

STATEMENT OF CORPORATE GOVERNANCE

PENYATA TADBIR URUS KORPORAT

HeiTech believes that a culture of transparency, accountability, and integrity is paramount to ensuring its survival and growth in the industry. The present challenging business environment has made it more vital for HeiTech to ensure that the highest standard of Corporate Governance is adopted. The success of any good governance initiative will depend on how the people are led and the policies and processes are implemented. With that in mind, we are pleased to report the application of the Principles and Best Practices of Corporate Governance, as set out in Part I and II of the Malaysian Code of Corporate Governance (“the Code”), and Paragraph 15.25 of Bursa Malaysia Securities Berhad listing Requirements.

Board of Directors

A healthy Board culture which encourages and safeguards good governance practices will ensure that shareholders’ interests are protected. It is also important for the Board of Directors (“Board”) to have a clear understanding of their roles and responsibilities. Therefore, the selection of the right candidates, with the appropriate skills and the required characteristics are crucial in order to achieve the above stated objective and maintain its effectiveness. The necessary safeguards, such as the appointment of a Senior Non-Executive Director, separation of the roles between the Chairman and the CEO, and the enlisting of candidates from diverse backgrounds, have been adopted. This is to ensure the necessary checks and balances are in place and for the Board to effectively discharge their duties. Currently, the Board consists of ten (10) members, comprising of two (2) Executive Directors and eight (8) Non- Executive Directors, six (6) of which are independents.

Senior Independent Non-Executive Director

One of the longest serving members of the Board, Y. Bhg. Tan Sri Dato’ Mohd Zuki bin Kamaluddin, with his knowledge, capabilities and experience, is the Senior Independent Non-Executive Director of the Board, to whom concerns pertaining to HeiTech may be conveyed by the shareholders. Y. Bhg. Tan Sri is free of any relations that could interfere with the exercise of independent judgment.

Balance of the Board

The selection of individuals with the required mix of skills and experiences are paramount in order for the Board to be able to provide a clear and effective leadership whilst promulgating good governance practices. The Board selects, after recommendation from the Nomination Committee, individuals from business, legal, financial, taxation, accounting, insurance, and information technology, to shepherd HeiTech in achieving its business objectives and targets.

Chairman and Chief Executive Officer

The roles of the Chairman and Chief Executive Officer are separated so that it would facilitate better workings of HeiTech and increases accountability of the individuals concerned. Dato’ Mohd Hilmey bin Mohd Taib, in his capacity as Executive Chairman, manages the Board and provide strategic direction whilst Haji Safiee bin Mohamad, in his capacity as President, manages the operation side of the business.

The Board Principal Responsibilities

The Board’s fundamental roles are as follows:

- (1) Evaluate the CEO’s performance and review HeiTech’s succession plans for the CEO and other elected officers;
- (2) Review investment and business plans of HeiTech and monitor the performance relative to the achievement of those plans;
- (3) Consider strategic issues and exposed risks to HeiTech;
- (4) Approve policies of corporate conduct that continue to promote and maintain the integrity of HeiTech;
- (5) Review the adequacy and integrity of HeiTech’s internal control systems, management information systems, including systems for compliance with applicable laws, regulations, rules directives and guidelines; and
- (6) Oversee the Investor Relations programs of HeiTech.

Board of Directors Meetings (Frequency of Meetings)

The Board meets at least four (4) times a year, to deliberate and approve HeiTech’s corporate proposals, strategic business plans and directions and other matters that require the Board’s attention. Meetings of the Audit Committee are also held in conjunction with the regularly scheduled meetings, in order to ensure HeiTech’s system of internal control is continuously in place. The Remuneration Committee meets once a year, to discuss matters in relation to directors’ fees and employees’ remuneration. The Board also conducts strategic planning meetings involving the management, to map out HeiTech’s business direction.

Conduct of Meetings (Board Agenda)

The Chairman of the Board and chairpersons of the Board’s committees outline the agendas for the Board and committee meetings. The Chairman and chairpersons of the respective committees review the Board and committees’ agendas respectively. In relation to the Board, each director is free to suggest items for the agenda, and each director is free to raise issues and concerns at any Board meeting.

HeiTech percaya bahawa budaya ketelusan, akauntabiliti dan integriti merupakan elemen utama untuk memastikan kelangsungan dan pertumbuhan dalam industri. Memandangkan persekitaran perniagaan ketika ini adalah mencabar, HeiTech merasakan bahawa piawaian Tadbir Urus yang paling tinggi harus diterapkan. Kejayaan mana-mana inisiatif tadbir urus yang baik bergantung kepada bagaimana warga kerja dipimpin serta dasar dan proses pelaksanaan. Oleh yang demikian, kami dengan sukacitanya mengemukakan laporan tentang penerapan Prinsip dan Amalan Terbaik Tadbir Urus, sebagaimana yang termaktub dalam Bahagian I dan II Kod Tadbir Urus Korporat Malaysia ("Kod"), dan Perenggan 15.25 Keperluan Penyenaaraian Bursa Malaysia Securities Berhad ("KP BMSB").

Lembaga Pengarah

Budaya Lembaga Pengarah ("Lembaga") yang sihat, yang menggalakkan dan memelihara amalan tadbir urus yang baik akan memastikan kepentingan pemegang saham terus dilindungi. Lembaga juga harus memahami dengan jelas peranan dan tanggungjawab mereka. Pemilihan calon yang tepat, dengan kemahiran yang sesuai dan ciri-ciri yang dikehendaki, sangat penting untuk memastikan objektif yang ditekankan. Elemen pelindung yang penting, seperti pelantikan Pengarah Bukan Eksekutif Kanan, pengasingan peranan antara Pengerusi dengan Ketua Pegawai Eksekutif, dan penyenaaraian calon dengan pelbagai latar belakang, diterapkan supaya wujudnya sekatan dan imbalan dan supaya Lembaga dapat menunaikan kewajipan mereka dengan berkesan. Pada masa ini, Lembaga terdiri daripada 10 ahli, iaitu dua (2) Pengarah Eksekutif dan lapan (8) Pengarah Bukan Eksekutif, di mana enam (6) daripada mereka adalah bebas.

Pengarah Bebas Bukan Eksekutif Kanan

Salah seorang daripada ahli Lembaga yang paling lama berkhidmat, Y. Bhg. Tan Sri Dato' Mohd Zuki bin Kamaluddin, dengan pengetahuan, keupayaan dan pengalaman beliau, merupakan Pengarah Bebas Bukan Eksekutif Kanan dalam Lembaga. Pemegang saham boleh menyampaikan sebarang perkara berhubung dengan HeiTech, kepada beliau. Y. Bhg. Tan Sri bebas daripada sebarang ikatan yang boleh mengganggu pelaksanaan keputusan yang bersifat bebas.

Keseimbangan Lembaga Pengarah

Pemilihan individu yang memiliki gabungan kemahiran dan pengalaman yang diperlukan adalah penting bagi membolehkan Lembaga memberikan kepimpinan yang jelas dan berkesan sambil menyebarkan amalan tadbir urus yang baik. Berdasarkan senarai calon yang dikemukakan oleh Jawatankuasa Pencalonan, Lembaga memilih individu-individu yang memiliki latar belakang perniagaan, perundangan, kewangan, percukaian, perakaunan, insurans, dan teknologi maklumat, untuk mengemudi HeiTech dalam mencapai objektif dan sasaran perniagaannya.

Pengerusi dan Ketua Pegawai Eksekutif

Peranan Pengerusi dan Ketua Pegawai Eksekutif diasingkan supaya pengendalian HeiTech berjalan dengan lebih lancar dan bertambahnya akauntabiliti individu yang berkenaan. Dato' Mohd Hilmey bin Mohd Taib, selaku Pengerusi Eksekutif, mengurus Lembaga dan menentukan hala tuju strategi sementara Haji Safiee bin Mohamad, selaku Presiden pula mentadbir dari sudut operasi.

Tanggungjawab Utama Lembaga Pengarah

Peranan asas Lembaga adalah seperti berikut:

- (1) Menilai prestasi Ketua Pegawai Eksekutif dan mengkaji semula pelan penggantian Ketua Pegawai Eksekutif dan pegawai lain yang dipilih bagi HeiTech;
- (2) Mengkaji semula pelan pelaburan dan perniagaan HeiTech dan memantau prestasi berkaitan dengan pencapaian pelan tersebut;
- (3) Menimbangkan isu berkaitan strategi dan risiko yang terdedah kepada HeiTech;
- (4) Meluluskan dasar polisi pengendalian korporat yang terus menggalakkan dan memelihara integriti HeiTech;
- (5) Mengkaji semula kecukupan dan integriti sistem kawalan dalaman, sistem maklumat pengurusan, termasuk sistem bagi pematuhan undang-undang yang diterima pakai, peraturan, arahan peraturan dan garis panduan HeiTech; dan
- (6) Menyelia program hubungan pelabur bagi HeiTech.

Mesyuarat Lembaga Pengarah (Kekerapan Mesyuarat)

Lembaga mengadakan mesyuarat sekurang-kurangnya empat (4) kali setahun, untuk menimbangkan dan meluluskan cadangan korporat, pelan perniagaan strategik dan hala tuju HeiTech serta perkara-perkara lain yang memerlukan perhatian Lembaga. Mesyuarat Jawatankuasa Audit turut diadakan bersama mesyuarat biasa yang dijadualkan itu, untuk memastikan sistem kawalan dalaman Kumpulan sentiasa berfungsi. Jawatankuasa Ganjaran bermesyuarat setahun sekali untuk membincangkan perkara yang bersangkutan dengan fi pengarah dan ganjaran pekerja. Lembaga juga mengadakan mesyuarat perancangan strategi yang melibatkan pihak pengurusan, untuk merangka hala tuju perniagaan HeiTech.

Kaedah Mesyuarat (Agenda Lembaga)

Pengerusi Lembaga dan para pengerusi jawatankuasa Lembaga menggariskan agenda bagi mesyuarat Lembaga dan jawatankuasa. Pengerusi dan para pengarah bagi jawatankuasa masing-masing, meninjau agenda mereka seperti sepatutnya. Berhubung dengan Lembaga, setiap pengarah bebas untuk mencadangkan perkara untuk dimasukkan dalam agenda, dan setiap pengarah bebas mengutarakan isu dan kemusykilan dalam mana-mana mesyuarat Lembaga.

STATEMENT OF CORPORATE GOVERNANCE

PENYATA TADBIR URUS KORPORAT

Distribution of Meeting Materials

Meeting materials are furnished in advance prior to each Board meeting, to ensure members will be well informed before deliberation on any issue.

The Board's Attendance

Details of the Board Meetings held during the financial year ended 31 December 2010 are set forth below:-

Number of Meetings	Date/Time	Total Board Members	Attendance by Board Members	%
1st Meeting	07/01/2010 11.30 a.m.	9	8/9	88.9
2nd Meeting	23/02/2010 11.30 a.m.	9	8/9	88.9
3rd Meeting	21/04/2010 11.30 a.m.	10	10/10	100
4th Meeting	20/05/2010 11.30 a.m.	10	9/10	90
5th Meeting	24/08/2010 11.30 a.m.	10	9/10	90
6th Meeting	30/11/2010 11.30 a.m.	10	8/10	80
7th Meeting	22/12/2010 11.30 a.m.	10	7/10	70

* The above meetings were held in the HeiTech's Board Room located at Level 15, HeiTech Village, Persiaran Kewajipan, USJ 1, UEP Subang Jaya, Selangor Darul Ehsan.

Details of attendance

Members of the Board	Attendance	%
Dato' Mohd Hilmey bin Mohd Taib	7/7	100
Haji Safiee bin Haji Mohammad	6/7	85.71
Tan Sri Dato' Mohd Zuki bin Kamaluddin	6/7	85.71
Syed Agel bin Syed Salim	5/7	71.43
Dato' Ab. Halim bin Mohyiddin	6/7	85.71
Dato' Wan Jaafar@ Wan Mohd. bin Abdullah	5/7	71.43
Haji Ghazali bin Awang	7/7	100
Dato' Mohd Fadzli bin Yusof	7/7	100
Tan Sri Dato' Sri Abi Musa Asa'ari bin Mohamed Nor	5/7	71.43
Mr. Ou Shian Waei	5/5	100

HeiTech Company Secretaries

The Company Secretaries provide the Board with guidance on the discharge of its responsibilities. They also act as the primary point of contact and source of advice to all Directors. Khaeruddin Sudharmin and Noriswadi bin Ismail, are the Company Secretaries of HeiTech. They are responsible to effectively manage the meetings of

the Board and its committees. Besides being the Board's compliance advisors, they are also responsible to escalate all of the Board's resolution to the Management for its further action.

Access to Advice

The Board and its committees have direct access to the officers and employees of HeiTech and may engage independent third party they deem necessary, in discharging their duties and fulfilling their obligations. They possess the authority to approve the fees and retention terms of any appointed independent consultants.

Appointment and Re-election of Directors (Selection of Directors)

The responsibility of identifying candidates for directorship and the re-election rests with the Nomination Committee, in accordance with its terms of reference. Potential candidates are screened for the ideal mix of capabilities, experience, and expertise. Inputs from other directors are also taken into consideration in examining eligibility.

Pengedaran Bahan Mesyuarat

Bahan mesyuarat dibekalkan lebih awal sebelum berlangsungnya setiap mesyuarat Lembaga. Ini bagi memastikan ahli mendapat maklumat yang secukupnya sebelum mempertimbangkan apa-apa isu.

Kedatangan Lembaga

Butiran mengenai Mesyuarat Lembaga yang dilangsungkan dalam tahun kewangan yang berakhir pada 31 Disember 2010 dinyatakan seperti di bawah:-

Bilangan Mesyuarat	Tarikh/Masa	Jumlah Ahli Lembaga	Kedatangan Ahli Lembaga	%
Mesyuarat Pertama	07/01/2010 11.30 pagi	9	8/9	88.9
Mesyuarat Kedua	23/02/2010 11.30 pagi	9	8/9	88.9
Mesyuarat Ketiga	21/04/2010 11.30 pagi	10	10/10	100
Mesyuarat Keempat	20/05/2010 11.30 pagi	10	9/10	90
Mesyuarat Kelima	24/08/2010 11.30 pagi	10	9/10	90
Mesyuarat Keenam	30/11/2010 11.30 pagi	10	8/10	80
Mesyuarat Ketujuh	22/12/2010 11.30 pagi	10	7/10	70

* Mesyuarat di atas diadakan di Bilik Lembaga Pengarah yang terletak di Aras 15, HeiTech Village, Persiaran Kewajipan, USJ 1, UEP Subang Jaya, Selangor Darul Ehsan.

Butiran kedatangan

Ahli Lembaga	Kedatangan	%
Dato' Mohd Hilmey bin Mohd Taib	7/7	100
Haji Safiee bin Haji Mohammad	6/7	85.71
Tan Sri Dato' Mohd Zuki bin Kamaluddin	6/7	85.71
Syed Agel bin Syed Salim	5/7	71.43
Dato' Ab. Halim bin Mohyiddin	6/7	85.71
Dato' Wan Jaafar@ Wan Mohd. bin Abdullah	5/7	71.43
Haji Ghazali bin Awang	7/7	100
Dato' Mohd Fadzli bin Yusof	7/7	100
Tan Sri Dato' Sri Abi Musa Asa'ari bin Mohamed Nor	5/7	71.43
Mr. Ou Shian Waei	5/5	100

Setiausaha Syarikat bagi Kumpulan

Setiausaha Syarikat memberikan panduan kepada Lembaga tentang pelaksanaan tanggungjawab Lembaga. Mereka juga bertindak sebagai orang tengah dan sumber nasihat utama kepada semua Pengarah. Khaeruddin Sudharmin dan Noriswadi bin Ismail, merupakan Setiausaha Syarikat bagi HeiTech. Mereka bertanggungjawab dalam menguruskan mesyuarat Lembaga dan jawatankuasa-jawatankuasanya dengan berkesan. Di samping selaku penasihat kepada Lembaga mengenai soal pematuhan, mereka juga

bertanggungjawab untuk memanjangkan segala resolusi Lembaga kepada pihak Pengurusan supaya tindakan lanjut dapat diambil.

Akses kepada Nasihat

Lembaga dan jawatankuasanya boleh berhubung terus dengan pegawai dan pekerja di HeiTech dan boleh mendapatkan khidmat penasihat bebas jika difikirkan perlu demi tugas dan kewajipan mereka. Mereka mempunyai kuasa untuk meluluskan fi dan tempoh penggunaan khidmat mana-mana perunding bebas yang dilantik.

Pelantikan dan Pemilihan Semula Pengarah (Pemilihan Pengarah)

Tanggungjawab mengenal pasti calon bagi mengisi jawatan pengarah dan pemilihan semula terletak pada bahu Jawatankuasa Pencalonan menurut bidang tugasnya. Calon yang berpotensi ditapis untuk memastikan hanya mereka yang memiliki gabungan keupayaan, pengalaman, dan kepakaran yang ideal sahaja dipilih. Pandangan daripada pengarah lain juga dipertimbangkan dalam meneliti kelayakan mereka.

STATEMENT OF CORPORATE GOVERNANCE

PENYATA TADBIR URUS KORPORAT

Directors' Retirement

Paragraph 7.26 of the LR of BMSB states that each Director, including the Executive Directors, shall retire from office at least once in three (3) years. In accordance with the said stipulation and the HeiTech's Articles of Association, all appointed directors may hold office until the first Annual General Meeting ("AGM") subsequent to their appointment and shall be then eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that AGM.

Pursuant to Section 129(2) of the Companies Act, 1965, the office of a director over the age of seventy (70) years, becomes vacant at every AGM unless he is reappointed by a resolution passed in such AGM of which no shorter notice than that required for the AGM has been given and the majority by which such resolution is passed is not less than three fourths of all members present and voting at such AGM.

On the director retirement, the Company Secretaries shall advise the Directors that fall within these provisions at the coming AGM. The details of Directors who are due for retirement and eligible for re-election are set out in the Notice of the AGM from pages 4 to 9 of this Annual Report.

The Board's Committee

The Board has the following five committees - Audit, Nomination, Remuneration, ESOS and Voluntary Separation Scheme ("VSS"). Members of these committees meet the criteria for independence of LR of BMSB. Each committee has a defined written charter and terms of reference, approved by the Board, which describes the committee's authorities and responsibilities. The Chairs report on the items discussed and actions taken at their meetings to the Board following each meeting. The committees' materials are furnished in advance so as to allow for effective deliberation of the issues in each meeting. Each committee undertakes an annual review of its charter and terms of reference and works with the Board to make appropriate revisions. When necessary, the Board may, from time to time, establish and maintain additional committees. Members of the Board's committees are expected to attend all meetings.

Audit Committee

Members	Status	Number of Meetings
Tan Sri Dato' Mohd Zuki bin Kamaluddin (Chairman)	Independent Non-Executive	9/9
Dato Ab. Halim bin Mohyiddin	Independent Non-Executive	8/9
Haji Ghazali bin Awang	Independent Non-Executive	9/9
Syed Agel bin Syed Salim	Non-Independent Non-Executive	7/9

Details of the composition, terms of reference, and the Audit Committee Report are set out on pages 126 to 132 of this Annual Report.

Nomination Committee (Board and Committee Performance Evaluation)

The Nomination Committee reviews and recommends nominees for membership on the Board. Before selecting a candidate, the Committee receives inputs from the Chairman and other Board members. A process has also been implemented in order to assess the effectiveness of the board as a whole. It is the belief of the Board that its membership should bring to HeiTech a broad range of experience, knowledge and judgment. A candidate's breadth of experience should enable him or her to contribute meaningfully to the governance of HeiTech. In reviewing a candidate, the Committee follows a process established whereby it considers the integrity of the candidate, skills and knowledge, and experience. This will be appropriately documented. HeiTech expects a high level of involvement from the directors and will also take into consideration a candidate's performance on other boards, to assess his or her competency and availability to serve HeiTech,

Nomination Committee

Members	Status
Dato' Ab. Halim bin Mohyiddin	Independent Non-Executive
Haji Ghazali bin Awang	Independent Non-Executive
Tan Sri Dato' Sri Abi Musa Asa'ari bin Mohamed Nor	Independent Non-Executive

Persaraan Pengarah

Perenggan 7.26 KP BMSB menyatakan bahawa perkhidmatan setiap Pengarah, termasuk Pengarah Eksekutif, akan tamat sekurang-kurangnya sekali dalam setiap tiga (3) tahun. Menurut ketetapan berkenaan dan Tataurusu Persatuan Syarikat, semua pengarah yang dilantik boleh memegang jawatan sehingga Mesyuarat Agung Tahunan ("AGM") yang pertama selepas mereka dilantik dan kemudiannya layak untuk dipilih semula tetapi tidak diambil kira dalam penentuan persaraan Pengarah mengikut giliran dalam AGM tersebut.

Menurut Seksyen 129(2) Akta Syarikat, 1965, jawatan pengarah yang mencapai umur melebihi tujuh puluh (70) tahun, adalah kosong dalam setiap AGM melainkan beliau dilantik semula melalui resolusi yang diluluskan dalam AGM tersebut di mana notis secukupnya diberikan, sebagaimana yang dikehendaki oleh AGM tersebut, dan majoriti yang meluluskan resolusi itu adalah tidak kurang daripada tiga per empat daripada jumlah ahli yang hadir dan mengundi dalam AGM berkenaan.

Mengenai persaraan pengarah, Setiausaha Syarikat hendaklah menasihati Pengarah yang termasuk dalam peruntukan ini dalam AGM akan datang. Butiran mengenai Pengarah yang akan bersara dan layak untuk dipilih semula dinyatakan dalam Notis AGM dari halaman 5 hingga 9 dalam Laporan Tahunan ini.

Jawatankuasa Lembaga

Lembaga mempunyai lima jawatankuasa yang berikut - Audit, Pencalonan, Ganjaran, ESOS dan Skim Pemberhentian Sukarela ("VSS"). Ahli bagi jawatankuasa ini memenuhi kriteria bebas sepertimana yang diperuntukkan dalam KP of BMSB. Setiap jawatankuasa mempunyai piagam dan bidang tugas bertulis yang jelas, diluluskan oleh Lembaga, yang menghuraikan kuasa dan tanggungjawab jawatankuasa. Pengerusi melaporkan kepada Lembaga, perkara yang dibincangkan dan tindakan yang diambil dalam mesyuarat mereka selepas berlangsungnya setiap mesyuarat. Bahan dibekalkan lebih awal kepada ahli jawatankuasa supaya isu yang dibincangkan dalam setiap mesyuarat dapat dipertimbangkan dengan berkesan. Setiap jawatankuasa mengkaji semula piagam dan bidang tugasnya setiap tahun dan bekerjasama dengan Lembaga untuk membuat semakan yang sewajarnya. Bila perlu, lembaga boleh dari semasa ke semasa menubuh dan mengekalkan jawatankuasa tambahan. Ahli jawatankuasa Lembaga diharapkan menghadiri semua mesyuarat.

Jawatankuasa Audit

Ahli	Status	Bilangan Mesyuarat
Tan Sri Dato' Mohd Zuki bin Kamaluddin (Pengerusi)	Bebas Bukan Eksekutif	9/9
Dato Ab. Halim bin Mohyiddin	Bebas Bukan Eksekutif	8/9
Haji Ghazali bin Awang	Bebas Bukan Eksekutif	9/9
Syed Agel bin Syed Salim	Bukan Bebas Bukan Eksekutif	7/9

Butiran mengenai komposisi, bidang tugas dan Laporan Jawatankuasa Audit dibentangkan di halaman 126 hingga 133 dalam Laporan Tahunan ini.

Jawatankuasa Pencalonan (Penilaian Prestasi Lembaga dan Jawatankuasa)

Jawatankuasa Pencalonan menilai dan mencadangkan calon yang sesuai untuk menganggotai Lembaga. Sebelum memilih calon, Jawatankuasa menerima input daripada Pengerusi dan ahli Lembaga yang lain. Suatu proses turut dilaksanakan supaya Lembaga seluruhnya dapat dinilai keberkesanannya. Lembaga percaya bahawa ahli-ahlinya akan memanfaatkan pelbagai pengalaman, pengetahuan dan pertimbangan mereka demi kebaikan HeiTech. Keluasan pengalaman seseorang calon diharapkan memungkinkan beliau memberikan sumbangan bermakna kepada tadbir urus HeiTech. Dalam membuat penelitian terhadap seseorang calon itu, Jawatankuasa mengikut suatu proses yang telah dibentuk. Dalam hal ini, integriti, kemahiran dan pengetahuan serta pengalaman calon itu dipertimbangkan. Semua dapatan ini didokumenkan dengan sewajarnya. HeiTech mengharapkan tahap penglibatan yang tinggi daripada pengarah dan juga akan menimbangkan prestasi calon yang menganggotai lembaga di syarikat lain untuk menilai kompetensi dan ketersediaan beliau untuk berkhidmat kepada HeiTech.

Jawatankuasa Pencalonan

Members	Status
Dato' Ab. Halim bin Mohyiddin	Bebas Bukan Eksekutif
Haji Ghazali bin Awang	Bebas Bukan Eksekutif
Tan Sri Dato' Sri Abi Musa Asa'ari bin Mohamed Nor	Bebas Bukan Eksekutif

STATEMENT OF CORPORATE GOVERNANCE

PENYATA TADBIR URUS KORPORAT

Employee Share Option Scheme (“ESOS”) Committee

This committee was set up to assist the Board in the proper implementation of the ESOS scheme under its By-Laws and Guidelines. This is undertaken with the proper execution of the ESOS, within the defined terms of reference and also with the establishment, amendment and resolution of rules and regulations relating to the scheme and its administration.

Members
Dato’ Ab. Halim bin Mohyiddin
Haji Ghazali bin Awang
Tan Sri Dato’ Sri Abi Musa Asa’ari bin Mohamed Nor

Voluntary Separation Scheme Committee

Members
Dato’ Mohd Hilmey bin Mohd Taib
Haji Safiee bin Mohammad
Dato’ Wan Jaafar @ Wan Mohd bin Abdullah
Haji Ghazali bin Awang

Director Orientation and Continuing Education

During the financial year under review, the Directors have attended individually or collectively, programs organized by professional bodies, to update themselves with new legal and regulatory developments.

The Level and Make-up of Remuneration

It is the policy of the Board that non-executive directors’ compensation should be based on knowledge, skills and experience that the director brings to HeiTech. The form and amount of director compensation will be determined by the Board upon the recommendation of the Remuneration Committee. The Remuneration Committee regularly reviews and compares the HeiTech’s board compensation to director compensation at peer companies that are also benchmarked for the HeiTech’s executive compensation program. Independent directors may not receive, directly or indirectly, any consulting, advisory or other compensatory fees from HeiTech.

Members	Status	No. of Meetings
Dato’ Ab. Halim bin Mohyiddin	Independent Non-Exec	1/1
Haji Ghazali bin Awang	Independent Non-Exec	1/1
Tan Sri Dato’ Sri Abi Musa Asa’ari bin Mohamed Nor	Independent Non-Exec	0/1

Disclosure on Directors’ Remuneration

HeiTech complies with Paragraph 7.23 of LR of BMSB on disclosure of Directors’ remuneration. The details of the remuneration, during the financial year ended 31 December 2010, are as follows:-

	Fees (RM)	Basic Salary (RM)	Bonus (RM)	Benefits in Kind	Other Emoluments (RM)	Total
Executive Directors	-	1,043,196.64		97,468.48	99,000	1,239,665.12
Non-Executive Directors	327,389.00					327,389.00

Jawatankuasa Skim Opsyen Saham Pekerja (“ESOS”)

Jawatankuasa ini ditubuhkan bagi membantu Lembaga dalam pelaksanaan skim ESOS yang teratur mengikut Undang-Undang Kecil dan Garis Panduannya. Matlamat utama Jawatankuasa ini adalah untuk memastikan skim ESOS dikendalikan dengan betul mengikut bidang tugas yang ditetapkan di samping menasihati Lembaga tentang penggubalan, pindaan dan ketetapan kaedah dan peraturan yang berkaitan dengan skim dan pentadbirannya.

Ahli
Dato' Ab. Halim bin Mohyiddin
Haji Ghazali bin Awang
Tan Sri Dato' Sri Abi Musa Asa'ari bin Mohamed Nor

Jawatankuasa Skim Pemberhentian Sukarela

Ahli
Dato' Mohd Hilmey bin Mohd Taib
Haji Safiee bin Mohammad
Dato' Wan Jaafar @ Wan Mohd bin Abdullah
Haji Ghazali bin Awang

Orientasi dan Pendidikan Berterusan Pengarah

Dalam tahun kewangan yang ditinjau, Pengarah, sama ada secara individu atau berkumpulan, menghadiri program anjuran badan profesional supaya mereka mengetahui perkembangan mutakhir undang-undang serta peraturan kawal selia.

Paras dan Komposisi Ganjaran

Menjadi dasar Lembaga bahawa ganjaran bagi pengarah bukan eksekutif haruslah berasaskan pengetahuan, kemahiran dan pengalaman yang pengarah tersebut manfaatkan untuk HeiTech. Bentuk dan amaun ganjaran pengarah akan ditentukan oleh Lembaga atas saranan Jawatankuasa Ganjaran. Jawatankuasa Ganjaran, secara berkala, meninjau dan membandingkan ganjaran Lembaga dengan ganjaran yang diberikan kepada pengarah di syarikat yang setaraf. Demikian juga halnya bagi program ganjaran untuk pengarah eksekutif. Pengarah bebas pula mungkin tidak diberikan, secara langsung atau tidak langsung, apa-apa bayaran khidmat perundingan, khidmat nasihat atau bayaran lain oleh HeiTech.

Ahli	Status	Bilangan Mesyuarat
Dato' Ab. Halim bin Mohyiddin	Bebas Bukan Eksekutif	1/1
Haji Ghazali bin Awang	Bebas Bukan Eksekutif	1/1
Tan Sri Dato' Sri Abi Musa Asa'ari bin Mohamed Nor	Bebas Bukan Eksekutif	0/1

Pendedahan tentang Ganjaran Pengarah

HeiTech mematuhi Perenggan 7.23 KP BMSB tentang pendedahan ganjaran Pengarah. Butiran ganjaran ini dalam tahun kewangan yang berakhir pada 31 Disember 2010, adalah seperti berikut:-

	Fi (RM)	Gaji Pokok (RM)	Bonus (RM)	Manfaat Bukan Wang	Emolumen Lain (RM)	Jumlah
Pengarah Eksekutif	-	1,043,196.64		97,468.48	99,000	1,239,665.12
Pengarah Bukan Eksekutif	327,389.00					327,389.00

STATEMENT OF CORPORATE GOVERNANCE

PENYATA TADBIR URUS KORPORAT

The number of Directors whose total remuneration falls within the following band:

Range of Remuneration	Executive	Non-Executive
0 to RM35,000		8
RM35,001 to RM50,000		
Rm50,001 to RM100,000		
RM100,001 to RM150,000		
RM150,001 to RM200,000		
RM200,001 to RM300,000		
RM300,001 to RM350,000		
RM350,001 to RM600,000	1	
RM600,001 to RM850,000	1	

Investor Relations and Shareholders Communications

The Board recognizes the importance of ensuring that its shareholders are well informed and updated on HeiTech's developments. Through its website at www.heitech.com.my, shareholders and the public may access information and updates on HeiTech, including announcements, quarterly results, and the Annual Report (in PDF format).

Prior to the AGM, HeiTech convenes analyst briefings with analysts and fund managers, to present the business and financial updates and conduct dialogue session with the attendees.

Investor Relations and Shareholders Communications

The public may address their queries regarding HeiTech to the following officers:-

- i) Haji Safiee bin Mohammad (President) – Tel: 03-8601 3000 or hjsafiee@heitech.com.my;
- ii) Encik Ahmad bin Abdul Ghani (Senior Vice President, Group Corporate Services – Tel: 03-8601 3000 or aaghani@heitech.com.my;
- iii) Encik Noriswadi bin Ismail (Group General Counsel & Company Secretary) – Tel: 03-8601 3000 or noriswadi@heitech.com.my
- iv) Encik Rosman bin Mustafa Kamar (for Investor Relation and Shareholders Communication) – Tel: 03-8601 3000 or rosmanmk@heitech.com.my

The AGM is an avenue for shareholders to inquire about the business, operations and activities of HeiTech. Notice of the AGM is given, depending on the business proposed to be transacted, at least 21 days before the meeting. Shareholders

are encouraged to participate during the Q&A session on any proposed resolution and HeiTech's operation in general. The external auditors are also available during the meeting to answer questions from the Shareholders. Shareholders are also able to raise their concerns by contacting HeiTech.

Accountability and Audit

HeiTech maintains reliable internal control systems to safeguard the interest of the Shareholders. The Board also adopts the principle of accountability and transparency in its financial reporting, the core elements of good governance practice. HeiTech has complied with the annual financial statement and quarterly announcements provided under the applicable Malaysian Approved Accounting Standards Board's requirement. It is the intention of HeiTech to present a balanced and comprehensive assessment of the position and potential of HeiTech at the end of the financial end. The Statement by the Directors pursuant to Section 169 of the Companies Act 1965 is available for reference at page 159 of this Annual Report.

Audit Committee

The Audit Committee comprises of four (4) directors, three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The Committee meets at least four (4) times a year at quarterly intervals, to review and approve the annual external and internal audit plans; review and approve audit and other fees of external auditors; ensure the independence and objectivity of the external auditors; review the internal audit process, adequacy of internal controls and assess the transaction of related party. In addition, the Audit Committee also functions as a platform for key management to raise concerns on possible irregularities for investigation under the whistle blowing provision of the Companies Act. The Audit Committee Report is detailed on pages 126 to 132 in this Annual Report.

Relationship with External Auditors

HeiTech's relationship with the external auditors is guided by the Malaysian Code of Corporate Governance to ensure adherence to the principles of professionalism, transparency, and integrity. The external auditors are invited to attend every Audit Committee Meetings (without the attendance of the Executive Directors) and AGM. The functions of the Audit Committee in dealing with the Internal and External Auditors are detailed in Audit Committee Report as set out on pages 126 to 132 in this Annual Report.

Bilangan Pengarah dengan jumlah ganjaran yang berada dalam lingkungan yang berikut:

Lingkungan Ganjaran	Eksekutif	Bukan Eksekutif
0 hingga RM35,000		8
RM35,001 hingga RM50,000		
Rm50,001 hingga RM100,000		
RM100,001 hingga RM150,000		
RM150,001 hingga RM200,000		
RM200,001 hingga RM300,000		
RM300,001 hingga RM350,000		
RM350,001 hingga RM600,000	1	
RM600,001 hingga RM850,000	1	

Perhubungan Pelabur dan Komunikasi Pemegang Saham

Lembaga menyedari pentingnya dalam memastikan pemegang saham dimaklumkan dan diberikan maklumat terkini tentang perkembangan HeiTech. Melalui laman sesawangnya, www.heitech.com.my, pemegang saham dan orang ramai boleh mengakses maklumat dan berita terkini tentang HeiTech, termasuk pengumuman, laporan suku tahun dan Laporan Tahunan (dalam format PDF).

Sebelum berlangsungnya AGM, HeiTech akan mengadakan sesi taklimat penganalisis bersama penganalisis dan pengurus dana, untuk membentangkan berita terkini tentang perniagaan dan kewangan serta mengadakan sesi dialog dengan hadirin.

Perhubungan Pelabur dan Komunikasi Pemegang Saham

Orang ramai boleh mengajukan pertanyaan mereka berhubung dengan HeiTech kepada pegawai berikut:-

- i) Haji Safiee bin Mohammad (Presiden) – Tel: 03-8601 3000 atau hjsafiee@heitech.com.my;
- ii) Encik Ahmad bin Abdul Ghani (Naib Presiden Kanan, Khidmat Korporat Kumpulan) – Tel: 03-8601 3000 atau aaghani@heitech.com.my;
- iii) Encik Noriswadi bin Ismail (Kaunsel Am & Setiausaha Syarikat Kumpulan) – Tel: 03-8601 3000 atau noriswadi@heitech.com.my
- iv) Encik Rosman bin Mustafa Kamar (Perhubungan Pelabur dan Komunikasi Pemegang Saham) – Tel: 03-8601 3000 atau rosmanmk@heitech.com.my

AGM merupakan saluran untuk pemegang saham mengajukan pertanyaan tentang perniagaan, operasi dan aktiviti HeiTech. Notis AGM diberikan, bergantung pada urusan yang dicadangkan, sekurang-kurangnya 21 hari sebelum mesyuarat berlangsung. Pemegang saham digalakkan supaya mengambil bahagian dalam sesi soal

jawab tentang sebarang ketetapan yang dicadangkan dan operasi HeiTech umumnya. Juruaudit luar juga hadir dalam mesyuarat tersebut untuk menjawab soalan daripada Pemegang Saham. Pemegang saham juga boleh menyuarakan kemusykilan mereka dengan menghubungi HeiTech.

Akauntabiliti dan Audit

HeiTech sentiasa memelihara sistem kawalan dalaman yang andal untuk melindungi kepentingan Pemegang Saham. Lembaga juga menerapkan prinsip akauntabiliti dan ketelusan dalam melaporkan kedudukan kewangannya. Ini merupakan elemen teras bagi amalan tadbir urus yang baik. HeiTech membentangkan penyata kewangan tahunan dan suku tahunan sebagaimana yang diperuntukkan di bawah keperluan Lembaga Piawaian Perakaunan Diluluskan di Malaysia yang diterima pakai. Menjadi hasrat HeiTech untuk mengemukakan penilaian yang seimbang dan komprehensif tentang kedudukan dan potensi HeiTech pada akhir tahun kewangan. Kenyataan Pengarah menurut Seksyen 169 Akta Syarikat 1965 boleh dirujuk di halaman 227 dalam Laporan Tahunan ini.

Jawatankuasa Audit

Jawatankuasa Audit terdiri daripada empat (4) pengarah, tiga (3) Pengarah Bebas Bukan Eksekutif dan seorang (1) Pengarah Bukan Bebas Bukan Eksekutif. Jawatankuasa mengadakan mesyuarat sekurang-kurangnya empat (4) kali setahun, iaitu setiap suku tahun, untuk meninjau dan meluluskan pelan audit dalaman dan luaran tahunan; meninjau dan meluluskan audit dan lain-lain fi kepada juruaudit luar; memastikan juruaudit luar adalah bebas dan objektif; meninjau proses audit dalaman, kecukupan sistem kawalan dalaman dan menilai urus niaga pihak yang berkaitan. Di samping itu, Jawatankuasa Audit turut berfungsi sebagai platform bagi pengurusan utama untuk menarik perhatian tentang kemungkinan berlakunya keluarbiasaan supaya dapat disiasat di bawah peruntukan pemberi maklumat yang termaktub dalam Akta Syarikat. Laporan Jawatankuasa Audit diperincikan di halaman 126 hingga 133 dalam Laporan Tahunan ini.

Perhubungan dengan Juruaudit Luar

Perhubungan HeiTech dengan juruaudit luar adalah berlandaskan Kod Tadbir Urus Korporat Malaysia bagi memastikan prinsip profesionalisme, ketelusan dan integriti dipatuhi. Juruaudit luar dijemput menghadiri setiap Mesyuarat Jawatankuasa Audit (tanpa kehadiran Pengarah Eksekutif) dan AGM. Fungsi Jawatankuasa Audit berhubung dengan Juruaudit Dalam dan Luar diperincikan dalam Laporan Jawatankuasa Audit seperti yang dibentangkan di halaman 126 hingga 133 dalam Laporan Tahunan ini.

STATEMENT OF CORPORATE GOVERNANCE

PENYATA TADBIR URUS KORPORAT

Internal Controls

The statement of HeiTech on internal controls is set out on pages 146 to 152 of this Annual Report.

Additional Compliance Information

The following information is provided in compliance with Appendix 9C, Part A, paragraph 9.25 LR of BMSB.

1. Options, Warrants or Convertible Securities
HeiTech did not issue any options, warrants or convertible securities during the financial year ended 31 December 2010.
2. Imposition of Sanction/Penalties
There were no sanctions and/or penalties imposed on HeiTech and/or its subsidiary companies, directors or management arising from any significant breach of rules/guidelines/legislation by the relevant regulatory bodies during the financial year ended 31 December 2010.
3. Material Contracts
Neither HeiTech and/or its subsidiary companies had entered into any material contracts which involved Directors' and major shareholders' interest during the financial year ended 31 December 2010, save as disclosed under Disclosure to BMSB on pages 154 to 155 of the Annual Report.
4. Non-Audit Fees
During the financial year ended 31 December 2010, apart from the audit fees, non-audit fees were paid in the following areas:

Tax accounting advisory work	- RM70,555, fees only (2009: 19,900 includes service tax and out-of-pocket expenses).
Review of Statement of Internal control	- RM8,800 fees only (2009: RM10,100 includes service tax and out-of-pocket expenses).

5. Profit Guarantee
There was no profit guarantee given by HeiTech during the financial year ended 31 December 2010.
6. Revaluation Policy on Landed Properties
There was no revaluation of properties of HeiTech done during the financial year ended 31 December 2010.
7. Share Buy Back
There was no share buy back exercise done during the financial year ended year ended 31 December 2010.
8. American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") program.
HeiTech did not sponsor any ADR or GDR program during the financial year ended 31 December 2010.

Statement of Compliance

In the opinion of the Board, HeiTech is in compliance with the Best practices in Corporate Governance as set out in the Malaysian Code on Corporate Governance. The Board will continue to promote and enhance the best practices of Corporate Governance through out HeiTech.

The statement is made in accordance with the resolution of the Board of Directors dated 14 April 2011.

Kawalan Dalaman

Kenyataan HeiTech mengenai kawalan dalaman dibentangkan di halaman 147 hingga 153 dalam Laporan Tahunan ini.

Maklumat Pematuhan Tambahan

Maklumat berikut ditampilkan sebagai mematuhi Perenggan Apendiks 9C, Bahagian A 9.25 KP BMSB.

1. **Opsyen, Waran atau Sekuriti Boleh Tukar**
HeiTech tidak menerbitkan sebarang opsiyen, waran atau sekuriti boleh tukar sepanjang tahun kewangan yang berakhir pada 31 Disember 2010.
2. **Pengenaan Sekatan/Penalti**
Tiada sekatan dan/atau penalti dikenakan oleh agensi kawal selia terhadap HeiTech dan/atau anak syarikat, pengarah atau pengurusannya atas apa-apa pelanggaran peraturan/garis panduan/undang-undang sepanjang tahun kewangan yang berakhir pada 31 Disember 2010.
3. **Kontrak Penting**
HeiTech dan/atau anak syarikatnya tidak memeterai sebarang kontrak penting yang melibatkan kepentingan Pengarah dan pemegang saham majoriti sepanjang tahun kewangan yang berakhir pada 31 Disember 2010, sebagaimana yang dinyatakan di bawah Pendedahan kepada BMSB di halaman 154 hingga 155 dalam Laporan Tahunan ini.
4. **Fi Bukan Audit**
Pada tahun kewangan yang berakhir pada 31 Disember 2010, selain fi audit, fi bukan audit dibayar dalam kategori berikut:

Khidmat nasihat perakaunan cukai - RM70,555, fi sahaja (2009: 19,900 termasuk cukai perkhidmatan dan belanja tunai langsung).

Semakan kenyataan kawalan dalam - RM8,800 fi sahaja (2009: RM10,100 termasuk cukai perkhidmatan dan belanja tunai langsung).

5. **Jaminan Keuntungan**
Tiada jaminan keuntungan diberikan oleh HeiTech sepanjang tahun kewangan yang berakhir pada 31 Disember 2010.
6. **Dasar Penilaian Semula Hartanah**
Tiada penilaian semula hartanah Kumpulan dilakukan sepanjang tahun kewangan yang berakhir pada 31 Disember 2010.
7. **Beli Balik Saham**
Tiada pembelian balik saham dilakukan sepanjang tahun kewangan yang berakhir pada 31 Disember 2010.
8. **Program American Depository Receipt ("ADR") atau Global Depository Receipt ("GDR")**
Kumpulan tidak menaja sebarang program ADR atau GDR sepanjang tahun kewangan yang berakhir pada 31 Disember 2010.

Kenyataan Pematuhan

Pada pendapat Lembaga, HeiTech mematuhi Amalan Terbaik Tadbir Urus Korporat sebagaimana yang termaktub dalam Kod Tadbir Urus Korporat Malaysia. Lembaga akan terus menggalakkan dan meningkatkan amalan terbaik Tadbir Urus Korporat ke HeiTech.

Kenyataan ini dibuat selaras dengan resolusi Lembaga Pengarah bertarikh 14 April 2011.