



CONFIDENTIAL & RESTRICTED

**HEITECH PADU BERHAD BOARD OF DIRECTORS
BOARD CHARTER**

© 2008 HeiTech Padu Berhad

Company Number: 310628-D

All rights reserved. No part of this publication may be reprinted, reproduced, store in a retrieval system or transmitted, in any form or by any means, without the prior permission in writing from the owners.

Introduction

The Board of Directors ("Board") of HeiTech Padu Berhad is steadfast in its commitment in maintaining the highest standard of Corporate Governance. The Board strives to uphold the very essence of good governance i.e. transparency, accountability and maximization of shareholders value.

The Board, as the ultimate business and strategic decision making body, plays a pivotal role in the sustainability and growth of the Group. These principles could only be achieved by adherence and practicing good governance practices.

All Board members are expected to act in a manner consistent with the principles of good governance, laws and regulation currently in place. Hence, the Board should, collectively, have sound and sufficient knowledge for them to provide effective governance and oversight.

A. Board Responsibilities

The Board will be the main decision making forum at the Group level. It will consider the following:-

- strategic issues and risks;
- approval of expenditure over certain limits in respect of its principal businesses;
- overall responsibility for strategic management of the business and affairs of the Group;
- establishment of Group strategy and capital raising and allocation;
- overseeing of the Group's operations, ensuring competent and prudent management, sound planning, proper procedures for the maintenance of adequate accounting and other records, systems of internal control, and for compliance with statutory and regulatory obligations.
- To facilitate the Board in carrying out its objectives, authority and formulating its terms of reference, these functions will be delegated to committees appointed by the Board, as and when required. There will be specific committees set up such as Employee Share Option Scheme, Voluntary Separation Scheme, Audit, Remuneration and Nominations Committees comprised of majority Non-executive Directors to which the powers of the Board will be devolved in certain circumstances. Matters not specifically delegated will be reserved to the Board.
- the Group's Executive Management Committee shall provide executive input to the Board, and will monitor and report to the Board on all operational and day to day activities in relation to the Group's principal businesses.

B. Detailed Responsibilities

The detailed responsibilities of the Board are to:

- Determine and review the Group's strategic direction including, as appropriate, the strategies for each of the principal business units.
- Determine the Group's key financial objectives.
- Consider emerging issues which may be material to the business and affairs of the Group.
- Keep under review and maintain the Group's capital and liquidity positions.
- Review and approve proposals for the allocation of capital and other resources within the Group.
- Approve material acquisitions and disposals of assets and share acquisitions and disposals which are significant in terms of the business of the Group.
- Approve material joint ventures, strategic partnerships and alliances which are significant in terms of the business of the Group.
- Review and approve the Group's annual capital and revenue budgets (and any material changes thereto).
- Receive monthly Business and Financial Reports from the principal business units and consolidated reports for the Group and review actual performance in the light of the Group's strategy, objectives, corporate and business plans and budgets.
- Consider and approve the Group's procedures for reviewing and monitoring risk, and receive regular reports thereon.
- Approve the Group's Annual Report and Accounts and its other published financial statements and other material and significant statements issued to shareholders or Bursa Malaysia Securities Berhad.
- Determine dividend policy (if any).
- Approve arrangements for Annual and Extraordinary General Meetings.
- Receive and consider high level reports on matters material to the Group, in particular:
 - Relationship with regulatory authorities;
 - Human resources' matters;
 - Information systems and technology;
 - Insurance coverage;
 - Disaster recovery;

- Litigation and claims;
 - Premises;
 - Investor and public relations; and
 - Corporate Social Responsibility.
- Establish and maintain appropriate accounting policies, and oversee the maintenance of adequate accounting and other records and systems of planning and internal control and inspection.
 - Consider and approve appointments to the Boards of the Group and the subsidiaries, the Group's Executive Management Committee, and approve remuneration arrangements for Executive Directors.
 - Receive the Minutes of and/or reports from the Boards of subsidiary/ies companies and the Committees of the Group's Board.
 - Review and, as appropriate, agree to changes in the terms of reference of subsidiary Boards and Committees established by the Board.

C. Board Membership Guidelines

i. Composition.

The Group upon the recommendation of the nomination committee selects qualified individuals from diversified areas of expertise, capable of contributing towards the well being of the Group. As stipulated by the Bursa Malaysia Listing Requirement ("Bursa LR") at least two (2) directors or one third (1/3) of the Board (whichever is higher) will consist of independent directors.

The tenure of an independent director shall not exceed a cumulative terms of nine (9) years unless redesignated as non-independent director or with the proper justification and shareholder's approval at the Annual General meeting retains the independent director role.

Before accepting the appointment to the Board, a candidate must be aware that he/she is required to devote sufficient time to attend to Group's matter.

ii. Chairman's Role

The principal role of the Chairman is to manage and provide leadership to the Board of Directors. The key to discharging this responsibility would be in ensuring that effective governance processes are in place. The Chairman is accountable to the Board and acts as a liaison between the Board and the Management of the Group.

The duties and responsibilities of the Chairman are as follows:-

- To act as a liaison between management and the Board;
- To provide independent advise and counsel to the Group Chief Executive Officer ("GCEO");
- To keep abreast of the activities of the Group and the management so that sufficient information is provided to enable the directors to form appropriate judgment;
- To set the Agendas for the meetings of the Board;
- To act as Chair at meetings of the Board;
- To recommend , in consultation with the GCEO and the Company Secretary an annual schedule of the date, time and location of the Board and Committee meetings;
- To review and sign minutes of the Board meetings;
- To call special meetings of the Board where appropriate;
- To act, in consultation with the GCEO and the Company Secretary, to determine the date, time and location of the Annual General Meeting of shareholders and develop the agenda for the meeting;
- To act as Chair at the Annual General Meeting;
- To recommend to the Board, after consultation with the Directors and upon recommendation of the Nomination Committee, the appointment of members of the Committees of the Board;
- To assess and make recommendations to the Board annually regarding the effectiveness of the Board as a whole, the Committees of the Board and individual Directors;

iii. Senior Independent Director

The Board shall appoint a Senior Independent Non-Executive director, which would be an avenue for the stakeholders to inquire about the Group and convey their concerns.

iv. New Board Members

New Board Members shall be briefed on the terms of their appointment, their duties and obligations and on the operations of the Group. Copies of the following shall be provided to the newly appointed Director

- Board Charter;
- Memorandum & Articles of Association;
- The Board's committees, composition and terms of reference;
- Latest Annual Reports and financial statement;
- Organization Chart
- Introduction to the Members of the Executive Committee.

v. Shareholding by Board Members

Board members may hold shares in the Company but adhere strictly to the provision of the Article of Association, relevant laws and regulatory requirements in relation to the same.

vi. Board Structure and Procedure

The Board Committees

There are five (5) committees under the purview of the Board i.e. the Audit, Nomination, Remuneration, ESOS, Voluntary Separation Scheme ("VSS"). The members of these committees comply with the criteria for independence provided under the Listing Requirement of Bursa Malaysia (Bursa LR). Every committee has a separate and defined written charter and terms of reference which has been approved by the Board, describing the committee's authorities and responsibilities.

The Chairperson of each committee reports on items discussed and action taken at their meetings to the Board after the conclusion of each meeting. The materials for Committees meetings are furnished timely prior to each committee's meeting to allow the members to prepare and contribute effectively on deliberation of agendas and items during the meeting. Each committee reviews its own charter and terms of reference annually and works in hand with the Board to make appropriate adjustment if necessary. The Board may opt to either establish additional committees or maintain existing committees. Members of all committees of the Board are expected to attend all meetings.

vii. Board Meetings.

The Board conducts at least four (4) regularly scheduled meetings annually, with additional meetings are convened in circumstances warrant such a special meeting to approve the Group's corporate proposals, strategic business plans, and direction or any other matters that require the Board's decision. The Audit Committee meetings are held in conjunction with the scheduled meetings of the Board. More frequent meetings are also held to ensure the Group's systems of internal control are persistently in place. The Nomination and Remuneration Committee meets annually to deliberate issues relating to the fees of the directors and remuneration of employees, assessment of independence, continuing education programs or needs of each Board member. Each year, the Board also conducts strategic planning meeting with the Management to deliberate on the Group's strategic plan.

viii Access to Advise

The Board and its Committees have direct access to the officers and employees of the Group. If and when necessary, the Board may also engage the services of independent advisors in the furtherance of their duties towards the shareholders, at the expense of the Group.

ix. Group Company Secretary (ies)

The Board as a whole, and individual directors have access to advice and services of the Group Company Secretary (ies) in discharging their duties. They are collectively responsible for managing the Board and its committees. Besides being the Board's compliance advisors, they are also responsible to escalate all of Board's resolutions to the Management for further action.

The appointment and removal of the Company Secretary (ies) of the Board shall be exclusively within the purview of the Board.

X. Position of the Group Chief Executive Officer

The Group Chief Executive Officer ("GCEO") is responsible for leading the development and execution of the Groups long term strategy with a view of creating shareholder value. The CEO's leadership role also entails being ultimately responsible for all the day-to-day management decision and communicates to the Board on behalf on management. The CEO also communicates on behalf of the Group to shareholders, employees, Government authorities, and other stakeholders and the public.

Duties and responsibilities of the GCEO are as follows:-

- To lead, in synergy with the Board, the development of the Group's strategy;
- To lead and oversee the implementation of the Group's long and short term plans in accordance with its strategy.
- To ensure the Group is appropriately organized and staffed and to have the authority to hire and terminate staff as necessary to enable it to achieve the approved strategy
- To ensure that expenditures of the Group are within the authorized annual budget of the Group;
- To assess the principal risks of the Group and to ensure that these risks are being monitored and managed;
- To ensure effective internal controls and management information system are in place;
- To ensure that the Group adheres to a high standard of corporate citizenship and social responsibility wherever it does business;
- To act as a liaison between management and the Board;
- to communicate effectively with shareholders, employees, Government authorities, other stakeholders and the public;

- To keep abreast of all material undertakings and activities of the Group and all material external factors affecting the Group and ensure that processes and systems are in place to ensure that the Board and the management of the Group are adequately informed;
- To ensure the integrity of all public disclosure by the Group;
- To act in consultation with the Chairman, and the Company Secretary, to develop Board Agendas;
- To request that special meetings of the Board be called when appropriate;
- To act in consultation with the Chairman and Company Secretary, to determine the date, time and location of the Annual General Meeting of Shareholders and to develop the agenda for the meeting.
- To abide by specific internally established control systems and authorities, to lead by personal example and encourage all employees to conduct their activities in accordance with all applicable laws and the Group's standards and policies, including environment, safety and health policies.

xi. Management Authorities

- The GCEO is expected to act within all specific authorities delegated to him by the Board
- The Assets of the Group are expected to be adequately maintained and protected and not unnecessarily placed at risk.

xii. Leadership Development

There shall be a periodic report by the GCEO to the Nomination Committee on the Board Succession planning.

xiii. Directors Remuneration

The level of remuneration of non-executive director is based on the knowledge, skill and experience brought with him/her to the Group. The scheme and amount of the compensation of a director will be determined by the Board based on the advice of Nomination and Remuneration Committee. The Nomination and Remuneration Committee reviews and compares the Group's Board compensation with peer companies on frequent basis. This benchmarking is also implemented in reviewing the Group's executive compensation programme. Independent Directors of the Group may not receive either directly or indirectly any consulting, advisory or other compensatory fees from the Group.

xiv. Board and Member Assessment

The Chairman keeps under review, informally, the contributions made by Board Members, the Nomination and Remuneration Committee is given the task to review annually the activities and effectiveness of the Board and the Board Members. The Chairman of the Nomination and Remuneration Committee oversees the overall evaluation process.

The Nomination and Remuneration Committee is required to report annually an assessment of the Board's and its committees' performance. The assessment report together with the report on the Board Balance (the required mix of skills and experience and other qualities) shall be discussed with the full Board. This exercise is carried out after the end of each financial year on such other time as may be deemed appropriate.

The performance the GCEO is assessed on the KPIs approved by the Board.

xv. Relationship Between the Board and Shareholders, Institutional Investors, Press and Customers.

The Board will use its best endeavour to familiarize itself with issues of concern to shareholders.

The Board believes that Management speaks for the Group. Nevertheless, individual Board member may from time to time at the request of the Management, meet or otherwise communicate with various constituencies that are involved with the Group. Comments from the Board, if appropriate in most circumstances, shall come from the Chairman.

The Board maintains effective communication with the Shareholders through its website at www.heitech.com.my. Through this website, the shareholders and the public may access information and updates of the Group including announcements, quarterly results, and previous Annual Reports in PDF format. The website is updated regularly to inform the investing public on the development and business updates of the Group.

The Group organized Analyst Briefings Session prior to the AGM. During the briefings, updates on business and financial are presented to the analysts and fund managers.

xvi. Director's Code of Ethics

Board members are required to observe the Directors' Code of Ethics as follows:-

- Compliance at all times with this Code of Ethics and the Board Charter;
- Observe high standards of corporate governance at all times;
- Should have a clear understanding of the aims and objectives, capabilities and capacity of the Group
- Should stay abreast of the affairs of the Group and be kept informed of the Group's compliance with relevant legislations and contractual requirements
- Adhere to the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership;
- Should at all times act with utmost good faith and in the best interest of the Group in any transaction and to act honestly and responsibly in the exercise of powers and discharging of duties;
- Not misuse information gained in the course of duties for personal gain or for political purposes, nor seek to use the opportunity of the service as directors to promote their private interests or those of connected persons, firms, businesses or other organizations;

- Uphold accountability at all times. This includes ensuring that the Group's resources are properly safeguard and the Group's conducts its operations as economically, efficiently and effectively as possible all time;
- Board Members should not accept positions on Board committee or working groups where a conflict of interest is likely to arise, without first declaring that interest;
- Declaration of any personal, professional or business interests that may conflict with directors' responsibilities.

xvii. Declaration of Interests

Subject to the requirement of any acts, rules or regulation that are in force from time to time and in addition to such mandatory requirements, members of the Board are required to notify the Company Secretary changes in the following:-

- Shareholding in the Company and its related corporations, whether direct or indirect; and
- Directorships or interests in any other corporations.
- * In addition to the above, member of the Board who has a material interest, either directly or through a partner spouse or close relative, in matters being considered by, or likely to be considered by the Board should declare that interest. Such declarations should describe the interest clearly and state whether it carries direct or indirect financial benefits. This requirement also applies to members of senior management.

xviii. Register of Interests

- A formal register of interest shall be established. The register should include details of all directorship and other relevant interests declared by Board Members and members of Senior Management
- The register should be kept up-to-date through an annual survey of members' interests, carried out by the Company Secretary.

XIX. Conduct in Meeting

Any Board Member who has a clear and substantial interest in a matter under consideration by the Board should declare that interest at any meeting where the matter is to be discussed, whether or not that interest is already recorded in the register. The Board Member concerned should withdraw from the meeting during the relevant discussion or decision.

XX New Directorship

Board Members should notify the Chairman before accepting any new directorship in any Public Listed or Private companies which includes an indication of time that will be spent on the new appointment.

XXI Membership of Committees

Board Members should not accept positions on Board Committees or working groups where a conflict of interest is likely to arise, without first declaring that interest.

The Terms of Reference of Audit Committee and Nomination and Remuneration Committee are available on the website of the Group.

