

The logo for Theta, featuring the word "theta" in a lowercase, sans-serif font. The letters "t", "h", and "a" are dark blue, while the "e" is a vibrant purple. There are small green leaf-like shapes on the top of the "t" and "a".

theta

TOGETHER FOR A SUSTAINABLE FUTURE

A large, stylized illustration of a plant with overlapping, semi-transparent leaves in various shades of green, teal, and yellow. The leaves are layered, creating a sense of depth and movement. The background consists of large, overlapping circles in light green and yellow tones.

# GAINING MOMENTUM STRATEGISING GROWTH

Annual Report 2023

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## GAINING MOMENTUM STRATEGISING GROWTH

### Cover Rationale

As our group expands, our annual report theme, "Gaining Momentum," aptly captures the ongoing strategic diversification of our businesses. This theme celebrates our achievements while acknowledging the ample opportunities that lie ahead.

The cover design, featuring a bird in flight, embodies freedom, vision, and expansion, reflecting our commitment to exploring new paths and broadening our horizons. It represents our unwavering determination to venture into uncharted territories and reach greater heights of success.

In navigating challenging markets, we continue to streamline internal efforts and initiatives that emphasise operational efficiency to drive earnings and position the business for success in evolving markets. We believe the momentum we have established through these actions will help us continue to drive long-term success and generate exceptional shareholder value.

Our newly founded divisions further bolster our optimism for the future as we continue to Gain Momentum.



## ABOUT THIS REPORT

Theta Edge Berhad's (Theta Edge) Annual Report for the year ended 31 December 2023 is designed to communicate with stakeholders about the Company's dedication to fostering sustainable, long-term value. It offers a thorough assessment of Theta Edge's business performance, progress in strategic objectives, and the integration of sustainability practices into its operational framework.

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### SCOPE & BOUNDARIES

This report provides an in-depth overview of Theta Edge's financial and non-financial performance for the fiscal year 2023, spanning from 1 January 2023 to 31 December 2023. It encompasses the activities of the Group, including all subsidiaries, and addresses key elements such as strategic directions, financial outcomes, operational efforts, sustainability initiatives, governance structures, and details of the challenges, risks, and opportunities faced by the organisation.

### REPORTING FRAMEWORK

The Report is structured in accordance with the principles and requirements of the following frameworks and guidelines:

- Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR")
- The Malaysian Code on Corporate Governance ("MCCG") 2021
- All financial statements are prepared in line with the Companies Act ("CA") 2016 and the Malaysian Financial Reporting Standards ("MFRS")

### MATERIALITY

Material issues are critically important for both Theta Edge and our stakeholders as they significantly influence our decision-making processes. These decisions impact our ability to generate value in the short, medium, and long term. Recognising the significance of both qualitative and quantitative factors in

our operations, this Report emphasises our commitment to actively engage with and incorporate stakeholder feedback. This engagement is crucial for developing a comprehensive reporting approach and promoting continuous improvement in our practices.

### FORWARD-LOOKING STATEMENTS

The Report may include forward-looking statements regarding the Company's future plans and strategies. These statements are predictions and forecasts subject to change due to uncertainties beyond our control. Forward-looking statements should not be considered as guarantees of future performance, either implicit or explicit.

## 31<sup>st</sup> ANNUAL GENERAL MEETING

(Fully Virtual Meeting)

### BROADCAST VENUE

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

Date: Wednesday, 26 June 2024

Time: 10.00 a.m

### ONLINE PLATFORM

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

## KEY HIGHLIGHTS

### Financial Highlights



The Group reported revenue of RM144.3 million as of 31 December 2023, compared to RM94.3 million in the same period of the previous year, an increase of 53%. The increase primarily attributed to higher revenue realised by the Telco and Information Technology segments.

The Group's profit before taxation stood at RM9.6 million contrasting with the profit before taxation of RM7.6 million in the corresponding period of the preceding year. Mainly due to the Telco segment recording a lower margin as its current Jendela project nears completion.

In terms of both financial measurements of revenue and profit before taxation, the performance for FY2023 has been the highest on record for the past five years, in-line with the Company's aspiration to transform and become the market leader in IT and Telecommunication Services.

## KEY HIGHLIGHTS

These achievements give the Company to build the confidence and determination to undertake and participate in bigger projects in the future.

### INFORMATION TECHNOLOGY

The revenue for this segment increased from **RM24.9 million** to **RM62.1 million** or **>100%** for the current reporting period mainly due to revenue from digital device delivery to ministries.

### TELECOMMUNICATION SERVICES (TELCO SERVICES)

The revenue contribution from this segment is **RM82.2 million**, representing an increase of **RM12.8 million** or **18.4%** from the previous year's reporting period. This growth is primarily attributed to the telecommunication tower project.

### Non-Financial Highlights

<p><b>Competency Building</b></p> <p>Signed MOUs with:</p> <ul style="list-style-type: none"> <li>• Cybernetica</li> <li>• Nova MSC</li> <li>• KEC</li> </ul>	<p><b>Product Development</b></p> <ul style="list-style-type: none"> <li>• Hajj Management System (Hajj Mobility)</li> <li>• Digital Financial Management (SakuPay)</li> <li>• Masjid Management System (eMasjid)</li> <li>• Cloud Based Accounting System (Qalca)</li> </ul>	<p><b>Project Achievements</b></p> <ul style="list-style-type: none"> <li>• Telecommunication tower infrastructure (JENDELA Phase 1)</li> <li>• Land Management System (e-Tanah)</li> <li>• Digital devices delivery to ministries</li> </ul>	<p><b>Awards &amp; Recognition</b></p> <ul style="list-style-type: none"> <li>• Malaysia Excellence Technology Awards – for our flagship product (Land Management System)</li> <li>• Malaysia Best Employer Brand Award 2023</li> </ul>

## WHO WE ARE AND WHAT WE DO

### VISION

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

# ABOUT US

Theta Edge Berhad (“Theta”), a member of TH Group was initially listed on 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.



# WHO WE ARE AND WHAT WE DO

## MISSION

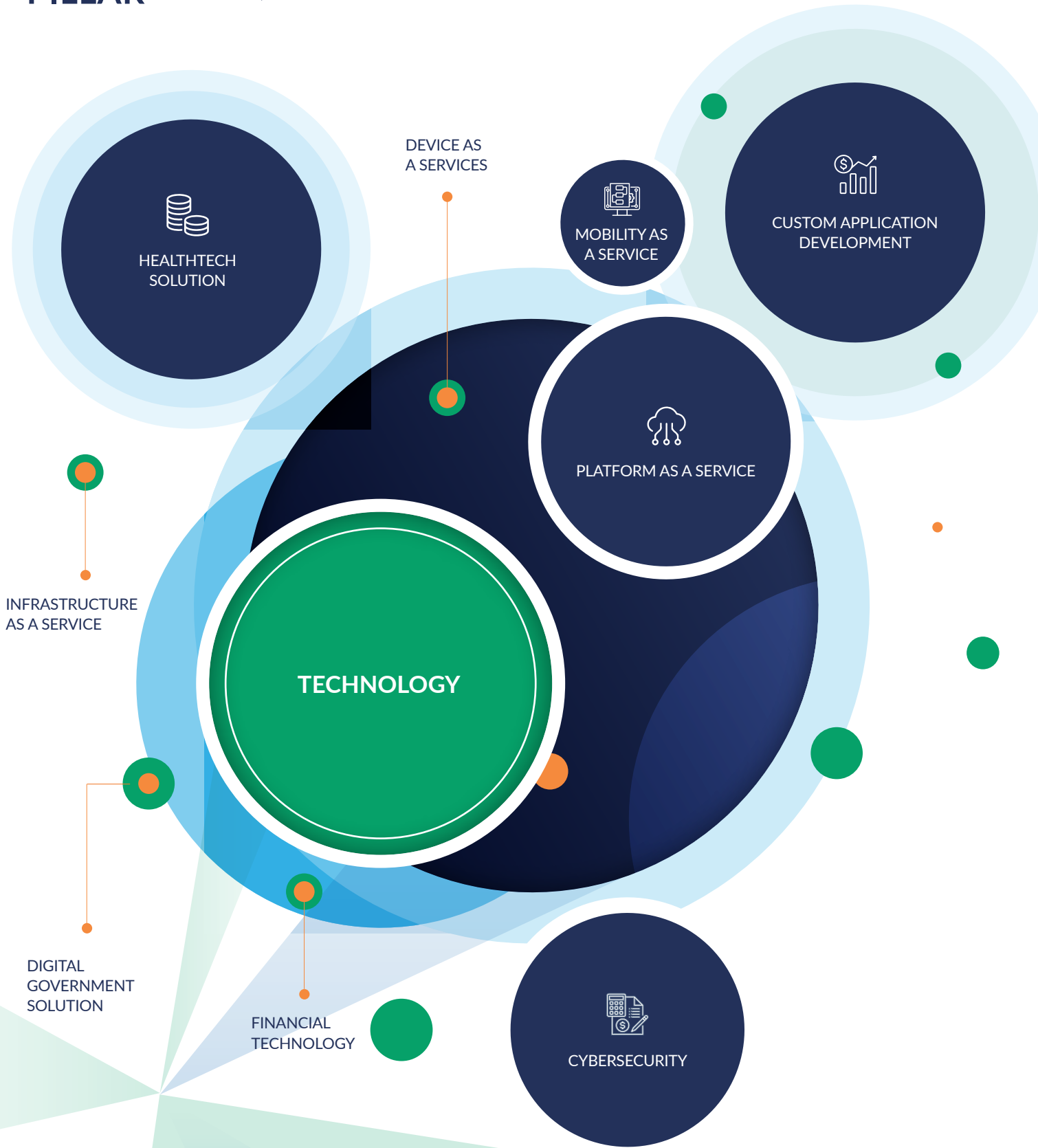
Enabling organisations and communities to reimagine their way of life through adoption of innovative technology.



# WHO WE ARE AND WHAT WE DO

## BUSINESS PILLAR

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.





# WHO WE ARE AND WHAT WE DO



**Theta is top-rated in providing telecommunication, infrastructure, engineering services and greentech products and services. Our presence is nationwide, supported by our shared resources across the nation.**

## OUR APPROACH TO SUSTAINABILITY

Theta Edge Berhad (Theta) prioritises sustainability and value creation for stakeholders in our pursuit of sustainable growth. To be a leader in ICT solutions, we are dedicated to improving our Environmental, Social and Governance (ESG) practices while ensuring economic sustainability throughout the organisation.

### SUSTAINABILITY FRAMEWORK

Last year, we have introduced our new Sustainability Framework which sets guidelines for reporting on Environmental, Social and Governance (ESG) principles, reflecting Theta's commitment to corporate sustainability as a key priority outlined in our Annual Operating Plan. We also adhere to the standards and guidelines set by the Sustainability Accounting Standards Board (SASB) and the United Nations Sustainable Development Group (UNSDG) for measuring material impact.

Embedding ESG requirements into our business processes and strategies, we strive to mitigate risks and achieve sustainable returns, emphasising effective stewardship and governance practices to enhance long-term value. As Theta navigates technological shifts, we anticipate ESG challenges, and utilising the framework for ESG reporting and analysis will enable Theta to assess the risks and impacts of these changes effectively. We are also targeting to be part of the FTSE4Good Index which recognises our focus on sustainable and responsible investment.

#### Environmental

- Energy and Carbon Management
- Water Management
- Waste Management



#### Social

- Human Capital Management
- Occupational Health and Safety
- Community Contributions and Development



#### Governance

- Procurement Practices and Efficiency
- Business Model and Innovation
- Policy Awareness and Compliance Enforcement

### Our Commitment to the United Nations Sustainability Development Goals (UNSDGs)

The Sustainable Development Goals (SDGs), adopted by the United Nations in 2015, aim to end poverty, protect the planet, and ensure peace and prosperity for all by 2030. These 17 integrated goals recognise the interconnectedness of social, economic, and environmental sustainability, prioritising progress for the most marginalised. Achieving the SDGs requires the collective efforts of society, leveraging on creativity, technology, and financial resources across all contexts.

As a responsible corporate citizen, Theta believes that we can make a change and contribute to the efforts of meeting these goals. Our framework guides our sustainability strategy with the aim to leverage on our strengths to create long-term positive impacts. To this end, we align our focus to deliver sustainable innovative technologies towards six SDGs, organisation wide. We also advocate our stakeholders especially businesses across our value chain to join us in contributing to the broad SDGs.

Additionally, our appointment as the designated universal service provider for the Jalinan Digital Negara (JENDELA) Phase 1 project underscores our commitment to bridging the digital divide and advancing sustainable development in Malaysia. This is in line with our core values and UNSDGs as by enhancing digital connectivity in underserved areas, we empower communities and promote social inclusion and sustainable growth.

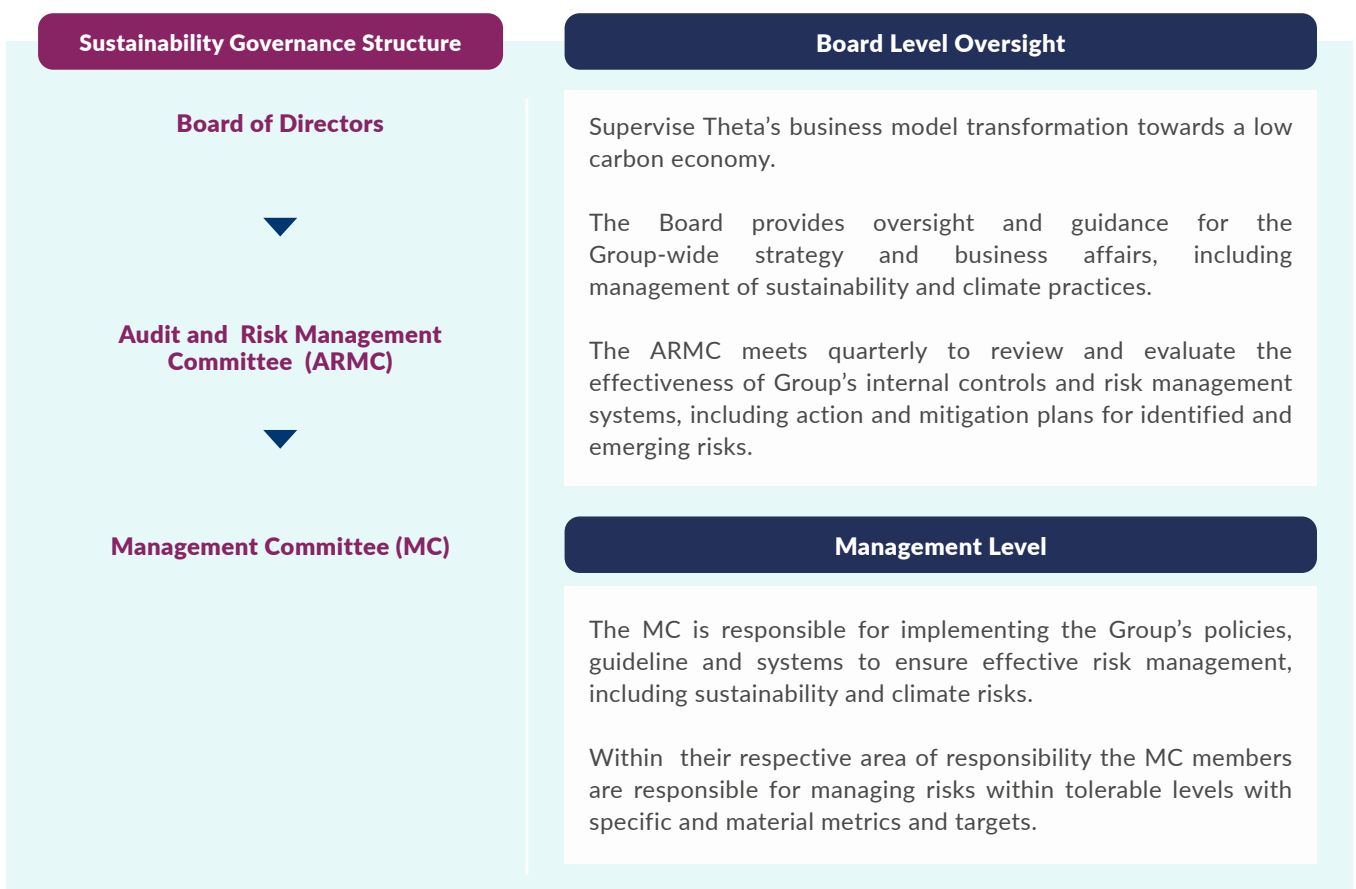


# GOVERNING OUR SUSTAINABILITY PRACTICES

At Theta we recognise the paramount importance of effective sustainability governance in ensuring that our operations align with ethical, environmental, social, and economic principles.

Our commitment to sustainability is ingrained in our governance framework, seamlessly integrating sustainability considerations throughout our operations to uphold regulatory compliance, meet stakeholder expectations, and bolster our resilience and long-term viability. We implement a top-down approach to sustainability governance, with our Board of Directors overseeing sustainability matters, including climate change.

## SUSTAINABILITY GOVERNANCE STRUCTURE

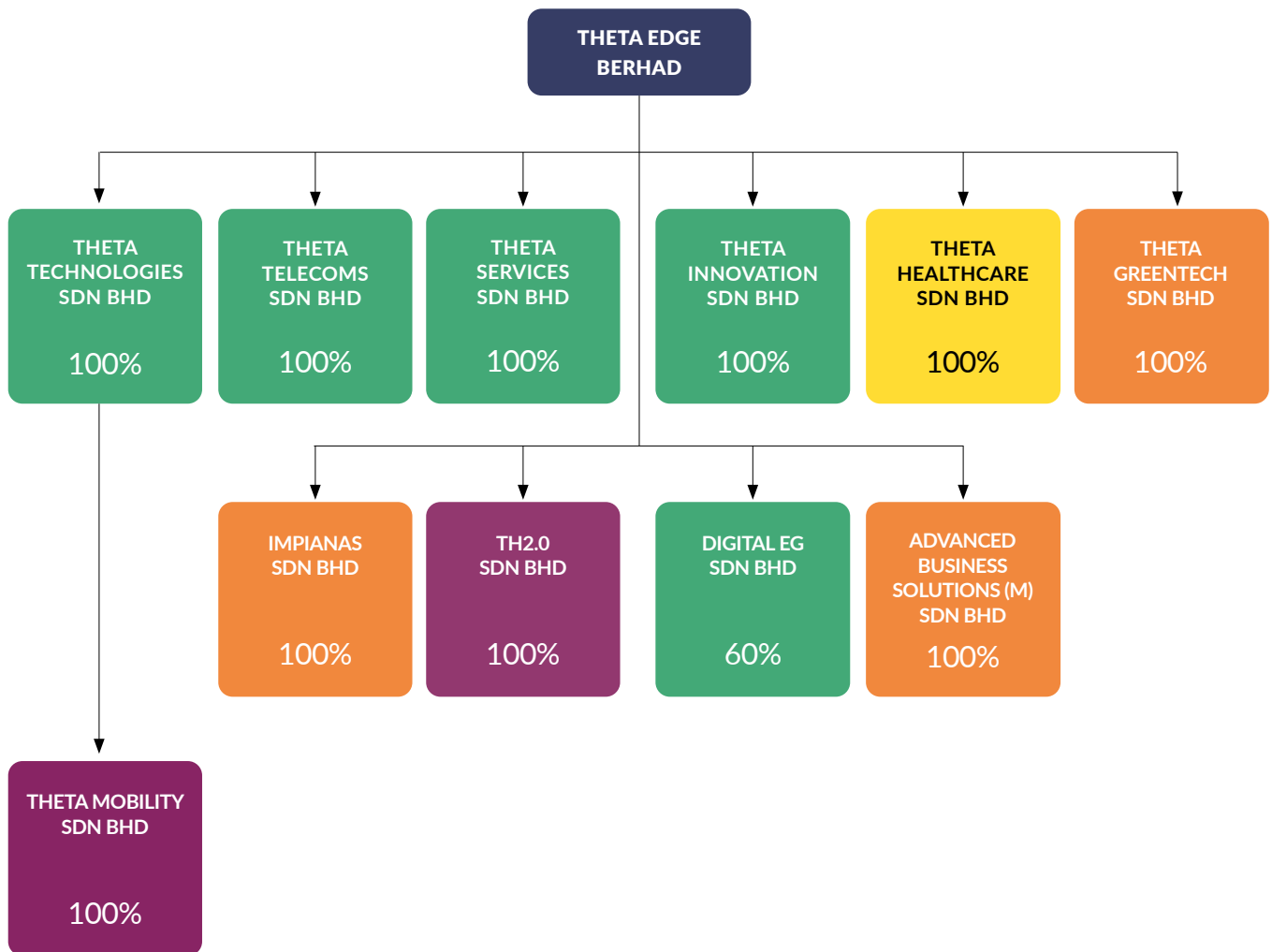


The Board has ultimate responsibility in matters related to sustainability. The Board is supported by the Audit and Risk Management Committee (ARMC), which has oversight of sustainability, encompassing Environmental, Social and Governance (ESG) impacts. The ARMC reports to the Board at least four (4) times during a financial year.

Moreover, the ARMC takes a proactive approach in monitoring ESG practices. By fostering a culture of sustainability, the committee ensures that our operations align with global sustainability standards. In line with our commitment to transparency and accountability, the ARMC also plays a crucial role in overseeing internal audits and risk management processes, ensuring that all business practices are conducted ethically and transparently.

Through the diligent oversight of the ARMC, we remain steadfast practices, ensuring that we not only meet the needs of the present but also safeguard the interests of future generations.

## OUR CORPORATE STRUCTURE



- Investment Holdings and Listed Entity
- Active Business Entity
- Dormant company is which under business review
- Special vehicle for strategic project Mobility as a service and public transportation Hajj Mobility and Pilgrim Pro for international market
- Healthcare Services and Information Management System

# OUR CORPORATE STRUCTURE

## Theta Technologies

We are a transformed system integrator that able to compete in the evolving technological landscape. We are now ready to undertake large and complex digital transformation projects.



## Theta Telecommunication

At the forefront, we provide cutting-edge technology, telecommunications engineering, and green technology services. Specialising in innovative solutions, we combine expertise in intercommunications with a commitment to sustainability. Our comprehensive services include designing, implementing, and maintaining telecommunications infrastructure, integrating green technologies to minimise environmental impact, prioritising efficiency, reliability, and eco-conscious practices. Committed to shaping a greener, more connected future.

## Theta Services

Centralised consulting powerhouse that focused on IT strategy, digital transformation, cybersecurity and system integration to optimise technology investments and enhance efficiency.



## Theta Innovation

Our commitment to continuously evolved in the technology field is reflected through the creation of new products, new ideas, technologies and services.



## Digital EG

Our effort to Digital EG is pioneering a firm dedicated to revolutionising public services through digital innovation. Our comprehensive platform delivers digital government as a service, empowering government to seamlessly connect with citizens and streamline administrative processes with a focus on efficiency, transparency and citizen engagement. We are committed to driving positive change and shaping the future of governance.

## Pilgrim Pro

Pilgrim Pro is an application designed for Muslims undertaking Hajj and Umrah. It offers step-by-step guidance, an interactive map, prayer times, information on sites, booking services, emergency assistance, community features, multilingual support, offline access, and reminders.



# OUR CORPORATE INFORMATION

## BOARD OF DIRECTORS

### TENGGU DATO' SERI HASMUDDIN BIN TENGGU OTHMAN

Chairman, Non-Independent Non-Executive Director

### ADAM MALIK BIN AZLAN

Independent Non-Executive Director

### ZAINAL 'ABIDIN BIN ABD JALIL

Non-Independent Non-Executive Director

### SHAHRIN BINTI OLI MOHAMED

Independent Non-Executive Director

### LATIFAH BINTI M.DAUD

Senior Independent Non-Executive Director

### SYED OSMAN ALHADDAD BIN SYED MOHAMED

Non-Independent Non-Executive Director

### AZIH BIN YUSOF

Independent Non-Executive Director

## NOMINATION AND REMUNERATION COMMITTEE (NRC)

### LATIFAH BINTI M.DAUD

Chairman,  
Senior Independent Non-Executive Director

### ADAM MALIK BIN AZLAN

Member,  
Independent Non-Executive Director

### SHAHRIN BINTI OLI MOHAMED

Member,  
Independent Non-Executive Director

### SYED OSMAN ALHADDAD BIN SYED MOHAMED

Member,  
Non-Independent Non-Executive Director

## AUDIT AND RISK MANAGEMENT COMMITTEE (ARMC)

### ADAM MALIK BIN AZLAN

Chairman,  
Independent Non-Executive Director

### AZIH BIN YUSOF

Member,  
Independent Non-Executive Director

### LATIFAH BINTI M.DAUD

Member,  
Senior Independent Non-Executive Director

### SHAHRIN BINTI OLI MOHAMED

Member,  
Independent Non-Executive Director

### SYED OSMAN ALHADDAD BIN SYED MOHAMED

Member,  
Non-Independent Non-Executive Director

## BOARD INVESTMENT COMMITTEE (BIC)

### LATIFAH BINTI M.DAUD

Chairman,  
Senior Independent Non-Executive Director

### ZAINAL 'ABIDIN BIN ABD JALIL

Member,  
Non-Independent Non-Executive Director

### ADAM MALIK BIN AZLAN

Member,  
Independent Non-Executive Director

### SYED OSMAN ALHADDAD BIN SYED MOHAMED

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

### CHEW MEI LING

(SSM PC No. 201908003178)  
(MAICSA 7019175)

### CYNTHIA GLORIA LOUIS

(SSM PC No. 201908003061)  
(MAICSA 7008306)

## 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  
Email :is.enquiry@my.tricorglobal.com

## 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

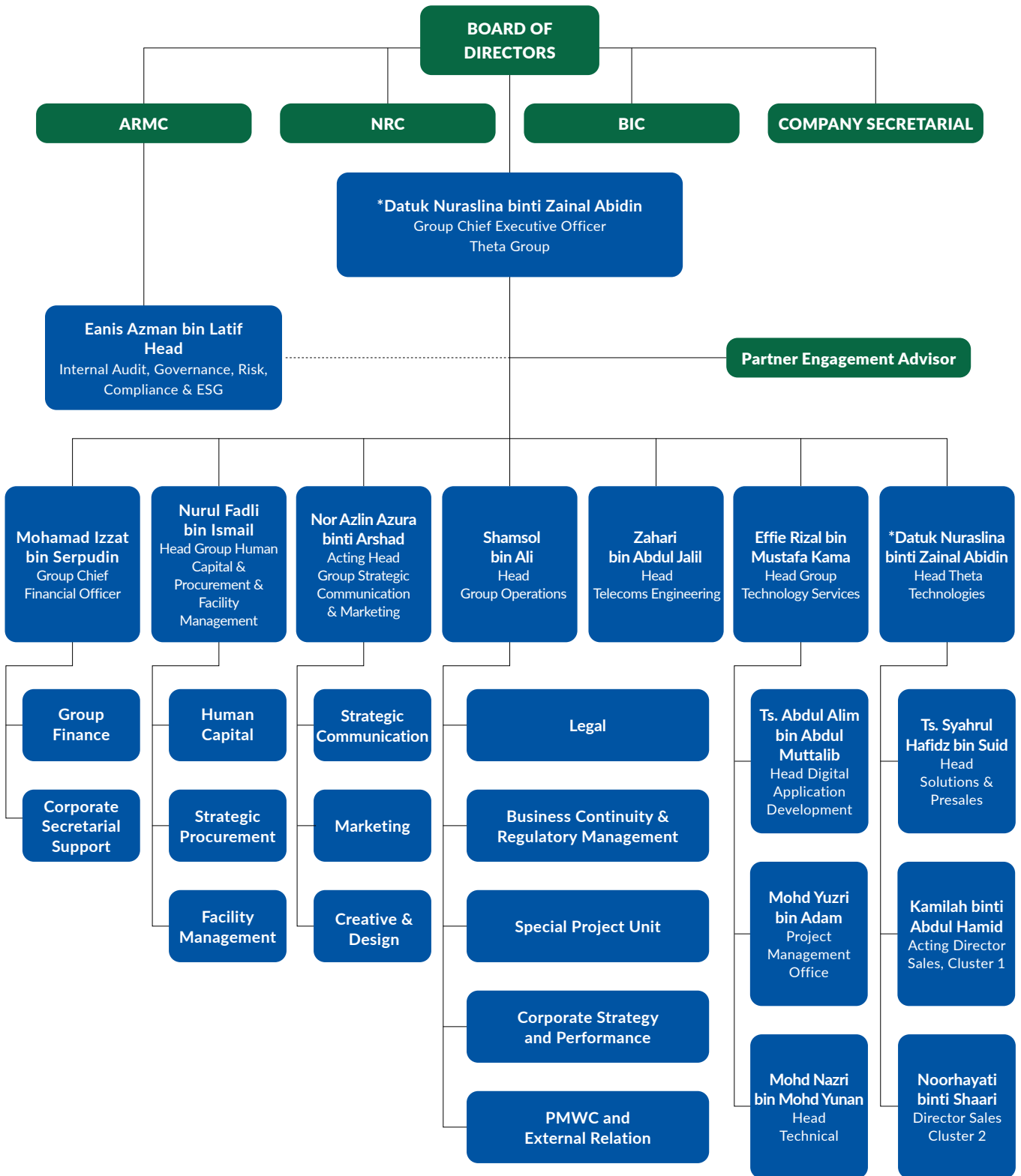
## PRINCIPAL BANKER

Bank Muamalat Malaysia Berhad  
Bank Islam Malaysia Berhad

## WEBSITE

<https://theta-edge.com/>

# OUR CORPORATE INFORMATION



Remarks:

\* Holding the dual roles







“

**Through strategic planning and  
coordination,  
we transcend challenges,  
transforming them into opportunities  
for sustainable success.**

## CHAIRMAN'S MESSAGE

### DEAR VALUED SHAREHOLDERS,

2023 marked a pivotal year for Theta, underlining a transformative journey shaped by strategic foresight and unwavering resilience. Our continuous pursuit of excellence and adaptation to the evolving digital landscape have positioned us as a formidable player in the IT and telecommunications sectors. Amidst challenging economic conditions, our commitment to innovation and excellence has ensured sustained growth and strengthened our market presence, demonstrating our capability to not only survive but thrive.



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



## OUR PERFORMANCE

### Business Achievements

Our strategic engagements, particularly in IT tenders and the telecommunications sector, underscored a year of robust operational success. The execution of the Jendela contract by our telecommunications arm exemplified our pledge to deliver superior quality and efficiency. Furthermore, our active development and market introduction of homegrown products like SakuPay and Digital Masjid have set the stage for future revenue streams and market expansion.

### Financial Highlights

Financially, Theta experienced significant growth, achieving a strong Profit After Tax (PAT) of RM9.3 million alongside revenue growth of 53% to RM144.3 million in 2023, from RM94.3 million in 2022 reflecting that our turnaround plan is bearing fruit.

### Sustainability & Community

Theta's dedication to sustainability and community engagement is at the core of our operations. Through initiatives like the #thetaCares programme, we've leveraged technology to bridge the digital divide, significantly contributing to social upliftment and aligning with global sustainability goals. Our environmental stewardship is further exemplified by our commitment to solar energy and rainwater harvesting, demonstrating our role as a responsible business leader.

## CHAIRMAN'S MESSAGE

# Theta

## progress in 2023

→ FY2023

Total revenue and advances at

# RM144.3

million

up from RM94.3 million in the previous year

→ FY2023

Satisfactory financial performance with a PAT of

# RM9.3

million

Our environmental stewardship is further exemplified by our commitment to solar energy and rainwater harvesting, demonstrating our role as a responsible business leader.

As digital transformation continues to accelerate, we are uniquely positioned to lead in the IT and telecommunications sectors.

### UPHOLDING GOOD GOVERNANCE

At Theta, upholding the highest standards of corporate governance and integrity is paramount. Our governance framework is built on transparency, accountability, and ethical business practices. We remain committed to rigorous compliance with global and local regulatory standards, ensuring that Theta operates not just within legal confines but also within the spirit of ethical business conduct, safeguarding our stakeholders' interests.

### Outlook And Prospects

Looking ahead, Theta is poised for unprecedented growth. Our strategic vision for 2024 and beyond is focused on tripling our revenue and PAT, driven by our innovative products and strategic initiatives. As digital transformation continues to accelerate, we are uniquely positioned to lead in the IT and telecommunications sectors, thanks to our strategic foresight, operational excellence, and commitment to sustainability. We are excited about the future and confident in our ability to deliver sustained value to our shareholders, customers, and the communities we serve.

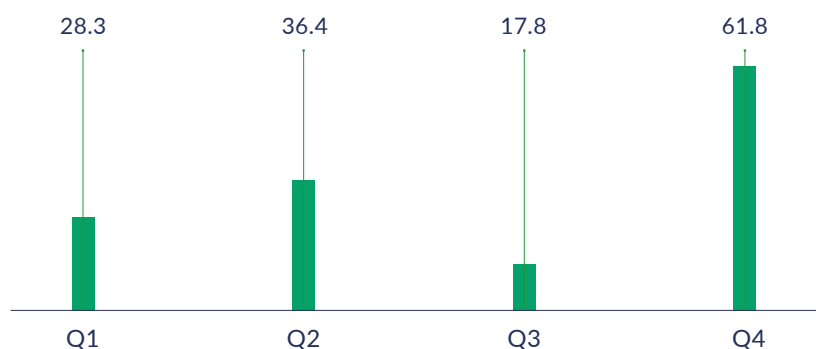
work have been pivotal to our success. To our valued customers, we are grateful for your trust and continued partnership, which inspire us to innovate and excel. Our sincere thanks also go to our business associates, consultants, and bankers for their crucial support and collaboration. We are thankful for the guidance and cooperation provided by governmental and regulatory authorities, which enable us to navigate the complexities of our industry with confidence. Lastly, to our shareholders, we are profoundly grateful for your steadfast support and belief in our vision. In closing, I extend my deepest gratitude to our stakeholders for your continued support and trust in Theta. Together, we are setting the course for a brighter, technology-driven future.

### Acknowledgement

We extend our deepest appreciation to our dedicated employees, whose unwavering commitment and hard

**Tengku Dato' Seri Hasmuddin Bin Tengku Othman**  
Chairman  
30 April 2024

Revenue (RM Million)



## CEO'S MANAGEMENT DISCUSSION AND ANALYSIS

### DEAR VALUED SHAREHOLDERS,

2023 was a year where we have started to see the transformative effects of our efforts of the past two years.

In essence, we have reset the business, strengthened our balance sheet, addressed legacy issues and appointed new leadership. As we look back on the year, I am pleased to report that our strategies are delivering results, demonstrating to the market and our stakeholders that we remain a force to be reckoned with in the technology and telecommunications solutions space.

DATUK NURASLINA  
ZAINAL ABIDIN

Group Chief Executive Officer, Theta Edge Berhad



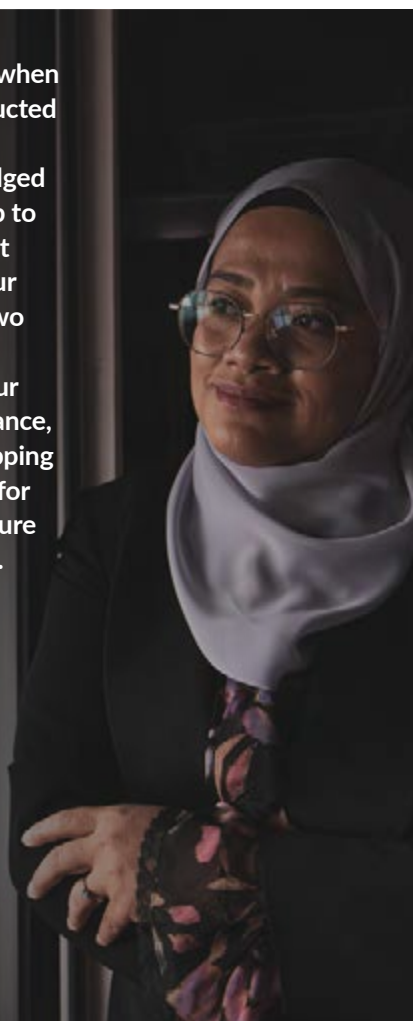
### TURNING TO A NEW CHAPTER IN THETA EDGE'S JOURNEY

With 30 years of history behind us, Theta has come a long way, having seen many ups and downs with the most recent being the COVID-19 pandemic that affected the entire world. The pandemic was the catalyst to our ongoing transformation as that was the cue to expedite digitalisation. While our DNA as a systems integrator remains unchanged, the operating environment around us had evolved rapidly. This momentum has not slowed and in fact continues to accelerate as governments and businesses realise that citizens and consumers want convenience, speed and solutions at their fingertips.

## CEO'S MANAGEMENT DISCUSSION AND ANALYSIS

Thus, just over two years ago when I took the helm, we also conducted an honest assessment of our situation. Here, we acknowledged that we are yet to fully step up to drive sustainable improvement to deliver resilient values to our shareholders. Over the past two years, we have gone back to fundamentals by optimising our manpower, improving governance, fixing our processes and equipping our people with skills needed for the future and fostering a culture of innovation and adaptability.

Most importantly, we have embraced digital innovation as means to recreate ourselves in the rapidly evolving landscape of business. By leveraging technology we are not only enhancing one operational efficiency but also unlocking new opportunities for growth and development.



Following this, we injected new talent, with not only the right skills but also the right mindset in understanding the kind of culture we want present in the organisation. This goes back to our vision and mission to drive the adoption of sustainable innovative technology which will enable organisations and communities to use digitalisation to uplift themselves and reimagine their way of life. To ensure we can deliver on this, then our people must hold true to our core values of Courage, Accountable, Responsive, Engaged and Simplicity.

In righting the ship, what we have done is to build a strong foundation to enable us to position Theta as the top candidate to implement strategic and transformative nation-building ICT projects for the government. With this strong foundation we are more confident in positioning ourselves for these mega projects while leveraging on our deep understanding of the ins and outs of government procurement and administration. It is also through these transformative projects for the nation that we believe we will be able to grow our profits significantly.

## Theta

### progress in 2023

→ FY2023

Group's Gross Profit

# RM31.76

million

FY2022: RM23.04 million

which is a **38%** increase

→ FY2023

The Group's PAT

# RM9.3

million

FY2022: RM7.6 million

is a **22%** increase

→ FY2023

Net assets per share

# RM0.68

FY2022: RM0.62

a **10%** increase

→ FY2023

Group's earning per share

# 7.89

sen

FY2022: 6.45 sen

a **22%** increase

## CEO'S MANAGEMENT DISCUSSION AND ANALYSIS

### 5-Year Group Financial Highlights

Financial Results	FY 2019 (RM'000)	FY 2020 (RM'000)	FY 2021 (RM'000)	FY 2022 (RM'000)	FY 2023 (RM'000)
Revenue	49,896	47,504	144,143	94,272	<b>144,321</b>
Gross profit	12,282	7,295	10,914	23,039	<b>31,763</b>
Gross profit	25%	15%	8%	24%	<b>22%</b>
Profit/(Loss) before finance cost, taxation, depreciation, allowances and other non cash items	3,006	(1,928)	(3,414)	10,186	<b>22,539</b>
Profit/(Loss) before finance cost & taxations	408	(2,794)	(4,156)	8,853	<b>10,818</b>
Finance cost	237	233	635	1,206	<b>1,252</b>
Profit/(Loss) for the year	180	(6,967)	(4,796)	7,609	<b>9,313</b>
Basic earnings/(loss) per share	0.17	(6.50)	(4.47)	6.45	<b>7.89</b>

Financial Position	FY 2019 (RM'000)	FY 2020 (RM'000)	FY 2021 (RM'000)	FY 2022 (RM'000)	FY 2023 (RM'000)
Total asset	79,614	73,993	100,120	137,949	<b>152,081</b>
Total liabilities	10,241	11,587	42,510	64,954	<b>71,542</b>
Net assets	69,373	62,406	57,610	72,995	<b>80,539</b>
Numbers of ordinary shares in issue	107,243	107,243	107,243	117,968	<b>117,968</b>
Net assets per share (RM)	0.65	0.58	0.54	0.62	<b>0.68</b>
Bank borrowings	-	2,359	19,040	15,737	<b>12,073</b>
Gearing	-	0.04	0.33	0.22	<b>0.15</b>
Cash & cash equivalent	44,839	41,559	50,000	56,199	<b>54,882</b>

Group Income Statement	FY 2021 (RM'000)	FY 2022 (RM'000)	FY 2023 (RM'000)
Revenue	144,143	94,272	<b>144,321</b>
Gross profit	10,914	23,039	<b>31,763</b>
Profit/(Loss) before taxation	(4,791)	7,647	<b>9,566</b>
Profit/(Loss) after taxation	(4,796)	7,609	<b>9,313</b>
Profit/(Loss) for the period	(4,796)	7,609	<b>9,313</b>
Profit/(Loss) attributable to owners of the Company	(4,796)	7,609	<b>9,313</b>
Profit/(Loss) per share	(4.47)	6.45	<b>7.89</b>
Net asset per share attributable to owners of the Company (RM)	0.54	0.62	<b>0.68</b>

# CEO'S MANAGEMENT DISCUSSION AND ANALYSIS

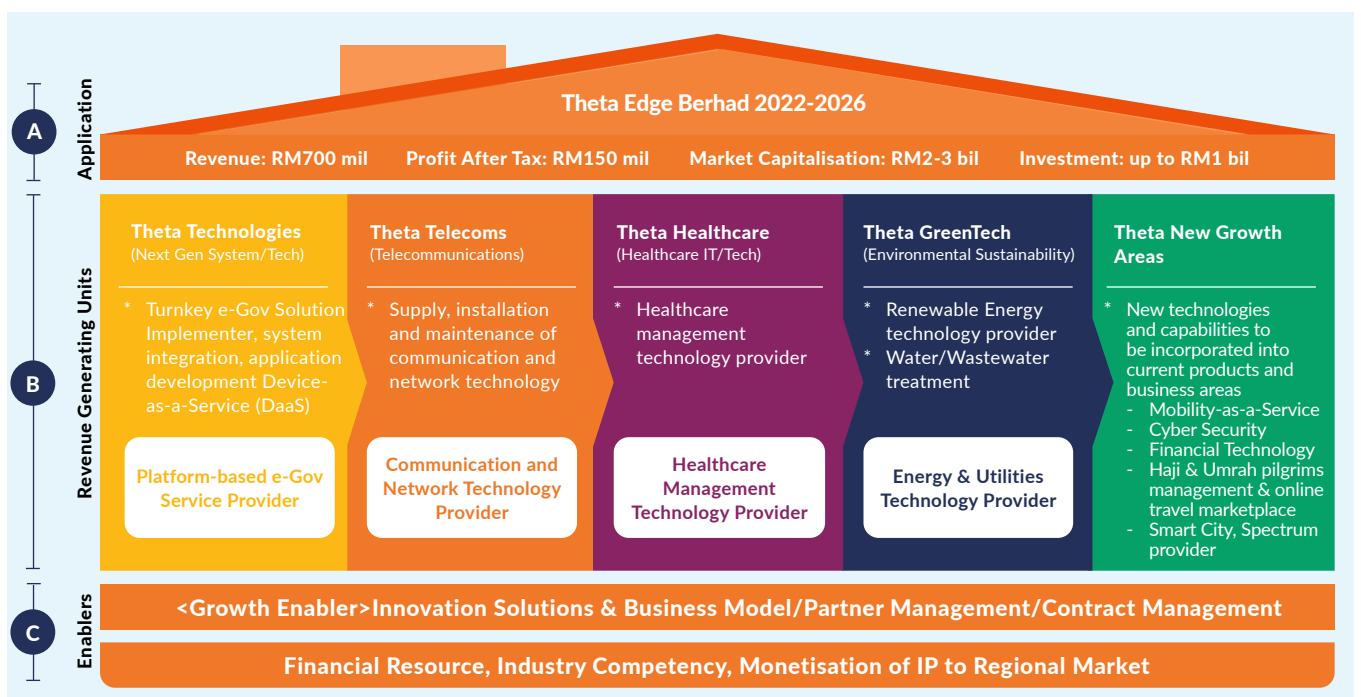
## Our Financial Performance

The Group reported revenue of RM144.3 million in 2023 as compared to RM94.3 million in 2022, an increase of 53%. The increase was due to higher revenue contributions from both the Telecommunications Services (Telco) and Information Technology (IT) segments. The Telco segment contributed revenue of RM82.2 million in 2023, an increase of RM12.8 million, while the IT segment's revenue increased substantially to RM62.1 million from RM24.9 million due to revenue recognition for the laptop leasing project to the Ministry of Education.

The Group's profit before taxation (PBT) stood at RM9.57 million compared to RM7.65 million in the previous year, mainly due to the Telco segment recording lower margins as Phase 1 of the Jendela project nears completion.

## Our Strategic Direction

In 2023, our focus was to reinvent our business model and implement value creation plan (VCP) within the two business pillars of IT and Telco. In the year under review, we have identified new growth areas for the two business pillars, continued to implement Business As Usual (BAU) transformation initiatives and made considerable progress in the first three of 10 VCPs.



## CEO'S MANAGEMENT DISCUSSION AND ANALYSIS

The three VCPs in 2023 centred around obtaining more profitable projects, becoming more efficient both in terms of manpower and finances, and widening our revenue base. In terms of the BAU transformation initiatives, we achieved over 90% of our transformation plans, whereas for the three VCPs, some work remains to be done in 2024 to close the gap.

### VCP 1

- Develop customer centric and solutions capability
- Bid for more profitable projects
- Complement manpower rationalisation and safeguard financials

### VCP 2

- Monetise IP/core products
- Invest in Digital Payment/Distribution Channel

### VCP 3

- Increase customer "stickiness" and widen revenue base

At the same time, we also made progress in preparation for the next set of four VCPs which will be executed over 2024-2025.

### VCP 4

- Develop customer centric and solutions capability
- Bid for more profitable projects
- Complement manpower rationalisation and safeguard financials

### VCP 5

- Monetise IP/core products
- Invest in Digital Payment/Distribution Channel

### VCP 6

- Acquire competencies in intellectual property & e-Government
- Acquire competencies in healthcare data management

### VCP 7

- Acquire competencies in smart solutions on transportation & agriculture



With the key theme being the acquisition of competencies, we have spent 2023 aggressively pursuing new collaborations and partnerships as a means to fast track our ability to deliver solutions. In working together with ecosystem partners, we are also making it very clear that we will continue to play to our strength as a systems integrator. In a multi-vendor mega project that involves hundreds of stakeholders, there must be someone to lead and deliver the project, and that is the role that Theta wants to play.



# CEO'S MANAGEMENT DISCUSSION AND ANALYSIS



To this end, in 2023 and in the first quarter of 2024, we have seen our efforts come to fruition with a multitude of Memorandums of Understandings being signed that will help us advance these four VCPs. All these MOUs are aimed at building competency and positioning ourselves to bid for bigger projects.

**Nova MSC**



Joint venture to collaborate on providing e-Government solutions and/or other IT solutions in Malaysia and other countries

**Cybernetica**



To collaborate on joint development, implementation, marketing and promotion of Digital Identity products in Malaysia and Digital Identity, Cybersecurity, Privacy Enhancement and Interoperability in ASEAN Countries

**KEC**



To collaborate to submit Pre-Qualification assessment for contractor related to the Grid Project for substation, Overhead Lines and Underground Cables for upcoming Tenaga Nasional Berhad projects

## CEO'S MANAGEMENT DISCUSSION AND ANALYSIS

### Outlook



As we look to the future, I am excited to share our strategic outlook and the bold steps we are poised to take at Theta. It is also with pride that I acknowledge our team's competence, a critical factor that has positioned us alongside larger companies in being shortlisted for the transformative National Integrated Immigration System (NISe) project. This recognition is not merely a testament to our capabilities but underscores our indispensable role in the digital transformation journey, especially within the public sector—a domain where our longstanding expertise and resilience have become our hallmark.

In accordance to our 5-year direction, Theta have also made strategic proposals to support national agenda on digital mobility. The nature of this project requires extensive system integration and digital skill-sets of the future.

Our focus is to remain steadfast on strategic transformation projects that is within our core DNA to facilitate digitalisation of the nation. Our unique strength lies in navigating the complexities of public sector engagements, a feat not easily mastered. The stamina and adaptability required for such endeavours are deeply ingrained in our organisation, setting us apart and ahead in this intricate landscape.

The introduction of fresh talents and competencies in the past year has further solidified our foundation, enabling us to pursue more ambitious and strategic roles in digital transformation for the public sector. Our commitment to public service delivery through digital avenues continues to drive our efforts, aligning perfectly with our mission to empower communities through digitalisation.

As we look ahead, the challenges of a dynamic business environment loom, particularly in light of anticipated economic headwinds. Our response to these challenges will be characterised by vigilant monitoring of market developments, stringent cost management, and a strategic focus on preserving capital for sustainability and growth opportunities. The Telco segment, having demonstrated robust performance, and expected to maintain its momentum, especially with the upcoming Phase 2 of the Jendela project and 5G rollouts.

In the realm of IT, our commitment to project delivery within time and budgetary constraints remains unwavering, ensuring profitability and seeking new ventures to augment our project pipelines. Our focus on expanding e-Government digital solutions is aligned with the government's aspirations to enhance public services, through platform as a service offering.

Our journey forward is marked by strategic diversification and fostering strategic partnerships to acquire new competencies. Our commitment to excellence in service delivery is reinforced by leveraging digital assets and nurturing innovative and creative talent that drive success.

## CEO'S MANAGEMENT DISCUSSION AND ANALYSIS

### Segmental Review

#### Telecommunication and Technology Segments

	Telecommunication	Technology
Achievement	JENDELA Project Phase 1 has completed 201 sites out of 221 sites	Delivered 6,213 units of laptops for Kementerian Pendidikan Malaysia
Revenue (RM'000)	82,875	135,972
Profit After Tax (PAT) (RM'000)	452	10,812
Project Delivered	<ul style="list-style-type: none"> <li>a. WEBE (Digital)</li> <li>b. WEBE (Microwave)</li> <li>c. Celcom (TSS Work)</li> <li>d. Telekom (M)Berhad (Broadband Fiberisation)</li> </ul>	<ul style="list-style-type: none"> <li>a. Bank Kerjasama Rakyat (Renewal of Financial Performance Analytics Dashboard Maintenance &amp; Support)</li> <li>b. Accountant General - States Treasury (ISPEKS)</li> <li>c. Jabatan Perdana Menteri -unit Penyelarasan Pelaksanaan (Perolehan Perisian Bagi Pemerkasaan Data Warehouse, Business Intelligence (BI) dan Data Analytics )</li> <li>d. Pejabat Tanah Dan Galian Negeri Melaka (Perkhidmatan Sokongan Teknikal e-Tanah)</li> <li>e. GIATMARA Malaysia (Perkakasan Server Hosting &amp; Perkhidmatan Penyelenggaraan Aplikasi SKGM)</li> <li>f. Lembaga Tabung Haji (Data Capture Services)</li> </ul>
New Project Secured	<ul style="list-style-type: none"> <li>a. Jabatan Pengairan &amp; Saliran</li> <li>b. Times</li> </ul>	<ul style="list-style-type: none"> <li>a. Kementerian Pendidikan Malaysia</li> <li>b. Pejabat Daerah Dan Tanah Melaka Tengah</li> <li>c. Jabatan Perdana Menteri</li> </ul>
Total Manpower	41	116

### Our Sustainability Progress

My views on what sustainability means for us extend beyond the traditional confines. Initially, our engagement with ESG principles centred around establishing a robust governance framework within our organisation.

However, our journey into sustainability evolved to address the core of the business we conduct. It became paramount that our business pursuits inherently contribute to carbon reduction. This commitment to sustainability meant exploring opportunities for sharing and leveraging carbon credits, a strategy that aligns with our vision for not just being a business but a catalyst for environmental stewardship.

Given the nature of our services, our direct energy consumption is minimal. Our business model is not defined by heavy assets or capital expenditure but is driven by a talented workforce.

Yet, the more significant impact lies in the projects we choose to undertake. Each project is a step towards decarbonisation, embedding a low carbon ecosystem approach that we meticulously integrate into our project management philosophy. This strategy involves reimagining processes to minimise carbon footprints, such as reducing the necessity for physical presence at service counters by digitising operations, which in turn decreases vehicular emissions. Our stance on sustainability is not just about internal policy adjustments but is a holistic approach to every project we embrace. We continually challenge ourselves to rethink and redesign processes to ensure they contribute meaningfully to reducing carbon consumption.

## CEO'S MANAGEMENT DISCUSSION AND ANALYSIS

### Risks and Mitigation

#### Business and Operation Risk

##### Context

We focused on enhancing operational resilience and agility, addressing risks related to technological advancements, competitive pressures, and innovation. The Company also faced challenges in project delivery timelines and performance.

##### Mitigation

The Company further optimised its organisational structure and departmental composition to align closely with strategic goals and transformation initiatives. Advanced project management tools and techniques were implemented to improve efficiency and performance in project delivery. Collaborations with technology providers and stakeholders were strengthened.

#### Human Capital Risk

##### Context

Amidst ongoing challenges in the competitive job market and the need for specialised skills in IT and telecommunications, we focused on enhancing our employer value proposition to attract, develop, and retain the best talent necessary for sustained growth.

##### Mitigation

Building on the success of the Human Capital Transformation Plan, the Group expanded its initiatives to include advanced leadership development programmes, further improvements in the workplace environment and enhanced staff engagement strategies. Additionally, the Group implemented a dynamic performance management system that aligns individual achievements with strategic goals, ensuring a high-performing organisation ready to meet future challenges.

#### Financial Risk

##### Context

Amidst evolving market conditions and the need to sustain financial growth, we faced financial risks related to market volatility, interest rate fluctuations, and the imperative to continue delivering high-margin projects.

##### Mitigation

Building on the previous year's achievements, the Group further refined its procurement strategy and manpower optimisation to enhance cost efficiency. We intensified our focus on high-margin projects and explored new revenue streams to mitigate financial risk. A strategic review of our investment portfolio was conducted to ensure it remained aligned with our risk tolerance and growth objectives, thereby securing our financial position and capitalising on market opportunities for sustained growth.

Theta is actively developing and enhancing the features and capabilities of its diverse range of homegrown products, including SakuPay, Hajj Mobility & Pilgrim Pro, Digital Masjid, eProcurement, and the Land Management System. Throughout the year, Theta conducted extensive market outreach activities to enhance our target revenue generation. We have also explored monetisation of our products beyond Malaysia through strategic partnership in Bangladesh and Saudi.

## CEO'S MANAGEMENT DISCUSSION AND ANALYSIS

### Partner Risk

#### Context

We expanded our project portfolio and ventured into new markets, the complexity and scope of managing partner relationships increased. Ensuring the alignment of partner contributions with our strategic goals and quality standards remained a priority.

#### Mitigation

We are building our vendor development programme. This programme will consist of SMEs with specific skillsets required within our growth strategy in Technology and Telecommunications. As to date, we have a total of 400 vendors which allows us to quickly expand one capabilities. Seamless Open payment and A.I capability to analyse from IOT/mobile platform included in this solution.



### Political, Economic and Regulatory Risk

#### Context

We operated in an environment where changes in regulations and laws, economic conditions, and shifts in government policies significantly impacted the businesses. Given the Group's heavy involvement in government-related projects, these factors increase our risk level.

#### Mitigation

The Group remains vigilant and committed to managing its risks by taking proactive measures to ensure its sustainability and profitability. We strive to continuously adapt to policy changes and prepare internal resources to obtain the necessary skills and requirements. Our team seeks relevant advisors and subject matter experts for guidance on legal and regulatory updates, economic outlook and policy changes.





“

**In the boundless horizon of our journey, ‘Gaining Momentum’ is a testament to our unwavering commitment to growth.**

## DETERMINING MATERIALITY

The identification and management of our material matters are of paramount importance to Theta. Material matters serve as the cornerstone for generating enduring value for both our stakeholders and our business. By identifying our material matters, we gain valuable insights into the significant issues that resonate with our stakeholders. This understanding not only guides us in our decision-making processes but also empowers us to proactively mitigate risks and seize opportunities, while upholding sustainable business practices.

Our approach to identifying material matters involves conducting materiality assessments and validation exercises. Through engagement with internal and external stakeholders, we can determine sustainability issues that matter most to our stakeholders and the Group. This process also reveals risks and opportunities related to each material matter and allows us to prioritise them based on their actual and potential impact on our business and stakeholders.

### Materiality and ESG Integration Process

Theta is committed to embedding sustainability into the core of our strategic operations.

In 2023, we made substantial progress in our materiality determination process, advancing through the stages of identification, assessment, and stakeholder engagement.

#### Identification and Assessment

Our process began with an extensive identification of key economic, environmental, and social issues, leveraging insights from industry reports and sustainability frameworks. This crucial step helped us understand the broader landscape of potential impacts on our operations and identify areas where we could make significant contributions.

#### Stakeholder Engagement and Prioritisation

We engaged both internal and external stakeholders through surveys, interviews, and workshops, gathering valuable insights that reflect a diverse range of perspectives. This engagement was instrumental in prioritising the issues most significant to our stakeholders and most impactful to our business, ensuring that our sustainability efforts are aligned with both stakeholder expectations and business objectives.

As we conclude 2023 with a solid foundation of engaged and informed stakeholders, we look forward to enhancing our materiality determination process further in the upcoming year. Our focus will remain on continuously refining our approach to sustainability, ensuring it remains robust and responsive to the changing needs of our environment, society, and the business landscape.











This commitment to advancing our sustainability practices demonstrates Theta's dedication not just to compliance, but to leading by example in the ICT sector, fostering innovation and sustainability that benefits all our stakeholders.

To ensure the ongoing relevance and alignment of our material matters, we conducted a desktop validation exercise in 2023, the results of which yielded no change to our previously identified material matters.

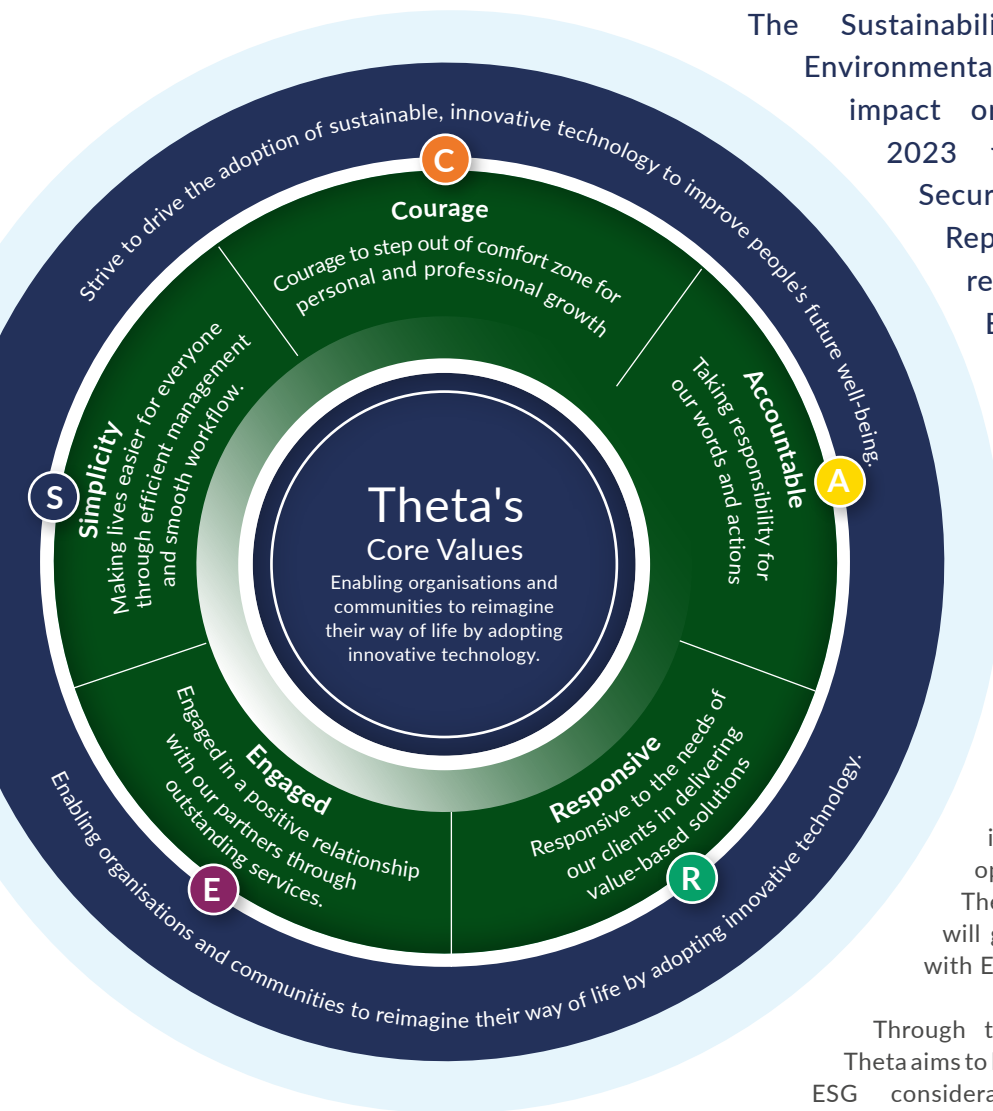


## DETERMINING MATERIALITY

The table below provides a comprehensive overview of our material matters, based on their importance to our business operations, stakeholder expectations and their impact on the environment, society and economy.

ENVIRONMENTAL MANAGEMENT	
<p><b>Description</b></p> <ul style="list-style-type: none"> <li>Our environmental management priorities are centred around maximising our environmental impact and advocating for sustainable practices.</li> </ul>	
<p><b>Material Matter</b></p> <ul style="list-style-type: none"> <li> <b>Energy and Carbon Management</b></li> <li> <b>Water Management</b></li> <li> <b>Waste Management</b></li> </ul>	<p><b>Our Commitment</b></p> <ul style="list-style-type: none"> <li>Reducing greenhouse gas (GHG) emissions by promoting energy efficiency and investing in renewable energy sources.</li> <li>Conserving water resources and reducing water consumption across our operations.</li> <li>Reducing waste generation and promoting recycling and responsible waste disposal.</li> </ul>
SOCIAL MANAGEMENT	
<p><b>Description</b></p> <ul style="list-style-type: none"> <li>Our social management initiatives uphold principles of social responsibility and extend support to our employees, customers and communities.</li> </ul>	
<p><b>Material Matter</b></p> <ul style="list-style-type: none"> <li> <b>Human Capital Management</b></li> <li> <b>Occupational Health and Safety</b></li> <li> <b>Community Contributions and Development</b></li> </ul>	<p><b>Our Commitment</b></p> <ul style="list-style-type: none"> <li>Providing employees with a conducive work environment, promoting their health, well-being and investing in career development.</li> <li>Protecting the health and safety of employees and stakeholders in our operations.</li> <li>Supporting community development by promoting economic growth, enhancing social development and providing access to essential services.</li> </ul>
GOVERNANCE MANAGEMENT	
<p><b>Description</b></p> <ul style="list-style-type: none"> <li>Our governance management priorities revolve around advancing good governance practices and upholding transparency and accountability throughout our operations.</li> </ul>	
<p><b>Material Matter</b></p> <ul style="list-style-type: none"> <li> <b>Leadership and Governance</b></li> <li> <b>Procurement Practices and Efficiency</b></li> <li> <b>Business Model and Innovation</b></li> <li> <b>Policy Awareness and Compliance Enforcement</b></li> </ul>	<p><b>Our Commitment</b></p> <ul style="list-style-type: none"> <li>Promoting responsible decision-making and ensuring our operations align with our values and principles.</li> <li>Advocating responsible procurement practices to minimise environmental and social risks and drive sustainable development.</li> <li>Integrating sustainable business models and innovative solutions to address ESG challenges and generate long-term stakeholder value.</li> <li>Embedding a culture of compliance to policies, regulations and industry standards, to ensure adherence to regulations and best practices while improving internal controls and managing risk.</li> </ul>

# REPORT SCOPE AND BOUNDARY REPORTING FRAMEWORK



The Sustainability Statement discloses the Environmental, Social and Governance (ESG) impact on the business operation for 2023 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 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 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 recognised as a benchmark for sustainable and responsible investment.

### Theta's Sustainability Vision:

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

### Theta's Stakeholders:

- Investors & Shareholders
- Employees
- Business Partners & Vendors
- Government & Regulators
- Customers
- Communities

## REPORT SCOPE AND BOUNDARY REPORTING FRAMEWORK

### 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, prioritise 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.

### Achievement of 6 Out of The 17 Following UN SDGs

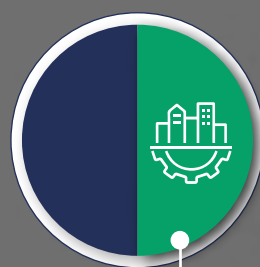


Theta Edge Berhad is committed to contributing to achieving the United Nations Sustainable Development Goals (UNSDGs) through our business operations, products and services, and community engagement initiatives. Some critical areas of our UNSDGs alignment include:

-  Energy and carbon management
-  Community contributions and development
-  Business model and innovation
-  Water management
-  Leadership and governance
-  Waste management
-  Occupational health and safety
-  Procurement practices and efficiency



ESG Rating  
2023  
**61%**



Currently at Average (BBB)  
Achieved Theta's KPI  
for ESG rating of  
**50%**

# ENVIRONMENTAL MANAGEMENT

## Waste Management

### Why it Matters

Waste management is a significant priority in our operational strategy, not only resulting in cost savings but also contributing to reduced waste disposal expenses, lowered procurement costs, and enhanced operational efficiency. Moreover, our dedication to environmental responsibility extends to minimising pollution, diminishing our environmental footprint. Proper waste management also ensures compliance with environmental regulations, avoiding potential fines or penalties for non-compliance. By implementing efficient waste management practices, we can optimise our resource utilisation and ultimately enhance our overall sustainability performance.

### Our Approach

We understand that inadequate waste management practices result in pollution, resource depletion and environmental degradation, harming the ecosystem and impacting local communities in the long-term. To this end, we uphold environmental stewardship as a responsible corporate citizen.

In line with our commitment to lower our environmental impact, we have implemented effective waste management practices to reduce waste generation as well as foster a culture of recycling and responsible disposal among our employees, suppliers, and vendors across all operational sites. We also integrate environmentally friendly design principles and recycled materials into our solutions, ensuring high-quality outcomes. This not only promotes environmental stewardship but also acts as a catalyst to drive positive change across our industry, fostering a collective movement towards a more environmentally conscious future.

The organisation is guided by our HSE Manual that complies with the ISO 14001 and ISO 45001. The Administration Unit from the Group Human Capital & Procurement & Facility oversees the our process and procedure for waste management.

### Our Initiatives

Throughout 2023, we continued to focus on reducing our environmental impact and promoting sustainability by adopting innovative technology recycling practices and reusing recycled materials in our products and services.

Some of our initiatives include responsible printing practices such as encouraging double-sided printing, minimising the use of individual printers, enabling shared print devices, promoting paperless actions via Go Digital, and encouraging the use of recycled paper for printing. We also continue to integrate environmental principles and incorporate recycled materials as this enables us to deliver high-quality, sustainable solutions that meet our customer's needs.

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.

To efficiently manage our waste, we have four units of 660L waste bins in place for proper disposal and we work with third-party vendor to collect and dispose our general waste three times a week. We are also working towards monitoring our waste disposal for better reporting.



# ENVIRONMENTAL MANAGEMENT

## Water Management

### Why it Matters

As part of our ongoing commitment to protecting the planet, water management has emerged as a pivotal factor in meeting our sustainability goals. Implementing responsible water management is central to our ability to operate, which is fundamental to our operations, laying the groundwork towards a more sustainable future. Effective water management is crucial not only to conserve a finite natural resource and reduce its environmental impact but also to contribute to sustainable water stewardship.

We aim to conserve water resources and minimise water consumption across our operations as it is an essential natural resource. By implementing efficient water management practices, we can improve operational efficiency and reduce costs.

### Our Approach

We are cognisant that any water shortages or disruptions could pose significant challenges to Theta’s operations, potentially leading to production delays, downtime, and decreased productivity. Additionally, inefficient water management practices could result in higher water bills, increased operational expenses, and potential fines or penalties for non-compliance with water regulations. Therefore, Theta remains vigilant in its efforts to optimise water usage, ensuring that its operations remain sustainable and environmentally responsible while also mitigating risks associated with water scarcity or disruptions.

Our water management is overseen by the Administration Unit from the Group Human Capital & Procurement & Facility Management.

### Our Initiatives

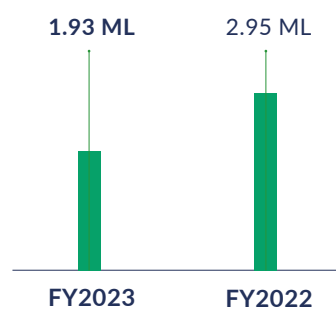
In 2023, we expanded our services by offering rainwater harvesting solutions to promote sustainable water management practices and conserve water resources. This initiative aligns with UNSDG’s Goal 6, which aims to ensure a sustainable water supply.

To reduce usage and conserve water resources, we have installed rainwater harvesting amenities at the office. The system involves collecting and storing rainwater on the rooftop for use, which conserves potable water resources.



Bursa C9 (a)

### Total Volume of Water Used



Remarks:  
Data collection only commenced in 2022.

# ENVIRONMENTAL MANAGEMENT

## Energy and Carbon Management

### Why it Matters

Energy and carbon management practices are paramount for Theta, as by optimising energy efficiency and reducing consumption, Theta can lower our utility expenses, enhance operational efficiency, and ultimately improve profitability. We believe in balancing growth by delivering complete solutions to clients, leveraging energy efficiency products and services. Given our focus on green technology, energy efficiency and renewable energy, we will also be able to assist our clients in reducing their energy consumption and transition towards cleaner energy sources.

### Our Approach

We adhere to the necessary rules, regulations, codes and legislation pertaining to energy and carbon management. We are guided by the ESG and Sustainability Reporting Framework and a robust Environmental Management System (EMS) across our various locations as this ensures our operations are aligned with industry best practices and regulatory requirements. The Health, Safety and Environmental Unit from the Group Operations has oversight of our energy and carbon management.

### Our Initiatives

By implementing energy efficiency measures, greenhouse gas emissions reduction initiatives, and sustainable solutions, we actively contribute to mitigating climate change and its adverse effects. As part of our commitment, we have:



Installed a

**72kWp\***

solar panels on the rooftop of the office to reduce its carbon footprint. The excess of solar energy generated will be exported to grid Tenaga Nasional Berhad and it can lower the expenses and reduce Theta's electricity consumption from the grid.



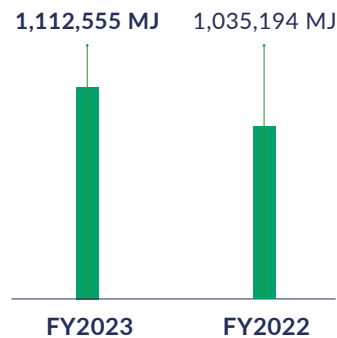
Introduced an energy-saving guide at the office to minimise electricity consumption. This includes using office facilities and equipment efficiently such as to set computer to go into sleep or hibernation mode when not in use short-term.



We continuously make improvements and at the same time, initiating the transition wards renewable energy. We provide comprehensive solar installation services, including tailored solar panel design and integration solutions for both residential and commercial buildings. This encourages customers to lower their carbon footprint and at the same time, enhance energy independence.

### Bursa C4 (a)

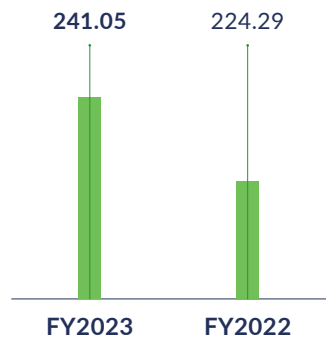
#### Total Energy Consumption



Remarks:  
Data collection only commenced in 2022.

### Bursa C4 (a)

#### Scope 1 & 2 Emissions (tCO<sub>2</sub>e)



Remarks:  
The Company does not possess Scope 1 (tCO<sub>2</sub>e) data; however, Scope 2 Emissions (tCO<sub>2</sub>e) data collection commenced only in 2022.

■ Scope 1 Emissions (tCO<sub>2</sub>e)  
■ Scope 2 Emissions (tCO<sub>2</sub>e)

# SOCIAL MANAGEMENT

## Community Contributions and Development



### Why it Matters

We actively support communities in areas where we operate to promote economic growth, social development and access to essential services. Through our Corporate Social Responsibility programme, we empower local communities to improve their quality of life and create positive value. In doing so, we will be able to understand their needs, build trust and nurture positive relationships with the community in places where we operate. Our investments in local communities stimulates economic growth, improves quality of life and strengthens our reputation.

Additionally, community contributions and development initiatives serve as essential bridges to forge positive relationships with crucial stakeholders, such as local communities, government authorities and non-profit organisations. Through active involvement in community projects, Theta cultivates trust, credibility and goodwill among stakeholders, bolstering its reputation and social licence to operate.

Neglecting to contribute to community development poses a significant risk to our reputation and brand equity, impacting our standing in the market.

### Our Approach

At Theta, we remain committed towards building empowered and resilient communities through our various engagement initiatives which aim to improve their quality of life, enhance livelihoods and stimulate socio-economic growth. In line with our efforts to give back to communities, we are guided by our Corporate Social Responsibility (CSR) framework and CSR policy.

As part of our efforts to create communities that thrive, we focused on delivering high quality products and services. This was achieved by conducting feedback surveys through various channels. The information collected is then used to enhance our offerings, ensuring that we exceed expectations.

### Our Initiatives

Throughout 2023, we invested a total of RM379,213 through various initiatives conducted under our #thetaCares programme, impacting over 345 individuals in the communities we operate.

We distributed a total of 258 desktops equipped with webcam and WiFi adapters to students in various schools across Malaysia, including SK Lemoi in Pahang; SK Sultan Sulaiman 2 in Kuala Terengganu; SMK Aminuddin Baki in Kuala Lumpur; and Sekolah Pondok Tok Kenali, Maahad Tahfiz and Pengajian Al-Quran Nikmatillah (MANHAL), and

Sekolah Rendah Islam Al-Hikmah in Kelantan. Additionally, we provided three desktops to the teaching faculty at Maahad Tahfiz Al Quran Al Uzma (MAZTAM) in Kelantan. These initiatives were conducted in partnership with University Teknologi Malaysia, Lembaga Tabung Haji Terengganu, and Yayasan Didik Negeri (YDN) Kelantan.



Distributed a total of

**468**

desktops equipped with webcam and WiFi adapter to students in various schools

Collaborating with the Department of Social Welfare, we also distributed 100 desktops to 100 Activity Centres for Older Persons (Pusat Aktiviti Warga Emas or PAWE) nationwide. Additionally, we supported students by distributing 60 desktops as well as SakuPay worth RM150 to 80 students located in 16 schools in Johor and 150 students in SMK Amminuddin Baki, Kuala Lumpur, to enhance access to educational resources and tools.

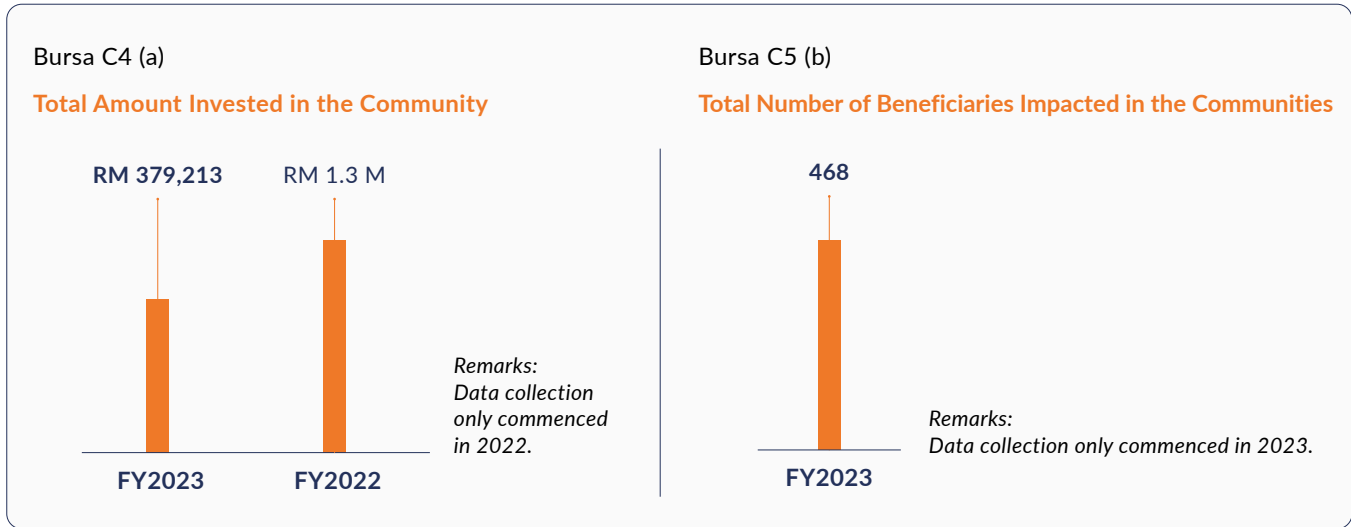
In addressing the nutritional needs of students from B40 communities, we partnered with Mercy Mission Malaysia to distribute 150 food boxes to 50 Muslim students from SK Taman Medan, Petaling Jaya. This further underscored our commitment to supporting underprivileged students.

## SOCIAL MANAGEMENT



- Theta Technologies achieved a customer satisfaction score of **89%**
- Theta Telecoms achieved a customer satisfaction score of **85%**

As part of our contribution to communities, we also focused on maintaining customer satisfaction levels. Through continuous feedback collected via surveys and other channels, our aim was not only to meet customer requirements and demands, but also improve brand awareness and positioning. In 2023, Theta Technologies achieved a customer satisfaction score of 89%, while Theta Telecoms achieved 85%, compared to 88% in 2022. The change in scores reflects our ongoing commitment to meeting customers' expectations.





# SOCIAL MANAGEMENT

## Occupational Health and Safety



### Why it Matters

Theta prioritises the safety and well-being of its employees more than anything else. We make sure that our workplace is safe by implementing effective OHS measures to reduce the risk of work-related injuries, illnesses and accidents. By deploying risk control strategies, enforcing safety protocols and establishing emergency response procedures, we can mitigate the occurrence and severity of accidents and incidents, minimising potential financial losses and operational disruptions.

Failure to implement adequate OHS measures may result in an increase in workplace injuries, illnesses and accidents within our operations, adversely impacting our employees' physical health. This can lead to increased medical expenses and decreased productivity across our business activities. Additionally, non-compliance with OHS regulations exposes Theta to legal consequences including fines, penalties, lawsuits and regulatory sanctions, which can damage our reputation, finances and positioning in the industry.

### Our Approach

We have in place a stringent Occupational Health and Safety Policy to nurture a safe and healthy work environment. Given our focus on integrating sustainability across our operations and business, we have integrated Health, Safety and Environmental Management Systems (HSEMS) ISO 14001:2015 and ISO 45001:2018.

We have also established a HSE Committee that convenes regularly to discuss issues and ensure adherence to the HSE Policy and Manual. All OHS matters are managed by the Health, Safety and Environment Unit under Group Operations.

To ensure we comply with HSE standards, we engage with the National Institute of Occupational Safety and Health (NIOSH) to conduct annual audits at Theta. Nevertheless, in instances where additional expertise is required, we collaborate with regulatory bodies such as the Department of Occupational Safety and Health (DOSH) and the Department of Environment strengthen our value proposition.

At Theta, we have established an Emergency Response Team that is dedicated to swift and effective action in critical situations at the workplace. With this in place, it heightens and optimises the safety and well-being of our employees, the public and our company.

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

#### Identify risk factors

- Non-compliance with HSE policy
- Lack of proper on-site and off-site management

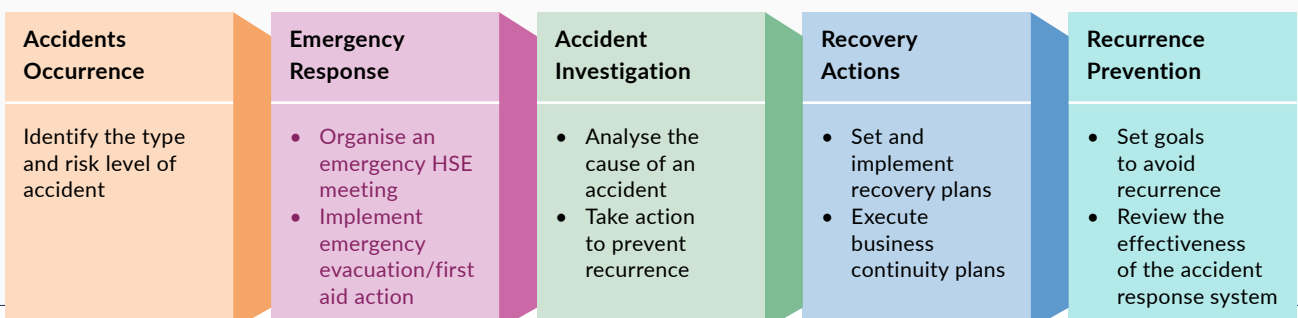
#### Set countermeasures and improvement

- Set control measures to comply with HSE policy
- Conduct HSE training, proper information, and educate employees and stakeholders

#### Monitor

- Evaluate HSE performance
- Policy and processes
- Conduct an on-site and off-site audit periodically
- Yearly audit by external parties

### Accident Response Process



# SOCIAL MANAGEMENT

## Our Initiatives

We are committed to cultivating a culture of health and safety throughout our operations and business. By prioritising these initiatives, we aim to protect our employees, drive operational performance, and cultivate a positive working environment as this contributes to enhancing our overall business performance. In line with our efforts to strengthen our OSH practices, we received ISO 45000:2018 and ISO 14001:2015 certifications in 2023, demonstrating our focus on minimising our environmental impact and improving health and safety performance.

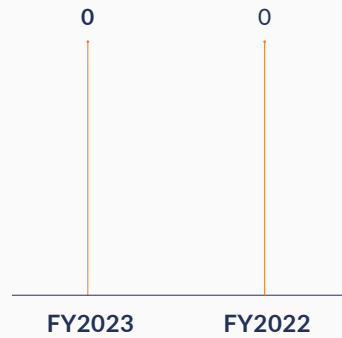
We continued to reinforce the importance of building a health and safety culture throughout our operations and businesses by implementing 12 key programmes encompassing HSE training, policy awareness sessions, Hazard Identification, Risk Assessment and Risk Control (HIRARC), Aspect Impact Assessment Review and Update, Employee Competency Certification Training and ISO Recertification and Surveillance Audit. The Emergency Response Team also conducted an emergency evacuation drill and training.

To enhance safety awareness among employees and our contractors, we conducted Health, Safety & Environment awareness sessions on a monthly basis via email.



Bursa C5 (a)

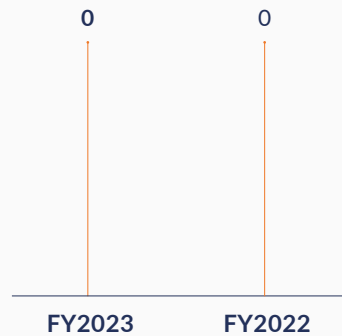
Number of Work-Related Fatalities (number)



Remarks:  
Data collection only commenced in 2022.

Bursa C5 (b)

Lost Time Incident Rate (LTIR) (number)



Remarks:  
Data collection only commenced in 2022.

Bursa C5 (b)

Number of Employees Trained on Health And Safety Standards



Remarks:  
Data collection only commenced in 2023.

## SOCIAL MANAGEMENT

### Human Capital Management



#### Why it Matters

At Theta, our employees play a crucial role in achieving our goals. Our human capital management allows us to attract, recruit and retain top talent. We do this by using effective recruitment strategies, offering competitive pay and benefits and providing opportunities for career advancement. This helps us to build a skilled and motivated team to drive our success and growth.

We also focus on keeping our employees engaged, satisfied and healthy to strengthen their commitment to the Company, creativity and productivity as well as improving morale and motivation. Given the fast-paced nature of the technology industry, we invest in training and development programmes to enhance both professional and personal skills to help them thrive and cultivate a strong talent pipeline. By prioritising employees and investing in their well-being and growth, we can build a talent pool that is highly skilled, agile and driven, enhancing productivity and organisational performance.

However, if we do not invest in human capital management, we may not be able to attract and retain high performing talent. This might lead to shortages of skilled workers and gaps in our team’s abilities, which could slow down innovation, productivity and our competitive edge. Employees may also feel less motivated and productive, leading to higher turnover and recruitment costs, as well as disruptions to our operations.

#### Our Approach

In 2022, we embarked on a Human Capital Transformation Plan, focusing on several areas namely strong leadership, competitive pay, staff engagement programmes, including an attractive and modern office space aligned with our goal of being a high-performing organisation and an employer of choice. At Theta, the Human Capital Department is responsible for managing our human capital, guided by our Employee Handbook and local laws and regulations related to Human Capital/Resources.

#### Our Initiatives

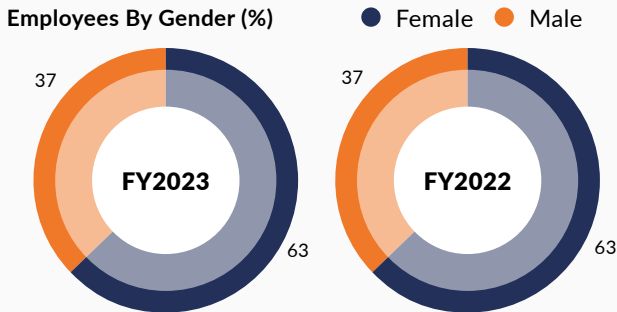
In building a high-performance culture, we implemented comprehensive training and development programmes such as leadership courses, technical skills training and on-the-job mentoring. We also conduct regular employee engagement surveys to gather feedback and identify areas for improvement.

Throughout 2023, we conducted 10 employee engagement initiatives namely International Women’s Day Celebrations, Buka Puasa, Raya Open house, Malaysia Day Potluck Party, Townhalls, Maulidur Rasul celebrations, Human Capital Day and Year-end Potluck Party to strengthen employee relationship, build unity and foster a culture of inclusivity.

During the reporting year, we provided internship opportunities along with internal and external employee training to enhance the capabilities and knowledge of employees, suppliers and vendors. Our total investment in these training programmes amounted to RM153,270.98. In addition to training, we introduced employee benefits including medical leave, medical insurance, meal vouchers and shuttle transport for employees who travel to work via public transport.

# SOCIAL MANAGEMENT

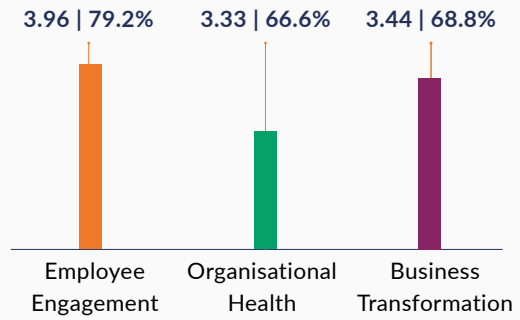
Bursa C3 (a) **Percentage of Employees by Gender and Age Group, for Each Employee Category**



Remarks: Data collection only commenced in 2022.

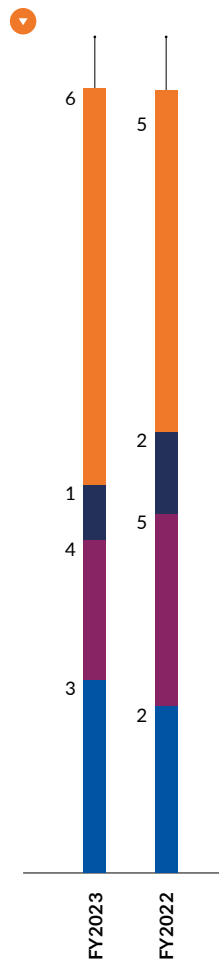
**EEI Index By 3 Dimensions**

Overall: 3.59 | 71.8%

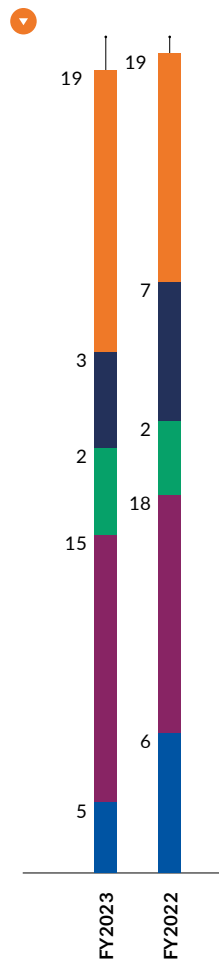


**Employees By Age Group (%)**

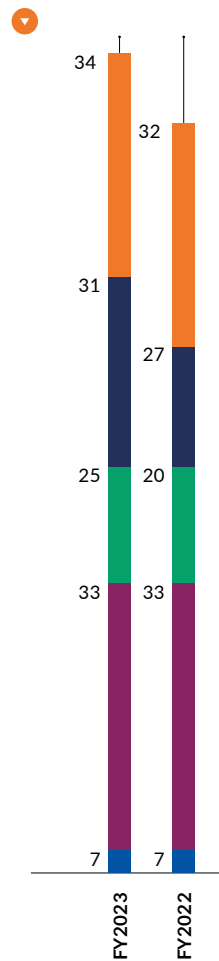
**Senior Management**



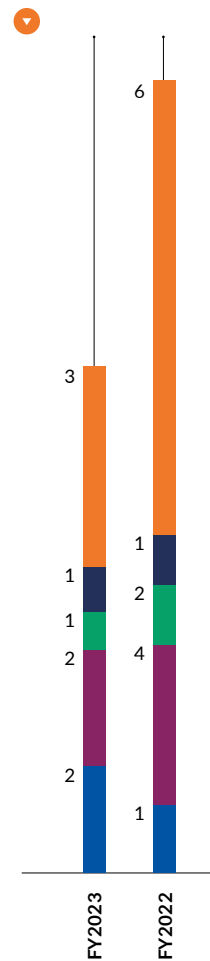
**Middle Management**



**Executive**



**Non- Executive**



**Interns**



● Male ● Female ● Under 30 years old ● 30-50 years old ● Over 50 years old

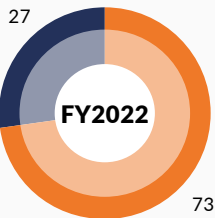
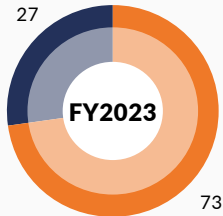
Remarks: Data collection only commenced in 2022.

## SOCIAL MANAGEMENT

### Bursa C3 (a)

#### Percentage of Directors by Gender and Age Group

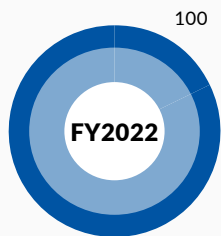
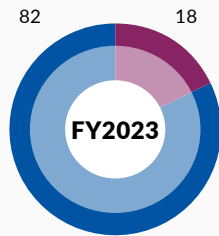
Directors (%)



- Female
- Male

Remarks:  
Data collection only commenced in 2022.

Directors by Age Group (%)



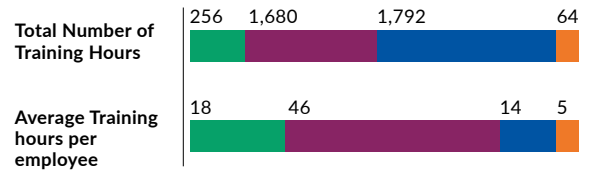
- Under 30 years old
- 30-50 years old
- Over 50 years old

Remarks:  
Data collection only commenced in 2022.

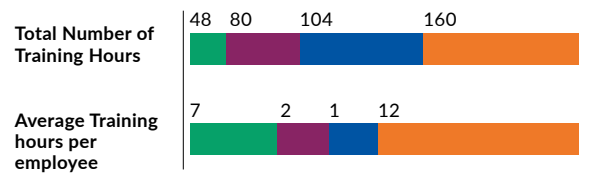
### Bursa C6 (a)

#### Total Hours of Training by Employee Category

FY2023



FY2022

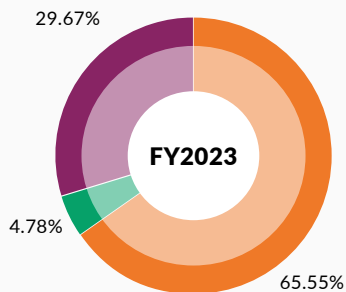


- Senior Management
- Middle Management
- Executive
- Non-Executive

Remarks:  
Data collection only commenced in 2022.

### Bursa C6 (b)

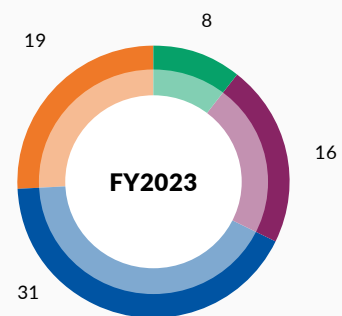
#### Percentage of Employees That Are Contractors Or Temporary Staff



- Contract of service
- Contract for service
- Permanent

### Bursa C6 (c)

#### Total Number of Employee Turnover by Employee Category



- Senior Management
- Middle Management
- Executive
- Non-Executive

# GOVERNANCE MANAGEMENT

## Leadership and Governance

### Why it Matters

We are firmly committed to maintaining strong leadership and governance, acknowledging their pivotal role in ensuring the long-term success and sustainability of our organisation. Upholding these promotes responsible decision-making and fosters a culture of transparency, accountability and ethical conduct across all levels of our organisation. This underscores the critical importance of ethics and integrity in all aspects of our business, operations, and the communities we serve.

We also recognise the vital importance of adhering to the highest ethical standards and transparent governance practices. These principles are essential for fostering trust among our stakeholders, including customers, investors, and employees, which in turn enhances business relationships and attracts investments. This commitment differentiates us from competitors and provides a competitive advantage in customer and talent acquisition. Failure to maintain these standards could result in a loss of trust, decreased customer loyalty and potential investor withdrawal. Furthermore, any non-compliance may lead to legal actions, disrupting operations and damaging our reputation. Therefore, prioritising ethics and governance is crucial for Theta's long-term success and resilience.

### Our Approach

We are guided by six policies and frameworks in upholding the highest standards of corporate governance. These policies and frameworks form foundation of our business operations covering risk management, corporate responsibility, and Environmental, Social and Governance (ESG) considerations. Additionally, they reinforce the robust governance framework that supports our sustainable growth and safeguards stakeholders' interests:

- Personal Data Protection (PDPA) Policy
- Anti-Bribery and Adequacy Policy
- Conflict of Interest & Disclosure Policy
- Document Control Policy
- Whistleblower Policy
- No Gift Policy

Moreover, alongside our PDPA policy which ensures data management compliance, we strictly adhere to local data protection laws and regulations. We prioritise the protection of personal data of our stakeholders, acknowledging our responsibility in an evolving consumer and regulatory landscape. Additionally, we invest in cybersecurity measures and conduct comprehensive training initiatives focused on data privacy best practices for all users, equipment, infrastructure and other assets.

Our dedication to business integrity is also reflected in our zero-tolerance approach towards corruption and unethical behaviour, ensuring that our business, operations and value chain remain free from any form of malpractice. Through these efforts, we strive to uphold the highest standards of integrity, trustworthiness, and ethical behaviour, safeguarding our reputation and fostering trust among our stakeholders.



### Our Initiatives

We continue to enhance our leadership and governance practices, streamlining business processes to expedite Go-To-Market strategies. Regular reviews and updates to our policies and frameworks are conducted to ensure their relevance and alignment to industry standards. We encourage responsible and sustainable business practices, fostering trust and confidence among stakeholders.

Theta also focuses on building leaders for the sustainability of our future. Leadership and Talent remain a priority in our people agenda. The Theta Leaders Programme was initiated in 2023. Programmes conducted included the Senior Management Retreat 2023, Theta Manager's Programmes, Critical Resources Programme, Six Sigma Greenbelt Programme, and many more.

Theta also conducts regular workshop on policy awareness to ensure that all our employees are well-informed about our policies and procedures related to governance, anti-corruption and data privacy. As at 31 December 2023, we have conducted 4 workshops covering all relevant personnel. These sessions provide employees with a comprehensive understanding of our organisational values, expectations and responsibilities.

## GOVERNANCE MANAGEMENT

### Bursa C1 (a)

#### Percentage of Employees Who Have Received Training on Anti-corruption by Employee Category

	FY 2023
Senior Management	0
Middle Management	0
Executive	0
Non-Executive	0

Remarks:  
Data collection only commenced in 2023.

### Bursa C1 (b)

#### Percentage of Operations Assessed for Corruption-Related Risks

	FY 2023
Percentage of operations assessed for corruption-related risks	0

Remarks:  
Data collection only commenced in 2023.

We did not conduct any risk assessments on any of our operations in 2023. Moving forward, starting from 2024, we plan to implement risk assessments on all of our operations as part of our effort to identify and manage corruption-related risks within our organisation.

### Bursa C1 (c)

#### Confirmed Incidents of Corruption and Action Taken

##### Confirmed incidents of corruption and action taken

0

FY2023

Remarks:  
Data collection only commenced in 2023.

In 2023, we maintained the highest standards of integrity within our operations, resulting in zero confirmed cases of corruption. Our commitment to strict compliance and ethical practices continues to be upheld across all areas of our business.

### Bursa C8 (c)

#### Data Privacy and Security

##### Number of substantiated complaints concerning breaches of customer privacy and losses of customer data

0

FY2023

Remarks:  
Data collection only commenced in 2023.

We are pleased to report that we recorded zero cases related to breaches of customer privacy and losses of customer data in 2023.

## GOVERNANCE MANAGEMENT

### Business Model and Innovation

#### Why it Matters

Theta strives to introduce innovative products and solutions to meet the demands of our customers and the competitive market landscape. We continuously explore new avenues to unlock value by ensuring ESG requirements are addressed in all of our business model proposition. This is to ensure we remain at the forefront of our industry. Our new business model to transition from project-based revenue to recurring revenue based. This will facilitate long-term growth and provide opportunities to address societal and environmental challenges. Our commitment to innovate strengthens our position as leaders in our field, driving meaningful progress and delivering value to customers.

Digitalisation of community is the cornerstone of our strategy. To do this we must ensure we remain agile and responsive to evolving needs whilst maintaining our competitive edge. We are committed to constantly innovate to drive competitiveness, market share and investor confidence.



#### Our Approach

Our approach to managing this material matter involves enrolling our customers in all solution and business model developments. This thoughtfully requires integration into our Annual Operating Plan (AOP), ensuring synergy across all planning and execution phases within this framework, we can remain agile and responsive to evolving customer needs while driving meaningful progress and delivering value to our stakeholders. Our Business Units, including Theta Innovation, Theta Technologies and Theta Telecoms, take the lead in spearheading exploration, development and implementation efforts. At Theta Edge Berhad, our commitment to innovation is at the core of our strategic approach. We are dedicated to staying ahead of industry trends and technological advancements, and we have structured our organisation into three specialised Business Units.

- Theta Innovation is dedicated to pioneering new products and services that disrupt traditional markets and establish new benchmarks. This unit is the cradle of creativity within Theta, experimenting with bold ideas and turning them into viable solutions that lead to market trends.
- Theta Technologies harnesses technological advancements to enhance our operational capabilities and customer offerings. This unit ensures that all technological developments align with our strategic goals, enabling efficiency and superior performance across our operations.
- Theta Telecoms concentrates on expanding our network infrastructure and enhancing connectivity solutions, which are essential in today's digital economy. This unit is pivotal in ensuring robust and reliable communication networks, which are foundational to the integration and success of our other business ventures.



## GOVERNANCE MANAGEMENT

These units are crucial in spearheading our exploration, development, and implementation efforts across different facets of technology and service. While we do not have a specific framework and policies dedicated solely to innovation, these guidelines ensure that all endeavours are conducted in a structured and efficient manner, fostering creativity while aligning with our business goals.

Our strategy for the future involves leveraging the synergies between these units to foster a collaborative environment where innovation can flourish. This will include cross-unit initiatives and shared resources designed to streamline our efforts and accelerate the development of innovative solutions.

Additionally, we are actively developing our Innovation Framework & Policy to support and drive these initiatives. Once established, this framework will ensure our innovative activities adhere to the highest standards of excellence and ethics, guiding us in maintaining our competitive edge in the industry.

### Our Initiatives

In FY2023, we invested RM1,013,626 in Research and Development (R&D), focusing on enhancing our current solution and developing new product and services.

#### Theta Innovation

##### Initiatives

Our Centre of Excellence is dedicated to driving innovation with our customers and partners. In 2023, we have explored innovation possibilities with Cybernetica, SITA, Hitachi, TenCent and TMAX.



#### Theta Technologies

##### Initiatives

Awarded and oversaw several projects namely:

- Lease-To-Own Laptop Programme for teachers and educational institutions under the Ministry of Education.
- ICT infrastructure installation at Disaster Recovery Centres in Melaka.
- Licence renewal provision and business intelligence software installation at the Prime Minister's Department.
- Support and maintenance services for closed circuit television (CCTV) systems at Tabung Haji Brand offices and buildings at 139 locations.

## GOVERNANCE MANAGEMENT



### Theta Telecoms

#### Initiatives

- ▶ **Fiberisation of Single Dwelling Unit (SDU) and Spur, a Route Segment that connects to a Fiber Ring, through fibre provider.**
  - Upgraded fibre optic infrastructure with cutting-edge technologies to provide ultra-fast internet access using energy-efficient optical fibre, reducing carbon emissions compared to traditional copper networks.
  - Collaborated with local governments, utility companies and stakeholders to expedite permit processes and facilitate fibre optic network deployment.
- ▶ **Installed solar-powered CCTV with AI for Telekom Malaysia's Smart City Project**
  - Integrated solar-powered AI-enabled CCTV systems into Smart City initiatives.
  - Enhanced traffic management, public safety and environmental monitoring for safer and sustainable urban environments.
- ▶ **Provided energy efficient lighting solutions at public hospitals.**
  - Implemented smart integration connectivity for automated lighting control and energy savings.
  - Focused on sustainability by using eco-friendly materials.
- ▶ **Provided rain water harvesting solutions at public hospitals.**
  - Optimised system functionality, managed water quality and implemented smart monitoring.
  - Conducted community outreach and educational programmes to promote awareness about the benefits of rainwater harvesting.
- ▶ **Offered comprehensive solar installation services for residential and commercial buildings,**
  - Enhanced solar panel efficiency through advanced photovoltaic cell technology, anti-reflective coatings and tracking systems.
  - Provided visually appealing designs for residential and commercial buildings, seamlessly integrating with architectural aesthetics.
  - Installed solar panels with a capacity of 72kWp at Theta Edge Berhad's building.

# GOVERNANCE MANAGEMENT

## Policy Awareness and Compliance Enforcement

### Why it Matters

We recognise that ensuring robust policy awareness and compliance enforcement is crucial for Theta’s integrity and success. Failure to address this critical matter could expose us to various risks, including damage to our reputation and disruptions to our operations.

By adhering to policies and regulations, we mitigate the risk of legal or regulatory violations that could result in fines, penalties or other severe consequences. These financial burdens can impact the Company’s bottom line and long-term financial stability. As such, our proactive approach not only shields us from financial liabilities but also protects our reputation, preserving trust with stakeholders.

Without proper compliance measures, we risk financial mismanagement, data breaches and safety failures, which could erode trust and confidence among customers, investors, and employees. Thus, it is imperative that we prioritise policy awareness and compliance enforcement to maintain our competitive edge, uphold ethical standards and safeguard the interests of all stakeholders.

### Our Approach

We are guided by the Code of Business Conduct and Ethics and ensure adherence to the relevant local laws and regulations to uphold regulatory standards. The Internal Audit, Governance, Risk, Compliance, and ESG Department is responsible for this policy awareness and compliance enforcement.

#### They are tasked with:

##### Training and Education:

- To foster a culture of compliance, the department organises comprehensive training programmes for all employees. These sessions are tailored to different levels and roles within the organisation to ensure that everyone understands their obligations under the Code of Business Conduct and Ethics and relevant laws. Training methodologies may include online modules, workshops, and seminars.

##### Communication and Accessibility

- The department ensures that all policies and updates are communicated effectively across the organisation. They maintain an internal portal where policies, SOPs, and guidelines are readily accessible to all staff members, and they regularly send out communications highlighting key aspects of these documents.

##### Feedback and Reporting Mechanisms

- They implement systems where employees can report any unethical behavior or policy violations anonymously. These mechanisms are designed to protect the identity of the whistleblower to encourage openness and trust.

##### Issue Resolution and Non-Compliance Handling

- When policy violations occur, the department acts swiftly to investigate and resolve issues. They issue Non-Compliance Reports and work with the relevant parties to understand the root causes and implement corrective actions to prevent recurrence.

##### Regular Reviews and Risk Assessments

- The department also undertakes periodic reviews of the entire compliance programme to identify risks or areas for improvement. They assess the effectiveness of current policies and procedures and make necessary adjustments.

##### Stakeholder Engagement

- The department maintains a dialogue with regulatory bodies and incorporates feedback from these entities to ensure that the organisation’s policies remain compliant and relevant.

## GOVERNANCE MANAGEMENT

### Procurement Practices and Efficiency

#### Why it Matters

As an organisation that has grown into a one-stop ICT and Digital solutions provider, we work with a wide range of suppliers and vendors to obtain products and solutions that meet the needs of our diverse base of customers. That is why we need to have a large uninterrupted supply of the necessary products and solutions in order to avoid potential delays or disruptions to sustain customers' trust. Ignoring ethical and sustainable practices might lead to disruptions in our supply chain, affecting not only our operations but also the communities we serve. These disruptions could cause delays in product availability, which could erode trust among our customers.

Moreover, non-compliance with regulations could result in legal penalties and fines, diverting resources away from our core mission. Furthermore, partnering with suppliers who are not ethical or sustainable could lead to long-term costs, including potential crises and legal fees. Therefore, we ensure we work with ethical and sustainable suppliers and vendors as this allows us to create positive socio-economic impact, empower smaller businesses to also conduct responsible sourcing and procurement practices.

#### Our Approach

We ensure our suppliers and vendors adhere to our policies and standards as we have a zero-tolerance approach towards non-compliance. We continuously improve our procurement processes to enhance transparent, cost efficiency and supplier relationships, guided by our procurement policy.

The Group Strategic Procurement Committee (GSPC) oversees the overall processes, championing the Vendor Integrity Pact (VIP) to uphold ethical standards and transparent interactions with other vendors. We have also implemented our comprehensive procurement Standard Operating Procedure (SOPs) that outlines the tender and bidding process, provides guidance for our employees and ensures consistency across our procurement activities. The implementation of a standardised document template ensures consistency and facilitates informed decision-making during GSPC meetings, including adherence to the highest procurement standards and price benchmarking for cost optimisation.



## GOVERNANCE MANAGEMENT

### Our Initiatives

We have seen ongoing progress in our procurement operations, with a dedicated focus on bolstering sustainability and delivering enhanced effectiveness for our stakeholders. We have expanded our commercial comparison process from three to four vendors, fostering increased options, efficiency, competitive offers, cost reduction and transparency.

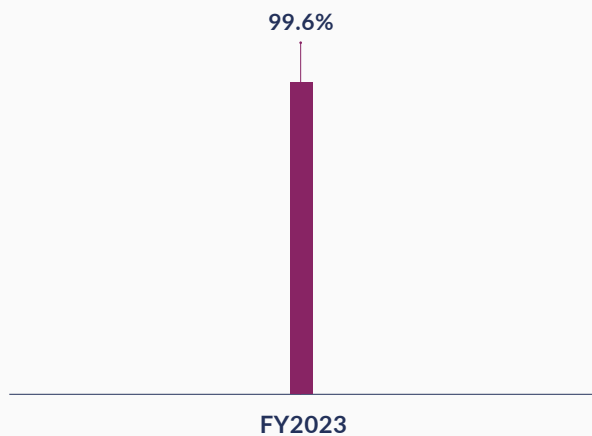
In 2023, we refined our strategy to focus solely on achieving the most effective cost reductions. This shift led to substantial savings, with a remarkable reduction of RM800,591. By concentrating exclusively on negotiating the lowest possible offers, we adopted a more streamlined approach than in the previous year, which involved both cost reduction and cost avoidance tactics. This focused strategy in 2023 underscores our commitment to enhancing operational efficiency and demonstrates our ability to adapt and improve our cost management techniques effectively.

During FY2023, we increased the number of registered vendors by 141 compared to the previous reported year, FY2022, demonstrating our commitment to diversity and inclusivity in procurement. By broadening our vendor pools, we generated business opportunities and encouraged competitiveness, which led to cost savings and improved quality of products or services.

Additionally, we streamlined the Requests For Quotation (RFQs) processes, making it more efficient and transparent for both the organisation and vendors. This in turn fostered stronger vendor relationships, facilitating integration into our supply chain and paving the way for potential long-term partnerships and collaborations.

#### Bursa C7 (a)

#### Proportion of Spending on Local Suppliers



In FY2023, we conducted 601 transactions with local suppliers and worked with seven overseas vendors. A significant 99.6% of our procurement expenditure, amounting to RM53.05 million, was directed towards local suppliers. This underscores our commitment to supporting local businesses through strategic sourcing, supplier negotiations, and optimised procurement operations.

*Remarks:  
Data collection only commenced in 2023.*

### Statement on Assurance

The Group is pleased to report that, as of the current reporting period, a comprehensive internal review of our Sustainability Statement has been conducted. This review aligns with recognised assurance standards, although independent external assurance has not yet been obtained.

### Basis

The Statement is made in accordance with the resolution of the Board of Directors passed on 26<sup>th</sup> April 2024.

# BURSA MALAYSIA COMMON SUSTAINABILITY MATTERS AND INDICATORS

Indicator	Measurement Unit	2023
<b>Bursa (Water)</b>		
Bursa C9(a) Total volume of water used	Megalitres	1.930000
<b>Bursa (Energy management)</b>		
Bursa C4(a) Total energy consumption	Megawatt	309.04
<b>Bursa (Community/Society)</b>		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	379,213.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	468
<b>Bursa (Health and safety)</b>		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	36
<b>Bursa (Diversity)</b>		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Senior Management Under 30	Percentage	0.00
Senior Management Between 30-50	Percentage	4.00
Senior Management Above 50	Percentage	3.00
Middle Management Under 30	Percentage	2.00
Middle Management Between 30-50	Percentage	15.00
Middle Management Above 50	Percentage	5.00
Executive Under 30	Percentage	25.00
Executive Between 30-50	Percentage	33.00
Executive Above 50	Percentage	7.00
Non-Executive Under 30	Percentage	1.00
Non-Executive Between 30-50	Percentage	2.00
Non-Executive Above 50	Percentage	2.00
Gender Group by Employee Category		
Senior Management Male	Percentage	6.00
Senior Management Female	Percentage	1.00
Middle Management Male	Percentage	19.00
Middle Management Female	Percentage	3.00
Executive Male	Percentage	34.00
Executive Female	Percentage	31.00
Non-Executive Male	Percentage	4.00
Non-Executive Female	Percentage	3.00
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	73.00
Female	Percentage	27.00
Under 30	Percentage	0.00
Between 30-50	Percentage	18.00
Above 50	Percentage	82.00

## BURSA MALAYSIA COMMON SUSTAINABILITY MATTERS AND INDICATORS

Indicator	Measurement Unit	2023
<b>Bursa (Labour practices and standards)</b>		
Bursa C6(a) Total hours of training by employee category		
Senior Management	Hours	256
Middle Management	Hours	1,680
Executive	Hours	1,792
Non-Executive	Hours	64
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	29.67
Bursa C6(c) Total number of employee turnover by employee category		
Senior Management	Number	8
Middle Management	Number	16
Executive	Number	31
Non-Executive	Number	19
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
<b>Bursa (Anti-corruption)</b>		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Senior Management	Percentage	0.00
Middle Management	Percentage	0.00
Executive	Percentage	0.00
Non-Executive	Percentage	0.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	0.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
<b>Bursa (Data privacy and security)</b>		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
<b>Bursa (Supply chain management)</b>		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	99.60

Internal assurance

External assurance

No assurance

(\*)Restated

## PROFILE OF DIRECTORS

# TENGGU DATO' SERI HASMUDDIN BIN TENGGU OTHMAN



Chairman, Non-Independent  
Non-Executive Director



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### → Date of Appointment

29 November 2021

### Board Committee

- Nil

### 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

### Declaration

#### Tengku declaration :

- A representative of Lembaga Tabung Haji, 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 or potential conflict of interest other than disclosed in the 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 years
- No public sanction or penalties by any regulatory bodies during the financial year.

### Board Meetings Attended during FY2023:

- 7/7

### Qualifications

- 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 became a Principal Partner at Messrs. Hisham, Sobri & Kadir, specialising in corporate law and Islamic banking. He played a pivotal role in shaping Malaysia's Islamic banking framework, holds membership in the Chartered Institute of Islamic Finance Professionals, and actively contributes through the Kuala Lumpur Islamic Finance Forum (KLIFF). Formerly a director at Bank Muamalat Malaysia Berhad, he retired in 2018. Currently, he sits on the boards of IJN Holdings Sdn Bhd and GoodScience Sdn Bhd and is actively involved in charitable organisations as a trustee.



## PROFILE OF DIRECTORS

ZAINAL 'ABIDIN  
BIN ABD JALIL

Non-Independent  
Non-Executive Director



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### Qualifications

- Bachelor of Civil Engineering, University of Queensland, Australia

### Working Experience

Zainal 'Abidin bin Abd Jalil, former Executive Director of Dagang NeXchange Berhad (DNeX), led the Company's remarkable transformation during his six-year tenure as Group Managing Director. Under his leadership, DNeX evolved from a RM180 million company to a global player with a RM2 billion market capital, diversifying into IT/e-Services, Technology, and Energy. With a distinguished 28-year career at ExxonMobil and a successful stint as CEO of Malakoff Corporation Berhad, he demonstrated expertise in business turnaround, M&A, and international market expansion, particularly in power generation, renewable energy, and water desalination.

### → Date of Appointment

10 May 2021

### Board Committee

- Board Investment Committee

### Directorship of Listed Issuers and Public Companies

- NIL

### Declaration

- A representative of Threadstone Capital Sdn Bhd, a major shareholder of the Company.
- A Director of Threadstone Capital Sdn Bhd and a major shareholder of the Company through his interest in Threadstone Capital Sdn Bhd.
- Details of shareholdings held in the Company are disclosed on page 168 of the Annual Report.
- No equity interest in the subsidiaries.
- No family relationship with any director and/or major shareholder of the Company
- No conflict of interest with the Company or potential conflict of interest
- No convictions of offences (other than traffic offences, if any) within the past five (5) years
- No public sanction or penalties by any regulator

### Board Meetings Attended during FY2023:

- 6/7

## PROFILE OF DIRECTORS

# LATIFAH BINTI M. DAUD



### Senior Independent Non-Executive Director



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#### → Date of Appointment

10 September 2021

#### Board Committee

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

#### 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 Group or potential conflict of interest
- 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.

#### Board Meetings Attended during FY2023:

- 7/7

#### ▼ Qualifications

- 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 binti M. Daud is the Executive Director of Strategic Human Capital Management at Khazanah Nasional Berhad. With over 30 years of management consulting and human resources experience in semiconductor, aerospace, and software technology, she joined Khazanah in 2015 after living in Shanghai for eight years. Latifah began her career at a consulting firm in Singapore and later worked at Hatibudi Nominees/Renong Group and Arab Malaysian Merchant Bank. She previously taught computer science at Yayasan Pelajaran Mara and served as a Board of Trustee for Yayasan Khazanah. Currently, she sits on the Industry Network Talent Advisory at TalentCorp, Ministry of Human Resources.

## PROFILE OF DIRECTORS

## AZIH BIN YUSOF



Independent  
Non-Executive Director



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### Qualifications

- 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, with over three decades of public service experience, currently serves as the Executive Director of TAJDID Corporation Sdn Bhd under the Terengganu State Government. His extensive career includes roles at Malaysian Administrative Modernisation and Management Planning Unit (MAMPU), where he served as the Deputy Director General (Information and Communications Technology). Azih, a certified expert in Database Management for the Public Sector since 2011, held key positions such as Government Chief Information Officer (GCIO) and Head of ICT Consultant at MAMPU, contributing to integrated digital services and information technology capacity building.

### → Date of Appointment

1 March 2022

### Board Committee

- Member of the Audit and Risk Management Committee

### 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 Group or potential conflict of interest
- 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.

### Board Meetings Attended during FY2023:

- 6/7

## PROFILE OF DIRECTORS

# ADAM MALIK BIN AZLAN



### Independent Non-Executive Director



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#### → Date of Appointment

6 October 2023

#### Board Committee

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

#### 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 Group or potential conflict of interest
- 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.

#### Board Meetings Attended during FY2023:

- 1/1

#### Qualifications

- Bachelor of Electrical and Electronics Engineering, University of Bristol
- Professional Qualification in Accountancy, The Institute of Chartered Accountants in England and Wales

#### Working Experience

Adam is an experienced banker with 20 years of working experience spanning across Malaysia, Singapore, London and New York. Being an Electrical and Electronics Engineering graduate from University of Bristol also equips him with the necessary knowledge to excel in the field of financial technology. He is also a Chartered Accountant and a member of The Institute of Chartered Accountants in England and Wales. He founded and incorporated EpicQuant Pte Ltd in Singapore.

Prior to that, he joined Maybank Investment Bank in January 2010 as Director of Investment Banking and is responsible for originating the Investment Banking deal pipeline for the Bank. In 2011, he was given the additional role of heading the Bank's global Islamic Investment Banking business as Head of Islamic Investment Banking.

He became Head Maybank North American and European as Regional Director for the US and UK in 2013. After 3 years, he returned to Maybank Headquarters as Managing Director of Maybank Investment Bank Berhad in 2016 and remained in that position until he left in 2018 to pursue his passion in Shariah Compliant Machine Learning and Artificial Intelligence in the Algorithm Trading in Singapore. Adam is also serving as a Non-Independent Non-Executive Director of Central Spectrum Sdn Bhd.

## PROFILE OF DIRECTORS

SHAHRIN BINTI  
OLI MOHAMEDIndependent  
Non-Executive Director

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**Qualifications**

- Master of Business Administration (MBA), University of Manchester
- Bachelor of Computer Science (Hons), University of Science Malaysia
- Business Sustainability Management, University of Cambridge
- Blockchain Strategy Programme, University of Oxford
- Innovation & Entrepreneurship, Stanford University

**Working Experience**

Shahrin is an award-winning ex Global CIDO with international experience across Commercial, Strategy, Digital & IT and is currently the Executive Partner of Gartner Middle East where she is strategic advisor to the Board of Directors and C-Suites on digital, technology and sustainability to clients across a variety of industries.

Prior to joining Gartner in 2022, she was attached to Shell where she served the Group for more than 19 years. She started her career under the prestigious Shell Graduate Leadership Programme in 2003 and rose the ranks taking up a variety of international roles where she led global innovation, commercial strategy and business development, new market entries, business turnaround, operational excellence and delivered multiple global business and technology transformation.

She founded one of the first digital ventures for the global Shell Fleet Solutions business whilst based in London and was thereafter promoted to become the Chief Information & Digital Officer in 2020 for the world's largest LNG Marketing & Trading business based in Dubai, where she led information and digital technology. She was responsible for all aspects of technology leadership spanning strategy, operations, and execution globally (across Australia, Asia, Middle East, Europe and Americas), before she left the Shell Group in November 2022.

She is a CIO200 winner (honouring the world's top 200 CIOs) & CIO50 (honouring the Top 50 CIOs in MENA where she was also the Category Award winner for Leadership in Culture & Diversity). She is an international speaker and was invited to speak at London Tech Week, CIO.com and was featured in The Titans, passionately advocating for Sustainability and Women in Technology.

**Date of Appointment**

6 October 2023

**Board Committee**

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

**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 Group or potential conflict of interest
- 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.

**Board Meetings Attended during FY2023:**

- 1/1

## PROFILE OF DIRECTORS

# SYED OSMAN ALHADDAD BIN SYED MOHAMED



### Non-Independent Non-Executive Director



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#### ↪ Date of Appointment

13 December 2023

#### Board Committee

- Member of the Board Investment Committee
- Member of the Nomination and Remuneration Committee
- Member of the Audit and Risk Management Committee

#### Directorship of Listed Issuers and Public Companies

- Nil

#### Declaration

- A representative of Lembaga Tabung Haji, a major shareholder of the Company
- No conflict of interest or potential conflict of interest other than disclosed in the 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 years
- No public sanction or penalties by any regulatory bodies during the financial year.

#### Board Meetings Attended during FY2023:

- Nil

#### Remarks:

No Board Meeting was held after his appointment during the financial year

#### Qualifications

- Diploma in Investment Analysis, UiTM
- Diploma in Computer Study, NCC Education, UK

#### Working Experience

Syed Osman is a multifaceted entrepreneur and innovator with a rich history of success across various industries. Beginning his professional journey at Singer Malaysia Berhad in 1991, he demonstrated his technical prowess as a System Administrator and Analyst Programmer, laying the foundation for his future endeavours. Transitioning to ZAG System (Unisys Partner) in 1992, Syed Osman assumed the role of Manager in Business Development, where he played a pivotal role in expanding market reach and fostering key client relationships, showcasing his strategic vision and business acumen.

In 1994, Syed Osman showcased his entrepreneurial spirit by founding Haddad Advanced Technology Company (HATC) Sdn Bhd, where he obtained a Value-Added Data Services License and pioneered innovative unified communication systems. This success continued with the founding of Station Network Sdn Bhd in 2005, where Syed Osman secured significant funding to pioneer broadband telephony solutions, further solidifying his reputation as a tech visionary. In subsequent ventures such as Wafina Sdn Bhd in 2011 and Siaraya Sdn Bhd in 2021, Syed Osman continued to push boundaries, securing funding and delivering impactful solutions tailored to evolving market needs, cementing his legacy as an industry leader.

Beyond his entrepreneurial ventures, Syed Osman holds directorships in prominent companies such as Pan Asia Process Solutions Sdn. Bhd., Smith International Gulf Services (M) Sdn. Bhd., and Oilfields Supply Center Sdn. Bhd., where he leverages his strategic insights to drive growth and innovation. Notably, Syed Osman holds two patents for his inventions, including a Self-Learning and Intelligent System for Multimedia Conferencing (Patent No: My174662a) and an Organised Knowledge And Service System (OKSS) (Patent No: My191940A), highlighting his contributions to advancing technology and enhancing operational efficiency. Through his diverse experiences and innovative contributions, Syed Osman continues to shape industries and inspire future generations of entrepreneurs and innovators.

## PROFILE OF KEY SENIOR MANAGEMENT

# DATUK NURASLINA BINTI ZAINAL ABIDIN

Group Chief Executive Officer



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### → Date of Appointment

1 July 2021

### 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 Group or potential conflict of interest
- 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.

### Qualifications

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

### Working Experience

Datuk 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 turn them into top-notch industry players.

Datuk 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 organisation.

Datuk Nuraslina's appointment demonstrated her pivotal role in driving the value creation pursuits of Theta Edge Berhad in the establishment of customer centric and solutioning capability which is complemented by other strategic moves such as optimising operational efficiency and strengthening the balance sheet of the Company. The strategic move to invest in payment and procurement system solutions platforms as an enabler to monetise Theta's current digital assets in accounting, land management and hajj management 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 digitalisation 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.

## PROFILE OF KEY SENIOR MANAGEMENT

# MOHAMAD IZZAT BIN SERPUDIN



### Group Chief Financial Officer



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#### → Date of Appointment

11 May 2022

#### 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 Group or potential conflict of interest
- 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.

#### ▼ Qualifications

- Fellow Chartered and Certified Accountant (FCCA)
- Member of Malaysian Institute of Accountants (MIA)
- Diploma in Accountancy from MARA University of Technology

#### ▼ Working Experience

Mohamad Izzat is a Fellow Chartered and Certified Accountant with over fifteen (15) years of seasoned expertise within the realms of accounting and finance. His extensive experience traverses a myriad of business domains, prominently including financial and risk management, corporate finance, corporate planning, business development, investor relations, corporate communications and business transformation. With a robust track record affiliated with several publicly-listed companies, he has honed his proficiency in multifaceted financial functions.

His financial acumen spans financial planning and analysis, financial reporting, cash flow management, budgetary oversight, investment appraisal, and financial modeling. Notably, he is adept in navigating complex terrains such as project financing, business restructuring, and project management, demonstrating a keen ability to deliver tangible results in dynamic market environments while adhering to stringent MFRS accounting standards.

He has held key managerial positions at esteemed organisation such as MMC Corporation Berhad (Group), where he led Group Investment and Strategy, and Media Prima Berhad (Group), where he led Group Corporate Finance and Investor Relations and successfully executed several Mergers and Acquisitions initiatives. His tenure at DRB-HICOM Berhad and Deloitte Malaysia further underscores his finance and accounting expertise, where he was part of strategic finance team and in charge of designing and executing audit programmes, respectively.

Under his financial stewardship, the Group not only achieved consistent profitability but also reintroduced dividend payouts to shareholders for the past two years, marking a return to shareholder rewards since 2002.



## PROFILE OF KEY SENIOR MANAGEMENT

SHAM SOL  
BIN ALI

Head, Group Operations



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**Qualifications**

- B.A (Hons) Accounting, University of Portsmouth, England
- Association of Chartered Certified Accountants (ACCA) Part2

**Working Experience**

A certified Chief Integrity Officer, Sustainability Leader and Business Continuity Manager, Sham Sol brings over 24 years of expertise spanning diverse industries from advisory, motor trading, engineering, construction, manufacturing, asset and facilities management, banking and aviation. His skills include Governance, Ethics, Compliance, Regulatory Enterprise Risk Management, Business Continuity Management, Financial Reporting, Corporate Strategy, Performance Monitoring, Project Management, and Business Process Improvement. Notable for corporate restructuring at organisations like Kurnia Setia, MBSB, UEM Group, Telekom Malaysia Berhad and Malaysia Airlines Berhad, he was selected by Khazanah Nasional Berhad for knowledge-sharing programmes within their portfolio. Before Theta, he served in Regional and International roles as Director of Enterprise Risk Management for Oman Aviation Group SOAC, overseeing governance, risk management, compliance, and regulatory for the Group.

→ **Date of Appointment**

12 November 2021

**Directorship of Listed Issuers and Public Companies**

- Nil

**Declaration**

- A family member of Haslinah binti Hassan, a major shareholder of the Company.
- No conflict of interest with the Group or potential conflict of interest
- 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.

## PROFILE OF KEY SENIOR MANAGEMENT

# NURUL FADLI BIN ISMAIL



### Head, Group Human Capital & Procurement & Facility Management



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#### → Date of Appointment

10 September 2021

#### 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 Group or potential conflict of interest
- 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.

#### ▼ Qualifications

- Master of Human Resource Management, UUM
- Executive Bachelor of Business Management (Honours), Accounting and Finance, IIUM

#### ▼ Working Experience

A seasoned HR professional with over 20 years of global and regional experience, Fadli specialises in Organisational Review, HR Strategic Planning, Development, Manpower Planning, HR Audit, Performance Management, Compensation, Learning and Development, Talent Management, Employee Relations, and Industrial Relations. Holding a Master's in Human Resource Management and an Executive Bachelor's in Business Management, he's a registered member of MIHRM, a Certified Advanced Human Resource Manager, and a Certified Balanced Scorecard Professional™. Fadli excels in providing HR advice and implementing corporate business strategy using the Balanced Scorecard Methodology.

PROFILE OF KEY SENIOR MANAGEMENT

# ZAHARI BIN ABDUL JALIL



Head, Telecoms Engineering



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→ Date of Appointment

1 March 2022

Directorship of Listed Issuers and Public Companies

- Nil

Declaration

- A family member of Zainal 'Abidin bin Abd Jalil, a major shareholder of the Company.
- No conflict of interest with the Company or potential conflict of interest
- 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.

Qualifications

- Master of Business Administration at University Putra Malaysia, twinning with University Aix-Marseille, France
- Bachelor of Science (Honours) Electrical & Electronic Engineering at The University of Nottingham, England

Working Experience

With more than three decades of experience in the telecommunication industry, Zahari excels in management, operations, network planning, and projects, specialising in mobile communications, telco infrastructure and engineering services. Holding several senior roles, he is adept in telco business, project management and stays updated on emerging technologies like 5G and smart, digital solutions. Recognised for outstanding performance at Celcom Axiata and Edotco services subsidiary, he is a Certified Associate Coach with a Bachelor's in Electrical & Electronic Engineering and an MBA from the University of Nottingham and the University Putra Malaysia (in collaboration with the University of Aix-Marseille, France).

## PROFILE OF KEY SENIOR MANAGEMENT

# TS. SYAHRUL HAFIDZ BIN SUID



### Head, Solutions & Presales



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#### → Date of Appointment

3 January 2023

#### 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 Group or potential conflict of interest
- 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.

#### ▼ Qualifications

- Master of Computer Science (Information Security), University Technology of Malaysia
- Bachelor of Science with Hons (Multimedia Technology), Universiti Malaysia Sabah
- Registered as Professional Technologist (Ts.) under Malaysia Board of Technologist
- Interim Chairman MBOT Technology & Technical Working Group - IT
- TOGAF 9 Certified

#### ▼ Working Experience

Syahrul is a seasoned technologist with 15 years of expertise in Digital Transformation, IT Strategy, Enterprise Architecture, Solution Development, Cybersecurity Management, Mentorship and Stakeholder Engagement. As a Senior Enterprise Architect at Maxis Business and Enterprise Architect at Hewlett Packard Enterprise, he aligned IT capabilities with business needs and became the Trusted Advisor to the customers. In his role as Principal for IT Strategy at Digi Telecommunications, he was responsible for IT strategy development and stakeholder collaboration. He holds TOGAF 9 certification and is a registered Professional Technologist (Ts.) under the Malaysia Board of Technologists.

## PROFILE OF KEY SENIOR MANAGEMENT

# EFFIE RIZAL BIN MUSTAFA KAMA, PMP®



Head, Group Technology Services



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### → Date of Appointment

2 October 2023

### 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 Group or potential conflict of interest
- 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.

### Qualifications

- Bachelor of Finance, Universiti Teknologi MARA (UiTM)
- Project Management Professional, PMP
- Certified Data Centre Professional, CDCP
- Information Technology Infrastructure Library, ITIL Practitioner
- ISO/IEC 20000 IT Service Management System Auditor

### Working Experience

Effie Rizal Mustafa Kama, PMP®, is the Head of Group Technology Services at Theta Edge Berhad. Specialising in digital engineering, strategy development, design, innovation, and implementation support, he leads transformative programmes addressing clients' business and technology challenges. With extensive experience in complex technology implementation, business transformation, and operational excellence, Effie has a proven track record in areas such as capital project management, asset operation, and supply chain management.

In his role at Theta Edge Berhad, Effie has grown the technology practice through innovation, asset development, and capability building. Before Theta, he held a key position at EY, where he led technology consulting, digital strategy, operation performance and technology implementation services for clients in Malaysia and the Asia-Pacific.

## PROFILE OF KEY SENIOR MANAGEMENT

# NOORHAYATI BINTI SHAARI



### Director of Sales, Cluster 2



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#### → Date of Appointment

2 January 2024

#### 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 Group or potential conflict of interest
- 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.

#### ▼ Qualifications

- Executive Master of Business Administration, Universiti Teknologi MARA (UiTM)
- Bachelor's Degree (Hons.) in Marketing, Universiti Teknologi MARA (UiTM)

#### ▼ Working Experience

Noorhayati Shaari is a seasoned professional with extensive experience in sales, account management, and business development within the financial services industry (FSI) and government sectors. As a Sales Director at Juris Technologies, she secured major deals with prominent financial institutions, including Bank Islam Malaysia Berhad, Bank Muamalat Malaysia Berhad and MARA. Her expertise extends to strategic account management, client relationship building, and successful tech projects. Noorhayati's prior role as an Account Director at HeiTech Padu further highlights her proficiency in multiple projects for financial institutions. Her contributions are recognised through various awards and are reflected through the growth and success of the companies she has worked for.

PROFILE OF KEY SENIOR MANAGEMENT

KAMILAH BINTI ABDUL HAMID



Acting Director of Sales, Cluster 1



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**Qualifications**

- Master’s Degree in Business Administration
- Bachelor’s Degree in Information Technology

**Working Experience**

Kamilah Abdul Hamid is an accomplished business executive with a robust track record in achieving business excellence and fostering exceptional client relationships. With a Master’s Degree in Business Administration and a Bachelor’s in Information Technology, Kamilah has honed her expertise in multi-tasking, relationship building, and client service. She is recognised for her exceptional people skills and her ability to drive revenue growth while maintaining a focus on customer satisfaction.

Currently serving as a Director of Sales at Theta Technologies Sdn. Bhd, Kamilah has successfully met sales targets and nurtured key relationships with top clients, including various Malaysian ministries and corporate entities. Her previous roles as Sales Director and General Manager have equipped her with a deep understanding of corporate affairs and project delivery, further solidifying her reputation as a results-driven leader committed to continuous growth.

Kamilah’s dedication to her profession is evident in her contributions to academic publications and her ongoing efforts in digital transformation. Her leadership skills, strategic vision, and commitment to excellence make her an invaluable asset to any organisation.

→ **Date of Appointment**

1 March 2024

**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 Group or potential conflict of interest
- 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.

## PROFILE OF KEY SENIOR MANAGEMENT

# EANIS AZMAN BIN LATIF



Head, Internal Audit,  
Governance, Risk, Compliance & ESG



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### → Date of Appointment

5 February 2024

### 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 Group or potential conflict of interest
- 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.

### ▼ Qualifications

- Bachelor of Arts (Hons) Accounting and Finance, Leeds Beckett University, United Kingdom.
- Member of the Institute of Internal Auditors Malaysia.

### ▼ Working Experience

Eanis Azman was a trained accountant who had previously served as Ketua Jabatan Perbendaharaan dan Hasil for Majlis Daerah Kuala Langat. He later pursued his career as an Internal Auditor, starting in 2006 with UEM Group Berhad gaining 11 years of exposures in Project Management portfolio before leading an Internal Audit Department in Prolintas. He has 24 years of experience, majoring in Finance, Corporate Governance, Risk Management and Project Management Auditing. He was part of iconic projects including the Penang Bridge Widening, Penang Second Bridge (Superstructures), Nusajaya, KLIA2, MRT Package V8, Women and Child Hospital HKL, KL118, SUKE and DASH Highway.



## PROFILE OF KEY SENIOR MANAGEMENT

# NOR AZLIN AZURA ARSHAD



Acting Head, Group Strategic Communications & Marketing/Head of Commercial & Venture



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### Qualifications

- Professional Master in Business Administration, Universiti Teknologi Malaysia
- Diploma in Computer Science, Universiti Putra Malaysia

### Working Experience

With more than 15 years of experience in Integrated Marketing Communications, Corporate Communications, Advertising & Promotion, Campaign and Branding, Azlin has proven record of driving successful outbound marketing programmes with consistent company branding and messaging to customer and community. She started her career with Telekom Malaysia Berhad as an IT Executive before moving to HeiTech Padu Berhad, the homegrown market leader in the ICT industry in September 2003. She left HeiTech as Senior Executive Corporate Communications after serving ten (10) years to join Hong Leong MSIG Takaful as Marketing Communications and Branding and Blue Archipelago Berhad (subsidiary of Khazanah Nasional Berhad). She rejoined HeiTech Padu Berhad in 2016 to lead several projects namely smart parking systems on Penang Island, Seberang Perai and Kulim.

Azlin joined Theta Edge Berhad in January 2024 as Head of Commercial and Venture for SakuPay Digital Wallet. Subsequently, she was appointed as Acting Head of Group, Strategic Communications & Marketing on 1 March 2024.

### → Date of Appointment

2 January 2024

### Directorship of Listed Issuers and Public Companies

- Nil

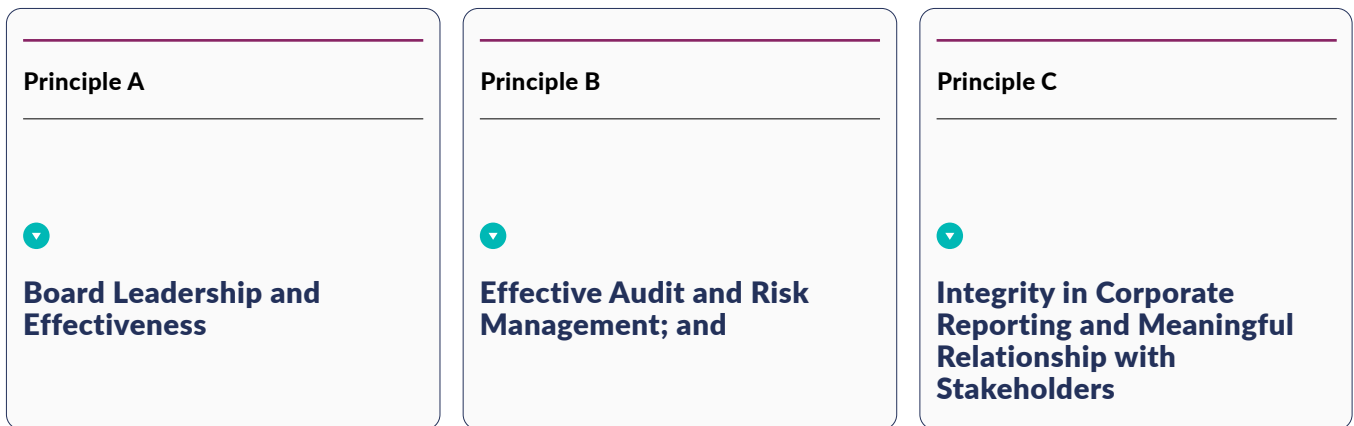
### Declaration

- 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 Group or potential conflict of interest
- 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.

## 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”):



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 5.9: 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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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.

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:

- |   |  |   |
|---|--|---|
| <p><b>1</b></p> <p>Build and protect company value;</p> | <p><b>2</b></p> <p>Safeguard assets and shareholders’ interests; and</p> | <p><b>3</b></p> <p>Meet the expectation of the Company’s mission and vision through effective ESG management.</p> |
|---|--|---|

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

#### Group Corporate Governance Pillars

##### 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.

##### 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.

##### Pillars of Assurance

Provides a 2<sup>nd</sup> and 3<sup>rd</sup> 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 and Health; (iii) Performance and Consequence Management; (iv) Internal Audit Assurance; and (v) Integrity, Risk Management and Compliance.

##### Governance and Organisation Structure

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

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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
<b>Board (Main)</b>	<b>Board of Directors</b>	<ul style="list-style-type: none"> <li>• Nomination and Remuneration Committee ("NRC")</li> <li>• Audit and Risk Management Committee ("ARMC")</li> <li>• Board Investment Committee ("BIC")</li> </ul>
<b>Board (Subsidiary)</b>	<b>Subsidiary Management Committee</b>	<b>Tender Bidding Committee ("TBC")</b>
<b>Management</b>	<b>Group Management Committee</b>	<ul style="list-style-type: none"> <li>• Group Sales Working Committee ("GSWC")</li> <li>• Group Innovation Working Committee ("GIWC")</li> <li>• Balance Scorecard Committee ("BSC")</li> <li>• Project Management Working Committee ("PMWC")</li> <li>• Group Strategic Procurement Committee ("GSPC")</li> <li>• Group Consequence Management Working Committee ("GCMWC")</li> </ul>

### 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; and
- (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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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, the Nomination and Remuneration Committee as well as Board Investment 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.

### 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, Chew Mei Ling and Cynthia Louis 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 2023. In compliance with the Listing Requirements, all the Directors do not hold directorships more than that prescribed under the Listing Requirements. There were seven (7) Board of Directors’ Meetings held during the financial year ended 31 December 2023.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Directors	Board of Directors	ARMC	NRC	BIC	AGM
Tengku Dato' Seri Hasmuddin bin Tengku Othman	7/7				1/1
Abdul Halim bin Jantan <sup>(1)</sup>	3/4	4/4	4/4	2/3	1/1
Datuk Seri Asri Hamidin @ Hamidon <sup>(2)</sup>	3/6				
Zainal 'Abidin bin Abd Jalil	6/7			3/3	1/1
Rozahan bin Osman <sup>(3)</sup>	7/7	6/6	7/7		1/1
Latifah binti M. Daud <sup>(4)</sup>	7/7	2/2	6/7	3/3	
Erma Surianee binti Malek <sup>(5)</sup>	4/4	4/4	4/4		1/1
Azih bin Yusof <sup>(6)</sup>	6/7	2/2			1/1
Shamsul Kamal bin Hussein Kamal <sup>(7)</sup>	6/6		5/5	3/3	1/1
Adam Malik Bin Azlan <sup>(8)</sup>	1/1	1/1	1/1		
Shahrin Oli Mohamed <sup>(9)</sup>	1/1		1/1		
Syed Osman AlHaddad bin Syed Mohamed <sup>(10)</sup>					

ARMC - Audit and Risk Management Committee  
NRC - Nomination and Remuneration Committee

BIC - Board Investment Committee  
AGM - Annual General Meeting

- (1) Resigned as SINED wef 7 August 2023 pursuant to the Company's policy as per the Board Charter that limits the tenure of an Independent Director to a term of nine years, without further extension. Resigned as Chairman of NRC, and ceased as ARMC Member wef 7 August 2023.
- (2) Resigned as NINED wef 26 October 2023.
- (3) Resigned as NINED, ARMC and NRC Members wef 4 January 2024.
- (4) Appointed as ARMC Member wef 10 August 2023.
- (5) Resigned as INED wef 10 August 2023, resigned as Chairperson of ARMC, and ceased as ARMC and NRC Member wef 10 August 2023.
- (6) Appointed as Chairman and Member of ARMC wef 10 August 2023. Redesignated from Chairman of ARMC to a Member of ARMC wef 26 February 2024.
- (7) Appointed as NRC Member wef 28 February 2023. Resigned as NINED and ceased as NRC Member wef 2 November 2023.
- (8) Appointed as INED, ARMC and NRC Member wef 6 October 2023. Appointed as Chairman of ARMC wef 26 February 2024.

- (9) Appointed as INED and NRC Members wef 6 October 2023. Appointed as ARMC Member wef 4 January 2024.
- (10) Appointed as NINED wef 13 December 2023. Appointed as NRC Member wef 4 January 2024. Appointed as ARMC Member wef 11 March 2024.

Board Investment Steering Committee ("ISC") was initially established to primarily look at a tender submission for a specific project. However, in line with the Company's Annual Operating Plan which has been approved by the Board, the Company would embark of various PFI and projects investment, including acquisition of companies which would contribute positively to the Group. As such, it was proposed that a permanent BIC be established in placed of ISC to provide support to Management to among others, review the Company's investments and divestments in line with the approved Annual Operating Plan ("AOP") effective 27 April 2023. Later in 31 May 2023, the Board has reviewed and approved revision of BIC TOR whereby the scope of BIC is to conduct review on potential projects as recommended by the Management's Group Investment Working Committee ("GIWC") or as determined by the Board itself.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### Main activities of the Board in year 2023

The activities carried out by the Board in year 2023 include the followings:

- Reviewed and approved Group's Annual Operating Plan ("AOP").
- Reviewed and approved the quarterly unaudited consolidated financial results.
- Reviewed and approved of Human Capital Matters.
- Reviewed and approved appointment of Encik Shamsul Kamal Hussein Kamal as an Additional Nomination & Remuneration Committee Member.
- Reviewed and approved of report by Russel Reynolds Associates on the Board and Board Committees' effectiveness, performance of the individual Director, Board Matrix Skills and its Composition, Independency of Independent Directors, and Training needs of the Directors.
- Reviewed and approved of permanent Board Investment Committee and its Term of Reference.
- Reviewed and approved of termination Joint Venture Agreement between Theta Edge Berhad and IRIS Corporation Berhad.
- Reviewed and approved Terms of Reference of Board Charter, NRC, ARMC and ISC.
- Reviewed and approved New Organisational Structure and Appointment Head of Internal Audit and Governance Risk and Compliance ESG.
- Reviewed and approved proposed Employment (Amendment) Act 2022 to the Revised HR Manual.
- Reviewed and approved appointment of New Board of Directors of Theta Edge Berhad.
- Reviewed and approved new Grading and Salary Structure for Theta Edge Berhad and its Subsidiaries.
- Reviewed and approved conflict Management Policy.
- Reviewed and approved appointment of New Nominee Director of Lembaga Tabung Haji.
- Reviewed and approved revised Remuneration Board of Directors of Theta Edge Berhad.
- Reviewed and approved Prolong Illness and Medical Board Out Policy.
- Reviewed and approved Rolling Stock Strategy ("RSS") for Cargo and Logistics Purposes.
- Reviewed updates of Organisational Resilience Department Plan for the Year 2023 and Enterprise Risk Management Quarterly Report.
- Reviewed updates of Internal Audit Department Status for the Year 2022.
- Reviewed updates of Internal Audit Report on Theta Telecoms Sdn Bhd.
- Reviewed updates of Management Action Plan Dashboard Quarterly Report.
- Reviewed updates of Russell Reynolds Associates' Board Effectiveness and Evaluation.
- Reviewed updates of Directors and Officers ("D&O") Insurance Renewal.
- Reviewed updates of Transit Acquirer Sdn Bhd Acquisition Status.
- Reviewed updates of Internal Audit Review on Human Capital Management & Working Environment and Theta's Corporate & Strategic Communication Department.
- Reviewed updates of Internal Audit Review on SakuPay e-wallet.
- Reviewed updates of Archiving of Financial Documents and Implementation of E-Invoicing.
- Reviewed updates of Internal Audit Review on Theta's Financial System.
- Reviewed updates of Internal Audit Review on Corporate Services.
- Reviewed updates of Appointment New Head of Internal Audit.
- Reviewed updates of Proposed Audit Plan by KPMG.

### 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 could 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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### 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 30 to 53 and is available on the Company's website [www.theta-edge.com](http://www.theta-edge.com).

### Board Composition

The Board currently consists of seven (7) members comprising the Non-Independent Non-Executive Chairman, two (2) Non-Independent Non-Executive Directors and four (4) Independent Non-Executive Directors. Our Independent Directors constitute 57.14% of the Board members and the Board comprises of 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 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 redesignation as a non-independent director. None of the Independent Directors has served more than nine (9) years on the Board for the financial year 2023.

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

The Board Matrix during the Financial Year 2023 is as follows:

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	●	●	●	●	●	●	●	●	●	●	●	●
Adam Malik bin Azlan	●	●	●	●	●	●	●	●	●	●	●	●
Shahrin binti Oli Mohamed	●	●	●	●	●	●	●	●	●	●	●	●
Syed Osman AlHaddad bin Syed Mohamed	●	●	●	●	●	●	●	●	●	●	●	●

- 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

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 formalising 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.

### 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 three (3) new Board members appointed in 2023. Adam Malik bin Azlan and Shahrin binti Oli Mohamed were appointed as Independent Non-Executive Directors on 6 October 2023. Syed Osman AlHaddad bin Syed Mohamed, the Board representative of TH, a major shareholder of Theta Edge Berhad, was appointed on 13 December 2023 as the Non-Independent Non-Executive Director.

The presence of all three Directors brings 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, and shall be composed exclusively of 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

The current composition of the NRC is as follows:

### Chairman

Latifah binti M. Daud  
– Senior Independent Non-Executive Director

### Members

Shahrin binti Oli Mohamed  
– Independent Non-Executive Director (Appointed as a Member on 6 October 2023).

Adam Malik bin Azlan  
– Independent Non-Executive Director (Appointed as a Member on 6 October 2023).

Syed Osman AlHaddad bin Syed Mohamed  
– Non-Independent Non-Executive Director (Appointed as a Member on 4 January 2024).

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 2023, the Company conducted the Board Assessment by internally, following from the latest revision of NRC TOR of Clause 6.1.5 with excerpt as follows:

"Unless otherwise recommended by the NRC, the evaluation would be carried out internally."

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 annual report:

- Deliberated, reviewed and recommended to the Board of Directors on the proposed approval of HR Matters.
- Deliberated, reviewed and recommended to the Board of Directors for the approval of Board Charter and the terms of reference of NRC, ARMC and ISC.
- Deliberated, reviewed and recommended to the Board of Directors Proposed Independent Directors' Profile by ICDM with regards to the screening and selection of Independent Directors.
- Deliberated, reviewed and recommended to the Board of Directors, the Proposed New Organisational Structure and Appointment of Head Internal Audit.
- Deliberated, reviewed and recommended to the Board of Directors, the Proposed Employment (Amendment) Act 2022 to the Revised HR Manual.
- Deliberated, reviewed and recommended to the Board of Directors, the Proposed Appointment of New Board of Directors of Theta Edge Berhad.
- Deliberated, reviewed and recommended to the Board of the Directors, the Proposed New Grading and Salary Structure for Theta Edge Berhad and its Subsidiaries.
- Deliberated, reviewed and recommended to the Board of Directors the Proposed Conflict Management Policy.
- Deliberated, reviewed and recommended to the Board of Directors, the Proposed Renewal of Directors and Officer's Policy.
- Deliberated, reviewed and recommended to the Board of Directors, the Proposed Appointment of New Nominee Director of Lembaga Tabung Haji.
- Deliberated, reviewed and recommended to the Board of Directors, the Proposed Revised Remuneration Board of Directors of Theta Edge Berhad.
- Deliberated, reviewed and recommended to the Board of Directors, the Proposed Prolong Illness and Medical Board Out Policy.
- Deliberated and reviewed Proposed Mandatory Separation Scheme ("MSS") and Early Retirement Scheme ("ERS") Scheme.
- Deliberated, reviewed and recommended to the Board of Directors, the Proposed Revised BOD Remuneration & Benchmarking Recommendation for Theta.
- Deliberated, reviewed and recommended to the Board of Directors the Proposed Project Incentive Bonus Framework for Theta Edge Berhad and its Subsidiaries.
- Deliberated, reviewed and recommended to the Board of Directors, the Proposed Severance Management Policy for Theta Edge Berhad and its Subsidiaries.
- Deliberated, reviewed and recommended to the Board of Directors, the Proposed Nomination of Theta Technologies for Progressive Wages Pilot Project Participation.
- Deliberated, reviewed and recommended to the Board of Directors, the Proposed Revised Group Staff Insurance and Healthcare Management for Theta.
- Deliberated, reviewed and recommended to the Board of Directors, the Proposed Bonus Pot for the Financial Year 2023 Performance.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### 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.

Adam Malik bin Azlan, Shahrin binti Oli Mohamed and Syed Osman AlHaddad bin Syed Mohamed retire by rotation in accordance with Clause 97 whilst Tengku Dato' Seri Hasmuddin bin Tengku Othman retires by rotation in accordance with Clause 119 of the Company's Constitution.

Adam Malik bin Azlan and Shahrin binti Oli Mohamed, being eligible offer themselves for re-election. Tengku Dato' Seri Hasmuddin bin Tengku Othman and Syed Osman AlHaddad bin Syed Mohamed have informed the Company that they do not wish to seek for re-election. They will retain office until the conclusion of the 31<sup>st</sup> AGM.

The NRC had at its meeting held on 22 April 2024 deliberated and assessed the individual Directors who are subject to 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.

Directors	Seminar/Forum/Conference/Training	Organiser	Date
Tengku Dato' Seri Hasmuddin bin Tengku Othman	Sharing of Market Practise & Empowerment Shareholders, Board & Management	ICDM	1 August 2023
	PIPOC 2023: MPOB International Palm Oil Congress and Exhibition	MPOB	7 - 9 November 2023
	TH Nominee Directors Retreat Programme 2023	TH	18 - 19 December 2023
	Seminar on Pathway for Beginners Series Company Secretary & Getting Started with Companies	Suruhanjaya Syarikat Malaysia	30 - 31 January 2023
	Seminar on SSM X IIM: Section 17A Malaysian Anti-Corruption Commission Act 2009 & Adequate Procedures	Suruhanjaya Syarikat Malaysia	02 March 2023
Zainal 'Abidin bin Abd Jalil	1) APAC Energy Capital Assembly	Energy Council, Singapore	1) 6 <sup>th</sup> - 8 <sup>th</sup> June 2023
	2) Sharing of Market Practise & Empowerment Shareholders, Board & Management		2) 1 <sup>st</sup> August 2023
Latifah binti M. Daud	Sharing of Market Practise & Empowerment Shareholders, Board & Management	ICDM	1 August 2023
Azih bin Yusof	Sharing of Market Practise & Empowerment Shareholders, Board & Management	ICDM	1 August 2023
Adam Malik bin Azlan	Mandatory Accreditation Programme	ICDM	30 & 31 January 2024
Shahrin binti Oli Mohamed	Mandatory Accreditation Programme	ICDM	30 & 31 January 2024
Syed Osman AlHaddad bin Syed Mohamed	Mandatory Accreditation Programme	ICDM	25 & 26 March 2024

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### 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.thetaedge.com](http://www.thetaedge.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 seven (7) meetings during the financial year ended 31 December 2023. 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).

Details of Directors' remuneration paid and payable for the financial year ended 31 December 2023 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>	293,974	NIL	NIL	197,500	491,474
	Fees (RM)	Salary & Bonus (RM)	Retirement Benefit (RM)	Other Emoluments (RM)	Total (RM)
<b>Company</b>					
<b>Non-Executive Directors</b>	293,974	NIL	NIL	197,500	491,474

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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.

The Company will be seeking the approval of the shareholders for the Proposed Directors' Fees for an amount up to RM240,000 for the financial year ending 31 December 2024 at the forthcoming 31<sup>st</sup> AGM. The fees will not be paid until the approval of the shareholders has been obtained at the forthcoming AGM.

### Meeting Allowance

Board of Directors Meeting	Board per Meeting (RM)	ARMC per Meeting (RM)	NRC per Meeting (RM)	BIC per Meeting (RM)
Chairman	3,500 (from 3,000)	3,000	2,000	1,000
Non-Executive Directors	2,500 (from 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 RM823,000 from the 31<sup>st</sup> AGM until the next AGM of the Company.

### 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.

### 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.

### 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 packages reflected in her service contract is structured taking into account the fixed compensation which includes basic salary 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.

### Senior Management

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

### 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 RM58,310.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

**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 Chairman 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 could 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.

**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 organisation'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 88 to 93 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 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.
- ii. 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).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### Principle C Integrity In Corporate Reporting And Meaningful Relationship With Shareholders

#### COMMUNICATION WITH STAKEHOLDERS

Recognising 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:

- The Annual Report.
- The various disclosures and announcements made to BMSB including the Quarterly Results and Annual Results.
- 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.
- 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.

The Board also encourages shareholders to communicate through other channels and has identified Latifah binti M. Daud as the Senior Independent Non-Executive Director to whom concerns from the public may be conveyed. Latifah binti M. Daud could 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](mailto:SID@theta-edge.com)  
 Fax : 03-6043 000

#### Integrated Reporting

The Group is embarking into the 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' Responsibility

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 2023 and of the results and the cash flows of the Group and of the Company for the financial year then ended 31 December 2023. In preparing the financial statements, the Directors have:

- i. Applied the appropriate and relevant accounting policies on a consistent basis;
- ii. Made judgements and estimates that are prudent and reasonable; and
- iii. 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****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 BIC 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 2023, 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 30<sup>th</sup> AGM held on 26 June 2023.

All Directors, Chairman of ARMC and NRC attended and participated the 30<sup>th</sup> AGM virtually. At the 30<sup>th</sup> 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 30<sup>th</sup> 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 2023 of the Company which is available on the Company's website at [www.theta-edge.com/agm31](http://www.theta-edge.com/agm31).

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 on 29 April 2024.

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

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 2023 and up to the date of this Report.

### Composition

The ARMC currently comprises five (5) members, all of whom are Non-Executive Directors, with the majority being Independent:

<b>Chairman:</b>	Adam Malik bin Azlan	Independent Non-Executive Director (Re-designated as Chairman on 26 February 2024)
<b>Members:</b>	Latifah binti M. Daud	Senior Independent Non-Executive Director
	Shahrin binti Oli Mohamed	Independent Non-Executive Director (Appointed on 4 January 2024)
	Azih bin Yusof	Independent Non-Executive Director (Re-designated as Member on 26 February 2024)
	Syed Osman AlHaddad bin Syed Mohamed	Non-Independent Non-Executive Director (Appointed as Member on 11 March 2024)

### Meeting

The ARMC met six (6) times during the financial year 2023 as follows:

	Attended	Held
Azih bin Yusof*	2	2
Rozahan bin Osman**	6	6
Latifah binti M. Daud***	2	2
Adam Malik bin Azlan****	1	1
Erma Surianee binti Malek*****	4	4
Abdul Halim bin Jantan*****	4	4

#### Notes:

- \* Azih bin Yusof was appointed as a member of the ARMC on 10 August 2023.
- \*\* Ceased as a member of ARMC on 4 January 2024 following his resignation as Non-Independent Non-Executive Director.
- \*\*\* Latifah binti M. Daud was appointed as a member of the ARMC on 10 August 2023.
- \*\*\*\* Adam Malik bin Azlan was appointed as a member of the ARMC on 6 October 2023.
- \*\*\*\*\* Ceased as a member of ARMC on 10 August 2023 following her resignation as Non-Independent Non-Executive Director.
- \*\*\*\*\* Ceased as a member of ARMC on 7 August 2023 following his resignation as Non-Independent Non-Executive Director.

The ARMC held meetings with a complete quorum present. The Group Chief Executive Officer, Chief Financial Officer, and Head of the Internal Audit Department were invited to each meeting to assist in deliberating the audit issues raised during the conference. Other senior management members were also asked to provide clarifications and assist in resolving matters highlighted in the audit reports.

The Group's Secretary is the secretary of the ARMC. The Secretary is responsible for coordinating administrative details, including calling meetings, voting, and keeping minutes. The ARMC Chairperson signs the minutes of each meeting, and extracts of matters requiring action are distributed to all attendees and members of the Committee.

The ARMC Chairman provides the Board with a briefing on the topics discussed in the ARMC Meetings. At each Board Meeting, the ARMC Chairman 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 significantly impact the Group's financial condition or affairs.

The Board via the NRC reviewed the term of office and the performance of each of its member for FY2023. The NRC was satisfied that the ARMC and its members have discharged their duties and functions in accordance with its Terms of Reference (“TOR”).

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

### 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 set out the ARMC's scope, authority, duties, and responsibilities which were reviewed and updated on 27 April 2023 and are incorporated into the Audit Committee Charter.

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.thetaedge.com](http://www.thetaedge.com)). Both governing documents undergo periodic reviews to enhance its processes and procedures and ensure alignment with any new requirements and regulations.

As of 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 comply 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 2023 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	22 May 2023	31 May 2023	31 May 2023
Second Quarter	23 August 2023	29 August 2023	29 August 2023
Third Quarter	23 November 2023	29 November 2023	29 November 2023
Fourth Quarter	21 February 2024	26 February 2024	26 February 2023

- iv. The Group's financial results for the financial year ended 31 December 2023 was reviewed and deliberated at its meeting on 29 April 2024 before recommendation to the Board for approval. The relevant announcement was made public on Bursa Malaysia on 30 April 2024.
- v. The ARMC had reviewed the recurrent related party transactions, significant accounting and reporting issues by taking into consideration the complex or unusual transactions, highly judgmental areas, recent professional and regulatory pronouncements, and impact on the financial statement. The ARMC had a clear understanding of how the Management develops interim financial information and the nature and extent of the Internal and External Auditor's involvement.

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

### External Audit

- i. The ARMC had assessed Messrs KPMG PLT's ("KPMG") independence before recommending its re-appointment and remuneration. The External Auditors gave written assurance to the ARMC that, following the terms of all relevant professional and regulatory requirements, they had been independent throughout the audit engagement for the year 2023. Messrs KPMG was reappointed as the External Auditors for the financial year ended 2023 by the shareholders at the 30<sup>th</sup> Annual General Meeting of the Company held on 26 June 2023.
- 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 2023 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 were duly approved by the Board.
- iii. Regarding the Financial Statements for the year ended 31 December 2023, the ARMC was briefed by the External Auditors on the Key Audit Matters highlighted in their report.
- iv. The External Auditors met the ARMC on 2 occasions without the presence of executive management.
- v. Based on the discussion between the ARMC and the External Auditors, the ARMC has maintained regular, timely, open, and honest communication with the External Auditors and required the External Auditors to report to the ARMC on significant matters.
- vi. The ARMC has expressed satisfaction with the measures implemented by the Management to address areas that required significant judgment 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 regards to the Internal Audit & Risk Management, the ARMC had:

#### i. Internal Audit

- a. Recommended for the consolidation of the Internal Audit Department ("IAD") and the Organisation Resilience Department ("ORD") into a single, comprehensive department known as the Internal Audit, Governance, Risk, Compliance, and ESG ("IA & GRCE") Department in November 2023.
- b. Maintaining governing documents for the establishment of the IA Unit such as the Internal Audit and Audit Committee Charter and Internal Audit 5 Years Strategic Plan.
- c. 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 following the approved recommendations and suggestions for improvement.
- d. Reviewed the adequacy of resources and the competencies of staff within the IA Unit to ensure it has the required expertise and professionalism to discharge its duties.

#### ii. Risk Management

- a. The ARMC had reviewed and recommended to the Board for the approval and update of the following documents:

- Corporate Governance Framework and Structure;
- Environmental, Social and Governance ("ESG") and Sustainability Report;
- Revision of Discretionary Authority Limit;
- Enterprise Risk Management ("ERM") Report.

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

b. The ARMC received updates on:

- Consolidated risk position for the Group;
- 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 inter-company Management fee within the Group; and
- c. Reviewed the provision of continued financial support for subsidiary companies.

### Training

Throughout the year, the ARMC members participated in various conferences, seminars, and training programmes 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 programmes attended by the ARMC members can be found in the Corporate Governance Overview Statement on page 82 of this Annual Report.

### INTERNAL AUDIT & RISK MANAGEMENT FUNCTION

The ARMC's primary role is to assist the Board in fulfilling its oversight responsibilities regarding the internal control system, audit process, compliance monitoring, and the management of key risks identified by the Management. This includes supervising the development and implementation of effective systems to manage these risks, with a special focus on governance, compliance, and sustainability practices.

In a strategic move to enhance operational efficiency and streamline its governance structure, Theta Edge Berhad consolidated the Internal Audit Department (“IAD”) and the Organisation Resilience Department (“ORD”) into a single, comprehensive department known as the Internal Audit, Governance, Risk, Compliance, and ESG (“IA & GRCE”) Department headed by the Encik Eanis Azman bin Latif which was appointed in February 2024. This merger, effective from November 2023, represents a pivotal step in integrating and strengthening the Group's approach to internal audit, risk management, governance, compliance, and Environmental, Social and Governance (“ESG”) initiatives. The department organises its operations across two distinct units: the Internal Audit (“IA”) Unit and the Governance, Risk, Compliance, and ESG (“GRCE”) Unit. During the transition period leading up to Encik Eanis Azman bin Latif's appointment, the leadership of the IA and GRCE Units remained under their respective heads, ensuring continuity and stability.

### Internal Audit Function

The Group had established an internal audit function initially under the purview of IAD in May 2022, now transitioned into IA Unit under IA & GRCE Department in November 2023, and discontinued the internal audit services provided by BDO. BDO has provided the internal audit services for the Group since July 2019.

For FY2023, the Internal Audit Unit was 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 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 IA Unit are guided by the Internal Audit Charter, the Audit Committee Charter, and the Internal Audit Manual which define the roles, responsibilities, accountability, and scope of work of the IA Unit.

As of December 2023, the staff strength of the in-house Internal Audit Unit stood at three (3) manpower with total costs amounting to RM184,116. The ARMC had in November 2023 approved the expansion of the Unit by emerging with an additional two (2) manpower.

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

### i. Independence and Objectivity

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

However, through a systematic and structured approach, the IA Unit 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 IA Unit's scope of coverage extends to all corporate services and business units of the Group. The selection of corporate services and business 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 IA Unit 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.

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 was also tabled to the ARMC via the Management Action Plan Dashboard.

Details of the review carried out are as follows:

- Internal Audit Review on Theta Telecoms
  - Internal Audit Review on Human Capital Management and Working Environment
  - Internal Audit Review on Corporate and Strategic Communication
  - Internal Audit Review on Theta's Payment Solution Gateway (SakuPay)
  - Internal Audit Review on Theta's Financial System
  - Internal Audit Review on Corporate Services of Theta
- The Management is accountable for ensuring that the corrective actions addressing the reported weaknesses are implemented within the stipulated timeframe. The IA Unit conducts periodic follow-up reviews to monitor the implementation of audit recommendations.

### iii. Practices and Framework

To ensure consistency and standardisation in assuring the effectiveness and adequacy of the overall system of internal controls, all auditing activities of IA Unit are carried out in line with the Group's Annual Operating Plan, objectives, policies, and procedures. 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 the Organisation Resilience Department ("ORD") and is now under the purview of the Governance, Risk, Compliance and ESG ("GRCE") Unit focusing on the three (3) components of strategic risk namely Sustainability risk, Corporate risk, and Anti-Bribery Risk.

As of December 2023, there are three (3) manpower in total to strengthen the Unit's function in risk management, governance/compliance monitoring, and sustainability. The department had to support the business growth and strengthen the business transformation activities for the Group.

The GRCE Unit is headed by Encik Sham Sol bin Ali in the transitioning period, 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 28 years of experience in diversified industries, including Advisory and Consultancy Services, Motor Trading, Banking & Property Financing, Integrated Engineering, Infrastructure and Aviation (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 covered 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 GRCE Unit

Aside from ERM, GRCE Unit is also in charge of strategic focus, which covers the following areas:

- a) Redefine and improve the Governance, Risk, Compliance and ESG ("GRCE") 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 rationalisation plan and changes to corporate/ organisation structure;
- c) Improvement and realignment of various policies and standard operating procedures in the Group;
- d) Improvement in 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 on GRCE's independent monitoring mechanism and acting as a Second Line of Defense within the Group.

### Development of Professional Qualifications and Ongoing Competency

The ORD and IAD now emerging as IA & GRCE Department are dedicated to being 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 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	Corruption Risk Management Development Course (CRM)	14,15 & 16 March 2023	Malaysia Anti-Corruption Academy
2	ISO 9001 – Understanding and Implementing QMS	2 & 3 August 2023	SIRIM STS
3	Environmental Social and Governance (ESG) Risk & Opportunities	3 August 2023	IIA Malaysia
4	IT Audit for non-IT Auditors	20 & 21 September 2023	IIA Malaysia
5	Tools For New Auditors	7,8 & 9 November 2023	IIA Malaysia

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

Theta's Board is pleased to provide this Statement on Risk Management and Internal Control, which outlines the nature of the risk management and internal controls within Theta Edge Berhad and its subsidiaries ("Theta" or "the Group") for the financial year ended 31 December 2023.

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

## BOARD RESPONSIBILITY & ACCOUNTABILITY

The Board acknowledges its responsibility for establishing and maintaining sound risk management and internal control systems to safeguard Theta's business interest from risk events that may impede the achievement of business strategies and action plans, 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 Group's policies, goals, and objectives.

Therefore, they 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 instituted throughout the Group are updated and reviewed occasionally to suit changes in the business environment. This ongoing process has been in place for the whole financial year under review, and to date, this statement has been approved for inclusion in the annual report.

## KEY CONTROL ELEMENTS

### KEY INTERNAL CONTROL

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

- **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 explaining pertinent issues. Board decisions are based on thorough deliberation and discussion with input from management.

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



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### KEY CONTROL ELEMENTS

#### KEY INTERNAL CONTROL (CONT'D)

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

- AUDIT & RISK MANAGEMENT COMMITTEE**

The Board oversees the Group's risk management and internal control matters 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 recognising, evaluating, handling, and regulating risks in various areas, such as strategic, operational, legal, and financial. The following table outlines the primary risk management and internal control oversight responsibilities of the ARMC:

RISK MANAGEMENT	INTERNAL CONTROL
<p>Assist the Board in ensuring a sound and robust implementation of the Enterprise Risk Management framework focusing on risk issues by identifying, assessing and monitoring key business risks.</p> <p>The ARMC also greatly emphasised sustainability/ESG-related risks and control implementations in 2023.</p>	<p>Independently ensures checks and balances for Theta's financial reporting and internal control system.</p> <p>Provide advice and guidance on the adequacy of Theta's values and ethics, governance structure, internal control framework, internal audit activity, external auditing, and other assurance activities.</p>

While the Board is responsible for the overall oversight of 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 toward the achievement of the 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 ongoing action plans to meet objectives; and
- Assessing the performance and state of internal controls of operating companies within the Group.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### KEY CONTROL ELEMENTS

#### KEY INTERNAL CONTROL (CONT'D)

- **NOMINATION & REMUNERATION COMMITTEE**

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

The objectives of the NRC concerning 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 objectives of the Committee concerning 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 Group employees.

- **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 to manage their operations. The Group Management Committees & Working Committees are established to assist in decision-making and ensure that the Group's interests are adequately protected when making 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 stipulated in the Corporate Governance Framework and approved by the Board.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### CONTROL ENVIRONMENT STRUCTURE

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

- **ORGANISATION STRUCTURE**

The Group established an organisational 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 carefully and that the Company and shareholders' interests are protected in meeting the corporate strategy.

- **CORPORATE GOVERNANCE FRAMEWORK**

Theta prioritises 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:

- Provide clarity on the Corporate Governance practices within Theta in day-to-day business and operational decision-making;
- Formalise the establishment of Group Management Committees and Working Committees within Theta with a precise term of reference, which includes clear demarcation of roles and responsibilities for strategic and operation matters;
- Inculcate corporate core value and high integrity behaviour by all employees in the conduct of business operations; and
- Strengthen the Assurance and Enabler pillars that emphasise the 2<sup>nd</sup> and 3<sup>rd</sup> Lines of Defence for compliance monitoring and internal control effectiveness within Theta.

- **DISCRETIONARY APPROVING LIMIT POLICY**

The Discretionary Approving Limit ("DAL") provides guidelines for the group's overall system wide approval authorities. It is an integral part of the management system for internal control when making decisions within the Company. It includes the governance process for delegation of authority within the set criteria and boundaries that carry the obligation and accountability to exercise sound discretion, 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:

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

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### CONTROL ENVIRONMENT STRUCTURE

- **ORGANISATION RESILIENCE FUNCTION & RISK MANAGEMENT**

The function has been established to oversee the main pillars of organisation resilience, such as Governance and Integrity, Enterprise Risk Management, Compliance Programme, Business Process Improvement, and Sustainability Reporting. The Organisation Resilience Department (“ORD”) throughout the year 2023 has managed to:

- a. Produce the Sustainability Statement for Annual Report 2022;
- b. Achieve 61% of ESG Score Rating;
- c. Initiate cost savings of RM3.7 million through procurement and improved governance processes;
- d. Governed four (4) frameworks, eight (8) policies and two (2) Standard Operating Procedures (SOPs);
- e. Acquire certification from the Corporate Integrity System Malaysia;
- f. Produced Quarterly Risk Assessment and Reporting;
- g. Centralised the manuals and policies in the staff portal.

The risk management function is integrated within the ORD to reflect a structured risk management reporting line and 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 ensuring infrastructure, resources, and systems are available for risk management.

The ORD and the various business units facilitate the risk review exercise across the Group and report the Company’s significant risks 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 the respective business platforms maintain risk registers.

- **RISK MANAGEMENT PROCESS**

The Organisation Resilience Department (ORD) has implemented a comprehensive risk management strategy by establishing the Enterprise Risk Management (ERM) Unit. This framework is designed to identify, manage, and address significant risks.

The ERM Unit in ORD is responsible for coordinating risk review exercises and reporting quarterly on the Group’s risk management activities. These activities include financial, operational, regulatory compliance, information technology and systems, sustainability, internal controls, integrity, and risk management systems.

The results of the risk review exercise and other risk management activities will be documented and periodically presented to the ARMC. Even though the ERM Unit within ORD’s primary responsibility is to coordinate risk review and report to the ARMC, all business units must conduct a risk review regularly, particularly in unusual circumstances. This is done to ensure the currency of risk registers and to enhance and maintain the risk controls.

The ERM Framework incorporates a dedicated approach to Corruption Risk Management, which complies with Section 17A of the Malaysian Anti-Corruption Commission Act 2009. It focuses on identification, assessment, monitoring, and reporting procedures to uphold consistent and effective internal control.

The ERM Framework incorporates an ESG materiality assessment in response to the Sustainability Reporting requirement. It focuses on compliance with policies and procedures, continuous enhancement of business processes, conducting materiality assessments and reporting on ESG issues.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### CONTROL ENVIRONMENT STRUCTURE

- INTERNAL AUDIT FUNCTION**

The Group has an in-house IAD that provides the Board, through the ARMC, independent assessment and assurance on the adequacy and effectiveness of the Group’s system of internal controls.

The work scope of IAD encompasses the examination and evaluation of the adequacy, existence, and effectiveness of the internal control system, as well as risk management and corporate governance of the group, which includes, among other things, the following:

- Reviewing the reliability and integrity of financial and operating information and the means used to identify, measure, classify and report such information;
- Evaluating the system established to ensure compliance with policies, plans, procedures, laws, and regulations which could have significant impact on operations;
- Examining the means of safeguarding assets and, as appropriate, verifying the existence of such assets;
- Assessing the economy and efficiency with which resources are employed;
- Appraising operations to ascertain whether results are consistent with established objectives and goals and whether the operations are being carried out as planned;
- Reporting significant issues related to the business and operational processes for controlling the activities of the Group together with recommendations for improvements by issuing periodic audit reports summarising results of audit activities and follow up reports on a timely basis to ARMC and management; and
- Assisting in the investigation of significant suspected fraudulent activities and notify the ARMC and top Management of the results

Throughout the year 2023, a total of six (6) Internal Audit Reports were presented to the ARMC as follows:

- Internal Audit Review on Theta Telecoms
- Internal Audit Review on Human Capital Management and Working Environment
- Internal Audit Review on Corporate and Strategic Communication
- Internal Audit Review on Theta’s Payment Solution Gateway (SakuPay)
- Internal Audit Review on Theta’s Financial System
- Internal Audit Review on Corporate Services of Theta

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### CONTROL ENVIRONMENT STRUCTURE

- **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 for the 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 informed decisions.

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

- **ESG & SUSTAINABILITY FRAMEWORK**

The framework aims to provide guidelines for reporting on economic, Environmental, Social and Governance ("ESG"). Theta has prioritised its corporate sustainability as an essential agenda item in the Annual Operating Plan. It has integrated 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 per the framework will help Theta to evaluate the risk and impact of these changes.

- **DOCUMENT CONTROL POLICY**

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

The policy provides detailed guidelines for establishing, reviewing, and approving documents such as Frameworks, Policies, Standard Operating Procedures and Guidelines.

- **WHISTLEBLOWER 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 Whistleblower policy shall provide an overview of the following:

- ORD role as the custodian of the whistleblowing channel and process;
- The reporting framework of whistleblowing cases;
- Whistleblowing reporting mechanism;
- Protection of whistleblowers' identity to avoid harassment, intimidation, victimisation, reprisal, or detrimental action; and
- 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.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### CONTROL ENVIRONMENT STRUCTURE

- **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.

This policy applies to all our business conduct. It guides and maintains ethical values and business relationships and avoids conflict of interest.

- **HUMAN RESOURCES MANAGEMENT**

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

The Group has a Performance Management System linked to and guided by the Key Performance Indicator (“KPI”) and departmental Balance Score Card. Individual KPIs are quantifiable in reflecting 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’s direction by measuring revenue growth, operational profit, revenue quality, stakeholders’ management, business processes, and organisational capabilities to ensure growth in the desired direction.

- **EMPLOYEES CODE OF CONDUCT**

The Employee Code of Conduct is communicated to all employees, and compliance with this Code is mandatory. The Code serves as a guiding principle to assist employees in practising high ethical business standards. It guides how business and duties are governed efficiently, effectively, and fairly.

- **CONFLICT OF INTEREST & DISCLOSURE POLICY**

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

- **CODE OF ETHICS FOR DIRECTORS, EMPLOYEES AND STAKEHOLDERS**

This Code of Business Ethics has been designed according to the Company’s core values: Courage, Accountability, Responsive, Engagement, and Simplicity (known as “CARES”). It entails the principles and rules of business conduct for directors, employees, and all relevant stakeholders interested in business dealings with the Group.

- **HEALTH & SAFETY ENVIRONMENT**

The Group is committed to adequately managing the risk of health, safety, and environmental impact in the workplace. 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.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### 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 critical issues related to the Annual Operating Plan. Regular reports on performance against the targets set out in the plan, management action plans, operating vital problems, legal and regulatory matters, and any other significant issues that may affect the Group's Annual Operating Plan are presented to the Board for review and deliberation.

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

### ADEQUACY OF RISK MANAGEMENT AND INTERNAL CONTROL

The Board confirms that it has reviewed the effectiveness of the risk management and internal control framework and considers Theta's internal control system as adequate in safeguarding the shareholders' interests and assets of the Group.

The Board also confirms an effective ongoing process for identifying, evaluating, and managing significant risks in the Group. It is committed to ongoing review of all control, compliance, and risk management controls. The Board believes that developing the internal control system is an ongoing process. It 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 was operating adequately and effectively in all material aspects.

Based on the Group's internal control system assessment for the year under review and up to this statement's approval date, 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 shortcomings, lapses or weaknesses in the internal control highlighted by the IAD.

### REVIEW OF STATEMENT BY EXTERNAL AUDITORS

The Board believes that the risk management and internal control system was generally satisfactory and adequate. 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 per the 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 Group's risk management and internal control systems. 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 per 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 remedy the issues.

### 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 ensuring that the Group continuously reviews the internal control system to enhance shareholders' investments effectively and safeguard the Group's assets. This statement was approved by the Board of Directors on 29 April 2024.



## ADDITIONAL COMPLIANCE INFORMATION

### (i) Utilisation of Proceeds

During the financial year ended 31 December 2023, there were no proceeds received by the Company from any corporate proposals

### (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 2023 are as follows:

	THETA (RM'000)	Group (RM'000)
Audit	49	154
Non-Audit Fees	10	18
<b>Total</b>	<b>59</b>	<b>172</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 2023 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.

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

The Company had at the Annual General Meeting held on 26 June 2023 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 2023 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)
TH Group and/or its associated company(ies) (As per Appendix A) (Recipient)	(i) The Provision of ICT application support services	THETA Group and/or its subsidiaries (Provider)	* TH Group, Tengku Dato' Seri Hasmuiddin bin Tengku Othman and Syed Osman AlHaddad bin Syed Mohamed	6,996
	(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			

**Notes:**

- \* TH stands for Lembaga Tabung Haji, a major shareholder of the Company.
- Tengku Dato' Seri Hasmuiddin bin Tengku Othman and Syed Osman AlHaddad bin Syed Mohamed are the Directors nominated and appointed by TH and they are deemed interested in the transactions.



# FINANCIAL STATEMENTS

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# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

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 2023.

## 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	9,313	2,334

## Reserves and provisions

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

## Dividend

Since the end of the previous financial year, the amount of dividends paid by the Company was as follows:

- i) In respect of the financial year ended 31 December 2022 as reported in the Directors' Report of that year, a first and 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 declared on 27 April 2023 and paid on 30 June 2023.

A first and final single tier dividend of RM0.01701 per ordinary share in respect of the financial year ended 31 December 2023 amounting to RM2,007,100 was recommended by the Directors after the reporting period, subject to approval of the shareholders at the forthcoming Annual General Meeting.

# DIRECTORS' REPORT

FOR THE YEAR ENDED 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	
Zainal 'Abidin bin Abd Jalil	
Latifah binti M.Daud	
Azih bin Yusof	
Adam Malik bin Azlan	(appointed on 6 October 2023)
Shahrin binti Oli Mohamed	(appointed on 6 October 2023)
Syed Osman AlHaddad bin Syed Mohamed	(appointed on 13 December 2023)
Abdul Halim bin Jantan	(resigned on 7 August 2023)
Erma Surianee binti Malek	(resigned on 10 August 2023)
Datuk Seri Asri bin Hamidin @ Hamidon	(resigned on 26 October 2023)
Shamsul Kamal bin Hussein Kamal	(resigned on 2 November 2023)
Rozahan bin Osman	(resigned on 4 January 2024)

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.	Sham Sol bin Ali (appointed on 9 February 2024) Datuk Nuraslina binti Zainal Abidin (resigned on 9 February 2024)
Impianas Sdn. Bhd.	Mohamad Izzat bin Serpudin (appointed on 9 February 2024) Datuk Nuraslina binti Zainal Abidin (resigned on 9 February 2024)
Theta Services Sdn. Bhd.	Rozahan bin Osman Datuk Nuraslina binti Zainal Abidin
TH2.0 Sdn. Bhd.	Datuk Nuraslina binti Zainal Abidin
Theta Greentech Sdn. Bhd.	Datuk Nuraslina binti Zainal Abidin
Theta Innovation Sdn. Bhd.	Datuk Nuraslina binti Zainal Abidin Adam Malik bin Azlan (appointed on 20 March 2024) Shamsul Kamal bin Hussein Kamal (resigned on 20 March 2024)
Theta Healthcare Sdn. Bhd.	Datuk Nuraslina binti Zainal Abidin Mohamad Izzat bin Serpudin (appointed on 7 August 2023) Abdul Halim bin Jantan (resigned on 7 August 2023)
Theta Technologies Sdn. Bhd.	Latifah binti M.Daud (appointed on 22 February 2024) Syahrul Hafidz bin Suid (appointed on 22 February 2024) Zainal 'Abidin bin Abd Jalil (appointed on 7 December 2023, resigned on 22 February 2024) Rozahan bin Osman (resigned on 22 February 2024) Shamsul Kamal bin Hussein Kamal (resigned on 7 December 2023)
Theta Telecoms Sdn. Bhd.	Dr Suhaidi bin Hassan Zahari bin Abdul Jalil (appointed on 18 March 2024) Datuk Nuraslina binti Zainal Abidin (resigned on 18 March 2024)
Theta Mobility Sdn. Bhd.	Datuk Nuraslina binti Zainal Abidin Mohamad Izzat bin Serpudin

# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

## Directors' interests in shares

None of the Directors holding office at 31 December 2023 had any interest in the shares and options over shares of the Group and the Company and of its related corporations during the financial year.

## 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 those 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 Directors' benefits paid or receivable by Directors in respect of the financial year ended 31 December 2023 are as follows:

	From the Company	From the subsidiaries
	2023 RM'000	2023 RM'000
Directors of the Company:		
Fees	294	-
Salaries and other emoluments	198	-
	492	-

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.

## Issue of shares and debentures

There were no changes in the issued and paid-up capital of the Company. There were no debenture issued during the financial year.

# DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

## 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 subsidiaries is RM20 million. The total Directors and Officers insurance premium incurred including tax and duties by the Company is RM58,310.

## 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 or 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 or 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 waiver of liabilities in the Group and impairment loss on investments in subsidiaries in the Company as disclosed in Note 16 of the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 December 2023 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

FOR THE YEAR ENDED 31 DECEMBER 2023

## Auditors

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

The auditors' remuneration the Group and the Company during the year are RM154,000 and RM49,000 respectively.

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

**Tengku Dato' Seri Hasmuddin bin Tengku Othman**

Director

**Zainal 'Abidin bin Abdul Jalil**

Director

Petaling Jaya, Selangor

Date: 29 April 2024

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Assets</b>					
Plant and equipment	3	6,087	7,220	4,886	5,183
Right-of-use assets	4	6,011	8,086	6,008	7,945
Investments in subsidiaries	5	-	-	87,714	91,226
Investment in joint venture	6	-	20	-	20
Intangible assets	7	1,014	135	-	-
Trade and other receivables	8	40,105	12,141	-	-
<b>Total non-current assets</b>		<b>53,217</b>	<b>27,602</b>	<b>98,608</b>	<b>104,374</b>
Inventories	9	60	43	-	-
Trade and other receivables	8	30,932	17,913	45,633	29,761
Contract assets	10	10,659	35,276	-	-
Contract costs	10	2,231	836	-	-
Current tax assets		100	80	27	25
Cash and cash equivalents	11	54,882	56,199	1,135	5,285
<b>Total current assets</b>		<b>98,864</b>	<b>110,347</b>	<b>46,795</b>	<b>35,071</b>
<b>Total assets</b>		<b>152,081</b>	<b>137,949</b>	<b>145,403</b>	<b>139,445</b>
<b>Equity</b>					
Share capital	12	115,019	115,019	115,019	115,019
Reserves		(34,480)	(42,024)	(41,921)	(42,486)
<b>Equity attributable to owners of the Company</b>		<b>80,539</b>	<b>72,995</b>	<b>73,098</b>	<b>72,533</b>
<b>Liabilities</b>					
Lease liabilities		4,403	6,298	4,403	6,291
Borrowings	13	6,912	10,962	-	-
<b>Total non-current liabilities</b>		<b>11,315</b>	<b>17,260</b>	<b>4,403</b>	<b>6,291</b>
Lease liabilities		1,768	1,865	1,765	1,733
Borrowings	13	5,161	4,775	-	-
Trade and other payables	14	52,608	39,864	66,137	58,888
Contract liabilities	10	690	1,190	-	-
<b>Total current liabilities</b>		<b>60,227</b>	<b>47,694</b>	<b>67,902</b>	<b>60,621</b>
<b>Total liabilities</b>		<b>71,542</b>	<b>64,954</b>	<b>72,305</b>	<b>66,912</b>
<b>Total equity and liabilities</b>		<b>152,081</b>	<b>137,949</b>	<b>145,403</b>	<b>139,445</b>

The notes on pages 116 to 160 are an integral part of these financial statements.



# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	15	144,321	94,272	12,740	10,112
Cost of sales		(112,558)	(71,233)	-	-
<b>Gross profit</b>		<b>31,763</b>	23,039	<b>12,740</b>	10,112
Other income		7,014	696	7,803	93
Selling and distribution costs		(2,965)	(2,420)	(448)	(441)
Administrative expenses		(13,273)	(11,129)	(11,322)	(8,952)
Net (loss)/reversal on impairment of financial instruments		(9,377)	2	(26)	70,548
Other expenses		(3,575)	(2,330)	(6,208)	(65,694)
Zakat expenses		(211)	(384)	(93)	-
<b>Results from operating activities</b>		<b>9,376</b>	7,474	<b>2,446</b>	5,666
Finance income		1,442	1,379	33	73
Finance costs		(1,252)	(1,206)	(137)	(115)
<b>Profit before tax</b>	16	<b>9,566</b>	7,647	<b>2,342</b>	5,624
Tax expense	17	(253)	(38)	(8)	(5)
<b>Profit for the year and total comprehensive income for the year attributable to the owners of the Company</b>		<b>9,313</b>	7,609	<b>2,334</b>	5,619
<b>Basic earnings per ordinary share (sen)</b>	18	<b>7.89</b>	6.45		

The notes on pages 116 to 160 are an integral part of these financial statements.

## STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Attributable to owners of the Company		
	Non-distributable		Total equity RM'000
	Share capital RM'000	Accumulated Losses RM'000	
<b>Group</b>			
<b>At 1 January 2022</b>	107,243	(49,633)	57,610
Issuance of shares	7,776	-	7,776
Profit for the year and total comprehensive income for the year	-	7,609	7,609
<b>At 31 December 2022/1 January 2023</b>	<b>115,019</b>	<b>(42,024)</b>	<b>72,995</b>
Dividend to the owner of the Company	-	(1,769)	(1,769)
Profit for the year and total comprehensive income for the year	-	9,313	9,313
<b>At 31 December 2023</b>	<b>115,019</b>	<b>(34,480)</b>	<b>80,539</b>
	Note 12		
<b>Company</b>			
<b>At 1 January 2022</b>	107,243	(48,105)	59,138
Issuance of shares	7,776	-	7,776
Profit for the year and total comprehensive income for the year	-	5,619	5,619
<b>At 31 December 2022/1 January 2023</b>	<b>115,019</b>	<b>(42,486)</b>	<b>72,533</b>
Dividend to owner of the Company	-	(1,769)	(1,769)
Profit for the year and total comprehensive income for the year	-	2,334	2,334
<b>At 31 December 2023</b>	<b>115,019</b>	<b>(41,921)</b>	<b>73,098</b>
	Note 12		

The notes on pages 116 to 160 are an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Cash flows from operating activities</b>				
Profit before tax	9,566	7,647	2,342	5,624
<i>Adjustments for:</i>				
Depreciation of plant and equipment	1,581	844	860	246
Depreciation of right-of-use assets	1,908	1,486	1,808	1,100
Loss/(Gain) on disposal of plant and equipment	77	(713)	-	-
Gain on fair value of finance lease receivables	(42,891)	(893)	-	-
Interest income from finance lease	(662)	(646)	-	-
Net loss/(reversal) on impairment of financial instruments	9,377	(2)	26	(70,548)
Impairment of investments in subsidiaries	-	-	3,512	64,352
Plant and equipment written off	-	157	-	16
Interest expense in relation to lease liabilities	138	138	137	115
Loss/(Gain) on lease modification	9	(67)	-	(40)
Borrowing costs	1,114	1,068	-	-
Income from deposits with licensed banks	(780)	(733)	(33)	(73)
Zakat	211	384	93	-
Waiver of liabilities by suppliers	6,871	-	-	-
Assets leased out financed by hire-purchase*	1,490	1,201	-	-
<b>Operating (loss)/profit before changes in working capital</b>	<b>(11,991)</b>	<b>9,871</b>	<b>8,745</b>	<b>792</b>
Changes in working capital:				
Inventories and contract costs	(1,412)	(558)	-	-
Trade and other receivables and contract assets	17,810	(17,220)	(15,898)	16,400
Trade and other payables and contract liabilities	5,373	19,209	7,249	(19,051)
<b>Cash generated from/(used in) operating activities</b>	<b>9,780</b>	<b>11,302</b>	<b>96</b>	<b>(1,859)</b>
Borrowing costs paid	(1,252)	(1,206)	(137)	(115)
Income from deposits with licensed banks	780	733	33	73
Income tax paid	(273)	(40)	(10)	(11)
Zakat paid	(211)	(384)	(93)	-
<b>Net cash from/(used in) operating activities</b>	<b>7,334</b>	<b>9,204</b>	<b>(111)</b>	<b>(1,912)</b>

The notes on pages 116 to 160 are an integral part of these financial statements.

## STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Cash flows from investing activities</b>				
Decrease/(Increase) in investment in joint venture	20	(20)	20	(20)
Purchase of plant and equipment	(650)	(6,598)	(563)	(5,353)
Proceed from disposal of plant and equipment	125	713	-	-
Purchase of intangible assets	(879)	(135)	-	-
<b>Net cash used in investing activities</b>	<b>(1,384)</b>	<b>(6,040)</b>	<b>543</b>	<b>(5,373)</b>
<b>Cash flows from financing activities</b>				
Issuance of shares	-	7,776	-	7,776
Dividend paid	(1,769)	-	(1,769)	-
Repayment of lease liabilities	(1,834)	(1,438)	(1,727)	(1,037)
Repayment of borrowings	(5,154)	(4,504)	-	-
Decrease/(Increase) in pledged deposits	8,657	(18,258)	13	1,664
<b>Net cash (used in)/from financing activities</b>	<b>(100)</b>	<b>(16,424)</b>	<b>(3,483)</b>	<b>8,403</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>7,340</b>	<b>(12,059)</b>	<b>(4,137)</b>	<b>1,118</b>
Cash and cash equivalents at 1 January	34,364	46,423	4,333	3,215
<b>Cash and cash equivalents at 31 December</b>	<b>41,704</b>	<b>34,364</b>	<b>196</b>	<b>4,333</b>

## Cash outflows for leases as lessee

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Included in net cash (used in)/from financing activities:</b>					
Interest expense in relation to lease liabilities	16	138	138	137	115
Payment relating to short term leases	16	13	74	-	13
		151	212	137	128
<b>Included in net cash from/(used in) financing activities:</b>					
Payment of lease liabilities		1,834	1,438	1,727	1,037
<b>Total cash outflows for leases</b>		<b>1,985</b>	<b>1,650</b>	<b>1,864</b>	<b>1,165</b>

The notes on pages 116 to 160 are an integral part of these financial statements.

## STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

**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>			
At 1 January 2022	19,040	1,625	20,665
Net changes from financing cash flows	(4,504)	(1,438)	(5,942)
Acquisition of new lease and lease modifications	-	7,976	7,976
Assets leased out financed by hire-purchase*	1,201	-	1,201
<b>At 31 December 2022/1 January 2023</b>	<b>15,737</b>	<b>8,163</b>	<b>23,900</b>
Net changes from financing cash flows	(5,154)	(1,834)	(6,988)
Lease modifications	-	(158)	(158)
Assets leased out financed by hire-purchase*	1,490	-	1,490
<b>At 31 December 2023</b>	<b>12,073</b>	<b>6,171</b>	<b>18,244</b>
<b>Company</b>			
At 1 January 2022	-	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 2022/1 January 2023</b>	<b>-</b>	<b>8,024</b>	<b>8,024</b>
Net changes from financing cash flows	-	(1,727)	(1,727)
Lease modifications	-	(129)	(129)
<b>At 31 December 2023</b>	<b>-</b>	<b>6,168</b>	<b>6,168</b>

\* Assets leased out financed by hire-purchase is a non-cash adjustment

**Cash and cash equivalents**

Cash and cash equivalents included in the statements of cash flows comprise of the following statements of financial position amounts:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deposits with licensed banks	13,178	26,399	939	977
Cash and bank balances	41,704	29,800	196	4,308
	54,882	56,199	1,135	5,285
Less: Pledged deposits	(13,178)	(21,835)	(939)	(952)
	41,704	34,364	196	4,333

The notes on pages 116 to 160 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 2023 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 subsidiaries are stated in Note 5 to the financial statements.

The financial statements were approved by the Board of Directors on 29 April 2024.

## 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 (“MFRSs”), IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, interpretations and amendments 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 2024*

- Amendments to MFRS 16, Leases – Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101, Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current
- Amendments to MFRS 107, Statement of Cash Flows and MFRS 7, Financial Instruments: Disclosures – Supplier Finance Arrangements

#### *MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2025*

- Amendments to MFRS 121, The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability

#### *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

## NOTES TO THE FINANCIAL STATEMENTS

**1. BASIS OF PREPARATION (CONTINUED)****(a) Statement of compliance (continued)**

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 2024 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2024, except amendment to MFRS 16 which are not applicable to the Company.
- from the annual period beginning on 1 January 2025 for the amendments that are effective for annual periods beginning on or after 1 January 2025.

The initial application of the abovementioned accounting standards, amendments and interpretations is not expected to have any material financial impact to the current period and prior period financial statements of the Group and the Company.

**(b) Basis of measurement**

The financial statements have been prepared on the historical cost basis.

**(c) Functional and presentation currencies**

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.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION (CONTINUED)

#### (d) Use of estimates and judgements (continued)

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. MATERIAL ACCOUNTING POLICY INFORMATION

#### 2.1 Global minimum top-up tax

The Group has adopted the amendments to MFRS 112, Income Taxes - International Tax Reform - Pillar Two Model Rules upon their release on 2 June 2023. The amendments provide a temporary mandatory relief from deferred tax accounting for the top-up tax, which is applied retrospectively. Since the newly enacted tax legislation in Malaysia will only come into effect in year 2024 and 2025 respectively, there is no current tax impact for the current year ended 31 December 2023.

#### 2.2 Material accounting policy information

The Group has adopted amendments to MFRS 101, Presentation of Financial Statements and MFRS Practice Statement 2 – Disclosure of accounting policies from 1 January 2023. The amendments require the disclosure of ‘material’, rather than ‘significant’, accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Although the amendments did not result in any changes to the Group’s accounting policies, it impacted the accounting policy information disclosed in the financial statements. The material accounting policy is disclosed in the respective notes to the financial statements where relevant.



## 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</b>								
<b>Cost</b>								
At 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 January 2023	1,861	2,418	33	106	5,734	3,088	445	13,685
Additions	28	51	-	-	527	44	-	650
Disposal	-	(844)	(18)	(106)	(621)	(1,746)	-	(3,335)
At 31 December 2023	1,889	1,625	15	-	5,640	1,386	445	11,000
<b>Accumulated depreciation</b>								
At 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/ 1 January 2023	552	1,707	21	106	721	2,700	445	6,252
Depreciation for the year	516	230	3	-	796	36	-	1,581
Disposal	-	(729)	(11)	(106)	(541)	(1,746)	-	(3,133)
At 31 December 2023	1,068	1,208	13	-	976	990	445	4,700
<b>Group</b>								
<b>Accumulated impairment losses</b>								
At 1 January 2022/ 31 December 2022/ 1 January 2023/ 31 December 2023	-	-	-	-	-	213	-	213
<b>Carrying amounts</b>								
At 1 January 2022	329	991	22	-	281	-	-	1,623
At 31 December 2022/ 1 January 2023	1,309	711	12	-	5,013	175	-	7,220
At 31 December 2023	821	417	2	-	4,664	183	-	6,087

## NOTES TO THE FINANCIAL STATEMENTS

## 3. PLANT AND EQUIPMENT (CONTINUED)

	Computer equipment RM'000	Office equipment RM'000	Furniture and fittings RM'000	Renovation RM'000	Total RM'000
<b>Company</b>					
<b>Cost</b>					
At 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 2022/1 January 2023	<b>225</b>	<b>134</b>	<b>12</b>	<b>5,104</b>	<b>5,475</b>
Additions	<b>9</b>	<b>45</b>	-	<b>509</b>	<b>563</b>
Transfer	<b>29</b>	-	-	-	<b>29</b>
At 31 December 2023	<b>263</b>	<b>179</b>	<b>12</b>	<b>5,613</b>	<b>6,067</b>
<b>Accumulated depreciation</b>					
At 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 2022/1 January 2023	<b>18</b>	<b>86</b>	<b>6</b>	<b>182</b>	<b>292</b>
Depreciation for the year	<b>58</b>	<b>14</b>	<b>2</b>	<b>786</b>	<b>860</b>
Transfer	<b>29</b>	-	-	-	<b>29</b>
At 31 December 2023	<b>105</b>	<b>100</b>	<b>8</b>	<b>968</b>	<b>1,181</b>
<b>Carrying amounts</b>					
At 1 January 2022	-	51	11	30	92
At 31 December 2022/1 January 2023	207	48	6	4,922	5,183
At 31 December 2023	<b>158</b>	<b>79</b>	<b>4</b>	<b>4,645</b>	<b>4,886</b>

**Material accounting policy information****(a) 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.

## NOTES TO THE FINANCIAL STATEMENTS

**3. PLANT AND EQUIPMENT (CONTINUED)****Material accounting policy information (continued)****(a) Recognition and measurement (continued)**

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.

**(b) 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.

**(c) 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.

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.

## 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 2022	1,391	138	1,529
Additions	8,695	-	8,695
Derecognition*	(565)	(87)	(652)
Depreciation	(1,435)	(51)	(1,486)
At 31 December 2022/1 January 2023	<b>8,086</b>	-	<b>8,086</b>
Derecognition*	<b>(167)</b>	-	<b>(167)</b>
Depreciation	<b>(1,908)</b>	-	<b>(1,908)</b>
At 31 December 2023	<b>6,011</b>	-	<b>6,011</b>

	Office buildings RM'000	Warehouses RM'000	Total RM'000
<b>Company</b>			
At 1 January 2022	779	13	792
Additions	8,681	-	8,681
Derecognition*	(428)	-	(428)
Depreciation	(1,087)	(13)	(1,100)
At 31 December 2022/1 January 2023	<b>7,945</b>	-	<b>7,945</b>
Derecognition*	<b>(129)</b>	-	<b>(129)</b>
Depreciation	<b>(1,808)</b>	-	<b>(1,808)</b>
At 31 December 2023	<b>6,008</b>	-	<b>6,008</b>

\* The Group and the Company have derecognised the right-of-use assets during the year with a (loss)/gain on derecognition of -RM9,052 (2022: RM66,525) and RM nil (2022: RM39,928) respectively, as a result of lease modification.

The Group and the Company lease 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 seek 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 been included in discounted lease liabilities.

## NOTES TO THE FINANCIAL STATEMENTS

**4. RIGHT-OF-USE ASSETS (CONTINUED)****4.2 Significant judgements and assumptions in relation to leases**

The Group and the Company assess at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. The Group and the Company consider 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 determine 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.

**4.3 Material accounting policy information****(a) 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 assess 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.

**(b) Recognition and initial measurement****(i) As a lessee**

The Group and the Company recognise 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 4. RIGHT-OF-USE ASSETS (CONTINUED)

#### 4.3 Material accounting policy information (continued)

##### (b) Recognition and initial measurement (continued)

###### (i) As a lessee (continued)

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 use their 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 exclude 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 have 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 recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

###### (ii) As a lessor

When the Group and the Company act as a lessor, they determine at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group and the Company make 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 apply MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

## NOTES TO THE FINANCIAL STATEMENTS

**4. RIGHT-OF-USE ASSETS (CONTINUED)****4.3 Material accounting policy information (continued)****(b) Recognition and initial measurement (continued)****(ii) As a lessor (continued)**

The Group and the Company recognise assets held under finance lease in its statements of financial position and present them as receivable at an amount equal to the net investment in the lease. The Group and the Company use 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, no with reference to the underlying asset. If a head lease is a short term lease to which the Group and the Company apply the exemption described above, then it classifies the sublease as an operating lease.

**(c) Subsequent measurement****(i) 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.

**(ii) As a lessor**

The Group and the Company recognise lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

The Group and the Company recognise 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 aim to allocate finance income over the lease term on a systematic and rational basis. The Group and the Company apply 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*.

## NOTES TO THE FINANCIAL STATEMENTS

### 5. INVESTMENTS IN SUBSIDIARIES

	Company	
	2023 RM'000	2022 RM'000
<b>Cost of investment</b>		
At 1 January	<b>181,152</b>	108,909
Addition	-	72,243
Less: Impairment loss	<b>(93,438)</b>	(89,926)
At 31 December	<b>87,714</b>	91,226

The Company assesses on the recoverability of the investment in subsidiaries by applying significant estimates used to determine the recoverable amount. During the financial year, impairment loss of investment in subsidiaries amounting to RM3,512,000 (2022: RM64,352,000) was recognised.

Details of subsidiaries are as follows:

Name of company	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2023 %	2022 %
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	<b>100</b>	100
Impianas Sdn. Bhd.	Malaysia	Public mobile data network operator	<b>100</b>	100
Theta Technologies Sdn. Bhd.	Malaysia	Sales and maintenance of computers and telecommunication equipment, peripherals and related services	<b>100</b>	100
Theta Services Sdn. Bhd.	Malaysia	Marketing of computer products, provision of application development services and all other computer related activities	<b>100</b>	100
Theta Telecoms Sdn. Bhd.	Malaysia	Supply of telecommunication equipment and services and provision of customised total systems integration services and solutions	<b>100</b>	100
Theta Greentech Sdn. Bhd.	Malaysia	Information technology solutions	<b>100</b>	100
Theta Healthcare Sdn. Bhd.	Malaysia	Distributions of computers and computers related equipment	<b>100</b>	100
TH2.0 Sdn. Bhd.	Malaysia	Investment holding company	<b>100</b>	100



## NOTES TO THE FINANCIAL STATEMENTS

**5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)**

Details of subsidiaries are as follows: (continued)

Name of company	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2023 %	2022 %
Theta Innovation Sdn. Bhd.	Malaysia	Carrying on business associated with or in promotion of IT industry	100	100
<b>Subsidiary of Theta Technologies Sdn. Bhd.</b>				
Theta Mobility Sdn. Bhd.	Malaysia	Leased real estate-residential building, export and import goods	100	100

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.

**Material accounting policy information****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

## 6. INVESTMENT IN JOINT VENTURE

	Group and Company	
	2023 RM'000	2022 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	
			2023 %	2022 %
Thetris ISS Sdn. Bhd. <sup>#^</sup>	Malaysia	Marketing of computer products, consulting and services, security and surveillance systems, artificial intelligence, data analytics and information management	-	30
Digital EG Sdn. Bhd. <sup>#</sup>	Malaysia	Businesses of development and implementation of the electronic government services project and the provision of other related services for the electronic government services project	60	-

<sup>#</sup> Not audited by a member firm of KPMG International

<sup>^</sup> Dissolved during the financial year

## NOTES TO THE FINANCIAL STATEMENTS

## 7. INTANGIBLE ASSETS - GROUP

	<b>Work in progress RM'000</b>
<b>Cost/Carrying amounts</b>	
At 1 January 2022	-
Additions	135
At 31 December 2022/1 January 2023	<b>135</b>
Additions	<b>879</b>
At 31 December 2023	<b>1,014</b>

**Software**

The development costs represent development and enhancement cost incurred related to the e-Procurement software and SakuPay. No amortisation for the year due to the software is still work in progress.

**Material accounting policy information****(a) Recognition and measurement**

Intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

**(b) 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.

**(c) 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

## 8. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Non-current</b>					
<b>Trade</b>					
Net investment in lease	8.1	40,105	12,141	-	-
<b>Current</b>					
<b>Trade</b>					
Trade receivables	8.2	14,753	10,986	-	-
Less: Impairment loss		(1,310)	(1,161)	-	-
		13,443	9,825	-	-
Amount due from related companies	8.3	1,006	798	35,780	28,942
Less: Impairment loss		(2)	-	-	-
		1,004	798	35,780	28,942
Net investment in lease	8.1	13,937	5,300	-	-
		14,941	6,098	35,780	28,942
		28,384	15,923	35,780	28,942
<b>Current</b>					
<b>Non-trade</b>					
Amount due from subsidiaries	8.4	-	-	9,765	1,015
Less: Impairment loss		-	-	(1,041)	(1,015)
		-	-	8,724	-
Deposits		928	1,157	633	632
Other receivable		184	45	45	4
Prepayments		1,436	788	451	183
		2,548	1,990	1,129	819
		2,548	1,990	9,853	819
		30,932	17,913	45,633	29,761

## NOTES TO THE FINANCIAL STATEMENTS

## 8. TRADE AND OTHER RECEIVABLES (CONTINUED)

## 8.1 Net Investment in lease

Group	2023 RM'000	2022 RM'000
At 1 January	17,441	21,799
Addition	42,891	893
Interest income	662	646
Lease payments received	(6,952)	(5,897)
At 31 December	54,042	17,441

The Group leases computer equipment to third parties.

These leases transfers substantially all the risk and rewards incidental to ownership of the equipment. The Group expects the residual value of the equipment at the end of the lease term to be minimal. These leases do not include buy-back agreements or residual value guarantees.

The lease payments to be received are as follows:

Group	2023 RM'000	2022 RM'000
Less than one year	15,488	5,788
One to two years	14,850	5,786
More than two years	27,597	6,822
Total undiscounted lease payments	57,935	18,396
Unearned interest income	(3,893)	(955)
Net investment in lease	54,042	17,441

The following are recognised in profit or loss:

Group	2023 RM'000	2022 RM'000
Gain on fair value of finance lease receivables	42,891	893
Cost of sales	(25,097)	(719)
	17,884	174
Interest income	662	646

## NOTES TO THE FINANCIAL STATEMENTS

### 8. TRADE AND OTHER RECEIVABLES (CONTINUED)

#### 8.2 Trade receivables

Included in the trade receivables of the Group is an amount due from a trade debtor amounted to RM1,031,991 (2022: RM1,031,991), who is currently in Creditors' Voluntary Liquidation and full impairment has been provided for in prior year.

#### 8.3 Amount due from related companies

The amount due from related companies of the Group and of the Company is in relation to trade transactions in the ordinary course of business, and subject to normal credit terms.

#### 8.4 Amount due from subsidiaries

The amount due from subsidiaries of the Company is interest-free, unsecured and has no fixed terms of repayment.

### 9. INVENTORIES

Group	2023 RM'000	2022 RM'000
Equipment and supplies, at cost	60	43
Recognised in profit or loss:		
Equipment and supplies recognised as cost of sales	-	138

Material accounting policy information

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.

### 10. CONTRACT WITH CUSTOMERS

#### 10.1 Contract assets/(liabilities)

	2023 RM'000	2022 RM'000
<b>Group</b>		
<b>Contract assets</b>	<b>10,659</b>	35,276
Contract liabilities	(690)	(1,190)

## NOTES TO THE FINANCIAL STATEMENTS

**10. CONTRACT WITH CUSTOMERS (CONTINUED)****10.1 Contract assets/(liabilities) (continued)**

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:

Group	2023 RM'000	2022 RM'000
Contract liabilities at the beginning of the period recognised as revenue	(1,159)	(953)
Contract liabilities at the beginning at the period not recognised as revenue due to change in time frame	(31)	(31)
Contract assets at the beginning of the period not transferred to trade receivables due to change in time frame	319	7,179

**10.2 Contract costs**

Group	2023 RM'000	2022 RM'000
Cost to fulfil a contract	2,231	836

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 2023, the amount charged out was RM836,000 (2022: RM275,000) and there were no impairment losses in relation to the costs capitalised.

**10.3 Material accounting policy information****(a) Contract assets/(liabilities)**

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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

### 10. CONTRACT WITH CUSTOMERS (CONTINUED)

#### 10.3 Material accounting policy information (continued)

##### (b) 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.

### 11. CASH AND CASH EQUIVALENTS

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deposits placed with licensed banks	11.1	13,178	26,399	939	977
Cash and bank balances		41,704	29,800	196	4,308
		54,882	56,199	1,135	5,285

#### 11.1 Deposits placed with licensed banks

Included in deposits placed with licensed banks of the Group and the Company is RM13,178,000 (2022: RM21,835,000) and RM939,000 (2022: RM952,000), respectively, pledged for bank guarantees.

#### 11.2 Material accounting policy information

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 statements of cash flows, cash and cash equivalents are presented at net of pledged deposits.



## NOTES TO THE FINANCIAL STATEMENTS

## 12. SHARE CAPITAL

Group and Company	Amount	Number	Amount	Number
	2023	of shares	2022	of shares
	RM'000	('000)	RM'000	('000)
Issued and fully paid ordinary shares with no par value classified as equity instruments:				
At 1 January/31 December	115,019	117,968	115,019	117,968

## Material accounting policy information

## Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently. Ordinary shares are classified as equity.

## 13. BORROWINGS

Group	2023	2022
	RM'000	RM'000
<b>Non-current</b>		
Hire-purchase	6,912	10,962
<b>Current</b>		
Hire-purchase	5,161	4,775
	12,073	15,737

Hire-purchase liabilities are payable as follows:

	Future minimum lease payments		Present value of minimum lease payments		Future minimum lease payments		Present value of minimum lease payments	
	2023	Borrowing cost	2023	2022	2022	Borrowing cost	2022	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Less than one year	5,938	(777)	5,161	5,517	(742)	4,775		
Between one and five years	7,966	(1,054)	6,912	12,692	(1,730)	10,962		
	13,904	(1,831)	12,073	18,209	(2,472)	15,737		

## NOTES TO THE FINANCIAL STATEMENTS

## 14. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Trade</b>					
Trade payables		12,960	15,564	-	-
Accrued costs		34,052	18,841	-	-
Amount due to a subsidiary	14.1	-	-	24,142	23,964
		47,012	34,405	24,142	23,964
<b>Non-trade</b>					
Amount due to related companies	14.2	-	25	-	5
Amount due to subsidiaries	14.1	-	-	39,191	32,562
Other payables and accruals		4,819	4,694	2,628	2,181
Deposits received		182	182	176	176
Sales tax payable		595	558	-	-
		5,596	5,459	41,995	34,924
		52,608	39,864	66,137	58,888

## 14.1 Amount 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 is interest-free, unsecured and has no fixed terms of repayment.

## 14.2 Amount due to related companies

The amount due to related companies is interest-free, unsecured and has no fixed terms of repayment.

## 15. REVENUE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue from contract with customers	101,430	93,379	-	-
Other revenue				
- Gain on fair value of finance lease receivables	42,891	893	-	-
- Management fees	-	-	12,740	10,112
	144,321	94,272	12,740	10,112

## NOTES TO THE FINANCIAL STATEMENTS

## 15. REVENUE (CONTINUED)

## 15.1 Disaggregation of revenue from contracts with customers

In the following table, revenue is disaggregated by major products/services lines.

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Major products/services lines</b>				
- Telecommunication services	81,074	69,383	-	-
- Equipment and application management services	11,534	9,933	-	-
- System integration projects	7,543	12,925	-	-
- Trading	1,206	422	-	-
- Energy and facility management	73	716	-	-
	<b>101,430</b>	<b>93,379</b>	<b>-</b>	<b>-</b>
<b>Timing and recognition</b>				
At a point in time	1,206	422	-	-
Overtime	100,224	92,957	-	-
	<b>101,430</b>	<b>93,379</b>	<b>-</b>	<b>-</b>

## 15.2 Nature of goods and services

The following information reflects the typical transactions of the Group and of 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 customised to meet the customers' specifications and have no alternative use.	Based on agreed milestones, certified and accepted by customers' authorised 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 based on milestones, certified and accepted by customers' authorised signatories.	Based on agreed milestones, certified and accepted by customers' authorised signatories.
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 at a point in time when the goods are delivered and accepted by the customer.	Credit period of 30 days from invoice date.

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.

## NOTES TO THE FINANCIAL STATEMENTS

### 15. REVENUE (CONTINUED)

#### 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.

	2024 RM'000	2025 RM'000	2026 RM'000	2027 RM'000	2028 RM'000	Total RM'000
<b>2023</b>						
Telecommunication services	36,439	16,565	-	-	-	53,004
Equipment and application management services	15,179	5,556	1,550	787	786	23,858
System integration projects	8,939	457	203	-	-	9,599
	<b>60,557</b>	<b>22,578</b>	<b>1,753</b>	<b>787</b>	<b>786</b>	<b>86,461</b>

	2024 RM'000	2025 RM'000	2026 RM'000	2027 RM'000	2028 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
	<b>115,803</b>	<b>28,903</b>	<b>5,301</b>	<b>3,687</b>	<b>3,211</b>	<b>156,905</b>

#### 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 is transferred.

## NOTES TO THE FINANCIAL STATEMENTS

**15. REVENUE (CONTINUED)****15.5 Material accounting policy information****(a) 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 recognise 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.

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.

**(iv) Management fees**

Management fees are recognised when services are rendered.

## NOTES TO THE FINANCIAL STATEMENTS

## 16. PROFIT BEFORE TAX

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Profit before tax arrived at after charging/ (crediting):</b>				
<b>Auditors' remuneration:</b>				
Audit fees:				
- KPMG PLT	154	142	49	47
Non-audit fees:				
- KPMG PLT	18	10	10	10
	172	152	59	57
<b>Material expenses/(income)</b>				
<b>Other expenses/(income):</b>				
Plant and equipment written off	-	157	-	16
Depreciation of plant and equipment	1,581	844	897	246
Depreciation of right-of-use assets	1,908	1,486	1,808	1,100
Loss/(Gain) on disposal of plant and equipment	77	(713)	-	-
Impairment on investments in subsidiaries	-	-	3,512	64,352
Zakat	211	384	93	-
Dividend income	-	-	(7,789)	-
Personnel expenses (including key management personnel):				
- Salaries, bonus and allowances	15,450	14,608	5,316	4,699
- Contribution to Employees Provident Fund	1,965	1,623	693	479
- Others	175	165	46	32
- Provision for bonus	1,245	1,601	656	847
Waiver of liabilities by suppliers	(6,871)	-	-	-
<b>Finance costs/(income)</b>				
Bank guarantee and overdraft interest	338	354	-	-
Borrowing costs	776	714	-	-
Interest income from finance lease	(662)	(646)	-	-
Income from deposits with licensed banks	(780)	(733)	(33)	(73)
<b>Expenses/(Income) arising from leases</b>				
Expenses relating to short-term leases	13	74	-	13
Interest expense in relation to lease liabilities	138	138	137	115
Income from short-term rental from subsidiaries	-	-	5	(73)
(Loss)/Gain on lease modification	9	(67)	-	(40)
<b>Net loss/(reversal) on impairment of financial instruments</b>				
Net remeasurement of loss allowance	9,377	(2)	26	(70,548)

## NOTES TO THE FINANCIAL STATEMENTS

## 17. TAX EXPENSE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current tax expense				
- Current year	187	72	8	17
- Under/(Over) provision in prior year	66	(34)	-	(12)
	253	38	8	5
<b>Reconciliation of income tax expense</b>				
Profit before tax	9,566	7,647	2,342	5,624
Income tax calculated using Malaysian tax rate of 24%	2,295	1,835	562	1,350
Non-deductible expenses	1,767	370	531	188
Non-chargeable income	(99)	(267)	-	-
Effect of deferred tax not recognised	(3,776)	(1,866)	(1,085)	(1,521)
	187	72	8	17
Under/(Over) provision in prior year	66	(34)	-	(12)
	253	38	8	5

**Unrecognised deferred tax assets**

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Tax loss carry-forwards	48,832	73,752	6,405	14,834
Other deductible temporary differences	103,343	94,158	94,961	91,052
	152,175	167,910	101,366	105,886

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.

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 RM48,832,274 and RM6,405,473 (2022: RM73,752,212 and RM14,834,130), respectively expires within 2028 to 2030. Included in the other deductible temporary differences is unutilised capital allowances which do not expire under the current tax legislation.

## NOTES TO THE FINANCIAL STATEMENTS

### 17. TAX EXPENSE (CONTINUED)

#### Material accounting policy information

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 statements 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.

### 18. EARNINGS PER ORDINARY SHARE

#### Basic earnings per ordinary share

Basic earnings per ordinary share as at 31 December 2023 and 31 December 2022 was calculated by dividing the profit after income tax by weighted average number of ordinary shares in issue during the financial year, calculated as follows:

	Group	
	2023	2022
Profit for the year attributable to owners of the Company (RM'000)	<b>9,313</b>	7,609
Weighted average number of ordinary shares as at 31 December ('000)	<b>117,968</b>	117,968
Basic earnings per ordinary share (sen)	<b>7.89</b>	6.45



## NOTES TO THE FINANCIAL STATEMENTS

**18. EARNINGS PER ORDINARY SHARE (CONTINUED)****Diluted earnings per ordinary share**

No diluted earnings per share is disclosed in these financial statements as there is no potential dilutive ordinary share.

**Material accounting policy information**

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.

**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.

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>			
<b>2023</b>			
Revenue	62,116	82,205	144,321
Cost of sales	(40,424)	(72,134)	(112,558)
Gross profit	21,692	10,071	31,763
<b>2022</b>			
Revenue	24,889	69,383	94,272
Cost of sales	(19,344)	(51,889)	(71,233)
Gross profit	5,545	17,494	23,039

## NOTES TO THE FINANCIAL STATEMENTS

### 19. OPERATING SEGMENTS (CONTINUED)

#### 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:

	2023 RM'000	2022 RM'000	Segment
Customer A	71,734	61,484	Telecommunication
Customer B	40,013	-	Information Technology

#### Material accounting policy information

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.

## 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").

2023	Note	Carrying amount RM'000	AC RM'000
<b>Financial assets</b>			
<b>Group</b>			
Trade and other receivables	*	15,559	15,559
Cash and cash equivalents	11	54,882	54,882
		<b>70,441</b>	<b>70,441</b>
<b>Company</b>			
Trade and other receivables	*	45,182	45,182
Cash and cash equivalents	11	1,135	1,135
		<b>46,317</b>	<b>46,137</b>
<b>Financial liabilities</b>			
<b>Group</b>			
Trade and other payables	*	52,013	52,013
Borrowings	13	12,073	12,073
		<b>64,086</b>	<b>64,086</b>
<b>Company</b>			
Trade and other payables	14	66,137	66,137

\* These balances exclude non-financial instruments balances.

2022	Note	Carrying amount RM'000	AC RM'000
<b>Financial assets</b>			
<b>Group</b>			
Trade and other receivables	*	11,825	11,825
Cash and cash equivalents	11	56,199	56,199
		<b>68,024</b>	<b>68,024</b>
<b>Company</b>			
Trade and other receivables	*	29,578	29,578
Cash and cash equivalents	11	5,285	5,285
		<b>34,863</b>	<b>34,863</b>
<b>Financial liabilities</b>			
<b>Group</b>			
Trade and other payables	*	39,306	39,306
Borrowings	13	15,737	15,737
		<b>55,043</b>	<b>55,043</b>
<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 (CONTINUED)

#### 20.2 Net gains and losses arising from financial instruments

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Net gain/(loss) arising from:				
Financial assets at amortised cost	(8,597)	735	7	70,621
Financial liabilities at amortised cost	(1,114)	(1,068)	-	-
	(9,711)	(333)	7	70,261

#### 20.3 Financial risk management

The Group and the Company have exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

#### 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 Group's and 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 statements 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 use 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.

## NOTES TO THE FINANCIAL STATEMENTS

**20. FINANCIAL INSTRUMENTS (CONTINUED)****20.4 Credit risk (continued)****Trade receivables and contract assets (continued)***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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

## 20. FINANCIAL INSTRUMENTS (CONTINUED)

## 20.4 Credit risk (continued)

## 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 2023 and 31 December 2022 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>2023</b>			
Current (not past due)	15,566	-	15,566
1 – 30 days past due	8,434	-	8,434
31 – 60 days past due	79	-	79
61 – 90 days past due	584	-	584
	<b>24,663</b>	<b>-</b>	<b>24,663</b>
<b>Credit impaired</b>			
More than 90 days past due	10,981	(10,538)	443
	<b>34,638</b>	<b>(10,538)</b>	<b>25,106</b>
Trade receivables	14,753	(1,310)	13,443
Amount due from related companies	1,006	(2)	1,004
Contract assets	19,885	(9,226)	10,659
	<b>35,644</b>	<b>(10,538)</b>	<b>25,106</b>
<b>2022</b>			
Current (not past due)	20,572	-	20,572
1 – 30 days past due	5,966	-	5,966
31 – 60 days past due	18,212	-	18,212
61 – 90 days past due	517	-	517
	45,267	-	45,267
<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
Amount due from related companies	798	-	798
Contract assets	35,276	-	35,276
	47,858	(1,161)	46,697

## NOTES TO THE FINANCIAL STATEMENTS

## 20. FINANCIAL INSTRUMENTS (CONTINUED)

## 20.4 Credit risk (continued)

## Trade receivables and contract assets (continued)

*Recognition and measurement of impairment losses (continued)*

Company	Gross carrying amount RM'000	Loss allowances RM'000	Net balance RM'000
<b>2023</b>			
Current (not past due)	35,780	-	35,780
Amount due from related companies	35,780	-	35,780
<b>2022</b>			
Current (not past due)	28,942	-	28,942
Amount due from related companies	28,942	-	28,942

The movement in the allowance for impairment losses of trade receivables and contract assets during the financial year were:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 January	1,161	1,163	-	-
Net remeasurement of loss allowance	9,377	(2)	-	-
At 31 December	10,538	1,161	-	-

No other impairment was provided during the year as the Group and the Company are satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

## Material accounting policy information

## (a) Impairment

## 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 20. FINANCIAL INSTRUMENTS (CONTINUED)

#### 20.4 Credit risk (continued)

##### Trade receivables and contract assets (continued)

##### Material accounting policy information (continued)

##### (a) Impairment (continued)

##### Financial assets (continued)

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.



## NOTES TO THE FINANCIAL STATEMENTS

**20. FINANCIAL INSTRUMENTS (CONTINUED)****20.4 Credit risk (continued)****Trade receivables and contract assets (continued)****Material accounting policy information (continued)****(a) Impairment (continued)****Financial assets (continued)**

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.

**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 statements 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.

## NOTES TO THE FINANCIAL STATEMENTS

### 20. FINANCIAL INSTRUMENTS (CONTINUED)

#### 20.4 Credit risk (continued)

##### 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 statements of financial position.

As at the end of the reporting period, the Company did not recognise 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 repay their creditors.

###### *Exposure to credit risk, credit quality and collateral*

The maximum exposure to credit risk amounts to RM43,114,000 (2022: RM40,137,000) 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' banking facilities.

###### *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 financial guarantees individually using internal information available.

## NOTES TO THE FINANCIAL STATEMENTS

**20. FINANCIAL INSTRUMENTS (CONTINUED)****20.4 Credit risk (continued)****Related companies' advances***Risk management objectives, policies and processes for managing the risk*

The Group and the Company provide 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 statements 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 (CONTINUED)****20.4 Credit risk (continued)****Related companies' advances (continued)***Recognition and measurement of impairment losses (continued)*

The following table provides information about the exposure to credit risk and ECL's for subsidiaries' advances as at 31 December 2023 and 31 December 2022.

Company	Gross carrying amount RM'000	Loss allowances RM'000	Net balance RM'000
<b>2023</b>			
Low credit risk	-	-	-
Credit impaired	1,976	(1,041)	935
	1,976	(1,041)	935
<b>2022</b>			
Low credit risk	-	-	-
Credit impaired	1,015	(1,015)	-
	1,015	(1,015)	-

The movement in the allowance for impairment in respect of subsidiaries' advances during the year is as follows:

Company	Lifetime ECL	
	2023 RM'000	2022 RM'000
Balance at 1 January	1,015	71,563
Net remeasurement of loss allowance	26	(70,548)
Balance at 31 December	1,041	1,015

**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.

## NOTES TO THE FINANCIAL STATEMENTS

## 20. FINANCIAL INSTRUMENTS (CONTINUED)

## 20.5 Liquidity risk (continued)

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

*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:

	Carrying amount RM'000	Effective profit rate %	Contractual cash flows RM'000	Less than 1 year RM'000	1 - 5 years RM'000
<b>Group</b>					
<b>2023</b>					
<i>Non-derivative financial liabilities</i>					
Lease liabilities	6,171	4.2	6,389	1,828	4,561
Borrowings	12,073	3.0 - 3.94	13,904	5,938	7,966
Trade and other payables	52,013	-	52,013	52,013	-
	<b>70,257</b>		<b>72,306</b>	<b>59,779</b>	<b>12,527</b>
<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	-
	<b>63,206</b>		<b>66,043</b>	<b>46,828</b>	<b>19,215</b>
<b>Company</b>					
<b>2023</b>					
<i>Non-derivative financial liabilities</i>					
Lease liabilities	6,168	4.2	6,386	1,825	4,561
Trade and other payables	66,137	-	66,137	66,137	-
Financial guarantees	-	-	15,747	15,747	-
	<b>72,305</b>		<b>88,270</b>	<b>83,709</b>	<b>4,561</b>

## NOTES TO THE FINANCIAL STATEMENTS

## 20. FINANCIAL INSTRUMENTS (CONTINUED)

## 20.5 Liquidity risk (continued)

*Maturity analysis (continued)*

	Carrying amount RM'000	Effective profit rate %	Contractual cash flows RM'000	Less than 1 year RM'000	1 - 5 years RM'000
<b>Company</b>					
2022					
<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	-
	<u>66,912</u>		<u>86,821</u>	<u>80,306</u>	<u>6,515</u>

## 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Fixed rate instruments</b>				
Financial assets	<b>13,178</b>	26,399	<b>939</b>	977
Financial liabilities	<b>(12,073)</b>	(15,737)	-	-
Lease liabilities	<b>(6,171)</b>	(8,163)	<b>(6,168)</b>	(8,024)
	<u><b>(5,066)</b></u>	<u>2,499</u>	<u><b>(5,229)</b></u>	<u>(7,047)</u>

*Fair value sensitivity analysis for fixed rate instruments*

The Group and the Company do 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.

## NOTES TO THE FINANCIAL STATEMENTS

**20. FINANCIAL INSTRUMENTS (CONTINUED)****20.6 Market risk (continued)****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% (2022: 10%) strengthening in FBMKLCI at the end of the reporting period would have increased post-tax profit or loss by Nil (2022: Nil) for investments classified as fair value through profit or loss. A 10% (2022: 10%) weakening in FBMKLCI would have had equal but opposite effect on profit or loss.

**20.7 Fair values of financial instruments**

The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables and short term borrowings reasonably approximate fair values due to the relatively short term nature of these financial instruments.

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>2023</b>		
<b>Financial liabilities</b>		
Borrowings	<b>13,132</b>	<b>12,073</b>
<b>2022</b>		
<b>Financial liabilities</b>		
Borrowings	16,953	15,737

## NOTES TO THE FINANCIAL STATEMENTS

### 20. FINANCIAL INSTRUMENTS (CONTINUED)

#### 20.7 Fair values of financial instruments (continued)

##### 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.

##### Material accounting policy information

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 is 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

**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	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Bank guarantees issued to trade customers	22.1	<b>29,211</b>	21,927	<b>2,278</b>	2,417
Corporate guarantee issued for banking facilities granted to subsidiary		-	-	<b>15,747</b>	19,548

**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 RM29,211,000 and RM2,278,000 (2022: RM21,927,000 and RM2,417,000), respectively. The Group and the Company pledged fixed deposits amounted to RM13,178,000 and RM939,000 (2022: RM21,835,000 and RM952,000), respectively, as collateral.

**Material accounting policy information**

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.

## 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 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>A. Related companies</b>				
Sale of goods	3,459	3,522	-	-
Purchase of service	-	104	-	85
<b>B. Subsidiaries</b>				
Management fee income	-	-	12,740	10,112
Income from short-term rental	-	-	5	73
<b>C. Key management personnel</b>				
<i>Directors</i>				
- Fees	294	311	294	311
- Salaries and other emoluments	198	302	198	302
	492	613	492	613
<i>Other key management personnel</i>				
Salaries and other emoluments	2,078	1,244	2,078	1,244
	2,570	1,857	2,570	1,857

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.

## 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 110 to 160 are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards as issued by the International Accounting Standards Board 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 2023 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:

**Tengku Dato' Seri Hasmuddin bin Tengku Othman**

Director

**Zainal 'Abidin bin Abdul Jalil**

Director

Petaling Jaya, Selangor

Date: 29 April 2024

## 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 110 to 160 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 CA 37181 at Petaling Jaya, Selangor on 29 April 2024.

**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 2023 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 material accounting policy information, as set out on pages 110 to 160.

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 2023, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting 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 and contract assets	
Refer to Note 8 and Note 10 - Trade receivables and contract assets	
The key audit matter	How the matter was addressed in our audit
<p>There were significant level of trade receivables as at 31 December 2023 of RM13,443,000 (2022: RM9,825,000) and contract assets of RM10,659,000 (2022: RM35,276,000).</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>On 17 March 2023, the Group was given a notice of termination from a customer for a system integration contract.</p> <p>As at 31 December 2023, upon the assessment of recoverability of claims for the work already performed, the Group has impaired the contract assets of RM9.2million in relation to the terminated contract.</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;</li> <li>We have assessed the adequacy of the allowance for impairment of trade receivables and contract assets, and challenged the Group's assumptions by assessing the repayment trend throughout the year and payment received subsequent to the year end; and</li> <li>We have performed provisional matrix to assess the adequacy of specific and general ECL over outstanding balances provided by the management.</li> </ul>

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THETA EDGE BERHAD

### Key Audit Matters (continued)

Accuracy of revenue recognition including revenue from contract with customers	
Refer to 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>	<ul style="list-style-type: none"> <li>• We performed the following procedures, among others:</li> <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 work done 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;</li> <li>• We tested contract liabilities by inspecting sales invoices and contracts to determine whether it was recognised in the correct period.</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 (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.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THETA EDGE BERHAD

## Information Other than the Financial Statements and Auditors' Report Thereon (continued)

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, IFRS Accounting 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.

## 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.

## INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THETA EDGE BERHAD

### Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- 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.

### 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

**Muhammad Azman Bin Che Ani**  
Approval Number: 02922/04/2026 J  
Chartered Accountant

Petaling Jaya, Malaysia

Date: 29 April 2024

## 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 17 April 2024

Size of Shareholdings	Shareholders		Shareholdings	
	Number	%	Number	%
1-99	537	7.367	16,954	0.014
100-1,000	4,528	62.121	1,354,163	1.147
1,001-10,000	1,667	22.870	7,266,649	6.159
10,001-100,000	474	6.502	15,031,778	12.742
100,001-5,898,377 (*)	80	1.097	46,118,775	39.094
5,898,378 and above (**)	3	0.041	48,179,250	40.841
<b>Total</b>	<b>7,289</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 17 April 2024

No.	Name of Shareholders	No. of Shares	%
1.	LEMBAGA TABUNG HAJI	32,179,250	27.278
2.	M & A NOMINEE (TEMPATAN) SDN BHD <i>Majestic Salute Sdn Bhd For Threadstone Capital Sdn Bhd</i>	10,000,000	8.476
3.	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account for Threadstone Capital Sdn Bhd</i>	6,000,000	5.086
4.	INTER-PACIFIC EQUITY NOMINEES (TEMPATAN) SDN BHD <i>Inter-Pacific Asset Management Sdn Bhd for Amanah Raya Berhad for Common Fund</i>	4,500,000	3.814
5.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account for Mohamed Faroz bin Mohamed Jakel</i>	3,580,400	3.035
6.	INTER-PACIFIC EQUITY NOMINEES (TEMPATAN) SDN BHD <i>Exempt An for Inter-Pacific Asset Management Sdn Bhd</i>	3,300,000	2.797
7.	MOHAMED NIZAM BIN MOHAMED JAKEL	3,290,600	2.789
8.	INTER-PACIFIC EQUITY NOMINEES (TEMPATAN) SDN BHD <i>Inter-Pacific Management Sdn Bhd</i>	2,580,000	2.187
9.	MOHAMED IZANI BIN MOHAMED JAKEL	2,332,000	1.976
10.	LIM KOK HAN	1,606,100	1.361
11.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN BHD <i>Pledged Securities Account for Luqman bin Mohamed Jakel</i>	1,570,400	1.331
12.	AFFIN HWANG NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account for Lim Gaik Eng</i>	1,470,000	1.246
13.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN BHD <i>Pledged Securities Account for Andrew Tan Jun Suan</i>	1,098,000	0.930
14.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN BHD <i>Pledged Securities Account for Mohamed Faroz bin Mohamed Jakel</i>	1,000,000	0.847



## ANALYSIS OF SHAREHOLDINGS

## List of 30 Largest Shareholders as at 17 April 2024 (Cont'd)

No.	Name of Shareholders	No. of Shares	%
15.	TA NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account for Mohamed Faroz bin Mohamed Jakel</i>	880,000	0.745
16.	HSBC NOMINEES (ASING) SDN BHD <i>J.P. Morgan Securities PLC</i>	755,000	0.640
17.	HAN WANG SOON	730,000	0.618
18.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN BHD <i>Pledged Securities Account for Mohamed Nizam bin Mohamed Jakel</i>	700,000	0.593
19.	LIM POW TOON	673,000	0.570
20.	PERTUBUHAN KESELAMATAN SOSIAL PKSACT 41969 P2	646,000	0.547
21.	ELISA TAN MUN-E	640,000	0.542
22.	LEONG KHAI RIC	608,000	0.515
23.	RHB NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account for Hilary Fernandez</i>	586,000	0.496
24.	CHOONG LAY PHENG	570,000	0.483
25.	CHEW BA BAH @ CHEW YEN KHOON	500,000	0.423
26.	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account for Sireh Emas Marketing Sdn Bhd</i>	500,000	0.423
27.	MUHD ALAMIN BIN RAMLI	451,700	0.382
28.	CARTABAN NOMINEES (ASING) SDN BHD <i>Exempt An for Barclays Capital Securities Ltd</i>	442,900	0.375
29.	TA NOMINEES (TEMPATAN) SDN BHD <i>Pledged Securities Account for Luqman bin Mohamed Jakel</i>	425,000	0.360
30.	MAIZATUL AZLIN BINTI MOHAMED	408,000	0.345
	<b>TOTAL</b>	<b>77,484,675</b>	<b>65.68</b>

## Substantial Shareholders' Shareholdings

Name of Substantial Shareholder	Direct		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Lembaga Tabung Haji	32,179,250	27.28		
Threadstone Capital Sdn Bhd	16,000,000	13.563		
• Zainal 'Abidin Abd Jalil	-	-	16,000,000	13.563
• Haslinah binti Hassan	-	-	16,000,000	13.563

- Deemed interest by virtue of their direct interest of more than 20% in Threadstone Capital Sdn Bhd

## ANALYSIS OF SHAREHOLDINGS

**Directors' Direct and Indirect Interest in Theta Edge Berhad and its related corporations**

Name of Director	Direct		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Tengku Dato' Seri Hasmuddin bin Tengku Othman	-	-	-	-
Zainal 'Abidin bin Abd Jalil*	-	-	16,000,000	13.563
Azih bin Yusof	-	-	-	-
Latifah binti M.Daud	-	-	-	-
Adam Malik bin Azlan	-	-	-	-
Shahrin binti Oli Mohamed	-	-	-	-
Syed Osman AlHaddad bin Syed Mohamed	-	-	-	-

\* Deemed interest by virtue of his direct interest of more than 20% in Threadstone Capital Sdn Bhd

**GROUP CHIEF EXECUTIVE OFFICER (WHO IS NOT DIRECTOR)**

DATUK NURASLINA BINTI ZAINAL ABIDIN	-	-	-	-
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# NOTICE OF THIRTY-FIRST ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Thirty-First Annual General Meeting ("31<sup>st</sup> AGM") of THETA EDGE BERHAD ("Company") will be held at the Broadcast Venue at Theta Edge Berhad's Headquarters, Lot 11B, Jalan 223, Seksyen 51A, 46100 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 26 June 2024 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 2023. **(Please refer to Explanatory Note 1)**
2. To re-elect the following Directors who retire by rotation in accordance with Clause 97 of the Company's Constitution:
  - (i) Adam Malik bin Azlan **(Resolution 1)**
  - (ii) Shahrin binti Oli Mohamed **(Resolution 2)**
  - (iii) Syed Osman AlHaddad bin Syed Mohamed **(Please refer to Explanatory Note 2)**
3. To re-elect Tengku Dato' Seri Hasmuiddin bin Tengku Othman who retires by rotation in accordance with Clause 119 of the Company's Constitution. **(Please refer to Explanatory Note 2)**
4. To approve the payment of Directors' fees for an amount up to RM240,000 for the financial year ending 31 December 2024. **(Resolution 3)**
5. To approve the payment of Directors' benefits for an amount up to RM823,000 from 27 June 2024 until the next AGM of the Company. **(Resolution 4)**
6. To re-appoint Messrs KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

## AS SPECIAL BUSINESSES

7. To consider and if thought fit, pass the following resolution with or without modifications:

### ORDINARY RESOLUTION 1

**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 6)**

**"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 30 April 2024, 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;

## NOTICE OF THIRTY-FIRST ANNUAL GENERAL MEETING

(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  
(MAICSA 7008306)  
(SSM PC No. 201908003061)  
Company Secretary

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

30 April 2024  
Petaling Jaya

## NOTICE OF THIRTY-FIRST 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 TIH Online website at <https://tiih.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 2024 (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 2023

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 97 and Clause 119 of the Company's Constitution (Resolutions 1 and 2)

In accordance with Clause 97 of the Company's Constitution, the Directors shall have power at any time to appoint any person as a Director either to fill a casual vacancy or an addition to the Board, but so that the total number of Directors shall not be increased beyond the maximum number hereinbefore prescribed. Any Director so appointed shall hold office only until the next Annual General Meeting and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at the meeting.

## NOTICE OF THIRTY-FIRST ANNUAL GENERAL MEETING

Clause 119 of the Company's Constitution provides that 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.

Adam Malik bin Azlan, Shahrin binti Oli Mohamed and Syed Osman AlHaddad bin Syed Mohamed retire by rotation in accordance with Clause 97 and Tengku Dato' Hasmuddin bin Tengku Othman retire by rotation in accordance with Clause 119 of the Company's Constitution.

Adam Malik bin Azlan and Shahrin binti Oli Mohamed, being eligible offer themselves for re-election. Tengku Dato' Seri Hasmuddin bin Tengku Othman and Syed Osman AlHaddad bin Syed Mohamed have informed the Company that they do not wish to seek for re-election. They will retain office until the conclusion of the 31<sup>st</sup> AGM.

The Nomination and Remuneration Committee ("NRC") has assessed and considered the performance and contribution, satisfaction of all the requirements as set out in the Fit and Proper Policy by the retiring Directors as well as the independent assessment of Adam Malik bin Azlan and Shahrin binti Oli Mohamed. Based on the evaluation results of the Board Performance Assessment carried out for the financial year ended 31 December 2023, the retiring Directors have performed well and discharged their duties and responsibilities satisfactorily. The retiring directors have declared that they have not engaged in any business dealings or actions that could compromise their impartiality or create a conflict of interest or potential conflict of interest with their roles within the Group. The Board has endorsed the NRC's recommendation to seek shareholders' approval for the re-election of Adam Malik bin Azlan and Shahrin binti Oli Mohamed. The retiring Directors have abstained from deliberations and decisions making on their re-election at the NRC and Board meetings respectively.

### 3. Directors' Fees (Resolution 3)

Shareholders' approval on the Directors' Fees for the Board was obtained at the 30<sup>th</sup> Annual General Meeting ("AGM") held on 26 June 2023 and there is no revision to any of the fees. Details of Directors' Fees are set-out on pages 83 to 84 of the Annual Report.

The Company will be seeking the approval of the shareholders for the Proposed Directors' Fees for an amount up to RM240,000 for the financial year ending 31 December 2024. The fees will not be paid until the approval of the shareholders has been obtained at the 31<sup>st</sup> AGM.

The Directors who are shareholders of the Company will abstain from voting on Resolution 3 pertaining to their respective Directors' Fees.

### 4. Directors' Benefits (Resolution 4)

The Board had upon the recommendation of the NRC, reviewed the Directors benefits and recommended the proposed increase in meeting allowance to commensurate with the time commitment required, responsibilities, duties and commitment, details of which are as follows:

	Board of Directors (Per Meeting) RM	Audit & Risk Management Committee (Per Meeting) RM	Nomination & Remuneration Committee (Per Meeting) RM	Board Investment Committee (Per Meeting) RM
Chairman	3,500 (from 3,000)	3,000	2,000	1,000
Non-Executive Member	2,500 (from 1,500)	2,500	1,500	1,000

The estimated amount of RM823,000 is derived from estimated number of meetings to be held by the Board and Board Committees from 27 June 2024 until the next AGM.

The Directors who are shareholders of the Company will abstain from voting on Resolution 4 pertaining to their respective Directors' Benefits.

## NOTICE OF THIRTY-FIRST ANNUAL GENERAL MEETING

### 5. 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 6)

The proposed Ordinary Resolution 1, 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 30 April 2024.

## 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 31<sup>st</sup> AGM of the Company, are as follows:

- |                                |                |
|--------------------------------|----------------|
| (i) Adam Malik bin Azlan       | (Resolution 1) |
| (ii) Shahrin binti Oli Mohamed | (Resolution 2) |

Further details of Directors who are standing for re-election are set out in the Profile of Directors appearing on pages 58 to 59 of the Annual Report.

2) Details of attendance of Directors at Board Meetings held during the financial year ended 31 December 2023 are set out on page 76 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

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CDS Account No.

I/We \_\_\_\_\_ (name as per NRIC, in capital letters)

NRIC No./Company 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 Thirty-First Annual General Meeting ("31<sup>st</sup> AGM") of the Company to be conducted at the Broadcast Venue at Theta Edge Berhad's Headquarters, Lot 11B, Jalan 223, Seksyen 51A, 46100 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 26 June 2024 at 10.00 a.m. and at any adjournment thereof, in the manner indicated below:

RESOLUTIONS		FOR	AGAINST
Resolution 1	To re-elect the retiring Director, Adam Malik bin Azlan.		
Resolution 2	To re-elect the retiring Director, Shahrin binti Oli Mohamed.		
Resolution 3	To approve the Directors' fees amounting to RM240,000 for the financial year ending 31 December 2024.		
Resolution 4	To approve the payment of Directors' benefits for an amount up to RM823,000 from 27 June 2024 until the next AGM of the Company.		
Resolution 5	To re-appoint Messrs KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.		
Resolution 6	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 vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his 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://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 2024 (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 31<sup>st</sup> AGM dated 30 April 2024.

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The Share Registrar  
**TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN. BHD.** (118401-V)  
Level 17, the Gardens North Tower  
Mid Valley City, Lingkaran Syed Putra  
59200 Kuala Lumpur

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**TOGETHER FOR A SUSTAINABLE FUTURE**

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