

## **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 5028  
**COMPANY NAME** : HeiTech Padu Berhad  
**FINANCIAL YEAR** : December 31, 2023

### **OUTLINE:**

#### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

#### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards and ensure that its obligations to its shareholders and other stakeholders are understood and met.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board promotes and protects the interest of HeiTech Padu Berhad ("HTP or "the Company) and its subsidiaries ("HeiTech Group" or "the Group"). The Board shoulders the ultimate responsibility of determining the direction of the Group, oversight of the Company's business and affairs, corporate strategies and ensuring effective execution of these strategies and necessary resources are in place to meet its objectives to protect the interests of the shareholders and stakeholders of the Group thereby ensuring its long-term success. The Board provides leadership and advice in fine-tuning corporate strategies, championing good governance and ethical practices.</p> <p>The Board recognises that a healthy corporate governance culture defined on the principles of transparency, objectivity and integrity are fundamental to HeiTech's business purpose and strategy. In order to ensure the effective discharge of its functions, the Board has delegated its specific powers of the Board to the relevant Board Committees, the Chief Executive Officer (CEO) and Management Committees.</p> <p>The delineation of the Board's roles and responsibilities are clearly set out in the Board Charter which serves as a reference point for Board activities and reinforces the supervisory role of the Board as follows:-</p> <ul style="list-style-type: none"><li>• Reviewing and adopting a strategic plan for the Group;</li><li>• Overseeing the performance of the Management;</li><li>• Monitoring and managing the principal risk of the business;</li><li>• Ensuring the implementation of appropriate internal controls and mitigation measures;</li><li>• Succession planning for senior management;</li><li>• Overseeing the development and implementation of stakeholder communication policy for the Group; and</li><li>• Reviewing the adequacy and integrity of the management information as well as internal control system of the Group.</li></ul>

	<p>The Board is composed of persons with the necessary calibre and experience to drive the Group through transformation into the next phase of growth, which is to innovate, execute and create value.</p> <p>Furthermore, the Board is cognisant of its critical role in governing and setting the strategic direction of the Group, while upholding a high standard of corporate governance in providing valuable oversight and guidance to Management to navigate a difficult and complex issue that affects the achievement of the Group's medium to long term targets. The Board ensures that decisions taken are in the best interest of the Group and its stakeholders.</p> <p>Through good governance practices, the Board promotes and protects the interest of the Group and its stakeholder. For the Board, governance is not just about the adherence to a set of recommendations, but rather a way of doing business. Hence, the Board is committed to putting governance at the heart of everything it does and in line with the commitment.</p>	
<b>Explanation for departure</b> :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b> :		
<b>Timeframe</b> :		

**Intended Outcome**

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

**Practice 1.2**

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman presides over meetings of the Directors and is responsible for instilling good corporate governance practices, leadership and the effectiveness of the Board. The Chairman is primarily responsible for the effective functioning of the Board and related corporate affairs, formulating general Company policies as well as managing strategic business decisions sanctioned by the Board of Directors.</p> <p>The Chairman promotes a boardroom environment that is conducive to allow for expressions of views, discussions, and effective debate. In a situation of different opinions amongst the Board, the Chairman provides unbiased views and decisions to resolve the concerned issues.</p> <p>The Chairman leads the Board and Group to adhere to all relevant laws and regulations in pursuance of good corporate governance best practices.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.3

The positions of Chairman and CEO are held by different individuals.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board supports the principle of different individuals for the roles of Chairman and Chief Executive Officer ("CEO"). The Board practices a clear demarcation of duties and responsibilities between the Chair and CEO to ensure a balance of power and authority in the Board. The positions of Chair of the Board and CEO are held by two different individuals. This principle is beneficial to the effective functioning of the Board and facilitates a powerful check and balance mechanism.</p> <p><b><u>The Chairman</u></b> Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor is responsible to lead the Board in setting the Company's key policies and direction and ensuring the effective operation of the Board. He principally makes sure that the Board fulfils its obligation as required under the relevant legislation.</p> <p><b><u>The CEO</u></b> Puan Salmi Nadia Binti Dato' Sri Mohd Hilmey was appointed as the Group CEO with effect from 2 October 2023, in place of Dato' Sri Mohd Hilmey Bin Mohd Taib. She is primarily responsible to implement the Board's decisions and overseeing Group's business as well as day-to-day management. She is responsible for the effective management of the Group's business affairs and leads the implementation of the financial, strategic and organisational performance policies and strategies agreed upon by the Board to maximise shareholders' value. She also drives the strategic vision and performance targets, exercises high-level business judgment and manages relationships with stakeholders and the interface with the public.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>To ensure check and balance as well as objectivity in Board decision-making, the Chairman of the Board shall not be a member of Audit Committee ("AC") and Nomination and Remuneration Committee ("NRC").</p> <p>As of 31 December 2023, HTP is in compliance with Practice 1.4 of the Malaysian Code of Corporate Governance ("MCCG") whereby the Chairman of the Board, Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor ("the Chairman") is neither a member of AC nor NRC. The Chairman does not attend and participate in any meetings of the Board Committees by way of invitation or any other capacity.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.5

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	<p>The Board is supported by two (2) qualified and experienced Company Secretaries, who play an important advisory role and fulfils the functions for which they appointed.</p> <p>The Company Secretaries of HTP, Encik Amir Zahini Bin Sahrim and Encik Zainal Amir Bin Ahmad are qualified to act as Company Secretaries under Section 235(2) of Companies Act ("CA") 2016. Both are also registered with the Companies Commission of Malaysia ("CCM") under Section 241 of CA 2016.</p> <p>Encik Amir Zahini Bin Sahrim is an Associate member of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") whilst Encik Zainal Amir Bin Ahmad is licensed by the Registrar of Companies.</p> <p>The Company Secretaries work closely with the Chairman, CEO, and Senior Management to ensure timely, appropriate and adequate resources, and that, information flow within and to the Board and Board Committees, and between the Board and Senior Management. The Board members have independent access to the advice and services of the Company Secretaries, to enable them to discharge their fiduciary duties and responsibilities as Directors effectively.</p> <p>The role of Group Company Secretaries includes:</p> <ul style="list-style-type: none"><li>• Advising the Board on its roles and responsibilities;</li><li>• Advising the Directors on corporate disclosures and compliance with company and securities regulations as well as listing requirements including:<ul style="list-style-type: none"><li>- Disclosure of interest in securities;</li><li>- Disclosure of any conflict of interest in a transaction involving the Group;</li><li>- Prohibition of dealing in securities; and</li><li>- Restriction on disclosure of price-sensitive information;</li><li>- Managing processes pertaining to shareholders' meetings; and</li><li>- Monitoring corporate governance development and assist the Board in applying governance practices to meet the Board's needs and stakeholder' expectations.</li></ul></li></ul> <p>The Company Secretaries provides support to the Board in shaping the CG of the Group. In this respect, they play advisory role to the Board, particularly with regards to the Company's</p>

	Constitution, Board policies and procedures, CG best practices and its compliance with regulatory requirements, codes, guidelines and legislations.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**Intended Outcome**

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

**Practice 1.6**

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p><b><u>Meeting materials</u></b> Board materials containing information for each item on the agenda are distributed to the Board members within a reasonable period prior to Board meetings. This is to ensure Directors have sufficient time to evaluate and review the proposals to facilitate better discussion and deliberation at the meetings.</p> <p>To ease the process of distribution of meeting papers and reduce leakage of sensitive information, the Board materials are disseminated online through collaborative software.</p> <p><b><u>Minutes circulation</u></b> The minutes of the meeting are action-oriented and record the deliberations and decisions of the Board. The minutes include compiled Board instructions as Matters Arising for discussion at each Board meeting to ensure follow-through.</p> <p>The minutes are distributed to Board members and approved by the Chairman of the meeting at which the proceedings are held or by the Chairman of the next succeeding meeting.</p> <p>Every Board member is responsible for ensuring that the minutes of meetings accurately reflect the deliberations and decisions of the Board, including whether any Director abstained from voting or deliberating on a particular matter.</p> <p>The Group Company Secretaries are also responsible for ensuring that the proceedings of meetings are recorded, and the minutes circulated in a timely manner.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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**Intended Outcome**

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

**Practice 2.1**

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is mindful of the need to protect the interests of its shareholders and other stakeholders. The Board had formalised a Board Charter setting out the duties, responsibilities and functions of the Board in accordance with the principles of good corporate governance set by the regulatory authorities. The Board Charter will be reviewed, when necessary, to incorporate updates and enhancements to the existing rules and regulations. The Board Charter can be viewed on Company's website at <a href="http://www.heitech.com.my">www.heitech.com.my</a>.</p> <p>The Board Charter, and TORs of Board Committees are published on HTP's website at:  <a href="https://www.heitech.com.my/investor/corpGov">https://www.heitech.com.my/investor/corpGov</a></p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>A Code of Conduct and Ethics is intended to provide clear guidelines on permissible or non-permissible conduct in running the business of the Group. It is implemented to address potential issues in managing conflict of interest and preventing the abuse of power, corruption, insider trading, and money laundering. It also serves as guidelines when making judgement calls on work ethics, including in bridging and fostering close relationships between the Company and its business partners.</p> <p>The Code of Conduct is available to be viewed online at <a href="https://www.heitech.com.my/investor/corpGov">https://www.heitech.com.my/investor/corpGov</a>.</p> <p>A whistleblowing policy is a set of guidelines and procedures that are put in place to encourage employees to report any suspected or actual misconduct, unethical behaviour or illegal activities in the workplace. A good whistleblowing policy should provide employees with the tools and confidence to report any misconduct or unethical behaviour they observe and should make clear the company's commitment to address and resolve such issues.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

**Practice 3.2**

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

<p><b>Application</b></p>	<p>: Applied</p>												
<p><b>Explanation on application of the practice</b></p>	<p>The whistleblowing process embodies the Group’s commitment to maintain an open and supportive working environment in which employees are able to report instances of wrongdoings on a confidential basis without fear of retaliation. The Group takes a serious view of any wrongdoing on the part of any of its employees with respect to their obligations to the Group’s interests and all reports made in good faith are investigated, regardless of the length of service, position/ title, relationship or connection of the alleged parties to the Group.</p> <p>A Committee has been established comprise Board and Management namely Integrity Whistleblowing Board Committee to assess Company’s ethical culture and ensuring that the highest ethical standards are followed.</p> <p>In this regards, the Board has formulated and established this Whistleblowing Policy to protect the values of transparency, integrity, impartiality and accountability in where HTP conducts its business and affairs. Through effective implementation, HTP will enhance its accountability in preserving its integrity and will be able to stand up to public and legal scrutiny. This, in turn, enhances and builds the credibility of HTP’s stakeholders.</p> <p>To facilitate reporting of whistleblowing complaints, complaints can be lodged via various channels, as provided below:</p> <div data-bbox="722 1536 1217 1794" style="border: 1px solid black; padding: 5px;"> <table> <tr> <td>Integrity Officer</td> <td><b>IZANE BIN ISMAIL</b> Level 7, Menara HeiTech Village Persiaran Kewajipan USJ 1 UEP Subang Jaya 47600 Selangor Darul Ehsan Malaysia</td> </tr> <tr> <td>Hotline number</td> <td><b>Fixed Line</b> : 03-8601 3355 <b>Mobile phone</b> : 019-354 5454</td> </tr> <tr> <td>Offering hours</td> <td>9.00 am to 6.00 pm on Mondays to Fridays. (Excluding public holidays)</td> </tr> <tr> <td>Dedicated Email</td> <td><a href="mailto:htpwhistleblowing@gmail.com">htpwhistleblowing@gmail.com</a></td> </tr> </table> </div> <div data-bbox="722 1816 1217 1899" style="border: 1px solid black; padding: 5px;"> <table> <tr> <td>Board Integrity Committee Chairman</td> <td><b>RAZALEE BIN AMIN</b></td> </tr> <tr> <td>Email</td> <td><a href="mailto:ra@razaleeco.com.my">ra@razaleeco.com.my</a></td> </tr> </table> </div>	Integrity Officer	<b>IZANE BIN ISMAIL</b> Level 7, Menara HeiTech Village Persiaran Kewajipan USJ 1 UEP Subang Jaya 47600 Selangor Darul Ehsan Malaysia	Hotline number	<b>Fixed Line</b> : 03-8601 3355 <b>Mobile phone</b> : 019-354 5454	Offering hours	9.00 am to 6.00 pm on Mondays to Fridays. (Excluding public holidays)	Dedicated Email	<a href="mailto:htpwhistleblowing@gmail.com">htpwhistleblowing@gmail.com</a>	Board Integrity Committee Chairman	<b>RAZALEE BIN AMIN</b>	Email	<a href="mailto:ra@razaleeco.com.my">ra@razaleeco.com.my</a>
Integrity Officer	<b>IZANE BIN ISMAIL</b> Level 7, Menara HeiTech Village Persiaran Kewajipan USJ 1 UEP Subang Jaya 47600 Selangor Darul Ehsan Malaysia												
Hotline number	<b>Fixed Line</b> : 03-8601 3355 <b>Mobile phone</b> : 019-354 5454												
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Dedicated Email	<a href="mailto:htpwhistleblowing@gmail.com">htpwhistleblowing@gmail.com</a>												
Board Integrity Committee Chairman	<b>RAZALEE BIN AMIN</b>												
Email	<a href="mailto:ra@razaleeco.com.my">ra@razaleeco.com.my</a>												

	Further details on the Group's whistleblowing policies and processes are described in the Corporate Governance section on HTP's website at <a href="https://www.heitech.com.my/investor/corpGov">https://www.heitech.com.my/investor/corpGov</a>	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.1**

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board together with Management takes responsibility for the governance of sustainability within the Group including setting the Company's sustainability strategies, priorities and targets. The Board ensures that the strategic plan for the Group supports long-term value creation and includes strategies on environmental, social and governance, economic as well as safety and health considerations underpinning sustainability.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.2**

The board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	HTP's Annual Report includes a Sustainability Statement which discloses the Company's sustainability strategies, priorities, and targets as well as performance and it serves as the main communication tool of the Company's sustainability to the internal and external stakeholders.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.3**

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Group of Company Secretaries and the Management will update the Board on the changes of the Listing Requirement upon receiving the circulars from Bursa Securities, which are relevant to the Company. Advice on corporate disclosures also will be provided as well as compliances which includes the understanding of sustainability issues.</p> <p>In the event it is necessary, the Company will upskill the Board and Senior Management on sustainability issues relevant to the Group.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.4**

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company’s material sustainability risks and opportunities.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	A detailed study is required for developing the criteria for the performance evaluations of the Board and the Management to address the material sustainability risks and opportunities. The Management take note on the recommendation and in the midst of reviewing the board assessment in regard to ESG to be approved by the Nomination and Remuneration Committee (“NRC”).	
		The Company Secretaries and Management will work together to update the assessment form to include this criterion.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.5- Step Up**

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

*Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.*

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nomination and Remuneration Committee ("NRC") reviews the size, tenure, skills, experience, balance and composition of the Board annually to ensure that the composition of the Board is refreshed periodically for it to operate in an effective manner.</p> <p>The tenure of each Director and annual re-election of Directors are reviewed by the NRC. The recommendation on the re-election of Directors has taken into consideration the evaluation of the Director's performance including fitness and propriety and contribution to the Board for the financial year under review.</p> <p>The NRC has reviewed and based on the results of the board effectiveness evaluation exercise conducted by the Company Secretaries, the NRC is satisfied that the Directors standing for reelection will continue to bear their knowledge, experience and skills and contribution effectively to the Board discussions, deliberations and decision making.</p> <p>The Board has recommended the re-election of the following retiring Directors for the shareholders' approval at the forthcoming 29<sup>th</sup> Annual General Meeting (AGM):</p> <ol style="list-style-type: none"><li>1. Encik Razalee Bin Amin;</li><li>2. Encik Chong Seep Hon; and</li><li>3. Puan Wan Ainol Zilan Binti Abdul Rahim.</li></ol>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.2**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>As at 31 December 2023, the Board comprises one (1) Executive Directors, six (6) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director wherein majority of the Board comprises Independent Directors. The Company complies with Paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“MMLR of Bursa Securities”) which require at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are Independent Directors.</p> <p>The presence of majority Independent Directors brings the element of detached impartiality to the oversight function of the Board. Their presence provides checks and balances on the Board as they are able to provide unbiased and independent views in Board’s deliberations and decision making, taking into account the interests of the Group and minority shareholders.</p> <p>All Independent Directors meet the criteria for independence as prescribed under the MMLR of Bursa Securities. The NRC and the Board have upon their assessment for the financial year under review concluded that the Independent Directors were independent in their judgment and decisions.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.3

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board through the NRC continues to evaluate the independence of its Independent Directors annually in accordance with the prescribed criteria stated in the MMLR of Bursa Securities and in line with the MCCG. The Independent Directors are required to affirm their commitment to bring sound independent and objective judgement upon their appointment and re-appointment annually.</p> <p>During the year, Puan Wan Ainol Binti Abdul Rahim and Encik Sulaiman Hew Bin Abdullah was appointed as an INED of HeiTech on 6<sup>th</sup> August 2013 and 30<sup>th</sup> July 2013 respectively and has exceeded a cumulative term of more than nine (9) years.</p> <p>The Shareholders of HeiTech at its 28<sup>th</sup> AGM held on 22 June 2023 had approved the continuation of both Directors in office as INED of HeiTech through a two-tier voting process.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.4 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

*Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.*

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.5**

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises the importance of having a diverse Board and Senior Management and sees increasing diversity at the Board and Senior Management level as essential elements in maintaining a competitive advantages and attainment of strategic objectives.</p> <p>The Board has delegated the responsibility for recommending potential candidate to fill board vacancy to the Nomination and Remuneration Committee (“NRC”) but the ultimate decision on the appointment of a candidate is solely from the Board as a whole.</p> <p>The NRC is tasked with the responsibility of assessing and recommending the right candidates to the Board and will take into consideration the diversity of the Board’s composition which inter alia, includes gender, competencies, experience, integrity, time, commitment, etc.</p> <p>The members of the Board contribute across industry knowledge, experience perspective and specific subject matter expertise in a range of strategic, operational and financial aspects that are critical to the long-term success of the Group. This indicates that the Board maintains its focus on its composition, thereby working to ensure that the Executive and Non- Executive Directors continue to have an appropriate balance of skills, experience and independence.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	



<b>Timeframe</b>	:		
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### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nomination and Remuneration Committee (“NRC”) is responsible for recommending suitable candidates to the Board for its consideration. All nominations to the Board shall first be considered by the NRC, taking into consideration inter-alia the current and future needs of the Group and the credential of the potential Director.</p> <p>The procedures for the appointment of new Director(s) comprise among others, the following steps:</p> <ul style="list-style-type: none"><li>• Identification of candidate(s);</li><li>• Assessing the suitability of the proposed candidate(s);</li><li>• Final deliberation by NRC; and</li><li>• Recommendation to the Board.</li></ul> <p>In identifying suitable candidates, the NRC will not be solely relied on recommendations by the Board members or Management but also from reliable independent sources such as industry professionals and associations as well as independent search firms, if needed, to identify suitably qualified candidates for new appointments.</p> <p>As at 31 December 2023, the Company did not appoint any new Directors to the Board of the Company.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nomination and Remuneration Committee (“NRC”) carried out an annual evaluation and assessment on each Director, including the Directors subject to retirement by rotation at the 28<sup>th</sup> AGM and their re-election was noted and supported by the Board.</p> <p>The details of their interest, position or any relationships that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the Company as a whole are disclosed in various parts of the Annual Report.</p> <p>The profiles of Directors are published in the Annual Report and on the Company website. These include their age, gender, tenure of service, directorship in other companies, and working experience.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.8**

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The NRC is chaired by an Independent Non-Executive Director, Encik Sulaiman Hew Bin Abdullah.	
<b>Explanation for departure</b>	:		
	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.9**

The board comprises at least 30% women directors.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board is aware of the importance of boardroom diversity and is supportive of the recommendation of MCCG to the establishment of boardroom and workforce gender diversity. The Board together with the NRC will assess and evaluate current diversity levels, identify and analyse gaps and criteria for new board appointments, and thereafter recommend the strategies, objectives, targets and practical goals against an indicative time frame in order to maintain an appropriate range and balance of skills, experience and background on the Board.	
		As of 31 December 2023, our Board comprises 1 female Director, representing approximately 11.11% of the total number of the Board. In line with the MCCG of at least 30% representation of women on the Boards, the Board will evaluate and match the criteria of the potential candidate as well as considering the appointment of female Director onto the Board in future to bring about a more diverse perspective.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.10**

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board believes the Company's existing processes have served the purpose of a formal policy on diversity and at the same time ensuring that all Directors are appointed on merit.</p> <p>The members of the Board with their combined business, management and professional experience, knowledge and expertise, provide the core competencies to allow for diverse and objective perspectives on the Group's business and direction.</p> <p>In consideration of the scope and nature of the operations of the Group, the Board is satisfied that the current composition mix and size of the Board provide for sufficient diversity and allow for informed and constructive discussion and effective decision making at meetings of the Board and Board Committees.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

**Practice 6.1**

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>The NRC is responsible for the Board Assessment process, covering the Board, Board Committees and individual Directors, including Independent Directors.</p> <p>The NRC, upon conclusion of the Board Assessment exercise, was satisfied that the Board and Board Committee composition had fulfilled the criteria required, possess a right blend of knowledge, experience and the appropriate mix of skills.</p> <p>In addition, there was mutual respect amongst individual Directors which contributed to a healthy environment for constructive deliberation and robust decision-making process. Independent Directors were assessed to be objective in exercising their judgement.</p> <p>The Board Assessment for year 2023 was conducted internally, facilitated by the Company Secretary. The assessment was conducted using questionnaires that were administered by the Company Secretary which employ a self and peer rating assessment model.</p>
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  





### Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	Although the Board has yet to formalise a written policy and procedures to determine the remuneration of Directors and Senior Management, the Board believes that the objectives of the Company's remuneration framework is to offer a competitive remuneration package to attract, reward, motivate and retain Directors and Senior Management personnel in steering the Group to achieve its long-term goals and enhance shareholders' value.	
		The NRC would take into consideration to formalize a written policy and procedures embedding the aforesaid guiding principles to determine the remuneration of Directors and Senior Management.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 7.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established Nomination and Remuneration Committee ("NRC") which comprises wholly of Non-Executive Directors to review and recommend matters relating to the nomination and remuneration of the Board and Senior Management of the Company. NRC discharges its responsibilities in accordance with its Term of Reference ("TOR") among other, reviewing remuneration packages, reward structure and fringe benefits applicable to the Group and making the appropriate recommendation to the Board.</p> <p>A copy of the TOR of the NRC is available at <a href="https://www.heitech.com.my/investor/corpGov">https://www.heitech.com.my/investor/corpGov</a></p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 8.1**

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The detailed disclosure on named basis for the remuneration of individual directors, including fees, salary, bonus, benefits in-kind and other emoluments in the table below.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Dato' Sri Mohd Hilmey Bin Mohd Taib	Executive Director	6	-	1,260	-	92,281.49	-	1,358,281.49	-	-	-	-	-	-	-
2	Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor	Non-Executive Non-Independent Director	40	78.5	-	-	-	-	118.5	-	-	-	-	-	-	-
3	Datuk Mohd Radzif Bin Mohd Yunus	Independent Director	45	57	-	-	-	-	102	-	-	-	-	-	-	-
4	Sulaiman Hew Bin Abdullah	Independent Director	45	60	-	-	-	-	105	-	-	-	-	-	-	-
5	Wan Ainol Zilan Binti Abdul Rahim	Independent Director	45	60	-	-	-	-	105	-	-	-	-	-	-	-
6	Hamzah Bin Mahmood	Independent Director	40	56	-	-	-	-	96	-	-	-	-	-	-	-
7	Razalee Bin Amin	Independent Director	45	44	-	-	-	-	89	-	-	-	-	-	-	-
8	Chong Seep Hon	Independent Director	40	60	-	-	-	-	100	-	-	-	-	-	-	-

9	Nik Mustapha Bin Nik Mohamed <b>(Resigned w.e.f 1.9.2023)</b>	Independent Director	26.667	38	-	-	-	-	64,667	-	-	-	-	-	-	-
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**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 8.2**

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

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Company opted not to disclose the components of the remuneration of the top 5 Senior Management, which include their salary, bonus, benefits-in-kind and other emoluments by virtue to preserve confidentiality and security. (check other company) (alternative when you choose not to disclose)	
		The Company notes the need for corporate transparency in the remuneration of its senior management executives, however, given the confidential and commercial sensitivities associated with remuneration matters and the highly competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the Company's business activities, such disclosure may be detrimental to the business interests and give rise to recruitment and talent retention issues. Thus, the Company is of the view that the interest of the shareholders will not be prejudiced as a result of the non-disclosure of the Group's senior management personnel who are not directors of the Company.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Applied	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 8.3 - Step Up**

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	



No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

**Practice 9.1**

The Chairman of the Audit Committee is not the Chairman of the board.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee (AC) comprises three (3) Independent Non-Executive Directors.</p> <p>The AC is currently chaired by an Independent Non-Executive Director, Puan Wan Ainol Zilan Binti Abdul Rahim.</p> <p>Meanwhile, the Chairman of the Board is Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor, the Non Independent Non-Executive Director.</p> <p>The Chair of the AC is not the Chair of the Board, so as not to impair the objectivity of the Board's view of the AC's findings and recommendations.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

**Practice 9.2**

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	None of the members in the Audit Committee ("AC") were former key audit partners of any external audit firms within the cooling off period of 3 years before appointed as a member of AC.  The Group will observe a cooling-off period of at least 3 years in the event any potential candidate to be appointed as a member of the AC.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

**Practice 9.3**

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The AC is responsible for assessing the capabilities and independence of the External Auditors and to make subsequent recommendations to the Board on the appointment, re-appointment or termination of the External Auditors.</p> <p>Under its Terms of Reference ("TOR"), the Audit Committee is responsible for assessing the suitability, objectivity, capabilities and independence of the External Auditor.</p> <p>During the financial year, the AC met with the External Auditors, Messrs. AlJafree Salihin Kuzaimi PLT, twice during the year in the absence of Management. The AC also monitored and reviewed the performance and independence of Messrs. AlJafree Salihin Kuzaimi PLT and is satisfied that the External Auditors have been independent throughout the conduct of the audit process and the audit services rendered have met the quality expected by the AC.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

**Practice 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Audit Committee comprises three (3) Independent Non-Executive Directors, namely Puan Wan Ainol Zilan Binti Abdul Rahim, Encik Razalee Bin Amin and Encik Hamzah Bin Mahmood.

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

### Practice 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The members of the Audit Committee ("AC") of the Company comprised at least one (1) member with the requisite accounting qualification based on the requirements of MMLR of Bursa Securities. Members of the AC are financially literate as they continuously keep themselves abreast with the latest developments in the new accounting and auditing standards and the impact it may have on the Group through briefings by the Management and external auditors.</p> <p>The members of AC possess a wide range of necessary skills and expertise in relevant accounting, financial service industry and legal to discharge their duties and provide an effective level of challenge to the Management. During the reporting year, the AC members have attended training courses, details are set out in the Corporate Governance Overview Statement of the Company's Annual Report 2023.</p> <p>Based on the outcome of the performance assessment on AC, both AC and Board are satisfied with the performance of AC.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

**Practice 10.1**

The board should establish an effective risk management and internal control framework.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board has established the necessary risk and internal control infrastructure encompassing the risk assessment process, internal control measures, organisational oversight and reporting function to instil the appropriate discipline to continuously improve risk management and internal control capabilities.</p> <p>Details of the Group's Risk Management and Internal Control Framework are set out in its Statement on Risk Management and Internal Control of the Company's Annual Report 2023. The internal control mechanisms established by the Board are embedded within the organisation structure in all its processes.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

### Practice 10.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>HeiTech's risk management framework comprised of the following 3 main components:-</p> <p>a) <b><u>Enterprise Risk Management ("ERM") Process</u></b> The Group's key risk profile was developed by the Management. Risks identified were assessed in terms of the possibility of occurrence and the impact to the Group if the risk materialise. Progress updates on the mitigation measures will be furnished on quarterly basis by risk owners for deliberation at the Central Risk Review Committee ("CRRC"). CRRC will assess the adequacy and effectiveness of the mitigation measures and further enhanced where necessary.</p> <p>b) <b><u>Risk Management Committee</u></b> The Risk Management Committee ("RMC") was established to uphold risk oversight within the Group. The RMC is chaired by Datuk Mohd Radzif Bin Mohd Yunus, an Independent Non-Executive Director, who is neither the Chairman of the Board nor the Audit Committee.</p> <p>c) <b><u>Business Continuity Management ("BCM")</u></b> The Management has embedded BCM into organisational culture which reflects our commitment as below:</p> <ul style="list-style-type: none"><li>• Ensuring the survivability of the organisation and continuity of core business functions during a disaster.</li><li>• Protecting corporate assets and controlling financial loss.</li><li>• Minimising the loss of customers.</li><li>• Facilitating the resumption of operations.</li><li>• Improving the ability to salvage damaged equipment and operations.</li><li>• Providing the safety of employee and the public before, during and after a disaster.</li></ul>
<b>Explanation for departure</b>	:	



*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b> :		
<b>Timeframe</b> :		

**Intended Outcome**

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

**Practice 10.3 - Step Up**

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

<b>Application</b>	:	Applied
<b>Explanation on adoption of the practice</b>	:	<p>The Risk Management Committee ("RMC") comprises Independent Non-Executive Directors as below:</p> <ul style="list-style-type: none"><li>• Datuk Mohd Radzif Bin Mohd Yunus</li><li>• Encik Sulaiman Hew Bin Abdullah</li><li>• Mr. Chong Seep Hon</li></ul> <p>By having RMC made up entirely of Independent Non-Executive Directors can be beneficial as they are less likely to be influenced by conflict of interest or biases that may affect members of the management team. They can provide an independent and objective assessment of the risk facing by the Company and make recommendations for mitigating those risks.</p>

**Intended Outcome**

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

**Practice 11.1**

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Internal Audit function is carried out by Audit &amp; Assurance Department (“AA”) in which AA responsible to ensure the compliance with statutory/ regulatory requirements, internal policies and procedures as well as to review the work procedures for efficiency and effectiveness.</p> <p>The Terms of Reference of the Internal Audit function are clearly spelt out in the Audit Charter that defines the roles, responsibilities, accountability and scope of work of the Department. AA had operated and performed in accordance with the principles of the Audit Charter that provides for its independence function.</p> <p>Internal audits are carried out throughout the Group to ensure consistency in the application of policies and procedures within the Company and the Group. AA independently reviews the internal control processes (financial, operational and IT control) implemented by the Management.</p> <p>AA, through a systematic and structured approach is responsible for the following:-</p> <ol style="list-style-type: none"> <li>1. Providing independent assurance to the Board and Management that an adequate and effective internal control system is in place to safeguard Group’s assets;</li> <li>2. Recommending improvements and enhancements to the existing system of internal control and work procedures/ processes and being a reference point to ensure effective implementation of policies and procedures and as an agent of change to promote best corporate governance practices.</li> </ol>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

### Practice 11.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee reviewed the adequacy of resources and the competencies of staff within the Audit &amp; Assurance Department (“AA”) to ensure it has the required expertise and professionalism to discharge its duties. In order to maintain independency, AA’s activities remain free from interference by any element in the Group including matters of audit selection, scope, procedures, frequency, timing or report content. AA as well has no direct operational responsibility or authority over any of the reviewed activities.</p> <p>To ensure standardisation and consistency in providing assurance on the effectiveness of the overall internal controls system, all auditing activities are conducted in line with Group’s objectives and policies. It is guided by Code of Ethics and International Standards for the Professional Practise of Internal Auditing (Standards) promulgated by the Institute of Internal Auditors. The activities of AA are driven by the Internal Audit Charter defines roles, responsibilities, accountability and scope of work of AA.</p> <p>AA is lead by Encik Ahmad Kamal Bin Mohd Kassim who is the Vice President Audit &amp; Assurance and reports to the Audit Committee. He is a Chartered Member of The Institute of Internal Auditors Malaysia and also a Chartered Accountant of The Malaysian Institute of Accountants. He has more than 25 years’ experience in the areas of internal auditing, business process improvement, enterprise risk management and corporate governance assurance.</p> <p>A detailed of Annual Audit Plan was presented to the Committee for approval annually. Moreover, the Internal Audit function adopts risks-based approach following the Committee of Sponsoring Organisation of the Treadway Commission (“COSO”) and Control Objectives for Information and Related Technology (“COBIT”) for IT related audit. Internal Audit as well prepares its audit strategy and plan based on the risk profiles of the major business units and support functions of the Group.</p>

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

**Intended Outcome**

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

**Practice 12.1**

The board ensures there is effective, transparent and regular communication with its stakeholders.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises the importance of communication and proper dissemination of information to its shareholders and investors. Through extensive disclosures of appropriate and relevant information, the Company aims to effectively provide shareholders and investors with information to fulfil transparency and accountability. In this respect, the Company keeps shareholders informed via announcements and timely release of quarterly financial reports, press releases, annual reports and circulars to shareholders.</p> <p>The Annual General Meeting ("AGM") is the main forum of dialogue with shareholders as it provides an opportunity for the shareholders to seek and clarify any issues pertaining to the Group and to have a better understanding of the Group's activities and performance.</p> <p>Shareholders and members of the public may also obtain information on the Group's operations and activities, as well as press releases, announcements and financial information, etc. from the corporate website <a href="http://www.heitech.com.my">www.heitech.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

**Practice 12.2**

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

<b>Application</b>	:	Not applicable – Not a Large Company	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 13.1**

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board considers the AGM as an invaluable platform for shareholders to engage the Board and Management of the Company in a productive and constructive two-way dialogue. As such, the Board strives to ensure that shareholders are accorded with sufficient time to prepare and accord due consideration to the resolutions that will be discussed and decided upon at the AGM.</p> <p>The 28<sup>th</sup> AGM of the Company was held on 22<sup>nd</sup> June 2023 and the Notice of the 28<sup>th</sup> AGM was issued to shareholders on 18 April 2023, which is more than 28 days prior to meeting date. In addition to sending notice, the Company also published the Notice of the AGM on the newspaper and on its website.</p> <p>The notes to the Notice of the AGM had provided detailed explanations for each resolution proposed to enable shareholders to make informed decisions in exercising their voting rights. Whereas the Administrative Details which furnished useful information regarding the conduct of the AGM together with the explanatory guide on remote participation and voting were circulated to the shareholders together with the Notice of the AGM.</p> <p>In line with the Securities Commission Malaysia Guidance and FAQs on the Conduct of General Meetings for Listed Issuers, the Company will conduct its 29<sup>th</sup> AGM on a fully virtual basis via Remote Participation and Electronic Voting (RPEV) facilities on 25<sup>th</sup> June 2024.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 13.2**

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>All Directors attended the 28<sup>th</sup> AGM held on 22<sup>nd</sup> June 2023, except for Encik Sulaiman Hew Bin Abdullah, who was unable to attend due to unforeseen circumstances.</p> <p>During the AGM, shareholders are encouraged to actively participate by submitting their questions in real time via the chat box about the resolutions being proposed before putting them to vote.</p> <p>Meaningful responses were given to the questions raised by shareholders and proxies. The Chairs of the Board Committees respond to any queries and clarifications addressed to them (if any).</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 13.3**

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders’ participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Company’s 28<sup>th</sup> AGM was conducted virtually via live streaming broadcast over a secure digital platform. The Chairman of the meetings was in attendance at the designated broadcast venue with all the Directors participating in the AGM in person. Shareholders’ attending the AGM were able to participate remotely including posing questions via real-time submission of the typed texts.</p> <p>The voting at the 28<sup>th</sup> AGM was conducted through an electronic voting system to facilitate greater shareholders’ participation as well as to expedite verification and counting votes.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 13.4**

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company’s financial and non-financial performance as well as the company’s long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>The Chairman ensures that the general meetings serve as an important opportunity for effective communication with, and constructive feedback from the shareholders.</p> <p>During the AGM, the Chairman provided shareholders with a brief overview on the financial performance of the Group and the Group’s long-term strategies.</p> <p>Shareholders were given the opportunity to submit questions in advance via Tricor’s TIIH Online relating to resolutions tabled at the 28<sup>th</sup> AGM or financial performance/prospect of the Company prior to convening of AGM. The Chairman further ensures that sufficient time are allocated for discussion and address questions raised.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: The Company had in place a fully virtual AGM platform which allows it to conduct its AGM through live streaming, utilising a Remote Participation and Electronic Voting (“RPV”) facility. This facility was chosen after careful consideration, a thorough assessment and has been tested to be effective.  The RPV facility provided a smooth broadcast, whereby shareholders had the ability to remotely participate in the AGM, cast electronic votes on all resolutions and engage with the Board through questions submitted via RPV.  Detailed instructions and procedures on remote participation and the e-voting process were provided to the shareholders under administrative guidelines of the AGM.  Results of the e-voting are made in real time, ensuring transparency, accountability and accuracy. Results are also announced by the Company to Bursa on the same day after the conclusion of the AGM.
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:  
<b>Timeframe</b>	:  

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 13.6**

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Minutes of the 28 <sup>th</sup> AGM is published on the Company's website no later than thirty (30) business days after the 28 <sup>th</sup> AGM upon confirmation by the Board.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT  
CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

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