

# 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 shareholder’s 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 main Principles in the Malaysian Code on Corporate Governance (“MCCG”) (“the Code”):-

Principle A - Board Leadership and effectiveness

Principle B - Effective Audit and Risk Management, and

Principle C - Integrity in corporate reporting and meaningful relationship with stakeholders

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

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

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

## **PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS**

### **I. BOARD RESPONSIBILITIES**

#### **Practice 1.1 Roles and Responsibilities of the Board**

The Board provides the overall governance as well as stewardship and oversight for the direction and management of the Company and 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 in order to enhance business and operating efficiency. The Chairman of the respective Committees will report to the Board the outcome of the Committees Meetings for the Board’s consideration and final decision. Minutes of the respective Meetings, will be presented to the Board for its information. The Board retains full responsibility for the direction and control of the Company and the Group.

# Corporate Governance **Overview Statement**

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

### **I. BOARD RESPONSIBILITIES cont'd**

#### **Practice 1.1 Roles and Responsibilities of the Board cont'd**

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, 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; and
- (vii) Developing and implementing shareholders' communication policy.

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 in excess of RM1,000,000 in book value;
- (iii) Investment in capital projects;
- (iv) Authority levels in accordance with the Discretionary Authority Limit ("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.

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

### **I. BOARD RESPONSIBILITIES cont'd**

#### **Practice 1.2 Roles of the Chairman**

#### **Practice 1.3 Separation of roles of Chairman and Group Managing Director and Chief Executive Officer (“CEO”)**

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

The Chairman and the CEO are held by different individuals. The Chairman is primarily responsible for ensuring the 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 CEO is responsible for the day-to-day running of the business and implementation of the policies, strategies and decisions adopted by the Board. The CEO is assisted by the Senior Management and heads of each division in implementing and running of the Group’s day-to-day business operations.

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 CEO and Management.

#### **Practice 1.4 Company Secretary**

The Company Secretaries, Cynthia Louis and Chew Mei Ling are Associate member of the Malaysian Institute of Chartered Secretaries & Administrators (MAICSA).

The Company Secretaries whose appointment and removal are subject to the Board’s approval, attend all Board and Board Committee 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 Bursa Malaysia Securities Berhad (“BMSB”) and Capital Market and Services Act, 2007;
- Facilitating and attending Board Meetings and Board Committee 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; and
- Rendering advice and support to the Board and Management.

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

### **I. BOARD RESPONSIBILITIES cont'd**

#### **Practice 1.5 Information and Support for Directors**

Prior to Board meetings, an agenda together with the relevant documents and information are distributed to all Directors at least five 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 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, any amendment to BMSB Listing Requirements and any pertinent Regulatory changes. All Directors have access to the management 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.

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

### I. BOARD RESPONSIBILITIES cont'd

#### Practice 1.5 Information and Support for Directors cont'd

##### 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 2017. 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 2017 and the details of the attendance of the Directors' Meetings and Committees are as follows:-

Directors	Board of Directors	ARMC	NC	RC	AGM
Dato' Iskandar Mizal bin Mahmood <sup>(1)</sup>	1/1	-	-	-	-
Mohamed Ridza bin Mohamed Abdulla	7/7	5/5	2/2	2/2	1/1
Abdul Halim bin Jantan	7/7	5/5	2/2	-	1/1
Datuk Adi Azuan bin Abdul Ghani	6/7	4/5	-	2/2	1/1
Anis Zuhani binti Ahmad <sup>(2)</sup>	7/7	-	1/1	-	1/1
Dato' Richard George Azlan bin Abas <sup>(3)</sup>	6/7	-	-	1/1	1/1
A. Shukor bin S.A. Karim <sup>(4)</sup>	7/7	-	-	-	1/1
Tan Sri Dato' Hashim bin Meon <sup>(5)</sup>	5/5	-	-	-	1/1
Dato' Sri Syed Saleh bin Syed Abdul Rahman <sup>(6)</sup>	2/5	-	-	-	1/1
Datuk Nor Badli Munawir bin Mohamad Alias Lafti <sup>(7)</sup>	1/1	-	-	-	-
<b>Total Number of Meetings</b>	<b>7</b>	<b>5</b>	<b>2</b>	<b>2</b>	<b>1</b>

ARMC - Audit & Risk Management Committee

NC - Nomination Committee

RC - Remuneration Committee

AGM - Annual General Meeting

# Corporate Governance **Overview Statement**

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

### **I. BOARD RESPONSIBILITIES cont'd**

#### **Meetings and Time Commitment cont'd**

Note :-

- (1) Dato' Iskandar Mizal bin Mahmood appointed as a Director and Chairman of the Board on 8 November 2017. There was one (1) Board Meeting held after his appointment.
- (2) Anis Zuhani binti Ahmad appointed as a NC member on 4 April 2017. There was one (1) NC Meeting held after her appointment.
- (3) Dato' Richard George Azlan bin Abas appointed as a RC member on 4 April 2017. There was one (1) RC Meeting held after his appointment.
- (4) A. Shukor bin S.A. Karim attended (by invitation) all the relevant Committee meetings in his capacity as the CEO.
- (5) Tan Sri Dato' Hashim bin Meon resigned as a Director and Chairman of the Board on 31 October 2017.
- (6) Dato' Sri Syed Saleh bin Syed Abdul Rahman resigned as a Director on 7 September 2017.
- (7) Datuk Nor Badli Munawir bin Mohamad Alias Lafti resigned as a Director, Chairman of the NC and member of the ARMC and RC respectively on 27 January 2017.

#### **Main activities of the Board in year 2017**

The main activities carried out by the Board in year 2017 are set out below:-

- Reviewed and approved the annual report, quarterly results and financial statements;
- Reviewed and approved the Company's annual operating plan, strategy and budgets;
- Received updates on risk management and internal control;
- Received updates on the Recurrent Related Party Transactions;
- Reviewed and validated the results of the 2017 Board Effectiveness Evaluation; and
- Reviewed the terms of office and the contribution, performance and the effectiveness of the Board and individual directors, the ARMC, NC and RC and each member of the Board Committees to ensure that they have carried out their duties in accordance with their respective terms of reference.

#### **Practice 2.1 Board Charter**

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

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

### **I. BOARD RESPONSIBILITIES cont'd**

#### **Practice 2.1 Board Charter cont'd**

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 in August 2013.

#### **Practice 3.1 Code of Conduct and Ethics**

#### **Practice 3.2 Whistleblowing Policies and Procedures**

The Board observes the Directors' Code of Ethics established by the Companies Commission of Malaysia. The Group adopts the Code of Business Ethics published by its holding company, Lembaga Tabung Haji ("**TH**"). The Code of Business Ethics is published in the Company's website at [www.theta-edge.com](http://www.theta-edge.com).

The Code of Business Ethics also covers whistle-blowing provisions which provides the policy and information on the appropriate feedback channels to facilitate whistle-blowing.

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 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.

### **II. BOARD COMPOSITION**

#### **Practice 4.1 Board Composition and Independence**

##### **Board Composition**

The Board currently consists of seven (7) members comprising the Chairman, who is a Non-Independent Non-Executive Director, three (3) Independent Non-Executive Directors, two (2) Non-Independent Non-Executive Directors and one (1) Executive Director.

The Board has complied with Paragraph 15.02 of the Listing Requirements which requires at least two directors or one-third of the Board, (whichever is the higher) to be Independent Directors. The presence of Independent Directors provides objectivity and independent judgment to decision making.

# Corporate Governance **Overview Statement**

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

### **II. BOARD COMPOSITION cont'd**

#### **Practice 4.1 Board Composition and Independence cont'd**

##### **Board Composition cont'd**

The presence of the Independent Directors, though not forming at least half of the Board members, is sufficient to provide the necessary check and balance on the decision making process of the Board. 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. They, particularly the Independent Non-Executive Directors, are actively involved in various Board Committees. 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.

##### **Changes in Board Composition**

During the financial year 2017, the changes in the Board Composition are as follows:-

##### New Appointment

Dato' Iskandar Mizal bin Mahmood was appointed as a Non-Independent Non-Executive Director and Chairman of the Board on 8 November 2017.

##### Resignations

- Datuk Nor Badli Munawir bin Mohamad Alias Lafti resigned from the Board on 27 January 2017.
- Dato' Sri Syed Saleh bin Syed Abdul Rahman resigned from the Board on 7 September 2017.
- Tan Sri Dato' Hashim bin Meon resigned from the Board on 31 October 2017.



# Corporate Governance **Overview Statement**

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

### **II. BOARD COMPOSITION cont'd**

#### **Practice 4.1 Board Composition and Independence cont'd**

##### **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 Director disclosed any relationships and/or transactions that could materially interfere with their independent judgements and decisions. The Board was satisfied with the level of independence demonstrated by all the Independent Directors.

##### **Practice 4.2 and 4.3 Tenure of Independent Director**

The Code recommends that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board subject to his re-designation as a non-independent director. In the event such Director is to be retained as an independent director, the Board must justify and seek annual shareholders' approval. In the event the Board continues to retain the independent director after the twelfth (12th) year, annual shareholders' approval must be sought through a two-tier voting process to retain the said director as an independent director.

At the last Twenty-Fourth (24th) Annual General Meeting, the shareholders had given their approval for Encik Mohamed Ridza bin Mohamed Abdulla, whose term of office as Independent Director of the Company had exceeded nine (9) years on 7 November 2016 to be retained as an Independent Non-Executive Director of the Company. Encik Mohamed Ridza bin Mohamed Abdulla tenure as an independent director has not exceeded twelve (12) years.

The Nomination Committee (NC) and the Board are confident that Encik Mohamed Ridza bin Mohamed Abdulla can be tasked to discharge his duties and responsibilities independently and objectively notwithstanding his tenure on the Board. The Company will seek its shareholders' approval on the retention of Encik Mohamed Ridza bin Mohamed Abdulla to continue to act as the Independent Non-Executive Director of the Company until the conclusion of the next AGM.

The other independent directors, namely Dato' Richard George Azlan bin Abas and Encik Abdul Halim bin Jantan have yet to complete their ninth (9th) year serving the Board.

During the financial year, the NC carried out an assessment of the Directors and recommended the re-election of directors at the forthcoming Twenty-Fifth (25th) Annual General Meeting to the Board.

# Corporate Governance **Overview Statement**

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

### II. BOARD COMPOSITION cont'd

#### Practice 4.4 and 4.5 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. A brief profile of each Director is presented from page 5 to page 11 of the Annual Report.

The broad experience matrix, age and gender diversity of the Board during the financial year was as follows:

Directors	Industry / Background experience							Age composition				Gender	
	Public Service	Accounting / Finance / Corporate Finance	Corporate	Financial services	Legal / Regulatory	Oil & Gas	Telecommunication / Media / Technology	46 – 50	51 - 55	56 – 60	61 – 70	Male	Female
Dato' Iskandar Mizal bin Mahmood <sup>(1)</sup>		✓	✓	✓			✓	✓				✓	
Mohamed Ridza bin Mohamed Abdulla		✓	✓	✓	✓	✓	✓	✓				✓	
Abdul Halim bin Jantan			✓	✓			✓			✓		✓	
Datuk Adi Azuan bin Abdul Ghani		✓	✓					✓				✓	
Anis Zuhani binti Ahmad	✓	✓	✓				✓	✓					✓
Dato' Richard George Azlan bin Abas		✓							✓			✓	
A. Shukor bin S.A. Karim	✓		✓				✓				✓	✓	
Tan Sri Dato' Hashim bin Meon <sup>(2)</sup>	✓		✓				✓				✓	✓	
Dato' Sri Syed Saleh bin Syed Abdul Rahman <sup>(3)</sup>	✓	✓	✓	✓						✓		✓	

# Corporate Governance **Overview Statement**

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

### **II. BOARD COMPOSITION cont'd**

#### **Practice 4.4 and 4.5 Board Diversity cont'd**

Note:-

Excludes Datuk Nor Badli Munawir bin Mohamad Alias Lafti who resigned from the Board on 27 January 2017.

<sup>(1)</sup> Dato' Iskandar Mizal bin Mahmood appointed as a Director and Chairman of the Board on 8 November 2017.

<sup>(2)</sup> Tan Sri Dato' Hashim bin Meon resigned as a Director and Chairman of the Board on 31 October 2017.

<sup>(3)</sup> Dato' Sri Syed Saleh bin Syed Abdul Rahman resigned as a Director on 7 September 2017.

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 gender, ethnicity and age group selection criteria. Any appointment and retention of directors is based on merit and without prejudice, taking into consideration the skills, experiences, knowledge and independence for the Board to be effective.

However, with the appointment of Puan Anis Zuhani binti Ahmad to the Board on 19 November 2015, the Company had moved a step closer to meet the gender diversity policy.

#### **Practice 4.6 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 requirement 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 NC 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 NC. The potential candidate(s) may be proposed by existing directors, senior management, shareholders or third party referrals/independent sources.

Upon receipt of the proposal, the NC is responsible to conduct an assessment and evaluation of the proposed candidates. The assessment/evaluation process may include amongst others, a review of the candidates' resume, curriculum vitae and qualifications. The NC 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 NC would make its recommendation to the Board. Based on the recommendation of the NC, the Board would evaluate and decide on the appointment of the proposed candidates.

# Corporate Governance **Overview Statement**

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

### **II. BOARD COMPOSITION cont'd**

#### **Practice 4.6 Sourcing of Directors cont'd**

##### **Appointment of New Directors cont'd**

During the financial year, Dato' Iskandar Mizal bin Mahmood (Dato' Iskandar) was appointed as the Non-Independent Non-Executive Director and Chairman of the Board. Dato' Iskandar is a nominee of **TH**, the major shareholder of the Company. No other sources were used as Dato' Iskandar was appointed to replace Tan Sri Dato' Hashim bin Meon who resigned from the Board on 31 October 2017. Tan Sri Dato' Hashim bin Meon was also a nominee of **TH**. Further, Dato' Iskandar is well-known and his stature in the ICT industry does not require further referrals or introduction to the Company from any third party sources.

#### **Practice 4.7 Chairmanship of the Nomination Committee**

The NC is a committee of the Board with the function of recommending appointments to the Board, Board Committees and personnel designated "Chief" and above and other strategic positions such as internal auditor, legal officer and risk officer.

##### **Chairman & Membership**

- (i) The NC comprises a minimum of two (2) members, all of whom are Non-Executive Directors with the majority being Independent Directors.
- (ii) The term of office of each member of the NC shall be one year and is subject to re-appointment thereafter at the discretion of the Board.
- (iii) The Board shall ensure that any vacancy in the NC is filled within three (3) months of such vacancy arising.
- (iv) The appointment of a committee member automatically terminates when the member ceases to be a Director.
- (v) The Chairman of the NC is the Senior Independent Director or an Independent Director.

The composition of the NC during the financial year was as follows:-

Mohamed Ridza bin Mohamed Abdulla (Chairman)<sup>(1)</sup>  
*(Senior Independent Non-Executive Director)*

Abdul Halim bin Jantan (Member)  
*(Independent Non-Executive Director)*

Anis Zuhani binti Ahmad (Member) (Appointed 4 April 2017)  
*(Non-Independent Non-Executive Director)*

<sup>(1)</sup> Encik Mohamed Ridza bin Mohamed Abdulla who is also the Senior Independent Director was redesignated as Chairman on the NC on 4 April 2017 following the resignation of Datuk Nor Badli Munawir bin Mohamad Alias Lafti from the Board on 27 January 2017.

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

### **II. BOARD COMPOSITION cont'd**

#### **Practice 5.1 Evaluation of Board, Board Committees and Individual Directors**

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 main areas covering Individual Performances, Board Evaluation and Board Committee Evaluation.

For Individual Performances 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 Committee 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.

Directors who are subject to re-election at the next Annual General Meeting shall be assessed by the NC before recommendation is made to the Board and shareholders for the re-election.

#### **Annual Assessment of Existing Directors & Board Committees**

During the financial year the NC assessed the expertise, competence, integrity and time commitment of Dato' Iskandar Mizal bin Mahmood who was appointed as the Non-Independent Non-Executive and Chairman of the Board on 8 November 2017 before recommending his appointment to the Board for approval.

To ensure that the Board would be able to discharge its duties and responsibilities effectively, the NC has during the year carried out:

- (i) an assessment of the Directors, which includes the self-assessment carried out by the individual Directors;
- (ii) a review on the retirement of Directors by rotation eligible for re-election at the 24th Annual General Meeting;
- (iii) an assessment on the independence of the Independent Directors;
- (iv) a review and assessment on the composition and diversity of the Board Committees;
- (v) reviewed and recommended to the Board for re-appointment of Director who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years and to seek shareholders' approval at the forthcoming AGM;
- (vi) assessed the training needs of the Directors; and
- (vii) an evaluation on the ARMC and the assessment criteria include effectiveness and quality of the external and internal audits and financial reporting. The NC and the Board was satisfied with the performance and effectiveness of the ARMC.

There were no major concerns arising from the results of the assessments. 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 the role.

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

# Corporate Governance **Overview Statement**

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

### II. BOARD COMPOSITION cont'd

#### Practice 5.1 Evaluation of Board, Board Committees and Individual Directors cont'd

##### Re-election of Directors

In accordance with the provisions of the Company's Articles of Association, at least one-third (1/3) of the Directors for the time being or if their number is not three (3) or multiples of three (3), then the number nearest to one-third (1/3) shall retire from office and shall be eligible for re-election at each Annual General Meeting ("AGM"). Consequently, each Director shall retire from office at least once in every three years but shall be eligible for re-election. Directors who are appointed to the Board during the year shall retire and seek re-election at the next AGM to be held following their appointments.

In accordance with the Article 96 of the Company's Articles of Association, Abdul Halim Bin Jantan and Dato' Richard George Azlan bin Abas will retire and offer themselves for re-election at the forthcoming AGM.

In accordance with the Article 102 of the Company's Articles of Association, Dato' Iskandar Mizal Bin Mahmood will retire and offers himself for re-election at the forthcoming AGM.

##### Directors' Training

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

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

Directors	Seminar/Forum/Conference/Training	Date
Dato' Iskandar Mizal Bin Mahmood <sup>(1)</sup>	Companies Act, 2016	11 May 2017
Mohamed Ridza Bin Mohamed Abdulla	Companies Act, 2016	15 Feb 2017 & 21 Sep 2017
	The Inside Story of the Annual Report: What Directors Must Know	22 Feb 2017
	Business, Law and The "Internet of Things"	5 Apr 2017
	IFN Fintech Forum 2017	11 Apr 2017
	Compliance Conference 2017	18 May 2017
	Fintech: Opportunities for the Financial Services Industry in Malaysia	11 Jul 2017
	Fund Transfer Pricing Training	6 Sep 2017
	Masterclass Shariah Training	6 Sep 2017

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

### II. BOARD COMPOSITION cont'd

#### Practice 5.1 Evaluation of Board, Board Committees and Individual Directors cont'd

##### Directors' Training cont'd

Directors	Seminar/Forum/Conference/Training	Date
Abdul Halim bin Jantan	Managing Project Risks - A Blueprint for Positive Change and Opportunities - Speaker	8 Feb 2017
	Global Insurance Trends 2017 - Speaker	22 Feb 2017
	Global Trend in Risk Management - Speaker	24 Feb 2017
	Managing International Business - Key Factors for Successful Business Strategy - Speaker	21 Mar 2017
	Managing International Business - Going Global with Strategic International Alliances - Speaker	22 Mar 2017
	TNB / RMD - Venturing into the Future - Speaker	10 Apr 2017
	Practical Approach to Investment Assessment - Speaker	24 - 25 May 2017
	TNB Captive : Training and Human Capital Development	24 Aug 2017
	Malakoff's Pre-Cursor Seminar – Speaker	26 Sep 2017
	Knowledge Sharing Workshop - Mindset Change Seminar - Speaker	28 Sep 2017
	Underwriting Seminar : Property Day Malaysia 2016 – Future Trends - Speaker	6 - 7 Oct 2017
	Project Finance Training	13 & 20 Nov 2017
	Turning Risk in Utilities into Opportunities with Big Data Analytics - Speaker	21 Nov 2017
	Malakoff Training - Project Finance- Speaker	5 Dec 2017
	My Journey – Speaker	9 Dec 2017
Syarikat Perumahan Negara Berhad - Managing Project Risks - A Blueprint for Positive Change and Opportunities (for Top & Senior Management) - Speaker	13 Dec 2017	
Datuk Adi Azuan Bin Abdul Ghani	Companies Act, 2016	11 May 2017
	Penilaian Risiko dan Tindakan Kawalan untuk Kad Skor Risiko Korporat <b>TH</b> Bengkel Pelan Pengurusan Risiko Rasuah	30 May - 1 Jun 2017 20 - 21 Jun 2017
Anis Zuhani Binti Ahmad	Bengkel Komunikasi Strategi	10 - 11 Apr 2017
	Penilaian Risiko dan Tindakan Kawalan untuk Kad Skor Risiko Korporat <b>TH</b>	11 Apr 2017
	The Emotional Intelligent Leaders Workshop	3 - 5 May 2017
	Celemi Decision Base	18 - 19 May 2017
	The Malaysia Public Relations Summit 2017	10 Aug 2017
Fintech Training	24 Nov 2017	

# Corporate Governance **Overview Statement**

cont'd

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

### II. BOARD COMPOSITION cont'd

#### Practice 5.1 Evaluation of Board, Board Committees and Individual Directors cont'd

##### Directors' Training cont'd

Directors	Seminar/Forum/Conference/Training	Date
Dato' Richard George Azlan Bin Abas	"The Velocity of Global Change & Sustainability – The New Business Model"	10 Jan 2017
	Kuala Lumpur Blockchain Conference	8 - 9 Apr 2017
	MIA 50th Anniversary Commemorative Lecture by Tan Sri Abdul Wahid Omar on Integrity	10 Apr 2017
	IFN Forum Asia 2017	10 - 11 Apr 2017
	Echelon Malaysia 2017	12 - 13 Apr 2017
	Amanah Hibah	6 May 2017
	LHAG Corporate Counsel Day 2017	20 Jul 2017
	Common Reporting Standards and Family Offices	10 Aug 2017
	MIA MICPA Audit	31 July - 1 Aug 2017
	The Quest for Prosperity	24 Oct 2017
	MICPA CA ANZ Audit Forum	2 Nov 2017
A. Shukor Bin S.A. Karim	LexTech Conference 2017 "The Future of Law"	4 - 5 Nov 2017
	SCXSC Digital Finance Conference	6 - 7 Nov 2017
Tan Sri Dato' Hashim Bin Meon <sup>(2)</sup>	MCCG Compliance Expectations - Better Reporting Integrity, Transparency & Accountability	6 Nov 2017
	Consultation on the Revised Malaysia Code on Corporate Governance	11 Jan 2017
	Public Service Focus Group	19 - 21 May 2017
Dato' Sri Syed Saleh Bin Syed Abdul Rahman <sup>(3)</sup>	Implications of MFRS9 on Business Strategy & Cyber Security Risk Implications	28 Nov 2017
	Companies Act, 2016	11 May 2017
	Penilaian Risiko dan Tindakan Kawalan untuk Kad Skor Risiko Korporat <b>TH</b>	30 May - 1 Jun 2017

#### Note:-

Excludes Datuk Nor Badli Munawir bin Mohamad Alias Lafti who resigned from the Board on 27 January 2017.

<sup>(1)</sup> Dato' Iskandar Mizal bin Mahmood appointed as a Director and Chairman of the Board on 8 November 2017.

<sup>(2)</sup> Tan Sri Dato' Hashim bin Meon resigned as a Director and Chairman of the Board on 31 October 2017.

<sup>(3)</sup> Dato' Sri Syed Saleh bin Syed Abdul Rahman resigned as a Director on 7 September 2017.

An assessment of the training needs was carried out by the NC and areas for training were identified at the Special Nomination Committee Meeting held on 4 April 2017.



# Corporate Governance **Overview Statement**

cont'd

## III. REMUNERATION

### **Practice 6.1 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 RC 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 RC takes into consideration the respective Director's roles and responsibilities in the Board and Committees.

The level of remuneration of the 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, NC and RC receiving a higher fee 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 terms of reference of the RC and the remuneration policy of the Company are available for reference at the Company's website at [www.theta-edge.com](http://www.theta-edge.com).

### **Practice 6.2 Remuneration Committee (RC)**

The RC is appointed by the Board and has no executive powers. The appointment of a committee member automatically terminates when the member ceases to be a Director. The composition of the RC is as follows:-

Datuk Adi Azuan bin Abdul Ghani (Chairman)  
*(Non-Independent Non-Executive Director)*

Mohamed Ridza bin Mohamed Abdulla (Member)  
*(Senior Independent Non-Executive Director)*

Dato' Richard George Azlan bin Abas (Member) *(Appointed 4 April 2017)*  
*(Independent Non-Executive Director)*

The RC comprising of three (3) Non-Executive Directors, majority of whom are Independent, has the primary responsibility to provide assistance to the Board in determining, reviewing and developing a remuneration policy and reward system for the Board, personnel designated "Chief" and above and other strategic position such as internal auditor, legal officer and risk officer. 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.

# Corporate Governance **Overview Statement**

cont'd

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

### III. REMUNERATION cont'd

#### Practice 6.2 Remuneration Committee (RC) cont'd

The RC shall meet at least once a year and may invite other Board members, officers of the Company, employees and any other external parties to attend meetings or part thereof as and when necessary. The RC through its Chairman shall report to the Board at the next Board of Directors' Meeting after each meeting. The Company Secretary is the Secretary to the RC.

The RC held two (2) meeting during the financial year ended 31 December 2017. The details of the terms of reference of the RC are available for reference at the Company's website at [www.theta-edge.com](http://www.theta-edge.com).

The terms of reference of the RC was last reviewed in March 2018.

#### Practices 7.1 and 7.2 Disclosure of Remuneration of Directors and Senior Management

Details of Directors' remuneration for the financial year ended 31 December 2017 are set out as below:-

	Fees <sup>(1)</sup> (RM)	Salary & Bonus (RM)	Benefits-in kind (RM)	Retirement benefit (RM)	Other Emoluments (RM)	Total (RM)
<b>Group</b>						
Executive Director	-	600,000	-	150,000	200,000	950,000
Non-Executive Directors	428,110	-	-	-	139,500	567,610
<b>Company</b>						
Executive Director	-	600,000	-	150,000	200,000	950,000
Non-Executive Directors	368,274	-	-	-	139,500	507,774

<sup>(1)</sup> Includes the additional directors' fees for financial year ended 31 December 2016 of RM100,000 which was approved by the shareholders at the Twenty-Fourth (24th) Annual General Meeting held on 22 May 2017

# Corporate Governance **Overview Statement**

cont'd

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

### III. REMUNERATION cont'd

#### Practices 7.1 and 7.2 Disclosure of Remuneration of Directors and Senior Management cont'd

Details of Directors' remuneration on a named basis for the financial year ended 31 December 2017 are as follows:-

	Company Fees (RM)	Subsidiaries Fees (RM)	Salary & Bonus (RM)	Benefits-in Kind (RM)	Retirement Benefit (RM)	Other Emoluments (RM)	Total (RM)
<b>Executive Director</b>							
A.Shukor bin S.A. Karim	-	-	600,000	-	150,000	200,000	950,000
<b>Non-Executive Directors</b>							
Dato' Iskandar Mizal Bin Mahmood <sup>(1)</sup>	8,877	-	-	-	-	3,000	11,877
Mohamed Ridza Bin Mohamed Abdulla	75,000	5,000	-	-	-	35,000	115,000
Abdul Halim bin Jantan	35,000	4,836	-	-	-	27,500	67,336
Datuk Adi Azuan Bin Abdul Ghani	35,000	20,000	-	-	-	24,500	79,500
Anis Zuhani Binti Ahmad	35,000	5,000	-	-	-	13,500	53,500
Dato' Richard George Azlan Bin Abas	35,000	10,000	-	-	-	12,000	57,000
Tan Sri Dato' Hashim Bin Meon <sup>(2)</sup>	111,630	5,000	-	-	-	18,000	134,630
Dato' Sri Syed Saleh Bin Syed Abdul Rahman <sup>(3)</sup>	25,548	10,000	-	-	-	4,500	40,048
Datuk Nor Badli Munawir bin Mohamad Alias Lafti <sup>(4)</sup>	7,219	-	-	-	-	1,500	8,719

Note:-

- <sup>(1)</sup> Dato' Iskandar Mizal bin Mahmood appointed as a Director and Chairman of the Board on 8 November 2017.
- <sup>(2)</sup> Tan Sri Dato' Hashim bin Meon resigned as a Director and Chairman of the Board on 31 October 2017.
- <sup>(3)</sup> Dato' Sri Syed Saleh bin Syed Abdul Rahman resigned as a Director on 7 September 2017.
- <sup>(4)</sup> Datuk Nor Badli Munawir bin Mohamad Alias Lafti resigned as a Director on 27 January 2017.

# Corporate Governance **Overview Statement**

cont'd

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

### III. REMUNERATION cont'd

#### Practices 7.1 and 7.2 Disclosure of Remuneration of Directors and Senior Management cont'd

During the financial year, the RC conducted a review of the remuneration levels of the Directors taking into account various factors which include the time commitment required, the fiduciary and statutory duties required under the various laws and regulations.

(i) *Directors' Fees of the Company*

	Number	Proposed Fees Per Annum (RM)
Chairman of the Board	1	60,000
Chairman of the ARMC	1	50,000
Non-Executive Directors	5	30,000
Group Managing Director & CEO	1	-
<b>TOTAL</b>	<b>8</b>	<b>260,000</b>

The Company will be seeking the approval of the shareholders for the Proposed Director Fees of RM260,000 for the financial year ending 31 December 2018 in the forthcoming Twenty-Fifth (25th) Annual General Meeting ("AGM"). The fees will not be paid until the approval of the shareholders is obtained in the forthcoming AGM.

(ii) *Meeting Allowance*

	Board Per Meeting (RM)	ARMC Per Meeting (RM)	NC / RC Per Meeting (RM)
Chairman	3,000	3,000	2,000
Non-Executive Member	1,500	2,500	1,500
Group Managing Director & CEO	-	-	-

The Company will be seeking the approval of the shareholders for the payment of directors' benefits for an amount of RM228,000 from the Twenty-Fifth (25th) AGM up to the next AGM of the Company.

# Corporate Governance **Overview Statement**

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

### **III. REMUNERATION cont'd**

#### **Practices 7.1 and 7.2 Disclosure of Remuneration of Directors and Senior Management cont'd**

##### *(iii) Director's Fees of Subsidiary Companies*

The Directors who also sit on the Board of the subsidiary companies are to be paid RM5,000 per annum per company after considering the fiduciary duties and responsibilities expected of the Directors sitting on their respective Boards.

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

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

##### *(v) Group Managing Director & Chief Executive Officer ("CEO")*

The CEO is not entitled to the above Directors' fee or any meeting fees for Board or Board Committee meetings he attends for the Company or subsidiary companies. The CEO's remuneration package reflected in his service contract is structured taking into account the fixed compensation which includes basic salaries and allowances including retirement benefits, leave passage and hospitalisation and surgical insurance and a variable performance-linked bonus. The CEO's contract is reviewed every two (2) years.

##### *(vi) Senior Management*

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

##### *(vii) 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 RM20,000,000 for any one (1) claim and in aggregate of all claims. The premium incurred by the Company is RM73,485.

# Corporate Governance **Overview Statement**

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## **PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT**

### **Practice 8.1 Audit and Risk Management Committee Composition and Chairman**

#### **Audit and Risk Management Committee (“ARMC”)**

The primary objective of the ARMC is to assist the Board in fulfilling its responsibility relating to accounting, risk management and reporting practices of the Group. The ARMC is accorded all resources required to perform its duties, have full and unrestricted access to any information pertaining to the Group, have direct communication channels with the external and internal Auditors and is entitled to obtain any external legal or other independent professional advice as necessary. The composition of the ARMC is as follows:-

Mohamed Ridza bin Mohamed Abdulla (Chairman)  
*(Senior Independent Non-Executive Director)*

Abdul Halim bin Jantan (Member)  
*(Independent Non-Executive Director)*

Datuk Adi Azuan bin Abdul Ghani (Member)  
*(Non-Independent Non-Executive Director)*

The Terms of Reference is detailed in the ARMC report on pages 58 to 62 of the Annual Report.

### **Practice 8.2 and 8.3 Oversight and Assessment of the Suitability and Independence of External Auditors**

The Company’s independent External Auditors fill an essential role for the shareholders by enhancing the reliability of the Group’s financial statements and giving assurance of that reliability to users of the financial statements.

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 approved accounting standards in Malaysia. The external auditors attend ARMC meetings when necessary and have direct access to the ARMC and Internal Auditors for independent discussion.

#### **Independence of Auditors**

The Board through the ARMC reviews and assess the independence of the External Auditors on a yearly basis. The ARMC works closely with the Management team in assessing the suitability of the external auditor. The areas of assessment include among others, the external auditors’ objectivity and independence, audit fees, size and competency of the audit team, audit strategy, audit reporting and partner involvement.

# Corporate Governance **Overview Statement**

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

### **Practice 8.2 and 8.3 Oversight and Assessment of the Suitability and Independence of External Auditors cont'd**

#### **Independence of Auditors cont'd**

The External Auditors, in supporting their independence, provided the ARMC with a written assurance confirming their independence throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements. The External Auditors have provided such declaration in their annual audit plan presented to the ARMC of the Company during the financial year.

In the event a former audit partner is appointed as a member of the ARMC, the former key audit partner is to observe a cooling-off period of at least two (2) years before being appointed.

The ARMC meets periodically to carry out its functions and duties pursuant to its terms of reference. During the financial year, the ARMC met the External Auditors twice without the presence of the Management.

The non-statutory audit fees incurred for services rendered to the Group by KPMG for FY2017 was RM30,000 (FY2016 : RM15,000)

The Board has considered the non-audit fees provided during the year by KPMG and is satisfied that the provision of those non-audit services during the year by KPMG does not compromise the Auditors' independence.

The ARMC and the Board are satisfied with the performance, competence and independence of the External Auditors and the Board had recommended their re-appointment for shareholders' approval at the forthcoming AGM.

#### **Practice 8.4 (Step Up) Independence of the Audit and Risk Management Committee**

The ARMC currently comprise of three (3) members and all members are Non-Executive Directors with the majority being independent.

#### **Practice 8.5 Financial Literacy of the Audit and Risk Management Committee ("ARMC")**

The ARMC possess the right mix of skills to discharge its duties effectively. The Committee is led by Encik Mohamed Ridza bin Mohamed Abdulla with legal and corporate background. Datuk Adi Azuan bin Abdul Ghani is a member of the Malaysian Institute of Accountants (MIA) and he possesses financial knowledge to provide satisfactory input on financial matters. Encik Abdul Halim bin Jantan possesses vast experience in the field of insurance, information technology and risk management. All the ARMC members are financially literate and equipped with the required business skills.

#### **Practices 9.1 and 9.2 Risk Management and Internal Control Framework**

The Board has an overall responsibility in maintaining a sound internal control system that provides reasonable assurance of effective and efficient operations and compliance with internal procedures and guidelines.

# Corporate Governance **Overview Statement**

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

### **Practices 9.1 and 9.2 Risk Management and Internal Control Framework cont'd**

An Enterprise Risk Management Framework has been established to ensure that the risk management framework is embedded and consistently adopted throughout the Group. A summary of the material risks that could affect the Group are monitored for changes in their exposure and are reported to the Board and ARMC during the course of the year, along with their related controls and action plans.

The Group's approach to risk management and the principal risks faced by the Group are discussed in the Statement on Risk Management and Internal Control as set out on page 65 to 70 of the Annual Report.

### **Practice 9.3 Establishing a Risk Management Committee**

The Audit Committee was merged with the Risk Management Committee to form an Audit and Risk Management Committee with effect from 1 December 2012.

The ARMC comprised of three members, majority of whom are Independent Non-Executive Directors.

### **Practices 10.1 and 10.2 Internal Audit Function**

The Internal Audit & Risk Management Department ("IARMD") is an in-house department, independent of the activities or operations of other business and operating units. None of the internal audit personnel has any relationships or conflict of interest that could impair their objectivity and independence in conducting their internal audit functions. Currently, the IARMD comprises of three (3) staff and is headed by Noor' Azita binti Ibrahim. She holds a Bachelor In Accounting (Hons) and is a Chartered Accountant and member of the Malaysian Institute of Accountants and an Associate Member of The Institute of Internal Auditor Malaysia.

The Head of the IARMD reports directly to the ARMC with administrative reporting to the CEO, to perform regular review and appraisal of the effectiveness of risk management, internal control and governance processes of the Group. Accordingly, activities carried out include risk assessment and internal audits addressing both financial and operational aspects.

The internal audit function of the Group is carried out in accordance with a risk-based approach steered by internal policies, procedures and the Internal Control – Integrated Framework issued by The Committee of Sponsoring Organisations of Treadway Commission.

The planning process for the year's audit work is undertaken by the internal audit team. Internal audit conducted in the previous years, key risk areas and fundamental controls are incorporated into the selection of the audit programme, which is approved by the ARMC.



# Corporate Governance **Overview Statement**

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

### **Practices 10.1 and 10.2 Internal Audit Function cont'd**

In carrying out internal audit review, detailed reports were issued to the ARMC covering operational aspects such as procurement and tendering processes, contract and project management. Apart from highlighting any deficiency or areas requiring the management's attention, the reports also included recommendations as well as proposed corrective actions to be implemented by the management. Follow-up audits were then carried-out to determine whether corrective actions had been taken by the management.

The Head of the Internal Audit also provides assurance to the Board that the internal controls are operating effectively and was also given the opportunity to meet with the ARMC without the presence of the management.

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

### **Financial reporting**

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

### Statement of Directors' Responsibilities

The financial statements of the Group and of the Company have been drawn up in accordance with Malaysian Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors take responsibility in ensuring that the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of the results and the cash flows of the Group and of the Company for the financial year then ended.

In preparing the financial statements, the Directors have:

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

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

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## **PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH SHAREHOLDERS cont'd**

### **Corporate Disclosures Policies and Procedures**

#### **Practice 11.1 Communication with Stakeholders**

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

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

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

c/o        Theta Edge Berhad  
            A-3A-3A, Block A Oasis Square Office  
            Jalan PJU 1A/7A, Ara Damansara  
            47301 Petaling Jaya  
            Selangor Darul Ehsan

Email : [SID@theta-edge.com](mailto:SID@theta-edge.com)

Fax     : 603 7666 6968

#### **Practice 11.2 Integrated Reporting**

The Group has yet to adopt an integrated reporting.

#### **Practice 12.1 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. Extraordinary General Meetings are held as and when required.

The Company sends out the Notice of AGM and related circular to Shareholders at least 28 days before the meeting in order to facilitate the full understanding and evaluation of the issues involved.

# Corporate Governance **Overview Statement**

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## **PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH SHAREHOLDERS** cont'd

### **Practice 12.2 Directors to attend General Meetings**

All the Directors, including the Chairman of the ARMC, NC and RC 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.

### **Practice 12.3 Electronic Voting**

The Company's General Meetings had been held in the Klang Valley since several past General Meetings and not in remote location. The venue of the General Meetings is easily assessable by the shareholders.

Considering the cost involved, it is currently not economically justifiable to enable voting in absentia or remote shareholders' participation.

The existing proxy form authorising proxies or Chairman of the meeting or in the case of a corporation, the appointment of a corporate representative is an alternative measure adopted by the Company.

At the 24<sup>th</sup> AGM of the Company, all resolutions are put to the vote and Independent Scrutineer was appointed to verify the votes and the results of the voting are announced instantaneously at the Meeting. The outcome of the General Meeting is promptly announced to Bursa Securities after the General Meeting.

## **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 2017 of the Company which is available in the Company's website at [www.theta-edge.com](http://www.theta-edge.com).

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

This statement was presented and approved at the Board of Directors' Meeting held on 13 March 2018.