin Osman <sup>(5)</sup>	30,000	39,000	-	-	-	69,000
8 Latifah binti M. Daud	30,000	40,500	-	-	-	70,500
9 Erma Surianee binti Malek	50,000	57,000	-	-	-	107,000
10 Azih bin Yusof <sup>(6)</sup>	25,151	12,000	-	-	-	37,151
11 Shamsul Kamal bin Hussein Kamal <sup>(7)</sup>	22,603	18,000	-	-	-	40,603
<b>Total (RM)</b>	<b>310,959</b>	<b>302,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>612,959</b>

Note: -

(1) Resigned as Group Chairman on 29 November 2021.

(2) Resigned as Non-Independent Non-Executive Director (NINED) on 8 February 2022, ceased to be the member of NRC and ARMC on the same date.

(3) Appointed as Group Chairman, Non-Independent Non-Executive Director (NINED) on 29 November 2021.

(4) Appointed as Non-Independent Non-Executive Director (NINED) on 29 November 2021.

(5) Appointed as Non-Independent Non-Executive Director (NINED) on 10 May 2021. Appointed as member of the ARMC and NRC on 1 April 2022.

(6) Appointed as Independent Non-Executive Director (INED) on 1 March 2022.

(7) Appointed as Non-Independent Non-Executive Director (NINED) on 1 April 2022 and a member of the NRC on 28 February 2023.

During the financial year, the NRC reviewed the remuneration level of the Directors and agreed that no revision would be made.

The Directors who are shareholders of the Company will abstain from voting at the forthcoming AGM on resolutions pertaining to the Directors' fees and benefits.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### III. REMUNERATION (CONT'D)

##### (i) Directors' Fees of the Company

	Number	Proposed Fee Per Annum (RM)
Chairman of the Board	1	60,000
Chairman of the ARMC	1	50,000
Non-Executive Directors	8	30,000 (per director)
<b>Total</b>	<b>10</b>	<b>350,000</b>

The Company will be seeking the approval of the shareholders for the Proposed Directors' Fees for an amount up to RM350,000 for the financial year ending 31 December 2022 at the forthcoming 30th AGM. The fees will not be paid until the approval of the shareholders has been obtained at the forthcoming AGM.

##### (ii) Meeting Allowance

	Board Per Meeting (RM)	ARMC Per Meeting (RM)	NRC Per Meeting (RM)	ISC Per Meeting (RM)
Chairman	3,000	3,000	2,000	1,000
Non-Executive Directors	1,500	2,500	1,500	1,000

The Company will be seeking the approval of the shareholders for the payment of directors' benefits for an amount up to RM748,000 from the 30th AGM until the next AGM of the Company.

##### (iii) Directors' fees of Subsidiary Companies

The Board of Theta had in October 2021 agreed to revoke the payment of Directors' fees made to the Directors of Theta who also sit on the Board of its subsidiary companies with effect from 29 October 2021.

##### (iv) Non-Executive Directors

The Non-Executive Directors are not entitled to any other benefits or incentive plan with the exception of the Directors & Officers Insurance coverage.

##### (v) Group Chief Executive Officer ("GCEO")

The GCEO was appointed on 8 September 2021. She is not entitled to receive fees for her attendance at Board Committees meetings of the Company and its subsidiary companies.

The GCEO's remuneration package reflected in her service contract is structured taking into account the fixed compensation which includes basic salaries and allowances including gratuity, leave passage and hospitalisation and surgical insurance and a variable performance-linked bonus. The GCEO's contract is reviewed every two (2) years, or such other timeframe as may be determined by the Board.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

### III. REMUNERATION (CONT'D)

#### (vi) *Senior Management*

Senior Management's remuneration in an aggregate basis is disclosed in the Annual Audited Financial Statements of this Annual Report.

#### (viii) *Directors & Officers ("D&O") Insurance*

The Directors together with the officers of the Group are covered under the D&O insurance in respect of any liabilities or claims arising from them discharging their duties as Directors and Officers of the Group, provided they have not acted negligently, fraudulently or in breach of their duties. During the financial year, the total amount of sum insured for the Directors and Officers is RM20 million. The total insurance premium including tax and duties incurred by the Company is RM64,140.

## PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

### Oversight of the Internal Audit Activity

The ARMC has oversight on the internal audit activities and reviews the adequacy of resources and remuneration of the internal auditors.

The ARMC continuously oversee the effectiveness of the internal audit activities by reviewing and approving the risk-based internal audit plan, deliberate on the internal audit reports and ensure the Senior Management takes the necessary corrective actions in a timely manner.

The Chairperson has separate meetings with the Head of Internal Audit Department regularly to discuss on matters that the internal auditors believe there is a reason for private discussion to be held in maintaining the independence of the internal auditor.

### External Auditors

The Board has established a formal and transparent arrangement for maintaining appropriate relationships with the External Auditors in seeking professional advice and ensuring the compliance with the relevant regulations and applicable accounting standards in Malaysia. The External Auditors shall attend ARMC meetings when necessary and have direct access to the ARMC and Internal Auditors for independent discussion. There is a cooling-off period of at least three (3) years before a former partner of an external audit firm can be appointed as a member of the ARMC.

The ARMC has oversight on the Group's financial statements and ensuring that there is a reliable and transparent financial reporting process within the Group. On an annual basis, the ARMC shall evaluate the independence of the External Auditors on behalf of the Board by working closely with the Management team to evaluate the suitability of the External Auditors based on various factors, including but not limited to, their objectivity and independence, audit fees, size and competency of their audit team.

To maintain their independence, the External Auditors had provided an assurance that affirms their independence throughout the audit engagement, in compliance with the applicable professional and regulatory standards. This assurance was included in their annual audit plan, which was submitted to the ARMC of the Group during the financial year.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

### Risk Management

The Group's risk management is driven based on a principle where risks are managed and mitigated by calibrating risks to acceptable levels whilst achieving the organization's business plan. A virtuous risk management practice must be adopted to safeguard the Group's business interest from risk events that may result in the failure of the Group's business goals, strategies and action plans.

The Enterprise Risk Management ("ERM") Framework practised by the Group is largely benchmarked against the ISO 31000:2018 Risk Management Guidelines. This framework allows for a consistent approach to risk identification and establishes a common platform for managing and mitigating risks across all business units and support functions.

### Internal Control Function

The Board is ultimately responsible for the adequacy and integrity of the Group's internal control system. The effectiveness of the Group's internal control system is reviewed by the ARMC during its meeting. A detailed report on the adequacy and effectiveness of internal control and risk management is outlined on pages 81 to 88 of the Annual Report.

The Internal Audit Department ("IAD") acts as the business partner and internal consultant to the Group designed to add value and improve the effectiveness and efficiency of the operation's risk management, internal control, and governance procedures.

The IAD is led by the Head of Internal Audit Department who reports directly to the ARMC with the following key responsibilities:

- i. Review and assess the adequacy and effectiveness of internal control on key aspects of business operations of core entities within the Group; and
- ii. Provides objective, independent and reasonable assurance on the areas of review and reports any audit issues to the ARMC and Board of the respective entities for deliberation and appropriate action to be taken, where necessary.

The purpose, authority and responsibility, accountability, independence and objectivity of internal auditors is formally defined in the Internal Audit Charter, consistent with the Definition of Internal Auditing and Code of Ethics and the Institute of Internal Auditors ("IIA") Standards as approved by the Board. The Internal Audit Charter is available for reference on the Group's website at [www.theta-edge.com](http://www.theta-edge.com).

## PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH SHAREHOLDERS

### I. COMMUNICATION WITH STAKEHOLDERS

Recognizing the importance of timely dissemination of information to shareholders and other stakeholders, the Board is committed to ensuring that the shareholders and other stakeholders are well informed of major developments of the Company and the information is communicated to them through the following: -

- (i) The Annual Report;
- (ii) The various disclosures and announcements made to BMSB including the Quarterly Results and Annual Results;
- (iii) Briefings to the Company's key investors or other investment community in order to provide them a better understanding of the Group's operations and explanation to any concern highlighted; and
- (iv) The website at [www.theta-edge.com](http://www.theta-edge.com) which shareholders as well as members of the public are invited to access for the latest information on the Group.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH SHAREHOLDERS

### I. COMMUNICATION WITH STAKEHOLDERS (CONT'D)

The Board also encourages shareholders to communicate through other channels and has identified Abdul Halim bin Jantan as the Senior Independent Non-Executive Director to whom concerns from the public may be conveyed. Abdul Halim bin Jantan can be contacted via the following channel:

c/o Theta Edge Berhad  
Lot 11B  
Jalan 223, Seksyen 51A  
46100 Petaling Jaya  
Selangor Darul Ehsan  
Email : SID@theta-edge.com  
Fax : 603 6043 000

#### Integrated Reporting

The Group has yet to adopt an integrated reporting.

#### Financial reporting

The Directors are responsible to present a true and fair assessment of the Group's position and prospects in the annual reports and quarterly reports. The quarterly financial results were reviewed by the ARMC and approved by the Board of Directors prior to submission to BMSB.

#### Statement of Directors' Responsibilities

The financial statements of the Group and of the Company have been drawn up in accordance with Malaysian Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors take responsibility in ensuring that the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of the results and the cash flows of the Group and of the Company for the financial year then ended 31 December 2022.

In preparing the financial statements, the Directors have:

- Applied the appropriate and relevant accounting policies on a consistent basis;
- Made judgements and estimates that are prudent and reasonable; and
- Prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Company keeps proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the requirements of the Companies Act, 2016.

The Directors have overall responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Group and of the Company to prevent and detect fraud and other irregularities.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH SHAREHOLDERS

#### II. CONDUCT OF GENERAL MEETINGS

##### Notice of Annual General Meeting

The Company's AGM serves as a principal forum for dialogue with shareholders. Shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions. Meeting of Members are held as and when required. The Company sends out the Notice of AGM at least 28 days before the meeting in order to facilitate the full understanding and evaluation of the issues involved.

##### Directors to attend General Meetings

All the Directors, including the Chairman of the ARMC, NRC and ISC would attend the General Meetings to allow the shareholders to raise questions and clarify any issues they may have relating to each resolution tabled for approval.

##### Electronic Voting

The Company's Meeting of Members have been held in the Klang-Valley for the past several years and not at a remote location. The venue of the Meeting of Members is easily accessible by the shareholders.

For the financial year 2022, the Company had leveraged on technology to facilitate remote shareholders' participation and electronic voting for the conduct of poll on all resolutions via remote participation and voting facilities for the virtual 29th AGM held on 29 June 2022. All Directors, Chairman of ARMC and NRC attended and participated the 29th AGM virtually.

At the 29th AGM of the Company, all resolutions were put to the vote and an Independent Scrutineer was appointed to verify the votes and the results of the voting were announced instantaneously at the Meeting. The outcome of the AGM is promptly announced to Bursa Securities after the conclusion of the AGM.

The Minutes of the 29th AGM were made available to the shareholders within 30 business days after the AGM on the Company's website.

The forthcoming AGM of the Company would also be conducted on a fully virtual basis with RPV facilities to encourage more shareholders to attend, participate, speak (including posing questions to the Board via real time submission of typed texts) and vote remotely.

#### STATEMENT ON COMPLIANCE WITH BEST PRACTICES OF THE CODE

This statement is prepared in compliance with Paragraph 15.25 of the Listing Requirements and it is to be read together with the CG Report 2022 of the Company which is available on the Company's website at [www.theta-edge.com/agm30](http://www.theta-edge.com/agm30).

The Board is satisfied that the Company has complied with the Code during the financial year with regard to the recommendations supporting the Principles except as otherwise stated.

This statement was presented and approved at the Board of Directors' Meeting held on 27 April 2023.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

## AUDIT AND RISK MANAGEMENT COMMITTEE COMPOSITION AND MEETINGS

The Board of Directors ("the Board") of Theta Edge Berhad ("Theta" or "Group") is pleased to present the Audit and Risk Management Committee ("ARMC") report for the financial year ended 31 December 2022 and up to the date of this Report.

### Composition

The ARMC currently comprises of three (3) members, all of whom are Non-Executive Directors with the majority being Independent:

<b>Chairperson</b>	:	Erma Surianee binti Malek	<i>(Independent Non-Executive Director)</i>
<b>Members</b>	:	Abdul Halim bin Jantan	<i>(Senior Independent Non-Executive Director)</i>
		Rozahan bin Osman	<i>(Non-Independent Non-Executive Director)</i>
			<i>(Appointed as Member on 1 April 2022)</i>

The ARMC Chairperson is a member of the Malaysian Institute of Accountants ("MIA") and the Chartered Institute of Management Accounts ("CIMA"). The profiles of other committee members can be found on pages 13 and 17 of the Annual Report.

### Meetings

The ARMC met eight (8) times during the financial year 2022 as follows:

Audit and Risk Management Committee	Number of Meetings	
	Held	Attended
Erma Surianee binti Malek	8	8
Abdul Halim bin Jantan	8	8
Rozahan bin Osman*	6	6
Muhammad Fawwaz bin Aminuddin**	1	1

Notes:-

\* Rozahan bin Osman was appointed as a member of the ARMC on 1 April 2022.

\*\* Ceased as a member of ARMC on 8 February 2022 following his resignation as Non-Independent Non-Executive Director.

The ARMC held meetings with a complete quorum present at each meeting. The Group Chief Executive Officer, Chief Financial Officer and the Head of Internal Audit Department were invited to each meeting to assist on the deliberation of the audit issues raised during the meeting. Other Senior Management were also invited to provide clarifications and assist in resolving matters highlighted in the audit reports.

The Group's Secretary is the secretary of the ARMC. The Group's Secretary is responsible for the coordination of administrative details including calling for meetings, voting and keeping of minutes. Minutes of each meeting is signed by the ARMC Chairperson and extract of matters requiring actions were distributed to all attendees and members of the Committee. The ARMC Chairperson provides the Board with a briefing on the topics discussed in the ARMC Meetings. At each Board Meeting, the ARMC Chairperson is responsible for updating the Board on the Committee's activities and making recommendations as needed to ensure that the Board is aware of any matters that could have a significant impact on the Group's financial condition or affairs.

The Chairperson of the ARMC had also held separate meetings with the Head of Internal Audit Department and Head of Organisation Resilience Department prior to every scheduled ARMC Meeting.

## THE ARMC TERMS OF REFERENCE AND THE AUDIT COMMITTEE CHARTER

The ARMC operates in accordance with the Main Market Listing Requirements of Bursa Malaysia, the Malaysian Code on Corporate Governance 2021, and relevant best practices, as outlined in its Terms of Reference. The Terms of Reference sets out the ARMC's scope, authority, duties, and responsibilities which were reviewed and updated on 27 April 2023 and is incorporated into the Audit Committee Charter.



# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

## THE ARMC TERMS OF REFERENCE AND THE AUDIT COMMITTEE CHARTER (CONT'D)

The Audit Committee Charter serves as a framework to provide the ARMC guidelines to a structured and systematic independent oversight of Theta's financial, reporting, governance, risk management and internal control system; ensure checks and balances; and comply with the relevant regulatory and statutory requirements. The Charter governs the duties of the ARMC which encompasses organisational principles, operational principles, operational procedures, and oversight of the internal audit activity and other assurance providers for the Group.

The Terms of Reference and the Audit Committee Charter are available for reference on the Group's website ([www.theta-edge.com](http://www.theta-edge.com)). Both governing documents undergo periodic reviews to enhance its processes and procedures and ensure alignment with any new requirements and regulations.

## SUMMARY OF ACTIVITIES IN 2022

As at the date of this report, the ARMC has undertaken the following activities in discharging its function and duties:

### Financial Report

- i. The ARMC had reviewed the quarterly financial results of the Group including variances against budgets and targets for recommendation to the Board.
- ii. The quarterly unaudited financial statement and the annual audited financial statement of the Group have been reviewed to ensure that the financial reporting and disclosure requirements are in compliance with the accounting standards, with focus placed on the changes in accounting policy, as well as significant and unusual events or transactions.
- iii. The quarterly financial results for the first, second, third and fourth quarters of 2022 were reviewed by the ARMC and approved by the Board and announcements were made public on Bursa Malaysia as outlined below:

Financial Result	ARMC Meeting	Board Meeting	Bursa Malaysia
First Quarter	23 May 2022	30 May 2022	30 May 2022
Second Quarter	22 August 2022	29 August 2022	29 August 2022
Third Quarter	24 November 2022	29 November 2022	29 November 2022
Fourth Quarter	27 February 2023	28 February 2023	28 February 2023

- iv. The Group's financial results for the financial year ended 31 December 2022 was reviewed and deliberated at its meeting on 27 April 2023 before recommendation to the Board for approval. The relevant announcement was made public on Bursa Malaysia on 28 April 2023.
- v. The ARMC had reviewed significant accounting and reporting issues by taking into considerations of the complex or unusual transactions, highly judgmental areas, recent professional and regulatory pronouncements, and impact on the financial statement. The ARMC had clear understanding on how the Management develop interim financial information and the nature and extent of the Internal and External Auditor's involvement.

### External Audit

- i. The ARMC had assessed Messrs KPMG PLT ("KPMG") independence before recommending for its re-appointment and remuneration. The External Auditors gave written assurance to the ARMC that, in accordance with the terms of all relevant professional and regulatory requirements, they had been independent throughout the audit engagement for the year 2022. Messrs KPMG was reappointed as the External Auditors for the financial year ended 2022 by the shareholders at the 29th Annual General Meeting of the Company held on 29 June 2022.
- ii. The ARMC had reviewed the audit plan, strategy, and scope of the statutory audits for the Group's accounts for the financial year ended 31 December 2022 with the External Auditors. The audit plan consisted of their proposed fees for the statutory audit, assurance-related review, and the review of the Statement on Risk Management and Internal Control, outlining the extent of their work. The ARMC had recommended to the Board the proposed audit fees which was duly approved by the Board.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

## SUMMARY OF ACTIVITIES IN 2022 (CONT'D)

### External Audit (Cont'd)

- iii. Regarding the Financial Statements for the year ended 31 December 2022, the ARMC was briefed by the External Auditors on the Key Audit Matters highlighted in their report.
- iv. Based on the discussion between the ARMC and the External Auditors, the ARMC has maintained a regular, timely, open and honest communication with the External Auditors and required the External Auditors to report to the ARMC on significant matters.
- v. The ARMC has expressed satisfaction with the measures implemented by the Management to address areas that required significant judgement and estimations during the External Auditors' review of the Group's financial statements.

### Governance, Risk Management and Compliance

The ARMC assesses and offers guidance regarding the governance and the Group's control framework implemented and upheld by the Group. The ARMC evaluated the precision and sufficiency of the Chairman's statement in the directors' report, disclosures on corporate governance, interim financial reports, and preliminary announcements concerning the formulation of financial statements.

The effectiveness of the risk management framework and policies and procedures implemented within the Group have been reviewed by the ARMC to ensure that they are operating as intended. The ARMC had reviewed the efficiency of the system in place to oversee adherence to laws and regulations, and the outcomes of any inquiries and subsequent actions taken to address instances of non-compliance.

With regard to the Internal Audit & Risk Management, the ARMC had:

#### **i. Internal Audit**

- a. Reviewed and approved the execution of audit plan for the financial year ending 31 December 2022 and 31 December 2023.
- b. Recommended for the discontinuation of the internal audit services provided by the Messrs. BDO Governance Advisory Sdn Bhd ("BDO") due to the establishment of the Internal Audit Department ("IAD") to the Board.
- c. Endorsed governing documents for the establishment of the IAD such as the Internal Audit and Audit Committee Charter and Internal Audit 5 Years Strategic Plan.
- d. Reviewed and deliberated the internal audit reports, follow-up reports, audit recommendations, and Management's responses. The audit reports, audit recommendations and Management's action plan regarding these recommendations were deliberated and closely monitored by the ARMC. Where appropriate, the ARMC instructed Management to rectify and enhance internal control systems in accordance with the approved recommendations and suggestions for improvement.
- e. Reviewed the adequacy of resources and the competencies of staff within the IAD to ensure it has the required expertise and professionalism to discharge its duties.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

## SUMMARY OF ACTIVITIES IN 2022 (CONT'D)

### Governance, Risk Managements and Compliance (Cont'd)

#### ii. Risk Management

- a. The ARMC had reviewed and recommended to the Board for the approval of the following documents:
  - Corporate Governance Framework and Structure;
  - Environment, Social, and Governance ("ESG") and Sustainability Report;
  - Revision of Discretionary Authority Limit;
  - Anti-Bribery and Adequacy Policy;
  - Enterprise Risk Management ("ERM") Framework; and
  - Code of Business Ethics.
- b. The ARMC received updates on:
  - Consolidated risk position for the Group;
  - Organisation Resilience Transformation Initiatives focus area, Enterprise Risk Management, and Business Process Improvement, which includes other cost reduction focused on the Group;
  - Key activities conducted throughout the year to instill compliance culture among the staff; and
  - Recognition and certification of the Corporate Integrity System Malaysia ("CISM") Programme.
- c. Reviewed and deliberated the risk assessment for the Group.

#### iii. Related Party Transactions

- a. Reviewed the related party transactions and outstanding receivables that arose within the Group;
- b. Reviewed the draft circular to Shareholders about the Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading in Nature and Renewal of the Existing General Mandate for Contracts that are Revenue in Nature and recommended the same for the Board's approval;
- c. Reviewed the inter-company Management fee within the Group; and
- d. Reviewed the provision of continued financial support for subsidiary companies.

### Training

Throughout the year, the ARMC members participated in various conferences, seminars, and training programs to enhance their knowledge and proficiency in their areas of expertise. These efforts were aimed at enabling them to carry out their duties effectively and enhance their technical competencies. The details of the training programs attended by the ARMC members can be found in the Corporate Governance Overview Statement on pages 64 to 66 of this Annual Report.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

## INTERNAL AUDIT & RISK MANAGEMENT FUNCTION

The ARMC's main role is to assist the Board in carrying out its supervisory duties for the internal control system, audit process and Institute's compliance monitoring process as well as assess the key risks pinpointed by the Management and supervise the establishment of effective systems to handle these risks.

### Internal Audit Function

The Group had established an internal audit function under the purview of IAD in May 2022 and had discontinued the internal audit services provided by BDO. BDO had provided the internal audit services for the Group since July 2019.

The Internal Audit Department is headed by Encik Muhammad Shahrizwan Zainal bin Abu Bakar, an associate member of The Institute of Internal Auditors Malaysia ("IIA") with a Bachelor's Degree in Accounts & Finance from the University of Greenwich, United Kingdom and a Post Graduate Diploma in Management Studies from the University of Sunderland, United Kingdom. He has an extensive experience in the areas of internal control, risk management and governance from various industries such as Banking, Telecommunication, Integrated Media, Power, Facilities Management, Healthcare Maintenance, Hospitality and Plantation.

The activities of the IAD are guided by the Internal Audit Charter, the Audit Committee Charter and the Internal Audit Manual which define the roles, responsibilities, accountability and the scope of work of the IAD.

As of December 2022, the staff strength of the Department stood at three (3) manpower with total costs amounting to RM209,626.25 comprising mainly of payment to external consultants, staff costs, trainings, and other provisions. The ARMC had in November 2022 approved the expansion of the Department with an additional four (4) manpower.

### **i. Independence and Objectivity**

In maintaining its necessary independent and objective attitude, the IAD activities are free from any interference by any element within the organization. This includes matters such as audit selection, scope, procedures, frequency, timing, or report content. The IAD does not hold any direct operational responsibility or authority over the activities reviewed.

However, through a systematic and structured approach, the IAD is responsible for the following:

- a. Provides independent assurance to both the Board and Management that the Group's assets are adequately and effectively safeguarded by the internal control system;
- b. Recommends improvements and enhancements to the existing system of internal controls and work procedures/processes, aiming to enhance their effectiveness; and
- c. Acts as a reference point to ensure the effective implementation of policies and procedures, and to promote best corporate governance practices.

### **ii. Scope of Coverage**

The IAD's scope of coverage extends to all units and operations of the Group. The selection of units to be reviewed is based on a risk-based approach, which allows for flexibility in addressing both current and potential future risks. This approach enables the IAD to focus its resources and skills on areas that are most crucial to the Group's Annual Operating Plan, ensuring alignment and driving continuous improvements to achieve its goals.

# AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

## INTERNAL AUDIT & RISK MANAGEMENT FUNCTION (CONT'D)

### Internal Audit Function - (Cont'd)

#### ii. **Scope of Coverage (Cont'd)**

In carrying out an internal audit review, audit reports were tabled to the ARMC during its meetings. Apart from highlighting any deficiencies or areas requiring the Management's attention, the reports also included recommendations and proposed action plans to be implemented by the respective business units. Follow-up audits were conducted, and the status of the action plan implemented by the Management were also tabled to the ARMC via the Management Action Plan Dashboard. Details are as follows:

#### **No.      Review**

- |   |  |
|---|--|
| 1 | Manpower Rationalisation Exercise by BDO                   |
| 2 | Forensic Audit on Theta Technologies by Messrs Baker Tilly |
| 4 | Theta Healthcare Sdn Bhd                                   |
| 5 | Management Action Plan Dashboard by IAD (Follow-up)        |

The Management is accountable for ensuring that the corrective actions addressing the reported weaknesses are implemented within the stipulated timeframe. The IAD conducts periodic follow-up reviews to monitor the implementation of audit recommendations.

#### iii. **Practices and Framework**

To ensure consistency and standardization in providing assurance on the effectiveness and adequacy of the overall system of internal controls, all auditing activities of IAD are carried out in line with the Group's Annual Operating Plan, objectives, policies and procedure. These activities are also conducted in accordance with applicable laws and regulations, as well as relevant policies and guidelines, as prescribed by the International Professional Practices Framework ("IPPF") promulgated by the Institute of Internal Auditors.

### Risk Management Function

ERM is a function within Organisation Resilience Department ("ORD") focusing on the three (3) components of strategic risk namely Sustainability risk, Corporate risk and Anti-Bribery Risk.

As of December 2022, five (5) manpower were recruited to strengthen the Department's function in risk management, governance / compliance monitoring and business process improvement. The department had expanded to support the business growth and strengthen the business transformation activities for the Group.

The Organization Resilience Department is led by the Head of Group Organisation Resilience, Encik Sham Sol Bin Ali, a certified Chief Integrity Officer by the Malaysian Anti-Corruption Commission ("MACC") and a certified Business Continuity Manager by The Business Continuity Institute, United Kingdom. He has more than 27 years of experience in diversified industries, includes Advisory and Consultancy Services, Motor Trading, Banking & Property Financing, Integrated Engineering, Infrastructure and Aviation's (Airlines, Airport and Aviation Services). His last assignment before joining Theta was as a Director, Enterprise Risk Management for Oman Aviation Group SOAC from 2019 until 2021 which cover the overall governance, enterprise risk management, compliance and regulatory activities for the Company.



## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

### i. Objectives of ERM

The primary objectives of the ERM are to supervise the Group's activities in managing the key risk areas and to ensure that the risk management process is in place and functioning adequately, which includes:

- a) Review and recommend appropriate risk management strategies, policies, and risk tolerance to the business units and support functions;
- b) Identify, measure, monitor, and control risks to ensure that the risk management policies and frameworks are operating effectively;
- c) Ensure that the responsible staff (Risk Owners & Risk Champions) implement the risk management and perform their duties consistently;
- d) Provide oversight and imperative direction for managing all risks in Theta Group.

### ii. Strategic Focus of ORD

Aside from ERM, ORD is also in-charged of strategic focus, which covers the following areas:

- a) Redefine and improve the Governance Risk and Compliance ("GRC") Framework within the Group that provides clarity and adoption of best practices that include compliance with the relevant laws and regulations below:
  - Malaysian Code of Corporate Governance and Sustainability Reporting ;
  - MACC Section 17A – Adequate Measures for Anti Bribery; and
  - Business Policy and Operating Procedures.
- b) Requirement for an improvement in Group approving authority and approval limits in line with the rationalization plan and changes to corporate/organization structure;
- c) Improvement and realignment of various policies and standard operating procedures in the Group;
- d) Improvement on the governance structure for clear accountability and responsibility for all functions in the Group;
- e) Improvement on the internal capabilities, including knowledge and skills within the GRC for effectiveness in monitoring, reporting, and compliance purposes;
- f) Emphasis for GRC independent monitoring mechanism and act as a Second Line of Defense within the Group.

#### Development of Professional Qualifications and Ongoing Competency

The ORD and IAD are dedicated to be equipped with the necessary knowledge, skills, and competencies to carry out their duties and responsibilities effectively. To enhance professional competency within the Department and improve staff retention, the ARMC had agreed to include training & certifications and professional subscription fees in the budget for the year 2023.

Both departments' personnel had attended the following sessions throughout the year to improve their knowledge and skills and to provide valuable services to the Group.

No.	Training/Conferences	Date	Organiser
1	Be the Change: Internal Auditors in the Age of Disruption – National Conference 2022	19 & 20 October 2022	IIA Malaysia
2	SIRIM Lead Auditor Course ISO45001:2018	17 to 21 October 2022	SIRIM Malaysia

# STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

## INTRODUCTION

The Board of Theta is pleased to present the following Statement on Risk Management and Internal Control which outlines the nature and scope of the risk management and internal control within Theta Edge Berhad and its subsidiaries ("Theta" or "the Group") during the financial year under ended 31 December 2022.

This statement has been prepared in accordance with the 'Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers' endorsed issued by the Bursa Malaysia Securities Berhad ("Bursa Malaysia") pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia.

## BOARD RESPONSIBILITY & ACCOUNTABILITY

The Board acknowledges its responsibility to adopt sound risk management practices and internal control systems to safeguard Theta's business interest from risk events that may impede the achievement of business strategies & action plan, enable value creation and promote process improvement.

The Board is of the view that the risk management framework and internal control system are designed to manage, rather than eliminate the risks within an acceptable risk tolerance, to achieve the policies, goals, and objectives of the Group. Therefore, it can only provide reasonable rather than absolute assurance of effectiveness against material misstatement of losses and fraud.

The Board has established an appropriate control structure and process for identifying, evaluating, monitoring and managing significant risks that may affect the achievement of business objectives. The control structure and function which have been instituted throughout the Group are updated and reviewed from time to time to suit the changes in the business environment, and this ongoing process has been in place for the whole financial year under review and up to the date of approval of this statement for inclusion in the annual report.

## KEY CONTROL ELEMENTS

### 1) Key Internal Control

Theta has embarked on the transformation towards embracing compliance culture where it has been emphasised that the collaborative responsibility of managing risks falls on everybody using the following key controls:

#### i. Board of Directors

The Board acknowledges its responsibility for establishing and overseeing risk management and internal control within the Group and stays informed about developments in these areas. They convene at least quarterly, with the Group Chief Executive Officer ("GCEO") leading presentations and providing explanations on pertinent issues. Board decisions are based on thorough deliberation and discussion with input from management.

The Board has also established committees to support their oversight functions, including the Audit & Risk Management Committee ("ARMC") and Nomination and Remuneration Committee ("NRC"), which have formalised terms of reference accessible on the company website. These committees have the authority to examine their scope and report to the Board with recommendations.

# STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

## KEY CONTROL ELEMENTS (CONT'D)

### 1) Key Internal Control (Cont'd)

#### ii. Audit & Risk Management Committee

The Board oversees the risk management and internal control matters of the Group through the ARMC. This committee continuously evaluates the sufficiency and efficiency of risk management and internal control, including endorsing strategies, frameworks, tolerance levels, and policies. The ARMC supports the Board in recognizing, evaluating, handling, and regulating risks in various areas, such as strategic, operational, legal, and financial, among others. The ARMC ensures that the risk management process is established and operating effectively to mitigate potential threats. The following table outlines the primary risk management and internal control oversight responsibilities by the ARMC:

RISK MANAGEMENT	INTERNAL CONTROL
Assist the Board in ensuring a sound and robust Enterprise Risk Management framework and its implementation to enhance the Group's governance practices with a focus on risk issues by identifying, assessing and monitoring key business risks. Given the growing importance of sustainability/ESG risks in 2022, both subjects have been part of the Board's agenda, with ARMC being the oversight platform to discuss the related risks and the associated control implementations.	Provide a structured and systematic oversight of the Company's governance and risk management practices and an independent oversight of the Theta's financial reporting and internal control system ensuring checks and balances.  Assists the Board and the Management by providing advice and guidance on the adequacy of Theta's values and ethics; governance structure; risk management; internal control framework; oversight of the internal audit activity, external auditor, and other providers of assurance; and financial statements.

While the Board is responsible for the overall oversight on the management of risks and internal control through the ARMC, the responsibility for managing risks and internal control appropriately lies with Senior Management through the following activities:

- Providing leadership and direction to towards the achievement of Annual Operating Plan;
- Dissecting risk and internal control issues highlighted by the Internal Audit Department, Organisation Resilience Department and appointed external consultants.
- Implementing Risk Management Framework by understanding the inherent risk for the business, risk measurement, monitoring and mitigation strategy adopted, as well as the impact of on-going action plans to meet objectives; and
- Assessing the performance and state of internal controls of operating companies within the Group.

#### iii. Nomination & Remuneration Committee

The NRC shall establish the criteria regarding the qualifications, positive qualities, and the independence of the directors as well as advising the Board on the remuneration policy, appointment of directors and senior management of Theta.

The objectives of the NRC with regard to the nomination role are as follows:

- a. Identify and recommend appointment of Directors to the Board, the Board Committees and nominate candidates for directorship to the Board of Subsidiary and Associated Companies;
- b. Review and recommend appointments of the Senior Management and other strategic positions as may be determined by the Board;
- c. Review the Board's required mix of skills, diversity, experience and other qualities, including core competencies; and
- d. Assess the effectiveness of the Board and the Board Committees as a whole;

The objective of the Committee with regard to the remuneration role are as follows:

- a. Determine, review and recommend the remuneration framework and policies of Directors, Board Committee members, Senior Management and other strategic positions as may be determined by the Board; and
- b. Set the policy and remuneration framework for employees of the Group.

# STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

## KEY CONTROL ELEMENTS (CONT'D)

### 1) Key Internal Control (Cont'd)

#### iv. Group Management Committees & Working Committees

The daily running of the business is entrusted to the GCEO and the Management team. Under the purview of the GCEO, the Heads of respective Business Divisions and departments of the Group are empowered with the responsibility of managing their operations. The Group Management Committees & Working Committees are established to assist in decision makings and to ensure that the Group's interests are adequately protected in arriving at important business/operational decisions.

The Committees include the Consequence Management Committee, Innovation Committee, Procurement Committee, Operation Working Committee and Bidding/Tender Working Committee with the terms of reference have been stipulated in the Corporate Governance Framework and approved by the Board.

### 2) Control Environment Structure

The Board is committed to maintaining a strong control structure and environment for the proper conduct of the Group's business operations. The Group's control environment comprises of the following components which have been in place throughout the financial year:

#### i. Organisation Structure

The Group has an established an organizational structure with clearly defined authority, responsibility, and accountability to meet its business strategies and objectives within an appropriate control environment.

The respective function will ensure that the delegated authority, responsibility and accountability are carried out with due care and to protect the company and shareholders' interests in meeting the corporate strategy.

#### ii. Corporate Governance Framework

Theta prioritizes sound corporate governance and implements a robust risk management and control system to ensure the interests of all shareholders and stakeholders are safeguarded through the Corporate Governance Framework.

Theta's Corporate Governance Framework shall:

- a. Provide the parameters and general guidelines that empower management to take accountability for their actions whilst adhering to the principles of integrity and transparency.
- b. Provide clarity on the Corporate Governance practices within Theta in day-to-day business and operational decision-making;
- c. Formalise the establishment of Group Management Committees and Working Committees within Theta with a clear term of reference which includes clear demarcation of roles and responsibilities for strategic and operation matters;
- d. Inculcate corporate core value and high integrity behaviour by all employee in the conduct of business operations; and
- e. Strengthen the pillars of Assurance and Enabler that provides emphasis on the 2nd and 3rd Lines of Defence for the purpose of compliance monitoring and internal control effectiveness within Theta.

# STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

## KEY CONTROL ELEMENTS (CONT'D)

### 2) Control Environment Structure (Cont'd)

#### iii. Discretionary Approving Limit Policy

The Discretionary Approving Limit ("DAL") provides guidelines for the overall approving authorities system-wide for the Group. It is an integral part of the management system for internal control in making decisions within the Company, which includes the governance process for delegation of authority within the set criteria and boundaries that carry the obligation and accountability to exercise sound discretion, and good business judgment, and responsibility.

The approving limit set by the Board shall be the guiding principle in determining the Discretionary Approving Limits encompassing four (4) areas of control as follows:

- a. Corporate and Annual Budget Administration;
- b. Procurement and Contract/Agreement Signing;
- c. Functional Administration; and
- d. Tendering & Bidding for Incoming Sales.

#### iv. Organisation Resilience Function & Risk Management

The function has been established to oversee the main pillars of organisation resilience such as Governance & Integrity; Enterprise Risk Management; Compliance Program; Business Process Improvement; and Sustainability Reporting.

The Organisation Resilience Department ("ORD") throughout the year 2022 has managed to:

- a. Produce the Annual Report on Sustainability Statement 2021;
- b. Achieve 66% of ESG Score Rating;
- c. Initiate cost savings of RM62 million through procurement and improved governance processes;
- d. Governed three (3) frameworks and six (6) policies;
- e. Acquire certification from the Corporate Integrity System Malaysia;
- f. Produced Quarterly Risk Assessment and Reporting;
- g. Centralised the manuals and policies in staff portal.

The risk management function is integrated within the ORD to reflect a structured risk management reporting line to ensure significant risks are escalated to the appropriate levels. Such structure allows synchronisation with Theta's strategic planning process and its commitment towards sustainability & governance.

The ORD shall support the ARMC in discharging their risk management responsibilities in reviewing and assessing the adequacy of the risk management policies and ensures infrastructure, resources and systems are available for risk management.

The ORD together with the various business units facilitates the risk review exercise across the Group and report the significant risks faced by the company to the ARMC and ultimately to the Board. The ORD is also responsible for ensuring that the risk management framework is effectively implemented and that risk registers are maintained by the respective business platforms

#### v. Risk Management Process

ORD has developed a systematic risk management approach with the establishment of the Enterprise Risk Management Framework ("ERMF") to identify, manage and address significant risks appropriately.

The Risk Management Unit of the ORD is accountable for organizing risk review exercises and producing quarterly reports on the company's risk management activities, covering financial, operational, regulatory compliance, information technology and systems, sustainability, internal controls, integrity and risk management systems.



## STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

### KEY CONTROL ELEMENTS (CONT'D)

#### 2) Control Environment Structure (Cont'd)

##### v. Risk Management Process - (Cont'd)

The findings from the risk review exercise and other risk management activities will be documented and presented to the ARMC periodically. Although the Risk Management Unit of the ORD primary responsibility is to coordinate risk review and report to the ARMC, all business units must conduct a risk review regularly, particularly in the context of unusual circumstances, to ensure that risk registers are current, and risk controls are improved and maintained.

Corruption Risk Management has been embedded in the ERMF given the application of Section 17A of the Malaysian Anti-Corruption Commission Act 2009. It focuses on identification, assessment, monitoring, and reporting procedures to ensure adequate internal control is maintained at all times.

ESG materiality assessment has also been embedded in the ERMF given the Sustainability Reporting requirement. It focuses on adherence to policies and procedures, continuous business process improvement, materiality assessment, and ESG issues reporting.

##### vi. Internal Audit Function

Internal Audit function for the group was outsourced to the BDO Governance Advisory Sdn Bhd since 2019. Apart from that, the Board had also on 23 December 2021 appointed Ferrier Hodgson MH Sdn Bhd (Baker Tilly) to perform their review on the projects undertaken by Theta Technologies Sdn Bhd.

Subsequently, the in-house Internal Audit Department ("IAD") had been established in June 2022 in accordance with paragraph 15.27 of Bursa Malaysia Main Market Listing Requirement to provide independent assurance on the adequacy of risk management, internal control and governance systems within the Group.

With the formation of the IAD, the following documents had been established:

- a. Audit Committee Charter;
- b. Internal Audit Charter;
- c. Internal Audit Manual; and
- d. Internal Audit five (5) Years' Strategic Plan

The internal audit activities are guided by the above documents which is in line with the International Professional Practices Framework by the Institute of Internal Auditors.

The IAD has a clear line of reporting to the ARMC and the ARMC shall determine the remit of the Internal Audit function conforming to the Practice 11.1 of the MCCG 2021. Thus, the IAD is independent of the activities being audited and the internal audit activities are performed with impartiality, proficiency, and due professional care

The IAD undertakes regular reviews of the Group's operations and its system of internal controls in accordance with the audit plan approved by the ARMC. The audit plan is developed based on the risk profiles of the respective business entities of the Group identified in accordance with the ERMF and feedbacks from the Senior Management and the Board. Audit risk assessment is performed on a regular basis to prioritise high risk areas and to reflect agile audit planning methodology.

A total of three (3) Internal Audit Reports had been presented to the ARMC throughout the year 2022 as follows:

1. Internal Control Review on Manpower Rationalisation Exercise by BDO Governance Advisory Sdn Bhd;
2. Review on Projects Undertaken by Theta Technologies by Ferrier Hodgson MH Sdn Bhd (Baker Tilly);
3. Review on Theta Healthcare Sdn Bhd by the IAD.

The progress of implementation of the action plans over the observations highlighted by the IAD is being monitored via Management Action Plans Dashboard. Any extension to the agreed resolution deadline must be approved by the ARMC.

# STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

## KEY CONTROL ELEMENTS (CONT'D)

### 2) Control Environment Structure (Cont'd)

#### vii. Anti Bribery & Adequacy Policy

This policy is designed to provide the Board and employees with a reference on integrity related issues while performing their duties. The policy sets the tone on commitment to a high standard of ethical and legal business conduct.

As the businesses continue to grow, Theta and its employees are committed to presenting accurate information to guide the Board, management, shareholders, and other stakeholders in making an informed decision.

The general principles & prohibition under this policy shall apply to all Board members, employees and other 3<sup>rd</sup> parties appointed by Theta as partners, consultants or vendors to perform services on behalf of the Group.

#### viii. Corporate ESG & Sustainability Framework

The framework aims to provide guidelines for reporting on environmental, social, and governance ("ESG"). Theta has prioritized its corporate sustainability as a key agenda item in the Annual Operating Plan and intends to integrate ESG requirements into its business processes and strategies to manage risks and generate sustainable returns.

Theta is committed to effective stewardship and good governance practices to maximise its long-term value, with a focus on sustainability issues throughout its business and operations.

As Theta adapts to technological changes, it will face ESG challenges. ESG reporting and analysis in accordance with the framework will help Theta to evaluate the risk and impact of these changes.

#### ix. Document Control Policy

The policy provides comprehensive guidelines on the documentation process within Theta that is not limited to the use of document templates, design, and documentation maintenance by the users and document controller.

The policy provides detail guidelines on the establishment, review, and approval of different types of documents such as Framework, Policy, Standard Operating Procedures and Guidelines.

#### x. Whistle-blower Policy

This document encourages the act of whistleblowing for any wrongdoing, corrupt practice, unethical behaviour, and attempt to commit any criminal activity that may adversely impact the Group.

The policy shall provide an overview on the following:

- a. ORD role as the custodian of the whistleblowing channel and process;
- b. The reporting framework of whistleblowing cases;
- c. Whistleblowing reporting mechanism;
- d. Protection of whistleblowers' identity to avoid harassment, intimidation, victimization, reprisal, or detrimental action; and
- e. Confidentiality of disclosure or reports.

The policy builds into the Group's culture, abhorrence for fraud, and that any conduct of this nature will not be tolerated. It also promotes a transparent and open environment for fraud reporting within the Group whilst protecting the identity of the person who lodges the report.

#### xi. No Gift Policy

The Group practices and adopts a "No Gift Policy" whereby all employees, including our immediate family members, are prohibited from giving and receiving gifts in any form (in terms of goods or services, in money or kind, business courtesy, or other benefits) in their dealings with relevant third parties. One element of our corporate values is integrity, and it applies to all of our business conduct. This policy serves as guidance to maintain the ethical value and business relationship and avoid any conflict of interest.

# STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

## KEY CONTROL ELEMENTS (CONT'D)

### 2) Control Environment Structure (Cont'd)

#### xii. Human Resources Management

The Group recognizes the importance of its staff in contributing to its growth and therefore places great emphasis on human resource development and training. To ensure that competent personnel are hired and retained at all levels of management, the Group has established proper guidelines for recruitment, performance appraisals, and promotion.

The Group has in place a Performance Management System, which is linked to and guided by the Key Performance Indicator ("KPI") and departmental Balance Score Card. Individual KPIs are quantifiable to reflect the critical success factors of an organisation in line with the department's Balance Score Card.

The Performance Management Framework focuses on aligning the Group direction by measuring the revenue growth, operational profit, quality of revenue, stakeholders' management, business processes and organisational capabilities to ensure growth towards desired direction.

#### xiii. Employees Code of Conduct

The Employees Code of Conduct is communicated to all employees and compliance with this Code is mandatory. The Code serves as guiding principles to assist employees to practice high ethical business standards, and it provides guidance on the way business and duties are governed in an efficient, effective and fair manner.

#### xiv. Conflict of Interest & Disclosure Policy

This Policy is designed to assist the Directors, Officers and Employees to identify situations that present potential conflicts of interest and guidelines on disclosure process.

#### xv. Code of Ethics for Directors, Employees and Stakeholders

This Code of Business Ethics has been designed in line with the Corporate Core Value of the Company of Courage, Accountable, Responsive, Engaged, and Simplicity (known as "CARES"). It entails the principles and rules of business conduct for the directors, employees, and all relevant stakeholder who have an interest in business dealing with the Group.

#### xvi. Health & Safety Environment

The Group is committed to ensuring the risk of health, safety, and environmental impact in the workplace is adequately managed. The Group has the ISO 45001:2018 Occupational Health & Safety Management System certification and ISO 14001:2015 for the Environmental Management System concerning managing information and Communication Technology (ICT) and telecommunications services projects. A committee chaired by the Senior Management team member meets regularly to discuss HSE issues and ensure adherence to HSE policies

### 3) Control Activities & Monitoring

The Group crafted its Annual Operating Plan to outline its operating strategy for the year, which is presented to and approved by the Board after deliberations.

Senior Management meetings are held to monitor business performance and discuss any important issues pertaining the Annual Operating Plan. Regular reports on performance against the targets set out in the plan, management action plans, key operating issues, legal and regulatory matters and any other significant issues that may affect the Group's Annual Operating Plan are presented to the Board for their review and deliberation.

All functions across the Group are governed by relevant frameworks, guidelines, policies and procedures which are made available in Theta's internal portal alongside with the Code of Ethics, Discretionary Authority Limit, and other company-related information.

# STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

## KEY CONTROL ELEMENTS (CONT'D)

### 4) ADEQUACY OF RISK MANAGEMENT & INTERNAL CONTROL

The Board confirms that it has reviewed the effectiveness of the risk management and internal control framework and considers Theta's system of internal control as adequate in safeguarding the shareholders' interests and assets of the Group. The Board also confirms that there is an effective on-going process for the identification, evaluation and management of significant risks in the Group and is committed to ongoing review of the entire control, compliance and risk management controls.

The Board believes that the development of the system of internal controls is an on-going process and has taken steps throughout the year to improve its internal control system and will continue to do so.

The GCEO and the Group Chief Financial Officer had assured the Board that the Group's risk management and internal control system is operating adequately and effectively in all material aspects.

Based on the assessment of the Group's internal control system for the year under review and up to the date of approval of this statement, no significant control failures or weaknesses that would result in material loss, contingency or uncertainty requiring disclosure in the Group's annual report were noted. The management has taken appropriate actions to address the shortcoming, lapses or weaknesses on the internal control highlighted by the IAD.

The Board believes that the system of risk management and internal control was generally satisfactory and adequate.

### 5) REVIEW OF STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the Main Market Listing Requirements by Bursa Malaysia, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3 2018 issued by the Malaysian Institute of Accountants. AAPG 3 2018 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group. The External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

- (a) has not been prepared in accordance with the disclosures required by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
- (b) is factually inaccurate.

AAPG 3 does not require the External Auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and management thereon. The External Auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

### 6) CONCLUSION

The Board believes that the present internal control system is adequate for the Group to manage its risks and achieve its business objectives. The Board is committed to ensure that the Group continuously reviews the internal control system to enhance shareholders' investments effectively and safeguard the Group's assets. This statement was made following a resolution of the Board of Directors dated 27 April 2023.

## ADDITIONAL COMPLIANCE INFORMATION

### (i) Utilisation of Proceeds

On 25 February 2022, the Company announced the private placement of up to 10,724,300 new ordinary shares in THETA ("THETA Shares" or "Shares"), representing not more than 10.00% of the issued ordinary shares in THETA ("Private Placement"). The Private Placement was completed on 29 April 2022.

As at 30 March 2023, the Company had fully utilised the proceeds as detailed below:-

Details of Utilisation of Proceeds	Proceeds raised from Private Placement RM'000	Amount Utilised as at 31 December 2022 RM'000	Balance Available for Utilisation RM'000	Expected timeframe for utilisation
Working capital requirement for the JENDELA Project	7,475	7,475	-	Completed
Expenses incurred for the Private Placement	300	300	-	Completed Excess of RM0.03 million has been utilised as working capital
<b>Total</b>	<b>7,775</b>	<b>7,775</b>	<b>-</b>	<b>Completed</b>

During the financial year, no proceeds were raised by the Company from any corporate proposal.

### (ii) Audit and Non-Audit Fees

The fees payable to the External Auditors, Messrs KPMG PLT in relation to the audit and non-audit services rendered to Theta Edge Berhad ("the Company" or "THETA") and its subsidiary companies for the financial year ended 31 December 2022 are as follows:-

	THETA (RM'000)	Group (RM'000)
Audit	47	142
Non-Audit Fees	10	10
<b>Total</b>	<b>57</b>	<b>152</b>

### (iii) Material Contracts

There are no material contract(s) (not being contracts entered into in the ordinary course of business) by the Group involving the interest of the directors, chief executive who is not a director or major shareholders, either still subsisting at the end of the financial year ended 31 December 2022 or entered into since the end of the previous period directors and substantial shareholders' interest with the Company and/its subsidiary companies during the financial year.

## ADDITIONAL COMPLIANCE INFORMATION

### (iv) Recurrent Related Party Transactions of a Revenue or Trading in Nature

The Company had at the Annual General Meeting held on 29 June 2022 obtained the shareholders' mandate to enter into Recurrent Related Party Transactions ("RRPT") of a revenue in nature, which are necessary for the day-to day operations on the terms not more favourable to the related party than those available to the public and not to the detriment of the minority shareholders.

The breakdown of the aggregate value and type of recurrent related party transactions conducted pursuant to the shareholders' mandate for the financial year ended 31 December 2022 is set out below:

Related Party with whom the Group is transacting	Nature of Transactions	Company within the Group involved in RRPT	Interested Related Party	Aggregate value (RM'000)
<b>TH</b> Group and/or its associated company(ies) (Recipient)	(i) The Provision of ICT application support services (ii) The Provision of maintenance for ICT hardware and software systems (iii) The Provision of all related ICT system integration, system implementation and related services (iv) The Provision of telecommunication and data transmission services (v) The Provision of desktop management services and hardware leasing	THETA Group and/or its subsidiaries (Provider)	<b>*TH</b> Group, Tengku Dato' Seri Hasmuddin bin Tengku Othman and Datuk Seri Asri bin Hamidin @ Hamidon and Shamsul Kamal bin Hussein Kamal	3,522

Notes:

**\*TH** stands for Lembaga Tabung Haji, a major shareholder of the Company.

- Tengku Dato' Seri Hasmuddin bin Tengku Othman, Datuk Seri Asri bin Hamidin @ Hamidon and Shamsul Kamal bin Hussein Kamal are the Directors nominated and appointed by **TH** and they are deemed interested in the transactions.



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## DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

### Principal activities

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are stated in Note 5 to the financial statements.

There has been no significant change in the nature of these activities during the financial year.

### Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

### Results

	Group RM'000	Company RM'000
Profit for the year attributable to: Owners of the Company	7,609	5,619

### Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year.

### Dividend

A final single tier dividend of RM0.015 per ordinary share in respect of the financial year ended 31 December 2022 amounting to RM1,769,514 was approved by the Directors after the reporting period. The financial statements for the current financial year do not reflect this approved dividend. This dividend would be accounted for as an appropriation of current year profit in the financial year ending 31 December 2023.

### Directors of the Company

Directors who served during the financial year until the date of this report are:

Tengku Dato' Seri Hasmuddin bin Tengku Othman  
 Abdul Halim bin Jantan  
 Zainal 'Abidin bin Abd Jalil  
 Rozahan bin Osman  
 Erma Surianee binti Malek  
 Latifah binti M.Daud  
 Datuk Seri Asri bin Hamidin @ Hamidon  
 Azih bin Yusof (appointed on 1 March 2022)  
 Shamsul Kamal bin Hussein Kamal (appointed on 1 April 2022)  
 Muhammad Fawwaz Bin Aminuddin (resigned on 8 February 2022)

## DIRECTORS' REPORT

### Directors of the Company (Cont'd)

The names of Directors of the subsidiaries as at the financial year end are as follows:

Name of entity	Directors
Advanced Business Solutions (M) Sdn Bhd Impianan Sdn Bhd	Nuraslina binti Zainal Abidin Nuraslina binti Zainal Abidin
Theta Services Sdn Bhd	Rozahan bin Osman Nuraslina binti Zainal Abidin
TH2.0 Sdn Bhd	Nuraslina binti Zainal Abidin
Theta Greentech Sdn Bhd	Nuraslina binti Zainal Abidin Zulkaflee bin Mohamed (resigned on 9 March 2022)
Theta Innovation Sdn Bhd	Nuraslina binti Zainal Abidin Shamsul Kamal bin Hussein Kamal Ungku Faisal bin Ungku Ismail (resigned on 23 February 2022)
Theta Healthcare Sdn Bhd	Abdul Halim bin Jantan Nuraslina binti Zainal Abidin
Theta Technologies Sdn Bhd	Rozahan bin Osman Shamsul Kamal bin Hussein Kamal
Theta Telecoms Sdn Bhd	Nuraslina binti Zainal Abidin (appointed on 7 February 2022) Dr Suhaidi bin Hassan (appointed on 7 February 2022) Othman bin Omar (resigned on 9 February 2022) Ungku Faisal bin Ungku Ismail (resigned on 9 February 2022)
Theta Mobility Sdn. Bhd. (f.k.a. Upperstage Sdn. Bhd.)	Nuraslina binti Zainal Abidin (appointed on 25 October 2022) Mohamad Izzat bin Serpudin (appointed on 25 October 2022) Yap Kian Mun (resigned on 25 October 2022)

### Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

The director's benefit paid or receivable by directors in respect of the financial year ended 31 December 2022 are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Directors of the Company:				
Fees	311	274	311	249
Salaries and other emoluments	302	788	302	788
	613	1,062	613	1,037

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## DIRECTORS' REPORT

### Issue of shares and debentures

During the financial year, 10,724,300 new ordinary shares of RM0.725 per ordinary share were issued via a private placement to eligible investors for a total cash consideration of RM7,776,000 to fund the Company's investment in a subsidiary. There were no debenture issued during the financial year.

### Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

### Indemnity and insurance costs

During the financial year, the total amount of insurance coverage effected for the Directors and Officers of the Company and its subsidiary companies is RM20 million. The total Directors and Officers insurance premium incurred including tax and duties by the Company is RM64,140.

### Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts or the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, other than disclosed in the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 December 2022 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

## DIRECTORS' REPORT

### Subsequent event

The subsequent event during the financial year is as disclosed in Note 24 to the financial statements.

### Auditors

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration the Group and the Company during the year is RM142,000 and RM47,000 respectively.

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

**Erma Surianee binti Malek**

Director

**Abdul Halim bin Jantan**

Director

Petaling Jaya, Selangor

Date: 27 April 2023

# STATEMENTS OF FINANCIAL POSITION

as at 31 December 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Assets</b>					
Plant and equipment	3	7,220	1,623	5,183	92
Right-of-use assets	4	8,086	1,529	7,945	792
Investments in subsidiaries	5	-	-	91,226	83,335
Investment in joint venture	6	20	-	20	-
Intangible assets	7	135	-	-	-
Trade and other receivables	8	12,141	16,665	-	-
<b>Total non-current assets</b>		27,602	19,817	104,374	84,219
Inventories	9	43	46	-	-
Trade and other receivables	8	17,913	15,046	29,761	47,856
Contract assets	10	35,276	14,858	-	-
Contract costs	10	836	275	-	-
Current tax assets		80	78	25	19
Cash and cash equivalents	11	56,199	50,000	5,285	5,831
<b>Total current assets</b>		110,347	80,303	35,071	53,706
<b>Total assets</b>		137,949	100,120	139,445	137,925
<b>Equity</b>					
Share capital	12	115,019	107,243	115,019	107,243
Reserves		(42,024)	(49,633)	(42,486)	(48,105)
<b>Equity attributable to owners of the Company</b>		72,995	57,610	72,533	59,138
<b>Liabilities</b>					
Lease liabilities		6,298	921	6,291	546
Borrowings	13	10,962	14,610	-	-
<b>Total non-current liabilities</b>		17,260	15,531	6,291	546
Lease liabilities		1,865	704	1,733	302
Borrowings	13	4,775	4,430	-	-
Trade and other payables	14	39,864	20,861	58,888	77,939
Contract liabilities	10	1,190	984	-	-
<b>Total current liabilities</b>		47,694	26,979	60,621	78,241
<b>Total liabilities</b>		64,954	42,510	66,912	78,787
<b>Total equity and liabilities</b>		137,949	100,120	139,445	137,925

The notes on pages 102 to 143 are an integral part of these financial statements.



# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 December 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	15	94,272	144,143	10,112	4,971
Cost of sales		(71,233)	(133,229)	-	(661)
<b>Gross profit</b>		23,039	10,914	10,112	4,310
Other operating income		696	787	93	146
Selling and distribution costs		(2,420)	(3,542)	(441)	(70)
Administrative expenses		(11,129)	(11,573)	(8,952)	(6,998)
Net reversal/(loss) on impairment of financial instruments		2	145	70,548	(477)
Other expenses		(2,330)	(1,670)	(65,694)	(525)
Zakat expenses		(384)	(491)	-	-
<b>Results from operating activities</b>		7,474	(5,430)	5,666	(3,614)
Finance income		1,379	1,274	73	51
Finance costs		(1,206)	(635)	(115)	(41)
<b>Profit/(Loss) before tax</b>	16	7,647	(4,791)	5,624	(3,604)
Tax expense	17	(38)	(5)	(5)	10
<b>Profit/(Loss) for the year and total comprehensive income/ (expense) for the year</b>		7,609	(4,796)	5,619	(3,594)
<b>Basic profit/(loss) per ordinary share (sen)</b>	18	6.45	(4.47)		

The notes on pages 102 to 143 are an integral part of these financial statements.

# STATEMENTS OF CHANGES IN EQUITY

For the Year Ended 31 December 2022

	Attributable to owners of the Company		
	Share capital	Non-distributable Accumulated losses	Total equity
	RM'000	RM'000	RM'000
<b>Group</b>			
<b>At 1 January 2021</b>	107,243	(44,837)	62,406
Total comprehensive expense for the year	-	(4,796)	(4,796)
<b>At 31 December 2021/1 January 2022</b>	107,243	(49,633)	57,610
Issuance of shares	7,776	-	7,776
Total comprehensive income for the year	-	7,609	7,609
<b>At 31 December 2022</b>	115,019	(42,024)	72,995
	Note 12		
<b>Company</b>			
<b>At 1 January 2021</b>	107,243	(44,511)	62,732
Total comprehensive expense for the year	-	(3,594)	(3,594)
<b>At 31 December 2021/1 January 2022</b>	107,243	(48,105)	59,138
Issuance of shares	7,776	-	7,776
Total comprehensive income for the year	-	5,619	5,619
<b>At 31 December 2022</b>	115,019	(42,486)	72,533
	Note 12		

The notes on pages 102 to 143 are an integral part of these financial statements.

## STATEMENTS OF CASH FLOWS

For the Year Ended 31 December 2022

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<b>Cash flows from operating activities</b>				
Profit/(Loss) before income tax	7,647	(4,791)	5,624	(3,604)
<i>Adjustments for:</i>				
Depreciation of plant and equipment	844	898	246	223
Depreciation of right-of-use assets	1,486	773	1,100	302
Gain on disposal of plant and equipment	(713)	-	-	-
Gain on fair value of finance lease receivables	(893)	(22,729)	-	-
Interest income from finance lease	(646)	(542)	-	-
Net (reversal)/loss on impairment of financial instruments	(2)	(145)	(70,548)	477
Impairment of investment in subsidiaries	-	-	64,352	-
Plant and equipment written off	157	-	16	-
Interest expenses in relation to lease liabilities	138	91	115	41
Gain on lease modification	(67)	(15)	(40)	-
Borrowing costs	1,068	544	-	-
Income from deposits with licensed banks	(733)	(732)	(73)	(51)
Zakat	384	491	-	-
<b>Operating profit/(loss) before changes in working capital</b>	8,670	(26,157)	792	(2,612)
<b>Changes in working capital:</b>				
Inventories	(558)	992	-	-
Trade and other receivables	(17,220)	3,436	16,400	(1,926)
Trade and other payables	19,209	15,253	(19,051)	7,345
<b>Cash generated from/(used in) operating activities</b>	10,101	(6,476)	(1,859)	2,807
Borrowing costs paid	(1,206)	(635)	(115)	(41)
Income from deposits with licensed banks	733	732	73	51
Income tax paid	(40)	(39)	(11)	(14)
Zakat paid	(384)	(491)	-	-
<b>Net cash generated from/(used in) operating activities</b>	9,204	(6,909)	(1,912)	2,803
<b>Cash flows used in investing activities</b>				
Increase in investment in joint venture	(20)	-	(20)	-
Purchase of plant and equipment	(6,598)	(590)	(5,353)	(24)
Proceed from disposal of plant and equipment	713	-	-	-
Purchase of intangible assets	(135)	-	-	-
<b>Net cash used in investing activities</b>	(6,040)	(590)	(5,373)	(24)

The notes on pages 102 to 143 are an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS

For the Year Ended 31 December 2022

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<b>Cash flows (used in)/generated from financing activities</b>				
Issuance of shares	7,776	-	7,776	-
Repayment of lease liability	(1,438)	(741)	(1,037)	(282)
Increase in hire-purchase	1,201	19,192	-	-
Repayment of hire-purchase	(4,504)	(2,511)	-	-
(Increase)/Decrease in pledged deposits	(18,258)	(922)	1,664	(70)
<b>Net cash (used in)/generated from financing activities</b>	<b>(15,223)</b>	<b>15,018</b>	<b>8,403</b>	<b>(352)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(12,059)</b>	<b>7,519</b>	<b>1,118</b>	<b>2,427</b>
Cash and cash equivalents at 1 January	46,423	38,904	3,215	788
<b>Cash and cash equivalents at 31 December</b>	<b>34,364</b>	<b>46,423</b>	<b>4,333</b>	<b>3,215</b>

## Cash outflows for leases as lessee

		Group		Company	
	Note	2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
<b>Included in net cash from operating activity:</b>					
Interest expenses in relation to lease liabilities	16	138	91	115	41
Payment relating to short term leases	16	74	41	13	-
		212	132	128	41
<b>Included in net cash from financing activity:</b>					
Payment of lease liabilities		1,438	741	1,037	282
<b>Total cash outflows for leases</b>		<b>1,650</b>	<b>873</b>	<b>1,165</b>	<b>323</b>

The notes on pages 102 to 143 are an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS

For the Year Ended 31 December 2022

## Reconciliation of movements of liabilities to cash flows arising from financing activity:

	Borrowings RM'000	Lease liabilities RM'000	Total RM'000
<b>Group</b>			
<b>At 1 January 2021</b>	2,359	2,636	4,995
Net changes from financing cash flows	16,681	(741)	15,940
Acquisition of new lease and lease modifications	-	(270)	(270)
<b>At 31 December 2021/1 January 2022</b>	19,040	1,625	20,665
Net changes from financing cash flows	(3,303)	(1,438)	(4,741)
Acquisition of new lease and lease modifications	-	7,976	7,976
<b>At 31 December 2022</b>	15,737	8,163	23,900
<b>Company</b>			
<b>At 1 January 2021</b>	-	1,130	1,130
Net changes from financing cash flows	-	(282)	(282)
<b>At 31 December 2021/1 January 2022</b>	-	848	848
Net changes from financing cash flows	-	(1,037)	(1,037)
Acquisition of new lease and lease modifications	-	8,213	8,213
<b>At 31 December 2022</b>	-	8,024	8,024

## Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise of the following statement of financial position amounts:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deposits with licensed banks	26,399	25,985	977	2,641
Cash and bank balances	29,800	24,015	4,308	3,190
	56,199	50,000	5,285	5,831
Less: Pledged deposits	(21,835)	(3,577)	(952)	(2,616)
	34,364	46,423	4,333	3,215

The notes on pages 102 to 143 are an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

Theta Edge Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of its registered office and principal place of business is as follows:

## Registered office and principal place of business

11B, Jalan 223  
Seksyen 51A  
46100 Petaling Jaya  
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”).

The Company is principally engaged in investment holding activities. The principal activities of the subsidiary companies are stated in Note 5 to the financial statements.

The financial statements were approved by the Board of Directors on 27 April 2023.

## 1. Basis of preparation

### (a) Statement of compliance

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

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Company:

#### ***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023***

- MFRS 17, Insurance Contracts
- Amendments to MFRS 17, Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information
- Amendments to MFRS 101, Presentation of Financial Statements – Disclosures of Accounting Policies
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
- Amendments to MFRS 112, Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

#### ***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024***

- Amendment to MFRS 16, Leases – Lease Liability in a Sale and Leaseback
- Amendment to MFRS 101, Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current

#### ***MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed***

- Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments, where applicable:

- from the annual period beginning on 1 January 2023 for those amendments that are effective for annual periods beginning on or after 1 January 2023, except MFRS 17 and amendments to MFRS 17 which are not applicable to the Company.
- from the annual period beginning on 1 January 2024 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2024



# NOTES TO THE FINANCIAL STATEMENTS

## 1. Basis of preparation (Cont'd)

### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

### (c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Group and the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

### (d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- note 4 – extension options and incremental borrowing rate in relation to leases
- note 5 – investment in subsidiaries
- note 15 – revenue
- note 20 – measurement of expected credit loss ("ECL")

## 2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

### (a) Basis of consolidation

#### (i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. Significant accounting policies (Cont'd)

#### (a) Basis of consolidation (Cont'd)

##### (ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

##### (iii) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

##### (iv) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group and the Company account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.
- A joint arrangement is classified as "joint venture" when the Group or the Company has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investments in joint venture are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

##### (v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. Significant accounting policies (Cont'd)

#### (b) Foreign currency

##### (i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

#### (c) Financial instruments

##### (i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group and the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

##### (ii) Financial instrument categories and subsequent measurement

###### *Financial assets*

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group and the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

###### *Amortised cost*

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. Significant accounting policies (Cont'd)

#### (c) Financial instruments (Cont'd)

##### (ii) Financial instrument categories and subsequent measurement (Cont'd)

###### *Fair value through profit or loss*

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivatives financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see note 2(k)(i)).

###### *Financial liabilities*

The categories of financial liabilities at initial recognition are as follows:

###### *Amortised cost*

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

##### (iii) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:

- (a) the recognition of an asset on the day it is received by the Group and the Company, and
- (b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group and the Company.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. Significant accounting policies (Cont'd)

#### (c) Financial instruments (Cont'd)

##### (iii) Regular way purchase or sale of financial assets (Cont'd)

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group and the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

##### (iv) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of the amount of loss allowance.

##### (v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### (d) Plant and equipment

##### (i) Recognition and measurement

Items of plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. Significant accounting policies (Cont'd)

#### (d) Plant and equipment (Cont'd)

##### (ii) Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

##### (iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then the component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group and the Company will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

• Computer equipment	3-5 years
• Office and test equipment	5-10 years
• Furniture and fittings	10 years
• Motor vehicles	5 years
• Renovation	5-7 years
• Plant and machinery	5-10 years
• Digital media infrastructure	5 years

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

#### (e) Leases

##### (i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.



## NOTES TO THE FINANCIAL STATEMENTS

### 2. Significant accounting policies (Cont'd)

#### (e) Leases (Cont'd)

##### (ii) Recognition and initial measurement

###### (a) As a lessee

The Group and the Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's and the Company's incremental borrowing rate. Generally, the Group and the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group and the Company excludes variable lease payments that linked to future performance usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group and the Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group and the Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

###### (b) As a lessor

When the Group and the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group and the Company makes an overall assessment of whether the lease transfers substantially all of risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group and the Company applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

The Group and the Company recognises assets held under finance lease in its statements of financial position and presents them as receivable at an amount equal to the net investment in the lease. The Group and the Company uses the interest rate implicit in the lease to measure the net investment in the lease.

When the Group and the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Group and the Company applies the exemption described above, then it classifies the sublease as an operating lease.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. Significant accounting policies (Cont'd)

#### (e) Leases (Cont'd)

##### (iii) Subsequent measurement

###### (a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's and the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

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

###### (b) As a lessor

The Group and the Company recognises lease payments received under operating income on a straight-line basis over the lease term as part of "revenue".

The Group and the Company recognises finance income over the lease term, based on platform on a pattern reflecting a constant periodic rate of return on the Group's and the Company's net investment in the lease. The Group and the Company aims to allocate finance income over the lease term on a systematic and rational basis. The Group and the Company applies the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income. The net investment in the lease is subject to impairment requirement in MFRS 9, Financial Instruments (see note 2(k)(i)).

#### (f) Intangible assets

##### (i) Recognition and measurement

Intangible assets that are acquired by the Company, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

##### (ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

##### (iii) Amortisation

Amortisation is based on the cost of an asset less its residual value. Intangible assets are amortised from the date they are available for use.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful life for software is 3 years. Amortisation method, useful lives and residual value are reviewed at the end of each reporting period and adjusted, if appropriate.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. Significant accounting policies (Cont'd)

#### (g) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the weighted average method and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

#### (h) Contract asset/liability

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, Financial Instruments (see note 2(k)(i)).

A contract liability is stated at cost and represents the obligation of the Group or the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

#### (i) Contract cost

##### (i) Incremental cost of obtaining a contract

The Group or the Company recognises incremental costs of obtaining contracts when the Group or the Company expects to recover these costs.

##### (ii) Cost to fulfil a contract

The Group or the Company recognises a contract cost that relate directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group or the Company, will be used in satisfying performance obligations in the future and it is expected to be recovered.

These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in the profit and loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

#### (j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented at net.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. Significant accounting policies (Cont'd)

#### (k) Impairment

##### (i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for cash and bank balance for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

##### (ii) Other assets

The carrying amounts of other assets (except for inventories, contract asset, lease receivables and deferred tax asset) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating unit.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. Significant accounting policies (Cont'd)

#### (k) Impairment (Cont'd)

##### (ii) Other assets

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amounts of other assets in the cash-generating unit (or a group of cash-generating units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

#### (l) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently. Ordinary shares are classified as equity.

#### (m) Employee benefits

##### (i) Short term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

##### (ii) Defined Contribution Plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognized as an expense in the profit or loss as incurred.

#### (n) Revenue and other income

##### (i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer and exclude amounts collected on behalf of third parties. The Group and the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group and the Company transfer control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- a) the customer simultaneously receives and consumes the benefit provided by the entity's performance as the entity performs;
- b) the entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- c) the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. Significant accounting policies (Cont'd)

#### (n) Revenue and other income (Cont'd)

##### (i) Revenue (Cont'd)

If a performance obligation is not satisfied over time in accordance with the above criteria, an entity satisfies the performance obligation and recognises revenue at a point in time.

##### (ii) Rental income

Rental income is recognised in profit or loss of the Group on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

##### (iii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

##### (v) Management fees

Management fees are recognised when services are rendered.

#### (o) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### (p) Earnings per ordinary shares

The Group presents basic earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. Significant accounting policies (Cont'd)

#### (q) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

#### (r) Borrowings costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

#### (s) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

#### (t) Fair value measurements

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical asset or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Group recognises the transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.



## NOTES TO THE FINANCIAL STATEMENTS

### 3. Plant and equipment

	Computer equipment RM'000	Office and test equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Plant and machinery RM'000	Digital media infra- structure RM'000	Total RM'000
<b>Group Cost</b>								
At 1 January 2021	9,709	2,368	51	629	2,594	2,913	445	18,709
Additions	104	484	-	-	2	-	-	590
Reclassification	(26)	26	-	-	-	-	-	-
Written off	(89)	-	-	-	-	-	-	(89)
At 31 December 2021/ 1 January 2022	9,698	2,878	51	629	2,596	2,913	445	19,210
Additions	1,284	27	-	-	5,112	175	-	6,598
Disposals	-	-	-	(523)	-	-	-	(523)
Written off	(9,121)	(487)	(18)	-	(1,974)	-	-	(11,600)
At 31 December 2022	1,861	2,418	33	106	5,734	3,088	445	13,685
<b>Accumulated depreciation</b>								
At 1 January 2021	9,107	1,574	23	629	2,087	2,700	445	16,565
Depreciation for the year	351	313	6	-	228	-	-	898
Written off	(89)	-	-	-	-	-	-	(89)
At 31 December 2021/ 1 January 2022	9,369	1,887	29	629	2,315	2,700	445	17,374
Depreciation for the year	274	279	5	-	286	-	-	844
Disposals	-	-	-	(523)	-	-	-	(523)
Written off	(9,091)	(459)	(13)	-	(1,880)	-	-	(11,443)
At 31 December 2022	552	1,707	21	106	721	2,700	445	6,252
<b>Accumulated impairment losses</b>								
At 1 January 2021/ 31 December 2021/ 1 January 2022/ 31 December 2022	-	-	-	-	-	213	-	213
<b>Carrying amounts</b>								
At 1 January 2021	602	794	28	-	507	-	-	1,931
At 31 December 2021/ 1 January 2022	329	991	22	-	281	-	-	1,623
At 31 December 2022	1,309	711	12	-	5,013	175	-	7,220

## NOTES TO THE FINANCIAL STATEMENTS

### 3. Plant and equipment

	Computer equipment RM'000	Office equipment RM'000	Furniture and fittings RM'000	Renovation RM'000	Total RM'000
<b>Company Cost</b>					
At 1 January 2021	524	171	18	621	1,334
Additions	-	24	-	-	24
Reclassification	(26)	26	-	-	-
Written off	(6)	-	-	-	(6)
At 31 December 2021/1 January 2022	492	221	18	621	1,352
Additions	224	25	-	5,104	5,353
Written off	(491)	(112)	(6)	(621)	(1,230)
At 31 December 2022	225	134	12	5,104	5,475
<b>Accumulated depreciation</b>					
At 1 January 2021	426	128	5	484	1,043
Depreciation for the year	72	42	2	107	223
Written off	(6)	-	-	-	(6)
At 31 December 2021/1 January 2022	492	170	7	591	1,260
Depreciation for the year	16	17	2	211	246
Written off	(490)	(101)	(3)	(620)	(1,214)
At 31 December 2022	18	86	6	182	292
<b>Carrying amounts</b>					
At 1 January 2021	98	43	13	137	291
At 31 December 2021/1 January 2022	-	51	11	30	92
At 31 December 2022	207	48	6	4,922	5,183

## NOTES TO THE FINANCIAL STATEMENTS

### 4. Right-of-use assets

	Office buildings RM'000	Warehouses RM'000	Total RM'000
<b>Group</b>			
At 1 January 2021	2,340	217	2,557
Additions	124	-	124
Derecognition*	(379)	-	(379)
Depreciation	(694)	(79)	(773)
At 31 December 2021/1 January 2022	1,391	138	1,529
Additions	8,695	-	8,695
Derecognition*	(565)	(87)	(652)
Depreciation	(1,435)	(51)	(1,486)
At 31 December 2022	8,086	-	8,086
<b>Company</b>			
At 1 January 2021	1,058	36	1,094
Depreciation	(279)	(23)	(302)
At 31 December 2021/1 January 2022	779	13	792
Additions	8,681	-	8,681
Derecognition*	(428)	-	(428)
Depreciation	(1,087)	(13)	(1,100)
At 31 December 2022	7,945	-	7,945

\* The Group and the Company has derecognised the right-of-use assets during the year with a gain on derecognition of RM66,525 (2021: RM15,271) and RM39,928 (2021: nil) respectively, as a result of lease modification.

The Group and the Company leases a number of office buildings and warehouses between 1 year and 3 years, with an option to renew the lease after that date.

#### 4.1 Extension options

Some leases of office buildings and warehouses contain extension options exercisable by the Group and the Company up to one year before the end of the non-cancellable contract period. Where applicable, the Group and the Company seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and the Company and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

All potential future lease payments from assessment on extension options has been included in discounted lease liabilities as at 31 December 2022.

#### 4.2 Significant judgements and assumptions in relation to leases

The Group and the Company assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. The Group and the Company considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group and the Company also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. The Group and the Company first determines the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

## NOTES TO THE FINANCIAL STATEMENTS

### 5. Investments in subsidiaries

	Company 2022 RM'000	2021 RM'000
<b>Cost of investment</b>		
At 1 January 2022/31 December 2021	108,909	108,909
Addition	72,243	-
Less: Impairment loss	(89,926)	(25,574)
At 31 December 2022	91,226	83,335

The Company assesses on the recoverability of the investment in subsidiaries by applying significant estimates used to determine the recoverable amount since the last impairment loss was recognised. Accordingly, during the financial year, impairment loss of investment in subsidiaries was recognised amounting to RM64,352,000 (2021: nil).

Details of subsidiaries are as follows:

Name of company	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2022 %	2021 %
Advanced Business Solutions (M) Sdn. Bhd.	Malaysia	Dealers, software writers, compilers and testers, system developers, trainers and consultants in computers and all services related to information technology industry	100	100
Impianan Sdn. Bhd.	Malaysia	Public mobile data network operator	100	100
Theta Technologies Sdn. Bhd.	Malaysia	Sales and maintenance of computers and telecommunication equipment, peripherals and related services	100	100
Theta Services Sdn. Bhd.	Malaysia	Marketing of computer products, provision of application development services and all other computer related activities	100	100
Theta Telecoms Sdn. Bhd.	Malaysia	Supply of telecommunication equipment and services and provision of customised total systems integration services and solutions	100	100
Theta Greentech Sdn. Bhd.	Malaysia	Information technology solutions	100	100
Theta Healthcare Sdn. Bhd.	Malaysia	Distributions of computers and computers related equipment	100	100
TH2.0 Sdn. Bhd.	Malaysia	Investment holding company	100	100
Theta Innovation Sdn. Bhd.	Malaysia	Carrying on business associated with or in promotion of IT industry	100	100
Theta Mobility Sdn. Bhd. (f.k.a. Upperstage Sdn. Bhd.) #	Malaysia	Leased real estate-residential building, export and import goods	100	-

# Not audited by a member firm of KPMG International

## NOTES TO THE FINANCIAL STATEMENTS

### 6. Investment in joint venture

	Group/Company	
	2022	2021
	RM'000	RM'000
At cost		
Unquoted shares	20	-

Details of the joint venture is as follows:

Name of company	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2022	2021
			%	%
Thetris ISS Sdn. Bhd.#	Malaysia	Marketing of computer products, consulting and services, security and surveillance systems, artificial intelligence, data analytics and information management	30	-

# Not audited by a member firm of KPMG PLT

### 7. Intangible assets

	Software
	RM'000
<b>Cost/Carrying amounts</b>	
At 1 January 2021/31 December 2021/1 January 2022	-
Additions	135
At 31 December 2022	135

#### Software

The development costs represent development and enhancement cost incurred to related to the e-Procurement software. No amortisation for the year due to the software was acquired during end of December 2022.

### 8. Trade and other receivables

	Note	Group		Company	
		2022	2021	2022	2021
		RM'000	RM'000	RM'000	RM'000
<b>Non-current</b>					
<b>Trade</b>					
Net investment in lease	8.1	12,141	16,665	-	-
<b>Current</b>					
<b>Trade</b>					
Trade receivables	8.2	10,986	8,377	-	-
Less: Impairment loss		(1,161)	(1,163)	-	-
		9,825	7,214	-	-

## NOTES TO THE FINANCIAL STATEMENTS

### 8. Trade and other receivables (Cont'd)

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Amounts due from related companies	8.3	798	919	28,942	732
Net investment in lease	8.1	5,300	5,134	-	-
		6,098	6,053	28,942	732
		15,923	13,267	28,942	732
<b>Non-trade</b>					
Amounts due from subsidiaries	8.4	-	-	1,015	118,498
Less: Impairment loss		-	-	(1,015)	(71,563)
		-	-	-	46,935
Deposits		1,157	982	632	77
Other receivables		45	52	4	-
Prepayments		788	745	183	112
		1,990	1,779	819	189
		1,990	1,779	819	47,124
		17,913	15,046	29,761	47,856

#### 8.1 Net Investment in lease

Group		2022 RM'000	2021 RM'000
At 1 January		21,799	2,736
Addition		893	22,729
Interest income		646	542
Lease payments received		(5,897)	(4,208)
At 31 December		17,441	21,799

The Group leases computer equipment to third parties.

These leases transfers substantially all the risk and rewards incidental to ownership of the machines. The Group expects the residual value of the machines at the end of the lease term to be minimal. These leases do not include buy-back agreements or residual value guarantees.

## NOTES TO THE FINANCIAL STATEMENTS

### 8. Trade and other receivables (Cont'd)

#### 8.1 Net Investment in lease (Cont'd)

The lease payments to be received are as follows:

Group	2022 RM'000	2021 RM'000
Less than one year	5,788	5,766
One to two years	5,786	11,007
More than two years	6,822	6,575
Total undiscounted lease payments	18,396	23,348
Unearned interest income	(955)	(1,549)
Net investment in lease	17,441	21,799

The following are recognised in profit or loss:

Group	2022 RM'000	2021 RM'000
Gain for new finance lease entered into	893	22,729
Interest income	646	542

#### 8.2 Trade receivables

Included in the trade receivables is amount due from trade debtors to be satisfied by the issuance of Irredeemable Convertible Preference Shares ("ICPS") amounted to RM1,031,991 (2021: RM1,031,991) by a customer that had been delisted from the Official List of Bursa Securities pursuant to Paragraph 8.04 of the Main Market Listing Requirements in September 2022. A full impairment has been provided on the amount due from the trade debtors in prior year.

#### 8.3 Amounts due from related companies

The amounts due from related companies are in relation to trade transactions in the ordinary course of business, and subject to normal credit terms.

#### 8.4 Amounts due from subsidiaries

The amounts due from subsidiaries are interest free, unsecured and have no fixed terms of repayment.

### 9. Inventories

Group	2022 RM'000	2021 RM'000
Equipment and supplies, at cost	43	46
Recognised in profit or loss:		
Equipment and supplies recognised as cost of sales	138	7



## NOTES TO THE FINANCIAL STATEMENTS

### 10. Contract with customers

#### 10.1 Contract assets/(liabilities)

	2022 RM'000	2021 RM'000
<b>Group</b>		
<b>Contract assets</b>	35,276	14,858
<b>Contract liabilities</b>	(1,190)	(984)

The contract assets primarily relate to the Group's rights to consideration for work completed on construction contracts but not yet billed at the reporting date. Typically, the amount will be billed upon agreed milestone achieved and payment is expected within 30 – 90 days.

The contract liabilities primarily relate to advance consideration received from customers for system development projects, which revenue is recognised overtime during the projects. The contract liabilities are expected to be recognised as revenue based on the stage of completion of the projects.

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

	2022 RM'000	2021 RM'000
<b>Group</b>		
Contract liabilities at the beginning of the period recognised as revenue	(953)	(858)
Contract liabilities at the beginning of the period not recognised as revenue due to change in time frame	(31)	(88)
Contract assets at the beginning of the period not transferred to trade receivables due to change in time frame	7,179	428

#### 10.2 Contract costs

	2022 RM'000	2021 RM'000
<b>Group</b>		
Cost to fulfil a contract	836	275

Cost to fulfil a contract comprises of cost that relate directly to a contract and is expected to be recovered in the future.

Capitalised costs are charged out when the related revenues are recognised. In 2022, the amount charged out was RM275,000 (2021: RM2,167,000) and there were no impairment losses in relation to the costs recognised.

### 11. Cash and cash equivalents

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deposits placed with licensed banks	11.1	26,399	25,985	977	2,641
Cash and bank balances		29,800	24,015	4,308	3,190
		56,199	50,000	5,285	5,831

## NOTES TO THE FINANCIAL STATEMENTS

### 11. Cash and cash equivalents (Cont'd)

#### 11.1 Deposits placed with licensed banks

Included in deposits placed with licensed banks of the Group and the Company is RM21,835,000 (2021: RM3,577,000) and RM952,000 (2021: RM2,616,000), respectively, pledged for bank guarantees.

### 12. Share capital

	Amount 2022 RM'000	Number of shares 2022 ( '000)	Amount 2021 RM'000	Number of shares 2021 ( '000)
<b>Group and Company</b>				
Issued and fully paid ordinary shares with no par value classified as equity instruments:				
At 1 January/31 December	115,019	117,968	107,243	107,243

### 13. Borrowings

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Non-current</b>				
Finance lease liabilities	10,962	14,610	-	-
<b>Current</b>				
Finance lease liabilities	4,775	4,430	-	-
	15,737	19,040	-	-

Finance lease liabilities are payable as follows:

	Future minimum lease payments 2022 RM'000	Borrowing cost 2022 RM'000	Present value of minimum lease payments 2022 RM'000	Future minimum lease payments 2021 RM'000	Borrowing cost 2021 RM'000	Present value of minimum lease payments 2021 RM'000
Less than one year	5,517	(742)	4,775	5,137	(707)	4,430
Between one and five years	12,692	(1,730)	10,962	16,970	(2,360)	14,610
	18,209	(2,472)	15,737	22,107	(3,067)	19,040

## NOTES TO THE FINANCIAL STATEMENTS

### 14. Trade and other payables

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Trade</b>					
Trade payables		15,564	2,662	-	-
Accrued cost		18,841	11,197	-	-
Amount due to a subsidiary	14.1	-	-	23,964	23,964
		34,405	13,859	23,964	23,964
<b>Non-trade</b>					
Amounts due to related companies	14.2	25	-	5	-
Amounts due to subsidiaries	14.1	-	-	32,562	51,373
Other payables and accruals		4,694	6,162	2,181	2,426
Deposits received		182	182	176	176
Sales tax payable		558	658	-	-
		5,459	7,002	34,924	53,975
		39,864	20,861	58,888	77,939

#### 14.1 Amounts due to subsidiaries

The trade amount due to subsidiary is in relation to trade transactions in the ordinary course of business, and subject to normal credit terms.

The non-trade amount due to subsidiaries are interest free, unsecured and have no fixed terms of repayment.

#### 14.2 Amounts due to related companies

The amounts due to related companies are interest free, unsecured and have no fixed terms of repayment.

### 15. Revenue

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue from contracts with customers	93,379	121,414	-	662
Other revenue	893	22,729	10,112	4,309
	94,272	144,143	10,112	4,971

## NOTES TO THE FINANCIAL STATEMENTS

### 15. Revenue (Cont'd)

#### 15.1 Disaggregation of revenue from contracts with customers

In the following table, revenue is disaggregated by major products/services lines.

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<b>Major products/services lines</b>				
- Telecommunication services	69,383	9,416	-	21
- Equipment and application management services	9,933	12,024	-	-
- System integration projects	12,925	22,983	-	641
- Trading	422	76,371	-	-
- Energy and facility management	716	620	-	-
	93,379	121,414	-	662
<b>Timing and recognition</b>				
At a point in time	422	76,371	-	-
Overtime	92,957	45,043	-	662
	93,379	121,414	-	662

#### 15.2 Nature of goods and services

The following information reflects the typical transactions of the Group and the Company:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms
Telecommunication services	Revenue is recognised over time based on performance of construction work done by comparing the actual costs incurred with the estimated total costs required to complete the construction. Services provided are recognised to meet the customers' specifications and have no alternative use.	Based on agreed milestones, certified and accepted by customers' recognised signatories.
Equipment and application management services	Revenue is recognised over time over the agreement period.	Credit period of 30 days from invoice date.
System integration projects	Revenue is recognised over time when the services are accepted by the customer at their sites.	Based on agreed milestones, certified and accepted by customers' recognised signatories.

## NOTES TO THE FINANCIAL STATEMENTS

### 15. Revenue (Cont'd)

#### 15.2 Nature of goods and services (Cont'd)

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms
Trading	Revenue is recognised at a point in time when the goods are delivered and accepted by the customer.	Credit period of 30 days from invoice date.
Energy and facility management	Revenue is recognised over time when the services are accepted by the customer at their sites.	Based on agreed milestones, certified and accepted by customers' recognised signatories.

There are no variable elements in consideration, obligation for returns or refund in all of the contracts for the provision of goods and services by the Group and the Company.

#### 15.3 Transaction price allocated to the remaining performance obligations

The following table shows revenue from performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date. The disclosure is only providing information for contracts that have a duration for more than one year.

	2023 RM'000	2024 RM'000	2025 RM'000	2026 RM'000	2027 RM'000	Total RM'000	
<b>2022</b>							
Telecommunication services	86,933	24,416	-	-	-	111,349	
Equipment and application management services	7,840	4,112	5,301	3,687	3,211	24,151	
Trading	2,193	-	-	-	-	2,193	
System integration projects	18,837	375	-	-	-	19,212	
	115,803	28,903	5,301	3,687	3,211	156,905	
	2022 RM'000	2023 RM'000	2024 RM'000	2025 RM'000	2026 RM'000	2027 RM'000	Total RM'000
<b>2021</b>							
Telecommunication services	6,385	3,928	-	-	-	-	10,313
Equipment and application management services	8,002	5,712	1,672	3,863	3,472	3,166	25,887
System integration projects	28,495	9,471	2,737	44	-	-	40,747
	42,882	19,111	4,409	3,907	3,472	3,166	76,947

## NOTES TO THE FINANCIAL STATEMENTS

### 15. Revenue (Cont'd)

#### 15.4 Significant judgements and assumptions arising from revenue recognition

The Group applied the following judgements and assumptions that significantly affect the determination of the amount and timing of revenue recognised from contracts with customers:

- For telecommunication services, the Group measured the performance of construction work done by comparing the actual costs incurred with the estimated total costs required to complete the construction. Significant judgements are required to estimate the total contract costs to complete. In making these estimates, management relied on professionals' estimates and also on past experience of completed projects. A change in the estimates will directly affect the revenue to be recognised; and
- For system integration, the Group measured the performance of the work done based on the milestone. Significant judgements are required upon assessing when the control transferred.

### 16. Profit/(Loss) before tax

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<b>Profit/(Loss) before tax arrived at after charging/(crediting):</b>				
<b>Auditors' remuneration:</b>				
Audit fees				
- current year	142	132	47	45
- other services	10	12	10	10
	152	144	57	55
<b>Material expenses/(income):</b>				
Plant and equipment written off	157	-	16	-
Depreciation of plant and equipment	844	898	246	223
Depreciation of right-of-use assets	1,486	773	1,100	302
Gain on disposal of plant and equipment	(713)	-	-	-
Gain on fair value of finance lease receivables	(893)	(22,729)	-	-
Impairment on investment in subsidiaries	-	-	64,352	-
Wage subsidy income	-	(704)	-	(38)
Zakat	384	491	-	-
Personnel expenses (including key management personnel):				
- Salaries and allowances	14,608	19,159	4,699	3,383
- Contribution to Employees Provident Fund	1,623	2,087	479	325
- Others	165	229	32	24
- Voluntary separation scheme	-	4,532	-	1,513
- Provision for bonus	1,601	-	847	-
<b>Finance costs/(income)</b>				
Bank guarantee and overdraft	354	147	-	-
Borrowings	714	397	-	-
Interest income from finance lease	(646)	(542)	-	-
Income from deposits with licensed banks	(733)	(732)	(73)	(51)
<b>Expenses/(income) arising from leases</b>				
Expenses relating to short-term leases	74	41	13	-
Interest expense in relation to lease liabilities	138	91	115	41
Income from short-term rental from subsidiary companies	-	-	(73)	(103)
Gain on lease modification	(67)	(15)	(40)	-

## NOTES TO THE FINANCIAL STATEMENTS

### 16. Profit/(Loss) before tax (Cont'd)

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<b>Net (reversal)/loss on impairment of financial instruments</b>				
Net remeasurement of loss allowance	(2)	(145)	(70,548)	477

### 17. Tax expense

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
- Current year	72	34	17	12
- Over provision in prior year	(34)	(29)	(12)	(22)
	38	5	5	(10)

#### Reconciliation of income tax expense

Profit/(Loss) before tax	7,647	(4,791)	5,624	(3,604)
Income tax calculated using Malaysian tax rate of 24%	1,835	(1,150)	1,350	(865)
Non-deductible expenses	370	271	188	127
Non-chargeable income	(267)	(142)	-	-
Effect of deferred tax previously not recognised	(1,866)	1,055	(1,521)	750
	72	34	17	12
Over provision in prior year	(34)	(29)	(12)	(22)
	38	5	5	(10)

#### Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
Tax loss carry-forwards	116,348	94,206	33,100	16,048
Other deductible temporary differences	66,292	96,208	73,922	97,310
	182,640	190,414	107,022	113,358

Deferred tax assets have not been recognised in respect of these items due to history of recent losses and because it is not probable that future taxable profit will be available against which the Group and the Company can utilise the benefits.



## NOTES TO THE FINANCIAL STATEMENTS

### 17. Tax expense (Cont'd)

#### Unrecognised deferred tax assets (Cont'd)

Pursuant to the announcement of Finance Bill 2021 in conjunction with the Budget Announcement 2021, unutilised tax loss carry-forwards from a year of assessment can only be carried forward up to 10 consecutive year of assessment. Tax loss of the Group and the Company amounting to RM116,348,000 and RM33,100,000 (2021: RM94,206,000 and RM16,048,000), respectively expires within 2028 to 2032. Included in the other deductible temporary differences is unutilised capital allowances which do not expire under the current tax legislation.

### 18. Profit/(Loss) per ordinary share

#### Basic profit/(loss) per ordinary share

Basic profit/(loss) per ordinary share as at 31 December 2022 and 31 December 2021 was calculated by dividing the profit/(loss) after income tax by weighted average number of ordinary shares in issue during the financial year, calculated as follows:

	Company	
	2022	2021
	RM	RM
Profit/(Loss) for the year attributable to owners of the Company (RM'000)	7,609	(4,796)
Weighted average number of ordinary shares as at 31 December ('000)	117,968	107,243
Basic profit/(loss) per ordinary share (sen)	6.45	(4.47)

#### Diluted earnings per ordinary share

No diluted earnings per share is disclosed in these financial statements as there is no potential dilutive ordinary share.

### 19. Operating segments

The Group's reportable segments comprise of Information Technology and Telecommunication services. Both reportable segments offers different products and services and require different marketing strategies. The following summary describes the operations in each of the Group's reportable segments:

- Information technology - Consist of system integration work, trading of hardware and software.
- Telecommunication - Consist of provision of telecommunication engineering and communication services.

For each reportable segment, the Group Chief Operating Decision Maker ("CODM"), which is the Group Chief Executive Officer of the Company, reviews segment business progress on a weekly basis and internal management reports at least on a quarterly basis.

## NOTES TO THE FINANCIAL STATEMENTS

### 19. Operating segments (Cont'd)

Performance is measured based on segment revenue and gross profit as included in the internal management reports that are reviewed by the CODM on quarterly basis. Segment revenue and gross profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

#### Business Segments

	Information technology RM'000	Telecommunication RM'000	Total amount RM'000
<b>Group</b>			
2022			
Revenue	24,889	69,383	94,272
Cost of sales	(19,344)	(51,889)	(71,233)
Gross profit	5,545	17,494	23,039
<b>2021</b>			
Revenue	134,727	9,416	144,143
Cost of sales	(120,382)	(12,847)	(133,229)
Gross profit/(loss)	14,345	(3,431)	10,914

#### Segment assets

Segment assets information is neither included in the internal management reports nor provided regularly to the CODM. Hence, no disclosure is made on segment assets.

#### Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the CODM. Hence, no disclosure is made on segment liabilities.

#### Geographical information

There is no disclosure on geographical segment information as the Group does not have operation outside of Malaysia.

#### Major customers

The following are major customers with revenue equal or more than 10 percent of Group revenue:

	2022 RM'000	2021 RM'000	Segment
Customer A	61,484	69,840	Information technology
Customer B	4,306	28,967	Information technology

## NOTES TO THE FINANCIAL STATEMENTS

### 20. Financial instruments

#### 20.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as Amortised cost ("AC").

	Note	Carrying amount RM'000	AC RM'000
<b>2022</b>			
<b>Financial asset</b>			
<b>Group</b>			
Trade and other receivables	*	11,825	11,825
Cash and cash equivalent	11	56,199	56,199
		68,024	68,024
<b>Company</b>			
Trade and other receivables	*	29,578	29,578
Cash and cash equivalent	11	5,285	5,285
		34,863	34,863
<b>Financial liabilities</b>			
<b>Group</b>			
Trade and other payables	*	39,306	39,306
Borrowings	13	15,737	15,737
		55,043	55,043
<b>Company</b>			
Trade and other payables	14	58,888	58,888

\* These balances exclude non-financial instruments balances.

## NOTES TO THE FINANCIAL STATEMENTS

### 20. Financial instruments (Cont'd)

#### 20.1 Categories of financial instruments (Cont'd)

	Note	Carrying amount RM'000	AC RM'000
<b>2021</b>			
<b>Financial asset</b>			
<b>Group</b>			
Trade and other receivables	*	9,167	9,167
Cash and cash equivalent	11	50,000	50,000
		59,167	59,167
<b>Company</b>			
Trade and other receivables	*	47,744	47,744
Cash and cash equivalent	11	5,831	5,831
		53,575	53,575
<b>Financial liabilities</b>			
<b>Group</b>			
Trade and other payables	*	20,203	20,203
Borrowings	13	19,040	19,040
		39,243	39,243
<b>Company</b>			
Trade and other payables	14	77,939	77,939

\* These balances exclude non-financial instruments balances.

#### 20.2 Net gains and losses arising from financial instruments

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Net gain/(loss) arising from:				
Financial assets at amortised cost	735	876	6,269	(426)
Financial liabilities at amortised cost	(1,068)	(544)	-	-
	(333)	332	6,269	(426)

#### 20.3 Financial risk management

The Group and the Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

## NOTES TO THE FINANCIAL STATEMENTS

### 20. Financial instruments (Cont'd)

#### 20.4 Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's exposure to credit risk arises principally from its receivables from customers. There are no significant changes as compared to prior periods.

##### **Trade receivables and contract assets**

##### *Risk management objectives, policies and processes for managing the risk*

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally financial guarantees given by banks are obtained, and credit evaluations are performed on customers requiring credit over a certain amount.

At each reporting date, the Group or the Company assesses whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

##### *Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group and the Company. The Group and the Company uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due, which are deemed to have higher credit risk, are monitored individually.

##### *Recognition and measurement of impairment losses*

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 90 days. The Group's debt recovery process is as follows:

- a) Above 90 days past due after credit term, the Group will start to initiate a structured debt recovery process which is monitored by the sales management team; and
- b) Above 90 days past due, the Group will commence a legal proceeding against the customer.

The Group uses an allowance matrix to measure ECLs of trade receivables for all segments except for construction segment. Consistent with the debt recovery process, invoices which are past due 90 days will be considered as credit impaired.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to 90 days past due.

Loss rates are based on actual credit loss experience over the past three years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

## NOTES TO THE FINANCIAL STATEMENTS

### 20. Financial instruments (Cont'd)

#### 20.4 Credit risk (Cont'd)

##### Trade receivables and contract assets (Cont'd)

##### *Recognition and measurement of impairment losses (Cont'd)*

For construction contracts, as there are only a few customers, the Group assessed the risk of loss of each customer individually based on their financial information, past trend of payments and external credit ratings, where applicable.

Trade receivables and contract assets (continued)

Recognition and measurement of impairment losses (continued)

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets as at 31 December 2022 and 31 December 2021 which are grouped together as they are expected to have similar risk nature.

Group	Gross carrying amount RM'000	Loss allowances RM'000	Net balance RM'000
<b>2022</b>			
Current (not past due)	19,774	-	19,774
0 – 30 days past due	5,966	-	5,966
31 – 60 days past due	18,212	-	18,212
61 – 90 days past due	517	-	517
	44,469	-	44,469
<b>Credit impaired</b>			
More than 90 days past due	2,591	(1,161)	1,430
	47,060	(1,161)	45,899
Trade receivables	11,784	(1,161)	10,623
Contract assets	35,276	-	35,276
	47,060	(1,161)	45,899

## NOTES TO THE FINANCIAL STATEMENTS

### 20. Financial instruments (Cont'd)

#### 20.4 Credit risk (Cont'd)

##### Trade receivables and contract assets (Cont'd)

##### Recognition and measurement of impairment losses (Cont'd)

	Gross carrying amount RM'000	Loss allowances RM'000	Net balance RM'000
<b>2021</b>			
Current (not past due)	17,856	-	17,856
0 – 30 days past due	3,438	-	3,438
31 – 60 days past due	216	-	216
61 – 90 days past due	791	-	791
	22,301	-	22,301
<b>Credit impaired</b>			
More than 90 days past due	1,853	(1,163)	690
	24,154	(1,163)	22,991
Trade receivables	9,296	(1,163)	8,133
Contract assets	14,858	-	14,858
	24,154	(1,163)	22,991
<b>2022</b>			
61 – 90 days past due	-	-	-
Trade receivables	-	-	-
<b>2021</b>			
61 – 90 days past due	732	-	732
Trade receivables	732	-	732

The movement in the allowance for impairment losses of trade receivables and contract assets during the financial year were:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 January	1,163	1,768	-	58
Bad debt written off	-	(460)	-	(58)
Net remeasurement of loss allowance	(2)	(145)	-	-
At 31 December	1,161	1,163	-	-



## NOTES TO THE FINANCIAL STATEMENTS

### 20. Financial instruments (Cont'd)

#### 20.4 Credit risk (Cont'd)

##### Trade receivables and contract assets (Cont'd)

###### *Recognition and measurement of impairment losses (Cont'd)*

No other impairment was provided during the year as the Group and the Company are satisfied that the amount is recoverable and, the amount considered irrecoverable is written off against the receivable directly.

##### Net investment in leases

###### *Risk management objectives, policies and processes for managing the risk*

The Group manages credit risk on net investment in leases together with its leasing arrangements.

At the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position. There is no impairment loss on net investment in a lease during the year.

##### Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

##### Other receivables

Credit risks on other receivables are mainly arising from deposits paid for office buildings and fixtures rented. These deposits will be received at the end of each lease terms. The Group manages the credit risk together with the leasing arrangement.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

As at the end of the reporting period, the Company did not recognised any allowance for impairment losses.

##### Financial guarantees

###### *Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors the ability of the subsidiaries to service their loans on an individual basis.

## NOTES TO THE FINANCIAL STATEMENTS

### 20. Financial instruments (Cont'd)

#### 20.4 Credit risk (Cont'd)

##### Financial guarantees (Cont'd)

###### *Exposure to credit risk, credit quality and collateral*

The maximum exposure to credit risk amounts to RM19,548,000 (2021: RM24,569,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

The financial guarantees are provided as credit enhancements to the subsidiaries' secured loans.

###### *Recognition and measurement of impairment loss*

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

##### Related companies advances

###### *Risk management objectives, policies and processes for managing the risk*

The Group and the Company provides unsecured advances to related companies. The Company monitors on an ongoing basis the results of the related companies and repayments made by the related companies.

###### *Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Advances provided are not secured by any collateral or supported by any credit enhancements.

###### *Recognition and measurement of impairment losses*

Generally, the Company considers advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' advances when they are payable, the Company considers the advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's advances to be credit impaired when:

- The subsidiary is unlikely to repay its advances to the Company in full;
- The subsidiary's advance is overdue for more than 365 days; or
- The subsidiary is continuously making loss making and is having a deficit shareholders' fund

The Company determines the probability of default for these advances individually using internal information available.

## NOTES TO THE FINANCIAL STATEMENTS

### 20. Financial instruments (Cont'd)

#### 20.4 Credit risk (Cont'd)

##### Related companies advances (Cont'd)

##### Recognition and measurement of impairment losses (Cont'd)

The following table provides information about the exposure to credit risk and ECL's for subsidiaries' advances as at 31 December 2022 and 31 December 2021.

	Gross carrying amount RM'000	Loss allowances RM'000	Net balance RM'000
<b>Company</b>			
<b>2022</b>			
Low credit risk			
Credit impaired	1,015	(1,015)	-
	1,015	(1,015)	-
<b>2021</b>			
Low credit risk	46,935	-	46,935
Credit impaired	71,563	(71,563)	-
	118,498	(71,563)	46,935

The movement in the allowance for impairment in respect of subsidiaries' advances during the year is as follows:

	Lifetime ECL	
	2022 RM'000	2021 RM'000
<b>Company</b>		
<b>Balance at 1 January</b>	71,563	71,086
Net remeasurement of loss allowance	(70,548)	477
<b>Balance at 31 December</b>	1,015	71,563

#### 20.5 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

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

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

## NOTES TO THE FINANCIAL STATEMENTS

### 20. Financial instruments (Cont'd)

#### 20.5 Liquidity risk

##### *Maturity analysis*

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM'000	Effective Profit rate %	Contractual cash flows RM'000	Less than 1 year RM'000	1 – 5 years RM'000
<b>2022</b>					
<i>Non-derivative financial liabilities</i>					
Lease liabilities	8,163	4.2 - 5.3	8,528	2,005	6,523
Borrowings	15,737	3.0 - 3.4	18,209	5,517	12,692
Trade and other payables	39,306	-	39,306	39,306	-
	63,206		66,043	46,828	19,215
<b>2021</b>					
<i>Non-derivative financial liabilities</i>					
Lease liabilities	1,625	4.2 - 5.3	1,716	756	960
Borrowings	19,040	3.0 - 3.4	22,107	5,137	16,970
Trade and other payables	20,203	-	20,203	20,203	-
	40,868		44,026	26,096	17,930
<b>Company</b>					
<b>2022</b>					
<i>Non-derivative financial liabilities</i>					
Lease liabilities	8,024	4.2 - 5.3	8,385	1,870	6,515
Trade and other payables	58,888	-	58,888	58,888	-
Financial guarantees	-	-	19,548	19,548	-
	66,912		86,821	80,306	6,515
<b>2021</b>					
<i>Non-derivative financial liabilities</i>					
Lease liabilities	848	4.2 - 5.3	901	330	571
Trade and other payables	77,939	-	77,939	77,939	-
Financial guarantees	-	-	24,569	24,569	-
	78,787		103,409	102,838	571

## NOTES TO THE FINANCIAL STATEMENTS

### 20. Financial instruments (Cont'd)

#### 20.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and profit rates that will affect the Group's and the Company's financial position or cash flows.

##### 20.6.1 Effective profit rate risk

The Group's and the Company's non-trade receivables, cash and cash equivalents, non-trade payables and fixed rate borrowings are exposed to a risk of change in their fair value due to changes in profit rates.

##### *Exposure to effective profit rates risk*

The profit rate profile of the Group's and the Company's significant profit-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<b>Fixed rate instruments</b>				
Financial assets	25,651	25,104	977	2,641
Financial liabilities	(15,737)	(19,040)	-	-
Lease liabilities	(8,163)	(1,625)	(8,024)	(848)
	1,751	4,439	(7,047)	1,793

##### *Fair value sensitivity analysis for fixed rate instruments*

The Group and the Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in profit rates at the end of the reporting period would not affect profit or loss.

##### 20.6.2 Other price risk

##### *Equity price risk sensitivity analysis*

This analysis assumes that all other variables remain constant and the Group's equity investments moved in correlation with the FTSE Bursa Malaysia KLCI ("FBMKLCI").

A 10% (2021: 10%) strengthening in FBMKLCI at the end of the reporting period would have increased post-tax profit or loss by Nil (2021: Nil) for investments classified as fair value through profit or loss. A 10% (2021: 10%) weakening in FBMKLCI would have had equal but opposite effect on profit or loss.

The carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables and short term borrowings reasonably approximate fair values due to the relatively short term nature of these financial instruments.

## NOTES TO THE FINANCIAL STATEMENTS

### 20. Financial instruments (Cont'd)

#### 20.6.2 Other price risk (Cont'd)

##### *Equity price risk sensitivity analysis (Cont'd)*

The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

Group	Fair value of financial instruments not carried at fair value Level 3 RM'000	Carrying amount RM'000
<b>2022</b>		
<b>Financial liabilities</b>		
Borrowings	16,953	15,737
<b>2021</b>		
<b>Financial liabilities</b>		
Borrowings	20,302	19,040

##### **Level 3 fair value**

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

##### **Financial instruments not carried at fair value**

Type	Description of valuation technique and inputs used
Borrowings	Pre-determined cash flows using a rate based on the current market rate of borrowing of the respective Group entities at the time of borrowing.

### 21. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain creditor and market confidence and to sustain future development of the business. The Directors monitor the adequacy of working capital on an ongoing basis.

There was no change in the Group's approach to capital management during the financial year.

### 22. Contingent liabilities

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Bank guarantees issued to trade customers	22.1	21,927	7,311	2,417	4,562
Corporate guarantee issued for banking facilities for subsidiary		-	-	19,548	24,569

**22.1** During the financial year, the Group and the Company issued bank guarantee arrangement with their trade customers over services provided to customers totaling up of RM21,927,000 and RM2,417,000 (2021: RM7,311,000 and RM4,562,000), respectively. The Group and the Company pledged fixed deposits amounted to RM21,835,000 and RM952,000 (2021: RM3,577,000 and RM2,616,000), respectively, as collateral.

## NOTES TO THE FINANCIAL STATEMENTS

### 23. Related party transactions

#### Identity of related parties

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key management personnel services to the Group. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The Group has related party relationship with its ultimate holding corporation, significant investors, subsidiaries, and key management personnel.

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and of the Company are shown below. The balances related to the below transactions are shown in Notes 8 and 14.

	Group		Company	
	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000
<b>A. Related companies</b>				
Sale of goods	3,522	29,785	-	641
Purchase of service	104	-	85	-
<b>B. Subsidiaries</b>				
Management fee income	-	-	10,112	4,309
Purchase of services	-	-	-	661
Income from short-term rental	-	-	73	103
<b>C. Key management personnel</b>				
<b>Directors</b>				
- Fees	311	274	311	249
- Salaries and other emoluments	302	788	302	788
	613	1,062	613	1,037
<b>Other key management personnel</b>				
Salaries and other emoluments	1,244	1,598	1,244	1,153
	1,857	2,660	1,857	2,190

Other key management personnel comprise persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

### 24. Subsequent event

On 17 March 2023, a subsidiary of Theta received a notice of termination dated 8 March 2023 from Institute Jantung Negara Sdn Bhd ("IJN") for a contract. The Management has assessed the recoverability of claims for the work performed, and are of the opinion that the contract assets recognised are recoverable pursuant to contractual terms.



## STATEMENT BY DIRECTORS

Pursuant to Section 251(2) Of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 96 to 143 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of their financial performance and cash flows for the financial year then ended.

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

**Erma Surianee binti Malek**  
Director

**Abdul Halim bin Jantan**  
Director

Petaling Jaya, Selangor

Date: 27 April 2023

## STATUTORY DECLARATION

Pursuant to Section 251(1)(b) Of the Companies Act 2016

I, **Mohamad Izzat Bin Serpudin**, the officer primarily responsible for the financial management of Theta Edge Berhad, do solemnly and sincerely declare that the financial statements set out on pages 96 to 143 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Mohamad Izzat Bin Serpudin, 840813-10-5937, MIA CA37181 at Petaling Jaya, Selangor on 27 April 2023.

**Mohamad Izzat Bin Serpudin**

Before me:

# INDEPENDENT AUDITORS' REPORT

To the Members of Theta Edge Berhad

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Theta Edge Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 96 to 143.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

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

### Independence and Other Ethical Responsibilities

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

### Key Audit Matters

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

Recoverability of trade receivables	
Refer to Note 2(k)(i) - Significant accounting policy: Impairment and Note 8 – Trade receivables	
The key audit matter	How the matter was addressed in our audit
<p>There were significant level of trade receivables as at 31 December 2022 of RM9,825,000 (2021: RM7,214,000).</p> <p>The collectability and the adequacy of the allowance for impairment of the Group's trade receivables was a key audit matter due to the judgement applied by the Group which involved estimation based on customers' repayment trend.</p>	<p>We performed the following audit procedures, among others:</p> <ul style="list-style-type: none"> <li>• We have obtained understanding and evaluated the design and implementation on the control of the Group's process over collection of trade receivables;</li> <li>• We evaluated the reliability on trade receivables ageing report based on invoice date and credit term; and</li> <li>• We challenged the Group's assumptions by assessing the repayment trend throughout the year and payment received subsequent to the year end.</li> </ul>

## INDEPENDENT AUDITORS' REPORT

### Key Audit Matters (Cont'd)

Accuracy of revenue recognition including revenue from contract with customers	
Refer to Note 2(n) – Revenue accounting policy and Note 15 - Revenue	
The key audit matter	How the matter was addressed in our audit
<p>We have identified the accuracy of revenue recognition of the Group as a key audit matter as it was inherently complex due to the contracting nature of the business, which involved significant judgements.</p> <p>Revenue derived from contracts with customers is where multiple type of services were rendered over a period of times. We focused on these contracts as they involved significant estimates and critical judgements made by the Group whether:</p> <ul style="list-style-type: none"> <li>Contractual rights and obligations were properly recognised and measured;</li> <li>Accurate recording of revenue which was highly dependent on judgement exercised by the Group in assessing the valuation of contract variations, claims and liquidated damages; and</li> <li>Completeness and accuracy of the budgeted cost to complete.</li> </ul> <p>Revenue involving system integration projects was complex due to the judgements involved to assess if performance obligation was fulfilled based on milestone.</p> <p>Revenue from telecommunication services which was relating to engineering services project involved the determination of the total budgeted contract costs to complete the projects and calculation of percentage of completion which affected the quantum of revenue and profit to be recognised.</p>	<p>We performed the following procedures, among others:</p> <ul style="list-style-type: none"> <li>We evaluated the design and implementation over the controls of the budget preparation and review process and tested the operating effectiveness of the controls;</li> <li>We read and understood the key terms and conditions of selected contracts with customers;</li> <li>We obtained understanding on the product features of material bundled contracts to identify separate performance obligations and transaction price allocated to the respective performance obligations;</li> <li>We tested the performance obligations according to the controls adopted by the Group for each revenue recognition;</li> <li>We evaluated the principal and agent assessment performed by management pertaining to the contracts with customers;</li> <li>We assessed the valuation of contract variations, claims and liquidated damages both within the contract revenue and contract costs via inspection of correspondence with customers and suppliers respectively;</li> <li>For revenue involving system integration projects, we tested the performance of workdone based on milestone. We tested the contract assets amount by inspecting the progress reports to evaluate the progress of the system integration services delivered to the customer as at year end and also by inspecting the subsequent billings;</li> <li>For revenue from telecommunication services relating to engineering services, we tested the actual costs incurred during the year and compared with the estimated total costs required to complete to check the accuracy of the percentage of completion and subsequently, revenue to be recognised; and</li> <li>We tested contract liabilities by inspecting sales invoices and contracts to determine whether it was recognised in the correct period.</li> </ul>

## INDEPENDENT AUDITORS' REPORT

### Key Audit Matters (Cont'd)

Accuracy of revenue recognition including revenue from contract with customers	
<p>On 17 March 2023, a subsidiary of the Group received a notice of termination dated 8 March 2023 from Institut Jantung Negara Sdn Bhd ("IJN") for a contract.</p> <p>There was significant level of contract assets in relation to the said project as at 31 December 2022 of RM9,226,000 (2021: RM11,150,000).</p> <p>The collectability and the adequacy of the allowance for impairment of the Group's contract assets was a key audit matter due to the judgement applied by the Management which involved estimation based on customers' repayment trend.</p>	<p>We performed the following audit procedures, among others:</p> <ul style="list-style-type: none"> <li>• We tested the performance of workdone based on milestone. We tested the contract assets amount by inspecting the progress reports to evaluate the progress of the system integration services delivered to the customer as at year end and also by inspecting the subsequent billings;</li> <li>• We challenged the Management's assumptions by assessing the repayment trend throughout the year and payment received subsequent to the year end;</li> <li>• We assessed the legal opinion obtained by the Management to support the recoverability of claims for the work performed by the Management following the termination of the contract by IJN.</li> </ul>

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

### Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' Report and Statement on Risk Management and Internal Control (but does not include the financial statements of the Group and of the Company and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and the remaining parts of the annual report, which are expected to be made available to us after that date.

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining parts of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate actions in accordance with approved standards on auditing in Malaysia and International Standards on Auditing.

### Responsibilities of the Directors for the Financial Statements

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

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

# INDEPENDENT AUDITORS' REPORT

## Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

## INDEPENDENT AUDITORS' REPORT

### Other Matter

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

**KPMG PLT**  
(LLP0010081-LCA & AF 0758)  
Chartered Accountants

Petaling Jaya, Malaysia

Date: 27 April 2023

**Muhammad Azman Bin Che Ani**  
Approval Number: 02922/04/2024 J  
Chartered Accountant

## ANALYSIS OF SHAREHOLDINGS

Class of Shares : Ordinary shares  
Voting rights : One vote per ordinary share  
Issued shares : 117,967,569 ordinary shares

### DISTRIBUTION OF SHAREHOLDINGS AS AT 30 MARCH 2023

Size of Shareholdings	Shareholders		Shareholdings	
	Number	%	Number	%
1-99	489	6.59	16,343	0.01
100-1,000	4,526	61.04	1,298,781	1.10
1,001-10,000	1,646	22.20	7,536,276	6.39
10,001-100,000	666	8.98	21,480,994	18.21
100,001 – 5,898,377 (*)	86	1.16	35,955,925	30.48
5,898,378 and above (**)	2	0.03	51,679,250	43.81
<b>Total</b>	<b>7,415</b>	<b>100.00</b>	<b>117,967,569</b>	<b>100.00</b>

#### Notes:

(\*) less than 5% of the issued shares

(\*\*) 5% and above of issued shares

### LIST OF 30 LARGEST SHAREHOLDERS AS AT 30 MARCH 2023

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	%
1.	LEMBAGA TABUNG HAJI	32,179,250	27.28
2.	M & A NOMINEE (TEMPATAN) SDN BHD <i>Majestic Salute Sdn Bhd For Threadstone Capital Sdn Bhd</i>	19,500,000	16.53
3.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account For Mohamed Faroz Bin Mohamed Jakel</i>	3,580,400	3.04
4.	HOMST MANAGEMENT KITCHEN SDN BHD	3,300,000	2.80
5.	KENANGA NOMINEES (TEMPATAN) SDN BHD TA SHUN DHER	1,983,000	1.68
6.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account For Lim Gaik Eng</i>	1,924,300	1.63
7.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account For Tang Vee Mun (Datuk)</i>	1,654,800	1.40
8.	UOB KAY HIAN NOMINEES (ASING) SDN BHD <i>Exempt An For UOB Kay Hian Pte Ltd ( A/C Clients )</i>	1,547,250	1.31
9.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account For Abd Kadir Bin Sahlan</i>	1,145,000	0.97
10.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account for Andrew Tan Jun Suan (MY1868)</i>	1,098,000	0.93
11.	LIM POW TOON	734,000	0.62
12.	YUSOFF LAU BIN ABDULLAH	670,000	0.57
13.	TAN LEK HOON	603,000	0.51
14.	LINA HUANG	552,700	0.47
15.	KHOO KOK SENG	550,000	0.47
16.	RHB NOMINEES (TEMPATAN) SDN BHD <i>Yusoff Lau Bin Abdullah</i>	535,400	0.45
17.	LEW TEK KONG	530,000	0.45
18.	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account For Sireh Emas Marketing Sdn Bhd</i>	524,100	0.44
19.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account For Chiang Kai Loon (010)</i>	500,000	0.42
20.	LIM HOCK YET	500,000	0.42



## ANALYSIS OF SHAREHOLDINGS

### LIST OF 30 LARGEST SHAREHOLDERS AS AT 30 MARCH 2023 (CONT'D)

NO.	NAME OF SHAREHOLDERS	NO. OF SHARES	%
21.	YONG BOON CHIEH	500,000	0.42
22.	TAN BENG CHEONG	460,000	0.39
23.	CHENG PHAIK CHING	441,600	0.37
24.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account For Chew Ba Bah @ Chew Yew Khoon (002)</i>	420,000	0.36
25.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>Rakuten Trade Sdn Bhd For Rajesh A/L Jaikishan</i>	385,000	0.33
26.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>Rakuten Trade Sdn Bhd For Chia Hock Seng</i>	372,500	0.31
27.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account For Aliran Armada Sdn.Bhd.</i>	352,000	0.30
28.	JULITA ZAM BINTI ZAINAL ABIDIN	330,075	0.28
29.	APEX NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account For Asiah Binti Othman (STA 1)</i>	312,300	0.26
30.	ALLIANCE GROUP NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account For Tan Sing Lee (7012799)</i>	300,000	0.25
<b>TOTAL</b>		<b>77,484,675</b>	<b>65.68</b>

### SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

(According to the Registrar of Substantial Shareholders as at 30 March 2023)

NAME OF DIRECTOR	DIRECT		INDIRECT INTEREST	
	NO. OF SHARES	%	NO. OF SHARES	%
LEMBAGA TABUNG HAJI	32,179,250	27.28	-	-
THREADSTONE CAPITAL SDN BHD	19,500,000	16.53	-	-
* ZAINAL 'ABIDIN ABD JALIL	-	-	19,500,000	16.53
* HASLINAH BINTI HASSAN	-	-	19,500,000	16.53

\* Deemed interest by virtue of their direct interest of more than 20% in Threadstone Capital Sdn Bhd

### DIRECTORS' DIRECT AND INDIRECT INTEREST IN THETA EDGE BERHAD ("COMPANY") AND ITS RELATED CORPORATIONS

(According to the Registrar of Directors' shareholding as at 30 March 2023)

NAME OF DIRECTOR	DIRECT		INDIRECT	
	NO. OF SHARES	%	NO. OF SHARES	%
TENGGU DATO' SERI HASMUDDIN TENGGU OTHMAN	-	-	-	-
DATUK SERI ASRI HAMIDIN @ HAMIDON	-	-	-	-
ZAINAL 'ABIDIN ABDIN ABD JALIL*	-	-	19,500,000	16.53
ABDUL HALIM JANTAN	-	-	-	-
ROZAHAN OSMAN	-	-	-	-
LATIFAH M. DAUD	-	-	-	-
ERMA SURIANEE MALEK	-	-	-	-
AZIH YUSOF	-	-	-	-
SHAMSUL KAMAL HUSSEIN KAMAL	-	-	-	-

\* Deemed interest by virtue of his direct interest of more than 20% in Threadstone Capital Sdn Bhd

### GROUP CHIEF EXECUTIVE OFFICER (WHO IS NOT A DIRECTOR)

NURASLINA BINTI ZAINAL ABIDIN	-	-	-	-
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# NOTICE OF THIRTIETH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Thirtieth Annual General Meeting (“30th AGM”) of **THETA EDGE BERHAD** (“Company”) will be conducted on a virtual basis through live streaming from the Broadcast Venue at Theta Edge Berhad’s Headquarters, Lot 11B, Jalan 223, Seksyen 51A, 46100 Petaling Jaya, Selangor Darul Ehsan on Monday, 26 June 2023 at 10.00 a.m. for the following purposes:-

## AS ORDINARY BUSINESSES

- |   |                                      |
|---|--------------------------------------|
| 1. To receive the audited financial statements together with the reports of the Directors and Auditors for the year ended 31 December 2022.   | (Please refer to Explanatory Note 1) |
| 2. To re-elect the following Directors who retire by rotation in accordance with Clause 119 of the Company’s Constitution:-   |                                      |
| (i) Zainal ‘Abidin bin Abd Jalil;   | (Resolution 1)                       |
| (ii) Rozahan bin Osman; and   | (Resolution 2)                       |
| (iii) Latifah binti M. Daud.  | (Resolution 3)                       |
| 3. To approve the payment of Directors’ fees for an amount up to RM350,000 for the financial year ending 31 December 2023.  | (Resolution 4)                       |
| 4. To approve the payment of additional Directors’ benefits amounting to RM14,500, which was in excess of the earlier approved amount of RM253,000 for the period commencing from 29 June 2021 until the conclusion of 29th AGM of the Company. | (Resolution 5)                       |
| 5. To approve the payment of Directors’ benefits for an amount up to RM748,000 from 26 June 2023 until the next AGM of the Company.   | (Resolution 6)                       |
| 6. To re-appoint Messrs KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.   | (Resolution 7)                       |

## AS SPECIAL BUSINESSES

7. To consider and if thought fit, pass the following resolutions with or without modifications:-

### ORDINARY RESOLUTION 1

#### AUTHORITY TO ALLOT SHARES

(Resolution 8)

“**THAT** subject to the Companies Act 2016 (“the Act”), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) [“MMLR”], the Company’s Constitution and approval of the relevant governmental regulatory authorities, if required, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Act to issue and allot new shares in the Company at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Securities and that such authority shall commence immediately upon the passing of this resolution and continue in force until the conclusion of the next Annual General Meeting of the Company.

**AND THAT** in connection with the above, pursuant to Section 85 of the Act read together with Clause 59 of the Constitution of the Company, approval be and is hereby given to the Company to waive the statutory pre-emptive rights conferred upon the shareholders of the Company to be offered new shares ranking equally to the existing issued shares arising from any issuance of new shares pursuant to this mandate.”

# NOTICE OF THIRTIETH ANNUAL GENERAL MEETING

## ORDINARY RESOLUTION 2

### PROPOSED RENEWAL OF THE EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING IN NATURE AND RENEWAL OF THE EXISTING GENERAL MANDATE FOR CONTRACTS WHICH ARE REVENUE IN NATURE

(Resolution 9)

**“THAT** subject to the Companies Act 2016 (“the Act”), the provision of the Company’s Constitution and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Renewal of the Existing Shareholders’ Mandate and Existing General Mandate for the Company to enter into and give effect to the category of the recurrent arrangements or transactions of a revenue or trading nature from time to time with the Related Party(ies) as specified in Section 2.1.2 of the Circular to Shareholders dated 28 April 2023, provided that such transactions are : -

- (i) recurrent transactions of a revenue or trading in nature;
- (ii) necessary for the Company’s day-to-day operations;
- (iii) carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Party(ies) than those generally available to the public; and
- (iv) not to the detriment of minority shareholders;

(the “Mandate”);

**THAT** the Mandate given by the shareholders of the Company shall only continue to be in force until:-

- (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company following the forthcoming AGM at which the proposal is passed, at which time such Mandate will lapse, unless by a resolution passed at the meeting, the authority for the proposal is renewed;
- (ii) the expiration of the period, within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

**AND THAT** the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required), as they may consider expedient or necessary to give effect to the Mandate.”

8. To transact any other ordinary business for which due notice shall have been given.

By Order of the Board,

CYNTHIA GLORIA LOUIS  
(SSM PC No. 201908003061)  
(MAICSA 7008306)  
Company Secretary

CHEW MEI LING  
(SSM PC No. 201908003178)  
(MAICSA 7019175)  
Company Secretary

28 April 2023  
Petaling Jaya

# NOTICE OF THIRTIETH ANNUAL GENERAL MEETING

## Notes:-

### Appointment of Proxy

1. A member entitled to attend and vote at the above meeting is entitled to appoint not more than two (2) proxies to attend and vote instead of him save for a member who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
2. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which such member may appoint in respect of each omnibus account it holds. There shall be no restriction as to the qualification of the proxy and a proxy duly appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
3. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holding(s) to be represented by each proxy.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised in writing.
5. The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan or alternatively, Tricor Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting. The appointment of proxy may also be submitted electronically via Tricor's TIIH Online website at <https://tiah.online> not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting.

### Members Entitled to Attend

6. In respect of the deposited securities, only members whose names appear in the Record of Depositors on 19 June 2023 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at the said meeting or appoint a proxy(ies) on his behalf.

## Explanatory Notes:-

### 1. Directors' Report, Audited Financial Statement and the Auditors' Report for the financial year ended 31 December 2022

This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act, 2016 does not require a formal approval of the shareholders and hence is not put forward for voting.

### 2. Re-election of Directors in accordance with Clause 119 of the Company's Constitution (Resolutions 1,2,3)

In accordance with Clause 119 of the Company's Constitution, one-third (1/3) of the Directors or if their number is not a multiple of three then the number nearest to one-third (1/3) shall retire from office and be eligible for re-election provided that all Directors shall retire from office once at least in each three (3) years, but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

Zainal 'Abidin bin Abd Jalil, Rozahan bin Osman and Latifah binti M.Daud who retire by rotation in accordance with Clause 119 of the Company's Constitution and being eligible, offer themselves for re-election. The Nomination and Remuneration Committee ("NRC") has assessed and considered the performance and contribution of the retiring directors as well as the independent assessment of Latifah binti M.Daud. Based on the evaluation results of the Board Performance Assessment carried out for the financial year ended 31 December 2022, the retiring Directors have performed well and discharged their duties and responsibilities satisfactorily. The Board has endorsed the NRC's recommendation to seek shareholders' approval for the re-election of Zainal 'Abidin bin Abd Jalil, Rozahan bin Osman and Latifah binti M.Daud. The retiring Directors have abstained from deliberation and decision making on their re-election at the NRC and Board meetings respectively.

## NOTICE OF THIRTIETH ANNUAL GENERAL MEETING

### 3. Directors' Fees (Resolution 4)

Shareholders' approval on the Directors' Fees for the Board was obtained at the 29th Annual General Meeting ("AGM") held on 29 June 2022 and there is no revision to any of the fees. Details of Directors' Fees are as set out in the Annual Report.

The Company will be seeking the approval of the shareholders for the Proposed Directors' Fees for an amount up to RM350,000 for the financial year ending 31 December 2023. The fees will not be paid until the approval of the shareholders has been obtained at the 30th AGM.

The Directors who are shareholders of the Company will abstain from voting on Resolution 4 pertaining to their respective Directors' Fees.

### 4. Additional Directors' Benefits (Resolution 5)

At the 28th AGM of the Company held on 28th June 2021, the shareholders had approved RM253,000 as total Directors' Benefits payable to the Directors of the Company for the period commencing from 29 June 2021 up to the 29th AGM of the Company held on 29 June 2022.

The total Directors' Benefits incurred was amounted to RM267,500. The request on the additional amount of RM14,500 in excess of the RM253,000 is required due to the additional number of Board and Board Committees' meetings held for the period from 29 June 2021 up to 29th AGM of the Company. The additional meetings were held to address specific circumstances that occurred at that time and could not be deferred to the routine scheduled meetings due to the urgency of those issues deliberated.

### 5. Directors' Benefits (Resolution 6)

Shareholders' approval on the Directors' Benefits for the Board and Board Committees was obtained at the 29th AGM held on 29 June 2022 and there is no revision to any of the fees. The benefits comprises meeting allowance payable to Non-Executive Directors, details of which are as follows:-

	<b>Board of Directors (Per Meeting) RM</b>	<b>Audit &amp; Risk Management Committee (Per Meeting) RM</b>	<b>Nomination &amp; Remuneration Committee (Per Meeting) RM</b>	<b>Investment Steering Committee (Per Meeting) RM</b>
Chairman	3,000	3,000	2,000	1,000
Non-Executive Member	1,500	2,500	1,500	1,000

The estimated amount of RM748,000 is derived from estimated number of meetings to be held by the Board and Board Committees from 26 June 2023 until the next AGM.

The Directors who are shareholders of the Company will abstain from voting on Resolution 6 pertaining to their respective Directors' Benefits.

### 6. Authority to Allot Shares (Resolution 8)

The Directors did not issue any new shares pursuant to the existing mandate.

The proposed Ordinary Resolution 1, if passed, will give a renewed mandate to the Directors of the Company, from the date of the forthcoming AGM, to issue and allot ordinary shares up to an aggregate amount of not exceeding ten per centum (10%) of the total number of issued shares of the Company for the time being, pursuant to Sections 75 and 76 of the Companies Act, 2016. This authority, unless revoked or varied at a general meeting, will expire at the next AGM. The renewed mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to placement of shares, funding for future investment project(s) and/or acquisitions of assets and/or working capital.

## NOTICE OF THIRTIETH ANNUAL GENERAL MEETING

The waiver of pre-emptive rights pursuant to Section 85 of the Act and Clause 59 of the Constitution of the Company will allow the Directors of the Company to issue new shares of the Company which rank equally to existing issued shares of the Company, to any person without having to offer new shares to all the existing shareholders of the Company prior to issuance of new shares in the Company under the mandate.

### 7. Proposed Renewal of the existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading in Nature and Renewal of the existing General Mandate for Contracts which are Revenue in Nature (Resolution 9)

The proposed Ordinary Resolution 2, if approved, will allow Theta Edge Group to enter into Recurrent Related Party Transactions pursuant to Paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Further information on the Proposed Renewal of the existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading in Nature and Renewal of the existing General Mandate for Contracts which are Revenue in Nature is set out in the Circular to Shareholders of the Company dated 28 April 2023.

### STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Following is the statement made pursuant to paragraph 8.27(2) of the Listing Requirements of Bursa Malaysia Securities Berhad:-

As at the date of the notice, there are no individuals who are standing for election.

- 1) Directors who are standing for re-election at the 30<sup>th</sup> AGM of the Company, are as follows:-
 

(i) Zainal 'Abidin bin Abd Jalil	(Resolution 1)
(ii) Rozahan bin Osman	(Resolution 2)
(iii) Latifah binti M. Daud	(Resolution 3)
- 2) Further details of Directors who are standing for re-election are set out in the Profile of Directors appearing on pages 12 to 20 of the Annual Report.
- 3) Details of attendance of Directors at Board Meetings held during the financial year ended 31 December 2022 are set out on pages 54 to 55 of the Annual Report.

### PERSONAL DATA NOTICE

The Personal Data Protection Act 2010 ("Act") which regulates the processing of personal data in commercial transactions, applies to Tricor Investor & Issuing House Services Sdn Bhd, the share registrar of Theta Edge Berhad.

The personal data processed by Tricor Investor & Issuing House Services Sdn Bhd may include your name, contact details, mailing address and any other personal data derived from any documentation.

Tricor Investor & Issuing House Services Sdn Bhd may use or disclose your personal data to any person engaged for the purposes of issuing the above notice of meeting and convening the meeting.

Subject to the requirement under the Act, if you would like to make any enquiries on your personal data, please contact us at:

Address : Tricor Investor & Issuing House Services Sdn Bhd  
 Unit 32-01, Level 32, Tower A  
 Vertical Business Suite, Avenue 3  
 Bangsar South, No. 8, Jalan Kerinchi  
 59200 Kuala Lumpur, Malaysia  
 Tel No : 603 2783 9299  
 Fax No : 603 2783 9222

<b>CDS account no.</b>

I/We \_\_\_\_\_ (name as per NRIC, in capital letters)  
 NRIC No./Registration No. \_\_\_\_\_ (new) \_\_\_\_\_ (old)  
 of \_\_\_\_\_  
 \_\_\_\_\_ (full address)

being a member(s) of **THETA EDGE BERHAD (Registration No. 199301005265 (260002-W))**, hereby appoint the following person(s):-

Name	NRIC/Passport No.	Address	Email Address	No. of shares to be represented by proxy
1.				
2.				

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Thirtieth Annual General Meeting ("30th AGM") of the Company will be conducted on a virtual basis through a live streaming from the Broadcast Venue at Theta Edge Berhad's Headquarters, Lot 11B, Jalan 223, Seksyen 51A, 46100 Petaling Jaya, Selangor Darul Ehsan on Monday, 26 June 2023 at 10.00 a.m.. and at any adjournment thereof, in the manner indicated below:-

RESOLUTIONS		FOR	AGAINST
Resolution 1	To re-elect Zainal 'Abidin bin Abd Jalil who retires by rotation in accordance with Clause 119 of the Company's Constitution.		
Resolution 2	To re-elect Rozahan bin Osman who retires by rotation in accordance with Clause 119 of the Company's Constitution.		
Resolution 3	To re-elect Latifah binti M.Daud who retires by rotation in accordance with Clause 119 of the Company's Constitution.		
Resolution 4	To approve the payment of Directors' fees an amount up to RM350,000 for the financial year ending 31 December 2023.		
Resolution 5	To approve the payment of additional Directors's benefits amounting to RM14,500, which was in excess of the earlier approved amount of RM253,000 for the period commencing from 29 June 2021 until the conclusion of 29th AGM of the Company.		
Resolution 6	To approve the payment of Directors' benefits for an amount up to RM748,000 from 26 June 2023 until the next AGM of the Company.		
Resolution 7	To re-appoint Messrs KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.		
Resolution 8	Authority to allot shares.		
Resolution 9	Proposed renewal of the existing shareholders' mandate for recurrent related party transactions of a revenue or trading in nature and renewal of the existing general mandate for contracts which are revenue in nature.		

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

\_\_\_\_\_  
 Signature/Common Seal

Number of shares held: \_\_\_\_\_ Date: \_\_\_\_\_

**Notes :**

- A member entitled to attend and vote at the above meeting is entitled to appoint not more than two (2) proxies to attend and vote instead of him save for a member who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy but not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which such member may appoint in respect of each omnibus account it holds. There shall be no restriction as to the qualification of the proxy and a proxy duly appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
- Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holding(s) to be represented by each proxy.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation, either under its Common Seal or under the hand of an officer or attorney duly authorised in writing.
- The instrument appointing a proxy must be deposited at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan or alternatively, Tricor Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting. The appointment of proxy may also be submitted electronically via Tricor's TIH Online website at <https://tih.online> not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting.

**Members Entitled to Attend**

- In respect of the deposited securities, only members whose names appear in the Record of Depositors on 19 June 2023 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at the said meeting or appoint a proxy(ies) on his behalf.

**PERSONAL DATA NOTICE**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data notice set out in the notice of the 30th AGM dated 28 April 2023.



Fold this flap for sealing

Please fold here

Postage  
Stamp

The Share Registrar

**TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN. BHD.** (11324-H)  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite, Avenue 3  
Bangsar South, No. 8, Jalan Kerinchi  
59200 Kuala Lumpur, Malaysia

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# theta

TOGETHER FOR A SUSTAINABLE FUTURE

**THETA EDGE BERHAD**

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