EITA®

EITA RESOURCES BERHAD

[199601026396 (398748-T)]

BUILDING RESILIENCE

ANNUAL REPORT 2020

BUILDING RESILIENCE

EITA will continue to work hard, learn,
ere and BE RESILIENT – always
ing good feel"– Mr. Fu Wing Hoong.

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Siow Kim Lun
Independent Non-Executive Chairman

Fu Wing Hoong
Group Managing Director

Lim Joo Swee
Deputy Group Managing Director

Lee Peng Sian
Executive Director

Chong Yoke Peng
(Alternate Director to Lee Peng Sian)

Chia Mak Hooi
Non-Independent Non-Executive Director

Chia Seong Pow
(Alternate Director to Chia Mak Hooi)

Chong Lee Chang
Senior Independent Non-Executive Director

Ho Lee Chen
Independent Non-Executive Director

Ir. Haji Omar Bin Mat Piah
Independent Non-Executive Director
(Appointed on 20 November 2020)

AUDIT COMMITTEE

Ho Lee Chen *(Chairperson)*
Dato' Siow Kim Lun
Chong Lee Chang
Chia Mak Hooi

NOMINATION AND REMUNERATION COMMITTEE

Chong Lee Chang *(Chairman)*
Dato' Siow Kim Lun
Chia Mak Hooi
Ho Lee Chen

COMPANY SECRETARY

Tea Sor Hua (MACS 01324)

REGISTERED OFFICE

Third Floor, No. 77, 79 & 81
Jalan SS21/60
Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7725 1777
Fax : 03-7722 3668

PRINCIPAL OFFICE

Lot 4, Block A, Jalan SS13/7
Subang Jaya Industrial Estate
47500 Subang Jaya
Selangor Darul Ehsan
Tel : 03-5637 8099
Fax : 03-5637 8128
Website : www.eita.com.my

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : 03-2783 9299
Fax : 03-2783 9222

AUDITORS

KPMG PLT (LLP0010081-LCA & AF 0758)
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Tel : 03-7721 3388
Fax : 03-7721 3399

PRINCIPAL BANKERS

CIMB Bank Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia) Bhd.

STOCK EXCHANGE LISTING

Main Market of
Bursa Malaysia Securities Berhad
Stock Name : EITA
Stock Code : 5208

CORPORATE STRUCTURE

EITA RESOURCES BERHAD
[199601026396 (398748-T)]
(Incorporated in Malaysia)

- 100% **EITA Elevator (Malaysia) Sdn. Bhd. ("EITA Elevator")**
  Design, installation and maintenance of elevator systems
  - 70% **EITA KOP Sdn. Bhd.**
    Provision of services related to service, maintenance, repair, upgrading and modernisation of lifts, escalators and elevators, mechanical and electrical including to sub-contract or outsource the services to any third parties
- 100% **EITA-Schneider (MFG) Sdn. Bhd. ("EITA-Schneider")**
  Manufacture of elevator systems
  - 50% **Sigriner Automation (MFG) Sdn. Bhd.**
    Design, manufacture, marketing and service of all kinds of control and automation systems, components and equipment
- 100% **EITA Electric Sdn. Bhd. ("EITA Electric")**
  Marketing and distribution of electrical and electronic components and equipment
- 100% **Furutec Electrical Sdn. Bhd. ("Furutec Electrical")**
  Design and manufacture of busduct systems and manufacture of metal fabricated products
- 100% **EITA Power System Sdn. Bhd. ("EITA Power System")**
  Marketing and distribution of fire resistant cables, electrical and electronic components and equipment, and provision of electrical and security system solutions
- 100% **EITA Technologies (Malaysia) Sdn. Bhd. ("EITA Technologies")**
  Manufacture of electrical and electronic components and equipment
- 100% **EITA Research & Development Sdn. Bhd.**
  Research and development of elevator and busduct products and systems
- 90% **EITA Technologies Pte. Ltd.**
  Marketing and distribution of electrical and electronic components and equipment
- 60% **TransSystem Continental Sdn. Bhd.**
  Civil, electrical engineering and general contractors
  - 100% **TransSystem T&D Sdn. Bhd.**
    Manufacture of protection relay and control panels, metering panel, marshalling kiosk for electricity transmission and distribution substations
- 100% **Schneider Research & Development Centre Sdn. Bhd.**
  Research and development of elevator systems

DIRECTORS' PROFILE

DATO' SIOW KIM LUN
Independent Non-Executive Chairman

FU WING HOONG
Group Managing Director and Key Senior Management

Dato' Siow Kim Lun, a Malaysian, aged 71, male, is the Independent Non-Executive Chairman of the Company. He is also a member of the Audit Committee and Nomination and Remuneration Committee. He was appointed to the Board on 1 April 2011.

He obtained his Bachelor of Economics Degree (Honours) from Universiti Kebangsaan Malaysia in 1978 and holds a Master in Business Administration from the Catholic University of Leuven, Belgium in 1981. He also attended the Advanced Management Program at Harvard Business School in 1997.

He started his career in investment banking with Malaysian International Merchant Bankers Berhad in 1981 and later joined Permata Chartered Merchant Bank Bhd (now known as Affin Hwang Investment Bank Berhad) in 1985. Between 1993 and 2006, he was with the Securities Commission Malaysia where he served as the Director for its Issues and Investment Division and Market Supervision Division.

He is currently a Director of RHB Investment Bank Berhad, Eco World International Berhad, Sunway Construction Group Berhad and Radiant Globaltech Berhad.

He attended all four (4) Board Meetings held during the financial year ended 30 September 2020.

Fu Wing Hoong, a Malaysian, aged 62, male, is the Group Managing Director of the Company and was appointed to the Board on 7 September 1996. As the Group Managing Director, he is actively involved in charting EITA Group's overall business strategy, direction and development.

He graduated with a Diploma in Technology (Electronic Engineering) from Tunku Abdul Rahman College, Kuala Lumpur in 1983 and completed the Engineering Council (United Kingdom) examinations in 1987. He obtained a Master in Business Administration from the University of Bath, United Kingdom, in 1991. He has been a member of the Institute of Engineers Malaysia since 1988 and a member of the Malaysian Institute of Management since 1989.

Upon graduation in 1983, he started his career as a Sales Engineer with Lim Kim Hai Electric Sdn. Bhd. (a subsidiary of Lim Kim Hai Holdings (M) Berhad ("LKH Holdings") which was then listed on the Second Board of Bursa Malaysia Securities Berhad on 25 May 1989) where he was responsible for the sales and marketing of power distribution and control equipment. He held several positions within the LKH Holdings group of companies before he left as its Group General Manager in August 1996 to co-found EITA Group. As the key founder, he has been instrumental in the development, growth and success of EITA Group.

He has served various positions in The Council of the Electrical and Electronics Association of Malaysia (TEEAM) since 1999 and was the President of TEEAM (from 2009 to 2013). He was the treasurer of the ASEAN Federation of Electrical Engineering Contractors (from 2011 to 2014). He was a Director of the Human Resources Development Fund (from 2009 to 2011) and a General Council Member of the Malaysia Institute of Management (from 2006 to 2008). Besides, he has been serving as a Member of the Industry Expert Advisory Panel for the Faculty of Electrical and Electronic Engineering at Tunku Abdul Rahman University College since 2013.

He does not hold directorship in other public companies and listed issuers but holds directorships in several private limited companies. He attended all four (4) Board Meetings held during the financial year ended 30 September 2020.

DIRECTORS' PROFILE
cont'd

LIM JOO SWEE
Deputy Group Managing Director and Key Senior Management

Lim Joo Swee, a Malaysian, aged 61, male, is an Executive Director of the Company. He was appointed to the Board on 17 December 1996 and is one of the co-founders of EITA Group. He was promoted to his current position as Deputy Group Managing Director of EITA Group since December 2020. His main responsibilities include driving the business growth of EITA Group businesses and assist the Group Managing Director strengthen EITA Corporate Governance, Culture and Values to achieve business sustainability.

He attended a course in Diploma in Technology (Electronic Engineering) at Tunku Abdul Rahman College in 1980 and passed Part One (1) of the Engineering Council (United Kingdom) examinations in 1982. He decided to leave college in 1983 to start his career as a Sales and Project Engineer at Fujitec (M) Sdn. Bhd. He left to join Ryoden (Malaysia) Sdn. Bhd. as an Assistant Manager in 1991 and was promoted to Deputy Manager in 1992. He joined Lim Kim Hai Sales & Services Sdn. Bhd. in 1993 as a Product Manager and was subsequently promoted to Subsidiary Manager in the same year. He left Lim Kim Hai Sales & Services Sdn. Bhd. in 1996 and co-founded EITA Group.

He is registered as a Competent Person under the Factories and Machinery (Electric Passenger and Goods Lift) Regulations 1970 with the Department of Occupational Safety and Health, Ministry of Human Resources, Malaysia. He is also a committee of The Malaysia Lift and Escalator Association since 2014.

He does not hold directorship in other public companies and listed issuers but holds directorships in several private limited companies. He attended all four (4) Board Meetings held during the financial year ended 30 September 2020.

LEE PENG SIAN
Executive Director and Key Senior Management

Lee Peng Sian, a Malaysian, aged 51, male, is an Executive Director of the Company. He was appointed to the Board on 14 December 2009. He was promoted to his current position of Chief Operating Officer for EITA electrical and electronics group since January 2018. He oversees the operation of the high voltage and low voltage electrical and electronic components and equipment of EITA Group and also oversees EITA's security system and other system solutions business.

He graduated from University of Technology Malaysia in year 1992 in Electrical Power Engineering and obtained a Master in Business Administration in year 2000 from the University of Bath, United Kingdom. He started developing EITA Power System Sdn. Bhd. business in 1994. Currently, he is responsible for the group's operations in manufacturing, electrical equipment trading and services and also Engineering, Procurement, Construction, and Commissioning ("EPCC") of high voltage business up to 500KV.

He was appointed into 'The Electrical and Electronic Association Malaysia' (TEEAM) as council member in year 2017 and subsequently appointed the Honorary Secretary in 2019 till current.

He does not hold directorship in other public companies and listed issuers but holds directorships in several private limited companies. He attended all four (4) Board Meetings held during the financial year ended 30 September 2020.

DIRECTORS' PROFILE

cont'd

CHONG YOKE PENG
Alternate Director to Lee Peng Sian and Key Senior Management

Chong Yoke Peng, a Malaysian, aged 62, male, is an Alternate Director to Mr. Lee Peng Sian. He was first appointed to the Board as an Executive Director on 8 January 2001 and resigned on 1 November 2018. Subsequently, he was re-appointed as an Alternate Director to Mr. Lee Peng Sian on the same date.

He graduated in 1982 with a Certificate in Materials Engineering from Tunku Abdul Rahman College. In 2001, he obtained a Bachelor of Arts Degree in Business Administration from the Royal Melbourne Institute of Technology, Australia.

He started his career in 1982 as a Quality Control Supervisor in Lion Metal Industries Sdn. Bhd. Subsequently, he joined See Sun Engineering Sdn. Bhd. as a Sales Executive in 1983 and in 1987, he left to join BBC Brown Boveri Sdn. Bhd. as a Sales Representative. He was a Sales Executive with Lim Kim Hai Electric Sdn. Bhd. in 1988 and was promoted to the position of Sales Manager in 1990. He joined EITA Electric Sdn. Bhd. as the General Manager/Executive Director in 1996 and was promoted to Managing Director in 2009.

He has gained vast working experience over the last thirty (30) years in managing sales and marketing of Electrical and Electronic components business in Malaysia.

He does not hold directorship in other public companies and listed issuers but holds directorships in several private limited companies. He attended all four (4) Board Meetings held during the financial year ended 30 September 2020.

CHIA MAK HOOI
Non-Independent Non-Executive Director

Chia Mak Hooi, a Malaysian, aged 56, male, is a Non-Independent Non-Executive Director of the Company. He was appointed to the Board on 20 August 1997 and is also a member of the Audit Committee and Nomination and Remuneration Committee.

He graduated in 1988 with a Bachelor of Science Degree in Accounting and Finance from the Arizona State University, United States of America.

He started his career in 1989 as an Assistant Accountant with Concept Enterprises Inc. In 1991, he joined QL Feedingstuffs Sdn. Bhd. as a Finance Manager where he was mainly responsible for accounts, tax and audit planning, and cash management. In 1996, he was appointed Finance Director of the company and was involved in the listing of QL Resources Berhad on the Second Board of Bursa Malaysia Securities Berhad. He was later appointed Executive Director of QL Resources Berhad ("QL") in 2000. He resigned as an Executive Director of QL and was appointed as an Alternate Director to Chia Song Swa for QL in 2019. Currently, he is actively involved in the group corporate activities, strategic business planning and also the group integrated livestock expansion programs both locally and overseas.

He is also a director and/or shareholder of several private limited companies. He attended all four (4) Board Meetings held during the financial year ended 30 September 2020.

DIRECTORS' PROFILE
cont'd

CHIA SEONG POW
Alternate Director to Chia Mak Hooi

CHONG LEE CHANG
Senior Independent Non-Executive Director

Mr. Chia Seong Pow, a Malaysian, aged 66, male, is an Alternate Director to Mr. Chia Mak Hooi. He was first appointed to the Board as a Non-Independent Non-Executive Director on 1 March 2017 and resigned on 1 November 2018. Subsequently, he was re-appointed as an Alternate Director to Mr. Chia Mak Hooi on the same date.

He graduated from Tunku Abdul Rahman College with a diploma in Building Technology.

He is one of the founder members of QL Resources Berhad Group. He joined CBG Holdings Sdn. Bhd. as Marketing Director in 1984. He has more than twenty-five (25) years of experience in the livestock and food industry covering layer farming, manufacturing, trading and shipping.

Currently, he is mainly in charge of layer farming, regional merchanting trade in food grains as well as new business developments. Majority of the QL Resources Berhad's new expansion programmes were initiated by him.

He is a Director of QL Resources Berhad and also a director and/or shareholder of several private limited companies. He attended all four (4) Board Meetings held during the financial year ended 30 September 2020.

Chong Lee Chang, a Malaysian, aged 62, male, was appointed to the Board on 15 January 2010 as an Independent Non-Executive Director. Subsequently, he was appointed as the Senior Independent Director of the Company on 23 April 2013. Mr. Chong is the Chairman of the Nomination and Remuneration Committee and is a member of the Audit Committee.

He graduated in 1982 with a Bachelor of Arts Honours Degree majoring in Law from the Manchester Metropolitan University, United Kingdom. He graduated with Honours from the Inns of Court School of Law, London in 1983. Subsequently in the same year, he was admitted to the Honourable Society of Lincoln's Inn, London, as a Barrister-at-Law. In 1984, he was admitted as an Advocates and Solicitors of the High Court of Malaya.

He brings with him more than thirty (30) years of experience in legal practice in Malaysia. He was a senior partner of a Kuala Lumpur based law firm, Messrs. LC Chong & Co. His legal experience includes advising and providing legal services for clients not only in Malaysia, but also in the Asia Pacific region and United Kingdom. He has international corporate management experience in the past fifteen (15) years. He has served as an Executive Director of Antah Holdings Berhad, a company that was then listed on the Main Board of Bursa Malaysia Securities Berhad from June 2000 to October 2001 and also held directorships in various international joint venture companies in Malaysia including the Malaysian franchise holders of Pepsi-Cola, Permanis Sdn. Bhd., Seven Eleven Convenient Stores and Antah Melco Sdn. Bhd., a joint venture company between Antah Holdings Berhad and Mitsubishi Electric Company, Japan. From 2001 to 2005, he was a Director of JWC Ltd, a United Kingdom based furniture chain retail store. In May 2005, he joined the Board of Midwest Corporation Limited, a company listed on the Australian Stock Exchange with its principal activities in mining, exploring and exporting iron ore. He resigned from Midwest Corporation in February 2009 after the company was delisted from the Australian Stock Exchange. He is also currently the Managing Director of Guangxi Xin Wei Hotel Management Co Ltd., owners of the Nanning Marriott Hotel in Nanning, Guangxi, China.

He attended all four (4) Board Meetings held during the financial year ended 30 September 2020.

DIRECTORS' PROFILE
cont'd

HO LEE CHEN
Independent
Non-Executive Director

IR. HAJI OMAR BIN MAT PIAH
Independent
Non-Executive Director

Ho Lee Chen, a Malaysian, aged 59, female, is an Independent Non-Executive Director of the Company. She was appointed to the Board on 1 November 2018. She is the Chairperson of the Audit Committee and a member of Nomination and Remuneration Committee.

She is a member of the Malaysian Institute of Accountant (MIA) and is a fellow Member of the CPA Australia. She is a finance professional with close to 30 years of finance and marketing experience in public listed companies across different industries, in particular Malaysia Airlines Berhad, Genting Group and Southern Bank Bhd. She had roles in internal audit, group treasury and accounting, property development, e-Commerce and Enterprise Resource Planning (ERP) systems.

She is currently a Director of IDB Technologies Berhad. She attended all four (4) Board Meetings held during the financial year ended 30 September 2020.

Ir. Haji Omar Bin Mat Piah, a Malaysian, aged 61, male, is an Independent Non-Executive Director of the Company. He was appointed to the Board on 20 November 2020.

He obtained his Bachelor of Engineering (Mechanical) from University of Malaya in 1985 and holds a Master of Industrial Safety Management from Universiti Kebangsaan Malaysia in 2006.

He was the Director General of the Department of Occupational Safety and Health (DOSH), responsible for ensuring the safety, health and welfare of people at work as well as protecting other people from the safety and health hazards arising from working activities. He was responsible for the administration and enforcement of legislations related to occupational safety and health in Malaysia, executing the Occupational Safety and Health Master Plan 2020 with the aim to reduce rate of accident and to inculcate preventive culture that contribute towards enhancing the quality of working life.

Prior to this, he was the Deputy Director General (Occupational Safety) DOSH from 16 February 2015 to 8 April 2018, Director of DOSH Johor from 2008 to 2015, Director of DOSH W.P. Kuala Lumpur from 2005 to 2008, Director of Coordination and Planning Division DOSH HQ from 2001 to 2004 and Director of Major Hazard Division DOSH HQ from 1997 to 2001.

He does not hold directorship in other public companies and listed issuers. He did not attend any Board Meetings held during the financial year ended 30 September 2020 since he was appointed to the Board on 20 November 2020.

Notes:-

1) *None of the Directors have family relationship with other Directors or major shareholders except for the following:-*
   a) *Mr. Fu Wing Hoong is the spouse of Madam Lee Pek See, a major shareholder of the Company.*
   b) *Mr. Lim Joo Swee is the spouse of Madam Goh Kin Bee, a major shareholder of the Company.*
   c) *Mr. Chia Seong Pow is the younger brother to Mr. Chia Seong Fatt, a major shareholder of the Company.*

2) *None of the Directors have any conflict of interests with the Company except as disclosed in Note 33 of the Financial Statements on page 141 of this Annual Report.*

3) *None of the Directors have been convicted of any offences within the past five (5) years, or been imposed on any public sanction or penalty by the relevant regulatory bodies during the financial year ended 30 September 2020.*

KEY SENIOR MANAGEMENT'S PROFILE

LU KHENG CHUN

Lu Kheng Chun, a Malaysian, aged 51, female, is the Group Human Resource Manager of the Company since 1 August 2019. She graduated in 1989 with a Diploma in Secretaryship from Rima Secretarial Finishing College and obtained Master in Business Administration in year 2007 from the University of Sunshine Coast, Australia.

Before she joined the Company, she was the Senior Human Resource Manager of a public listed company engaged in manufacturing and trading of automotive replacement parts. She started her career in 1993 as a Secretary at Sunway City Berhad and in 2000, she moved to UMW Industries (1985) Sdn. Bhd. as an Executive Secretary to General Manager. In 2007, she joined Hup Soon Industrial Equipment Sdn. Bhd. as a Human Resource & Administration Manager. Subsequently, in 2010 she joined New Hoong Fatt Holdings Berhad as a Country Manager responsible for new overseas trading operations start up in Indonesia and in 2014, she was promoted to Senior Human Resource Manager.

MOK CHEE HONG

Mok Chee Hong, a Malaysian, aged 49, male, is the Chief Financial Officer of the Company since 23 October 2017. He is a Chartered Accountant and a fellow member of Association of Chartered Certified Accountants (ACCA) and a member of Malaysian Institute of Accountants (MIA).

He has over twenty (20) years of experience in financial reporting, tax, treasury, auditing, budgeting and forecasting. He has held various positions in multinational companies and public listed companies during his career.

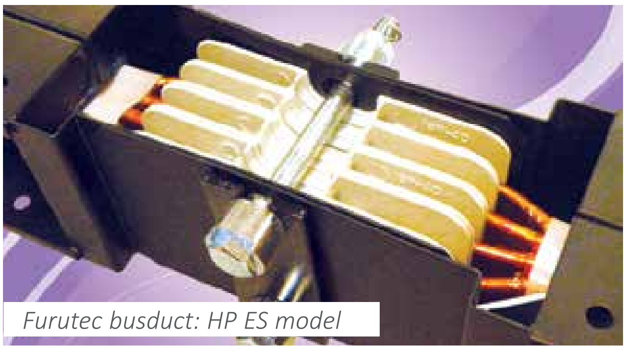
Before he joined the Company, he was the Financial Controller of a global footwear and fashion accessory manufacturer and retailer. He started his career as Auditor with BDO Binder before he joined Talam Corporation Berhad as Assistant Finance Manager and as Finance Manager in Panasonic Malaysia for several years before moved to Carlsberg Brewery Malaysia Berhad as Senior Finance Manager.

NG KHEOK WAH

Ng Kheok Wah, a Malaysian, aged 46, male, is the Assistant General Manager of Furutec Electrical. He graduated in 1996 from Minghsin Institute of Science and Technology, Taiwan, with a Diploma in Electrical Engineering.

He started his career in 1996 as an Assistant Production Engineer at Furutec Electrical and was promoted to Assistant Production Manager, Production Manager and Factory Manager in 2001, 2007 and 2009 respectively. Subsequently, he was promoted to his current position of Assistant General Manager in 2017, where his main responsibilities include manpower planning and monitoring, manufacturing process and quality assurance.

EITA Schneider: Elevator System



Furutec busduct: HP ES model

KEY SENIOR MANAGEMENT'S PROFILE

cont'd

SHAK SUN FATT

Shak Sun Fatt, a Malaysian, aged 59, male, is the General Manager, Manufacturing of EITA Technologies. He graduated from State University of New York Buffalo BSC in 1988.

He started his career in year 1992 as an Electrical Engineer at Safer Manufacturing Company. Subsequently, he joined Safer Asia Sdn. Bhd. (now known as EITA Technologies) as an Electrical Engineer in 1996 and was promoted to General Manager in 2003 where his main responsibilities include overseeing of Production, Sales and Quality Assurance activities.

WEE FOOK SANG

Wee Fook Sang, a Malaysian, aged 58, male, is the General Manager for Business Operation of EITA-Schneider. He graduated from Universiti Kebangsaan Malaysia in 1988 with a Bachelor of Arts Honours Degree in Political Science.

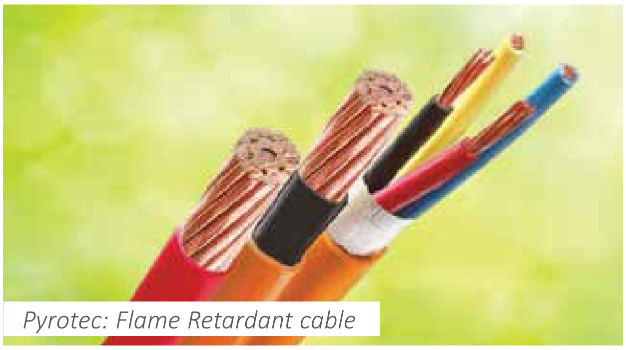
He started his career in 1988 as an Assistant Supervisor at Malaysia Sheet Glass Berhad. He was later appointed as the Superintendent in 1991 and became Senior Executive in 1993. In 1995, he was promoted to Section Manager of the Company. He left and joined EITA in 2000 as Warehouse Manager at EITA Elevator. In 2007, he was promoted to Senior Manager and in 2008, he was promoted to the position of General Manager of Production and Service of EITA Elevator. He was subsequently transferred to EITA-Schneider in 2009 where his main responsibilities include overseeing the manufacturing process, manpower planning and monitoring, safety, quality and cost improvement strategies.

Assembling elevator controllers

WONG CHIN TIM

Wong Chin Tim, a Malaysian, aged 53, male, the General Manager cum Director of EITA Electric. He graduated in 1989 with a Certificate in Control and Instrumentation from Politeknik Ungku Omar, Ipoh.

He started his career in 1989 when he joined Lim Kim Hai Electric Sdn. Bhd. as a Technical Assistant where he was mainly involved in service and maintenance. In 1992, he was appointed as Sales Executive at LKH Advanced System Sdn. Bhd. before he was promoted to Product Manager in 1995. In 1996, he joined EITA and in the same year, he was promoted to Senior Manager of EITA Contrologic Sdn. Bhd. In 2001, he was transferred to EITA Electric as Senior Manager. Subsequently, he was promoted to Assistant General Manager in 2006 and General Manager in 2009. He was promoted to his current position as a Director of EITA Electric in December 2019 where his main responsibilities include overseeing sales and marketing activities of the company.



Pyrotec: Flame Retardant cable

E&E component

Notes:-

Other than the Key Senior Management disclosed in the Directors' profile, none of the Key Senior Management have:-

1. *any directorship in public companies and listed companies;*
2. *any family relationship with any Directors and/or major shareholders of the Company;*
3. *any conflict of interest with the Company; and*
4. *been convicted of any offences within the past five (5) years, or been imposed on any public sanction or penalty by the relevant regulatory bodies during the financial year ended 30 September 2020.*

CHAIRMAN'S STATEMENT

Dear Shareholders,

It is my pleasure to present to you the Annual Report for the financial year ended 30 September 2020 ("FY2020").

DATO' SIOW KIM LUN
Independent Non-Executive Chairman

BUSINESS RESULTS

In March 2020, our Government implemented its first Movement Control Order ("MCO") to address the Covid-19 pandemic. Since then, different modes of MCOs have been put in place to strike a balance between reopening the economy by relaxing certain restrictions and controlling the spread of the coronavirus with enforcement of safety measures and Standard Operating Procedures.

The various MCO lockdowns and restrictions have impacted many industries, including the local construction and manufacturing sectors in which EITA operates. This has impacted the Group's performance for FY2020.

For FY2020, the Group recorded a consolidated revenue of RM284.1 million, as compared to RM305.4 million for FY2019. Segmentally, the Manufacturing business remained the major contributor with RM102.8 million (36.2%) of the Group's revenue, while High Voltage System accounted for RM72.3 million (25.4%), Marketing & Distribution recorded RM72.2 million (25.4%) and Services contributed RM36.8 million (13.0%) of the Group's revenue.

The Group achieved a Profit After Tax of RM18.3 million for FY2020 as compared to RM21.9 million for FY2019, a decrease of 16.3%.

As of 30 September 2020, the Group Shareholders' Fund stood at RM185.3 million.

CHAIRMAN'S STATEMENT

cont'd

Power substation up to 500kV

ACHIEVEMENTS

For FY2020, the Group remained focused on its Manufacturing segment. We will continue to build on our own brands such as EITA-Schneider® for Elevator Systems and Furutec® for Busduct Systems for both the local and international markets.

During the pandemic period, the imposition of lockdowns and different MCOs have slowed down the progress of the installation of elevator systems for MRT Line 2 and LRT 3. Nevertheless, these projects are still ongoing and will contribute positively to the Group's revenue.

EITA Elevator's technical capabilities and execution experience have been significantly enhanced with the successful completion of the underground elevator systems for MRT Line 1. The award of more jobs in the design and installation of elevator systems for MRT Line 2 and LRT 3 will place the Group in a good position to bid for and execute similarly complex jobs in the future.

Busduct installation

In line with the Group's expansion plan, the completion of EITA Elevator's new Headquarter at Bukit Raja, Klang marks another key milestone for the Group. The eye-catching landmark is the Elevator Test Tower which is the tallest in Malaysia. EITA Elevator has already moved into its new premises and begun operation in October 2020.

Lift indicator panel

Furutec Electrical is committed in its mission to grow its overseas busduct markets. Furutec Electrical continues to innovate, improve and seek international certifications for its range of busduct products to enhance its competitive edge in the market place.

With our own brands of EITA-Schneider®, Furutec® and Pyrotec®, we are well-placed to expand our international coverage and to gain greater market acceptance, especially in ASEAN and the Middle-East.

CHAIRMAN'S STATEMENT
cont'd

The Marketing and Distribution segment remains a stable revenue contributor for the Group. This is largely due to its long-standing partnership with our key overseas principals and in offering a portfolio of internationally renowned brands of Electrical and Electronic ("E&E") products. On behalf of the Board, I wish to give due recognition to our marketing staff who have continued to work hard to cultivate loyalty among our local business associates and to establish a wider base of customer network.

The Services segment stays on course with its upwards revenue trajectory. Year-on-year, our installed base of elevators and escalators increases as more and more of our completed projects transition into the maintenance contract phase.

As for our High Voltage System segment, we are benefitting from the Government's push for greater growth and industrialisation. This bodes well for our High Voltage System business which is managed under TransSystem Continental Sdn. Bhd. ("TSC"), a 60%-owned subsidiary that specialises in Engineering, Procurement, Construction, and Commissioning ("EPCC") of high-voltage substations and cabling works up to 500kV. Previously, TSC had secured multiple utility projects both in Peninsular Malaysia and Sarawak. Despite earlier delays due to the lockdowns, it has been speeding up its project implementation. This has resulted in a satisfactory revenue contribution to the Group.

OUTLOOK

Covid-19 pandemic continues to be a serious global threat with ongoing challenges in trying to get it under control. The global outlook has its own set of uncertainties such as continuing trade tensions between the United States and China, climate change, Brexit and the slow down in economic activities caused by the pandemic.

EITA-Schneider: Escalator System

EITA Elevator HQ at Bukit Raja

On the local front, the recent resurgence in the number of Covid-19 cases towards the end of 2020 and possible future waves do indicate that the path towards Malaysia's economic recovery in 2021 may not be as smooth as earlier anticipated[1].

Given the issues and challenges, the Government's Budget 2021 strives to strike a balance between addressing the immediate needs of its people and businesses, laying the foundation for a sustainable recovery and meeting the long-term aspirations of the nation. The Budget emphasises four broad areas, namely caring for the people; steering the economy; ensuring sustainable living and enhancing public service delivery[2].

The Malaysian economy is projected to expand between 6.5% to 7.5% in 2021 in tandem with the anticipated improvement in global trade, consumer sentiments and business confidence. The Government is allocating a total expenditure of RM322.5 billion for 2021, with allocations of RM236.5 billion for operational expenditure, RM69 billion for development and RM17 billion for the Covid-19 fund. Allocations for development to be channeled towards more targeted programmes and projects with high multiplier impact to ensure value-for-money investments[2].

CHAIRMAN'S STATEMENT
cont'd

The outlook of the E&E component and equipment industry will be influenced by the performance of the manufacturing sector as a whole. The manufacturing sector is forecast to rebound by 7.0% in 2021, driven by steady improvement in both the export- and domestic-oriented industries. The E&E segment is projected to accelerate in line with the digital transformation as working from home and virtual communication become part of new business practices. Higher demand for integrated circuits, memory and microchips within the global semiconductor market will further support this segment[3].

The outlook of the lifting and handling equipment industry focusing on elevators and the busduct system industry may be affected by the performance of the construction sector. The construction sector is expected to rebound by 13.9% in 2021 on account of acceleration and revival of major infrastructure projects, coupled with affordable housing projects[3].

DIVIDEND

For FY2020, the Group has declared and paid two interim dividends. The First Interim Dividend of 3.0 sen per ordinary share equivalent to RM3.9 million was paid to our shareholders on 24 September 2020 and the Second Interim Dividend of 3.0 sen per ordinary share equivalent to RM3.9 million was paid to our shareholders on 8 January 2021. The total dividend payment of 6.0 sen per ordinary share equivalent to RM7.8 million represented a payout ratio of 42.6% of the Group's net profits for FY2020.

BONUS ISSUE OF SHARES AND BONUS ISSUE OF WARRANTS

The Board of Directors of EITA on 18 November 2020 proposed a bonus issue of shares and bonus issue of warrants to reward our shareholders and to improve trading liquidity of our shares in the market.

The bonus issue of shares would involve the issue of up to 130,000,000 new ordinary shares on the basis of 1 bonus share for every 1 existing share held on an entitlement date to be determined and announced later.

The bonus issue of warrants would entail the issue of up to 86,666,666 free warrants on the basis of 1 warrant for every 3 shares held on the entitlement date after the bonus issue of shares.

The bonus issue of shares and bonus issue of warrants were approved by our shareholders at the Company's Extraordinary General Meeting held on 31 December 2020.

In-house virtual training

Preventive Maintenance service

APPRECIATION

On behalf of the Board, I wish to extend my sincere appreciation to our customers, business associates, government authorities and bankers for their continued support. And to our shareholders, we thank you for your confidence in us.

To my fellow Board members and EITA team of Management and staff, I would like to express my heartfelt gratitude for your tireless hard work, resolute dedication and valuable contributions to the success of our Group. Thank you all.

DATO' SIOW KIM LUN
Independent Non-Executive Chairman

1 *https://www.theedgemarkets.com/article/what-experts-are-saying-about-road-ahead-malaysias-economic-recovery*
2 *Economic Outlook 2021: The Star 7, November 2020*
3 *Chapter 3, Macroeconomic Outlook, Economic Outlook 2001, Ministry of Finance Malaysia*

MANAGEMENT DISCUSSION AND ANALYSIS

FU WING HOONG
Group Managing Director and Key Senior Management

GROUP BUSINESS OBJECTIVES AND STRATEGIES

EITA continues to strengthen our core businesses - Manufacturing, Marketing & Distribution, Services, and High Voltage System. The Group remains committed to expand and offer value-added products and solutions for the Construction and Manufacturing sectors.

The Group's key objectives are to ensure it achieves growth and long-term business sustainability.

- **Manufacturing mission**. EITA is determined in its mission to be known as a reputable manufacturer of its own home-grown brands in terms of product quality and services. As for our in-house brands, EITA-Schneider® for Elevator Systems and Furutec® for Busduct Systems, we will continue to strive for greater market presence and acceptance both locally and internationally.

- **Overseas push**. The overseas market is important to fuel the Group's growth. Our strategy is for deeper market penetration in the ASEAN and Middle-East markets.

- **High-value projects**. Over the years, EITA has built a credible project track record, especially with major projects under our wings such as, the MRT Line 1, also with MRT Line 2 and LRT 3 in its construction pipeline now. This has bolstered EITA's reputation. There is greater market confidence and acceptance of EITA to take on high-end, high-value and complex jobs. EITA now has the technical competencies and experience to take on building over 60 floors, running at 5 meter per second.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

- **Greater energy demand**. TransSystem Continental Sdn, Bhd. ("TSC"), a specialist in Engineering, Procurement, Construction and Commissioning of high-voltage substations and cabling works up to 500kV. It is well-positioned to meet the increasing demand for electricity as Malaysia progresses towards an industrialised nation. TSC has already secured noteworthy contracts from Tenaga Nasional Berhad and Sarawak Energy Berhad.

- **Recurring maintenance service revenue**. As more and more elevator projects are handed over and later into the contract maintenance phase, this translates into a consistent revenue stream for EITA. The goal is to maximise the retention of our installed base in order to optimise our recurring service revenue.

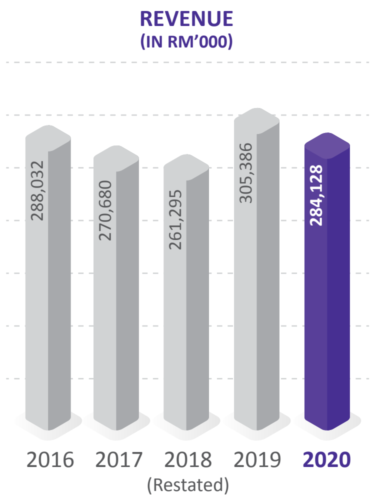
FINANCIAL PERFORMANCE REVIEW

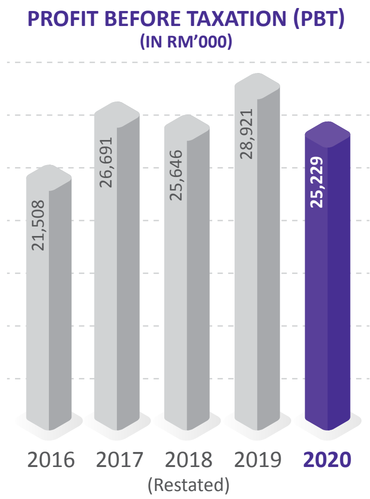
The Group achieved total revenue of RM284.1 million for the financial year ended 30 September 2020 ("FY2020") as compared to RM305.4 million for the financial year ended 30 September 2019 ("FY2019"). The decrease mainly due to lower revenue from all segments.

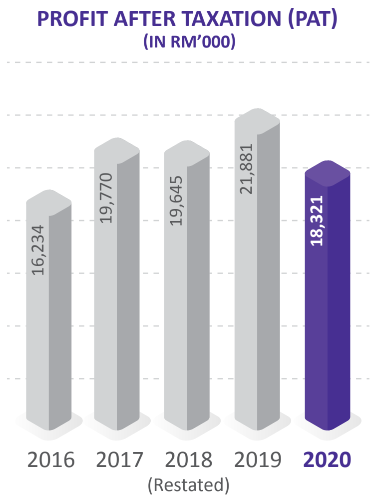
The Group's Profit Before Tax for FY2020 decreased by RM3.7 million or 12.8% to RM25.2 million as compared to RM28.9 million for FY2019. This is in tandem with lower revenue, higher inventories written down to net realisable value and foreign exchange loss.

For FY2020, our domestic market recorded a sales revenue of RM242.2 million as compared to RM246.8 million in FY2019. The decrease mainly due to lower revenue from all segments.

As for our overseas market, the sales revenue registered at RM41.9 million in FY2020 as compared to RM58.6 million achieved in FY2019. The decrease in revenue was due to lower sales in busduct and cables, but mitigated by higher sales in elevator.







MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

No. of Months		FYE 30 Sept 2016 12	FYE 30 Sept 2017 12	Audited FYE 30 Sept 2018 (Restated) 12	FYE 30 Sept 2019 12	FYE 30 Sept 2020 12
Revenue	RM'000	288,032	270,680	261,295	305,386	284,128
Profit Before Taxation (PBT)	RM'000	21,508	26,691	25,646	28,921	25,229
PBT Margin	%	7.47	9.86	9.81	9.47	8.88
Profit After Taxation (PAT)	RM'000	16,234	19,770	19,645	21,881	18,321
PAT Margin	%	5.64	7.30	7.52	7.17	6.45
Basic EPS	sen	12.03**	15.32**	14.80**	16.02**	13.30**
Gearing Ratio	times	0.30	0.11	0.09	0.17	0.19

Note:-

** *Based on the weighted average number of ordinary shares outstanding during the financial year excluding treasury shares held by the Company*

OPERATIONS REVIEW

- **Manufacturing**

For FY2020, the Manufacturing segment had achieved RM102.8 million or 36.2% of the Group's revenue, in comparison to FY2019 of RM109.3 million or 35.8% of the Group's revenue. The decrease mainly due to lower revenue from busduct. However, this was mitigated by higher execution of elevator projects.

The Manufacturing segment continues to be the main-stay revenue contributor to the Group from our key in-house brands namely, EITA-Schneider® for Elevator Systems and Furutec® for Busduct Systems.

Depending on the different Movement Control Order ("MCO") and their guidelines, EITA had to adjust its work accordingly. EITA Elevator (Malaysia) Sdn. Bhd. ("EITA Elevator") is now in project deployment mode for MRT Line 2 (Sungai Buloh – Serdang – Putrajaya) and LRT Line 3 (Bandar Utama – Johan Setia). Both of these major transport infrastructure projects are expected to be operational by 2023[1] and 2024[2], respectively.

Furutec Electrical Sdn. Bhd. ("Furutec Electrical") with its busduct products continues to penetrate and expand into ASEAN and the Middle-East markets. It has been a challenging year for the export market due to the lockdown on some countries amid the Covid-19 pandemic, the overseas sales for busduct was recorded at RM21.2 million in FY2020 as compared to RM33.6 million in FY2019.

Escalator installation

The busduct team has launched a few initiatives to further its competitive edge. It has received the following international certification, IEC61439-6, IEC60331 and BS6387 (Category C, W & Z) in compliance with international standard for busduct to operate continuously without disruption during a fire. Furutec Electrical has also started on its IR 4.0 transformation in terms of conducting a readiness assessment and applying for appropriate grants.

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

- **Marketing & Distribution**

The Marketing & Distribution segment remains a stable revenue contributor. For FY2020, it revenue recorded at RM72.2 million or 25.4% of the Group's revenue, as compared to FY2019, RM79.1 million or 25.9% of the Group's revenue. The decrease mainly due to lower demand for electrical and electronics ("E&E") components.

EITA continues to market and distribute a broad range of international renowned brands of E&E equipment and components from Fuji Electric, Kyoritsu, Panasonic, General Electric, MMC, Novaris and others. This suite of E&E products is complementary to our in-house brands and also used in our projects.

Over the years, our hardworking team of technical sales and marketing consultants, and service engineers has established a strong marketing and distribution network throughout Malaysia for these E&E products. It is the mutual trust earned with our business partners that have resulted in their long-term business support. This business segment continues with its targeted marketing programmes, and value-added technical consultancy and support.

- **Services**

The Services segment primarily consists of the provision of maintenance and repair services for our EITA Elevator customers and other Extra Low Voltage ("ELV") projects.

For FY2020, the Services segment had achieved RM36.8 million or 13.0% of the Group's revenue, as compared to FY2019 of RM40.1 million or 13.1% of the Group's revenue. The decrease mainly due to lower revenue from elevator repair sales. However, this was mitigated by higher project execution of ELV project.

At end of FY2020, EITA had handed over close to 3,500 units of elevator and escalator systems. At EITA, we continue to expand, train and develop our Service team to deliver service excellence. This is to meet the ever-demanding customers' expectations to ensure maximum uptime and more importantly, safety. And, this is directly inline with EITA Elevator's tag-line "We Transport People Safely".

In July 2020, EITA Elevator has been officially designated by Jabatan Keselamatan Dan Kesihatan Pekerjaan (JKKP) and Malaysian Lift And Escalator Association ("MALAE") to be an authorised industry training provider in conducting Competent Persons training and certification. We are glad to play an important role in nation building to help upgrade the industry standard.

EITA has also signed up a training partnership with Selangor Human Resource Development Centre ("SHRDC") for industry-specific upskilling training, internship and recruitment purposes. We continue to expand and upskill our Service team. This includes developing a specialised group of Competent Persons ("CP") to meet the ever-demanding customer's expectation to ensure ride comfort and most importantly, safety.

EITA Elevator has invested approximately RM550,000 into automation system for its maintenance service operations to further streamline its services. It is now in its implementation stage.

Testing elevator controller

- **High Voltage System**

For FY2020, the High Voltage System segment recorded at RM72.3 million or 25.4% of the Group's revenue, as compared to FY2019 of RM76.9 million or 25.2% of the Group's revenue. The decrease due to lower execution of Transmission substation projects.

Currently, TSC is in an active project execution mode to complete the contracts awarded from Tenaga Nasional Berhad and Sarawak Energy Berhad. Meanwhile, it will continue to bid for more power projects.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

Sub-station installation

RISKS AND CHALLENGES

The Covid-19 global pandemic has had far-reaching social-economic consequences. Various countries are still struggling to contain its spread, hindering both global trade and local economies.

The Group is ever-watchful of these uncertainties and the potential risks. The key is forward planning and being prepared. At EITA, we have instituted internal control mechanisms for risk management in order to mitigate potential risks.

- **Safety**

  Safety will always be one of EITA's paramount priorities. This includes safety for our staff, our business associates, our customers and the public.

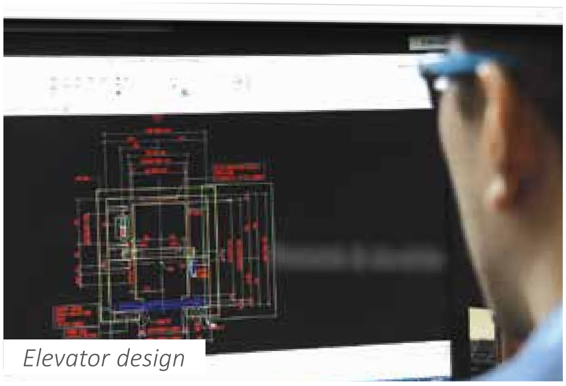
  In light of the Covid-19 pandemic, a Safety & Health ("S & H") Task Force was immediately formed on 17 March 2020 to protect the well-being of staff and other stakeholders. Throughout varying stages of the MCO, EITA Group strictly adhered to the SOP as instructed by the Ministry of Health. Various initiatives were implemented such as providing a dedicated S & H team for each subsidiary, conducting safety demonstrations and briefings, daily sanitisation exercises, usage of thermal scanners, Work-From-Home orders, staggered work arrangements, visitors safety SOP, conducting online meetings and training, among others.

- **Foreign Exchange**

  EITA trades internationally with both suppliers and customers, as such, the Management is vigilant to currency fluctuations. We have our in-placed Hedging Policy that is periodically fine-tuned in accordance with the business requirements to mitigate the foreign exchange risk exposure.

- **Human Capital**

  EITA's head-count has increased steadily over the years. As at end FY2020, it has over 620 employees. It is a constant challenge to match market demands with appropriately skilled manpower. Planning for expansion, forecasting the project pipeline, and succession planning will be critical to ensure adequate and appropriate manpower for business sustainability. EITA Elevator being an approved industry training provider coupled with a partnership with SHRDC is part of our plans to address this human capital issue.



Elevator design

OUTLOOK AND PROSPECTS

In 2021, the global economy is project to recover with a growth of 5.2% as compared to a negative growth of 4.4% in 2020. Against the challenging Covid-19 pandemic backdrop, with uneasy ripple effects of the United States-China trade disputes, continued Brexit uncertainties, low oil prices and deepening climate crisis – all these geo-political and socio-economic complexities have undoubtedly created challenges for the business community[3].

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

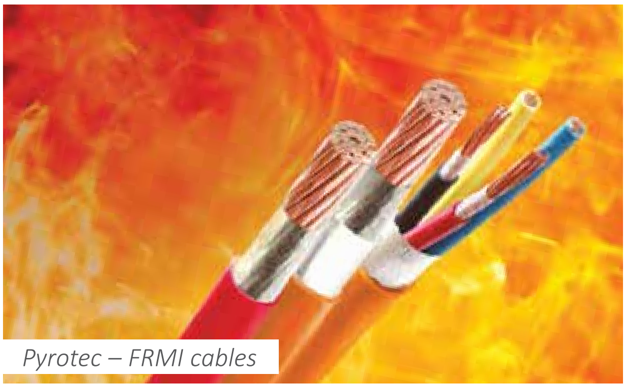
With the anticipated improvement in global growth and international trade, the Malaysian economy is projected to rebound between 6.5% - 7.5% in 2021. Growth will continue to be supported by strong economic fundamentals and a well-diversified economy. However, the favourable outlook hinges on two major factors – the successful containment of the pandemic and sustained recovery in external demand[3].

Budget 2021, which marks the beginning of the Twelfth Malaysia Plan 2021 – 2025 (12MP) period will chart the nation's development path in the new normal.

Overall, the Government is allocating RM322.5bil or 20.4% of GDP for Budget 2021. In the Fiscal Outlook 2021 Report, a larger allocation of about 38% for development expenditures in 2021 is provided to support economic growth and better quality of life and living environment through the implementation of new and ongoing projects, mainly in the areas of education, healthcare, housing, transportation and public utilities[4].

Of the RM322.5bil total allocation, about RM69bil will go towards the development expenditure as compared to RM56bil in 2020. Programmes and projects with a multiplier impact such as upgrading, expansion and maintenance of transportation networks such as Electrified Double Track Gemas – Johor rail project, Pan Borneo Highway, Klang Valley Double Track Phase 1, and Rapid Transit System[4].

The construction sector is expected to rebound by 13.9% in 2021 on account of the acceleration and revival of major infrastructure projects, coupled with affordable housing projects. The civil engineering subsector will continue to be the main driver of the construction sector[3].



Pyrotec – FRMI cables

The manufacturing sector is forecast to bounce back by 7% in 2021, driven by steady improvement in both the export and domestic oriented industries. The E&E segment is projected to accelerate in line with digital transformation as Work-From-Home and virtual communication become part of the new business practices. Higher demand for integrated circuits, memory and microchips within the global semiconductor market will further support this segment[3].

- **Public transport infrastructure projects**

  The MRT 3 which was originally shelved in 2018 is now making a comeback. It is also known as the Circle Line which was planned to provide a loop link to the integrated public transport system in Klang Valley by 2025. This line is estimated to cost up to RM40 billion to RM45 billion. Also, in the pipeline, is the East-Coast Rail Link and Bayan Lepas LRT. These projects are expected to generate a positive multiplier effect on the country's economy[4].

  The ripple effect from the construction sector would spur many sectors of the economy and in turn boost the property market. Good infrastructure projects would not only benefit the main contractors but also subcontractors, suppliers, and the logistics and sectors[4].

- **Overseas market expansion**

  EITA remains focused to build greater overseas brand awareness for its in-house brands, EITA-Schneider® Elevator systems, Furutec® Busduct systems and PYROTEC® cables.

  ASEAN and the Middle-East continue to be important markets to EITA. We aim to achieve deeper market penetration and grow the business with our partners. We also will keep on casting our overseas net wider to explore other potential markets.

  EITA also works closely with various Government agencies to leverage on their wide international network and expertise to seek new overseas territories.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

- **EITA Elevator Group of Companies – new Headquarters at Bukit Raja**

On 15 October 2020, EITA Elevator together with EITA-Schneider (MFG) Sdn. Bhd., joint-venture company - Sigriner Automation (MFG) Sdn. Bhd., and EITA Research & Development Sdn. Bhd. have moved to its new headquarters at Bukit Raja.


Tallest Test Tower in Malaysia

This headquarters marks a major milestone for the Group. The total land size for this site is 126,411 square feet with an estimated built-up of 79,000 square feet. It will consist of a main office block, a test tower and a manufacturing facility cum warehouse. It also houses a showroom and a training centre.

The land-mark structure is the Elevator Test Tower measuring over 87 meters in height which is the tallest in Malaysia.

It is also significant as the whole elevator business operations is centralised under one roof, from sales to project management, from manufacturing to warehousing, and from maintenance services to R&D. Overall, it streamlines the operations, provides better marketing support and enhances our image both locally and overseas markets.

- **Research & Development ("R&D")**

The primary objective of this Elevator Test Tower is to serve as an in-house elevator R&D facility for our own innovations and improvements.

The elevator R&D team will now be more effective in conducting various R&D tasks internally. Such as, tests and experiments related to high-speed, ride comfort, safety certifications, standard compliances, new elevator controller functionalities, Internet-of-Things ("IoT") for enhanced preventive maintenance and others.

In addition, with more industry safety standards being introduced, the Elevator Test Tower would allow the R&D team to be more effective and efficient to run various in-house compliance certification tests. Moreover, the Elevator Test Tower will also serve as a training ground to enhance the quality of works and competencies of the technical personnel.

Furutec Electrical in Penang is in the midst of embarking on another R&D collaboration with a local university in Penang which will be funded via the Collaborative Research in Engineering, Science and Technology ("CREST") grant. It is also exploring IoT initiatives to investigate and improve busduct power throughput in regards to conductivity efficiency and temperature rise.

- **"Greener" products and operations**

Aligned to EITA's sustainability mission, we continue to develop business sustainable solutions both in our products and in our business operations. This is further reinforced in our corporate tag-line "Brings good feel to life" that we need to value and preserve our Mother Nature.

Fuji Electric – our E&E partner

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

Furutec Electrical – busduct manufacturing in Penang

Mirroring Furutec Electrical's operations in Penang, EITA Elevator at the new Bukit Raja site will be implementing various eco-friendly initiatives such as renewable energy with solar panels on the factory roof, natural and LED lighting, rain-water harvesting and a dedicated Recycling Center.

- **Energy demand**

  In line with Budget 2021's thrust to improve the quality of life for its growing population and to support Malaysia as a developing nation, the energy demand will be ever-increasing.

  The Government announced RM2.7bil for rural development, interestingly, Sabah and Sarawak will receive a separate allocation for development expenditure of RM5.1bil and RM4.5bil, respectively. Part of these development initiatives include electricity supply and installation of lamps and lights for village roads[4].

  TSC is well-poised to capitalise on the potential opportunities in this particular power infrastructure sector.

ACKNOWLEDGMENT

Despite the tough Covid-19 pandemic situation and the various MCOs implemented by the Government, EITA can be commended on achieving an overall satisfactory results. Everyone has worked hard and we have persisted in facing FY2020 challenges.

On behalf of the Management team, I would like to express our sincere gratitude to the Board of Directors for their confidence and guidance. I would also like to record my appreciation and a big round of rousing applause to my fellow colleagues across the Group for their dedication and contributions throughout the year.

I am confident that EITA is well-positioned to forge ahead against the headwinds, to deliver greater success and value to all our stakeholders.

FU WING HOONG
Group Managing Director

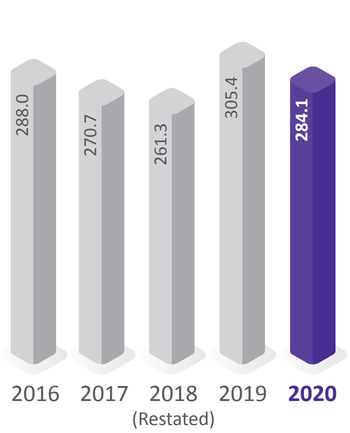
1 *https://www.theedgemarkets.com/article/gamudas-mrt2-works-expected-be-completed-time*
2 *https://paultan.org/2020/07/20/lrt3-line-now-33-done-expected-to-complete-in-2024/*
3 *Ministry of Finance: Budget 2021 – Economic Outlook 2021 Report*
4 *Economic Outlook 2021: The Star 7, November 2020*

FINANCIAL HIGHLIGHTS

GROUP PROFITABILITY For the Financial Year (RM' Mil)	FY2016	FY2017	FY2018 (Restated)	FY2019	FY2020
Revenue	288.0	270.7	261.3	305.4	284.1
Profit Before Tax	21.5	26.7	25.6	28.9	25.2
Net Profit Attributable to Equity Holders	16.2	19.8	19.6	21.9	18.3
GROUP FINANCIAL POSITION As at 30 September (RM' Mil)	**FY2016**	**FY2017**	**FY2018 (Restated)**	**FY2019**	**FY2020**
Total Non-Current Assets	34.9	34.6	38.7	54.2	60.6
Total Current Assets	218.7	196.8	198.8	249.6	242.5
Total Assets	253.6	231.4	237.5	303.8	303.1
Shareholders' Equity	142.1	157.0	162.4	173.5	185.3
Non-controlling interest	1.4	1.3	1.7	2.7	3.7
Total Equity	143.5	158.3	164.1	176.2	189.0
Total Non-Current Liabilities	8.8	7.6	6.8	15.8	19.1
Total Current Liabilities	101.3	65.5	66.6	111.8	95.0
Total Equity & Liabilities	253.6	231.4	237.5	303.8	303.1
FINANCIAL ANALYSIS	**FY2016**	**FY2017**	**FY2018 (Restated)**	**FY2019**	**FY2020**
Profit Before Tax Margin	7.5%	9.9%	9.8%	9.5%	8.9%
Net Profit Margin	5.6%	7.3%	7.5%	7.2%	6.5%

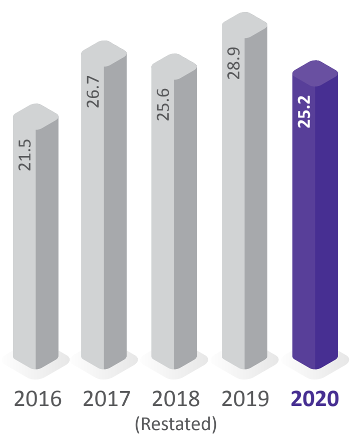
REVENUE
(RM' MIL)

4-year CAGR*
-0.3% p.a.



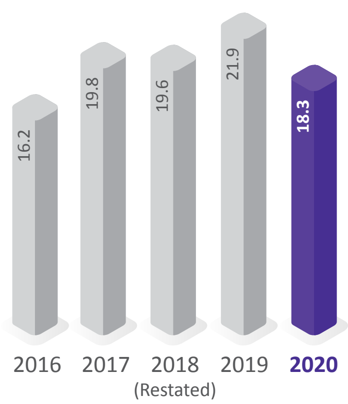
PROFIT BEFORE TAXATION (PBT)
(RM' MIL)

4-year CAGR*
+4.0% p.a.



PROFIT AFTER TAXATION (PAT)
(RM' MIL)

4-year CAGR*
+3.1% p.a.



** CAGR = Compounded Annual Growth Rate.*

SUSTAINABILITY STATEMENT

OUR SUSTAINABILITY APPROACH

This Sustainability Statement ("Statement") covers the operations of EITA Group of Companies ("EITA" or the "Group") and the active subsidiaries located in Malaysia, Singapore and Indonesia. It encompasses our various business segments namely, Manufacturing, Marketing and Distribution, Services and High Voltage System.

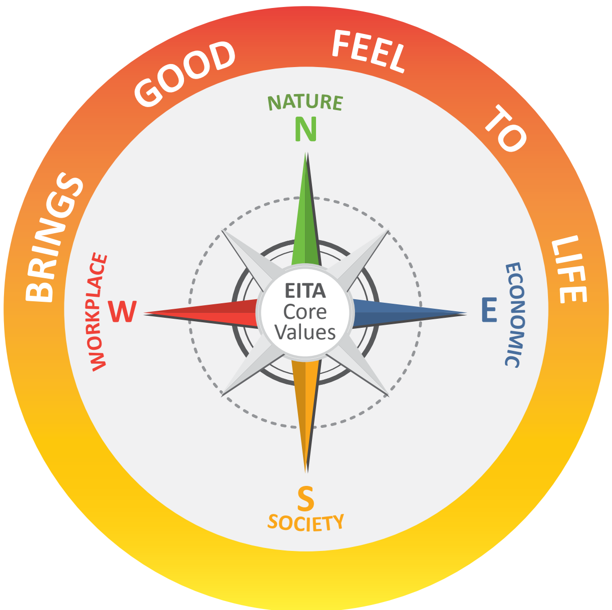
SUSTAINABILITY STATEMENT
cont'd

Our Corporate Tagline "Brings Good Feel To Life"

"Brings good feel to life", is our corporate tagline to bring shared benefits to all stakeholders. In our mission to strive for long-term business sustainability, EITA embraces its role as a responsible corporate citizen to conduct our business ethically together with social and environmental best practices.

"The essence of this tagline is captured in its two (2) keywords 'good feel'. It is about harnessing and directing your energy towards positive change in US - in our personal life, in our work life, and basically in everything that we do. In the process of delivering our products and services we need to be mindful of the need to strike a balance among influencing forces of our stakeholders. Only then our resultant output would be viewed as a holistic Win-Win outcome for all stakeholders." – Fu Wing Hoong, Group Managing Director.

This tagline acts as the guiding principle and it encompasses our Core Values and our Sustainability Compass.



Our Core Values

The spirit of our Sustainability Approach is manifested in our Core Values and as reflected in our EITA acronym:

E – Excellence : In our quest for excellence, we seek sustained and strategic business growth for the company and its employees, and to optimise shareholders' returns.

I – Integrity : We shall carry out our duties with the utmost integrity, grounded on sound moral and ethical principles.

T – Trust and Respect : It is through trust and mutual respect that we build strong working relationships among all our stakeholders.

A – Accountability : We shall demonstrate full accountability and be responsible for all our actions, decisions and behavior.

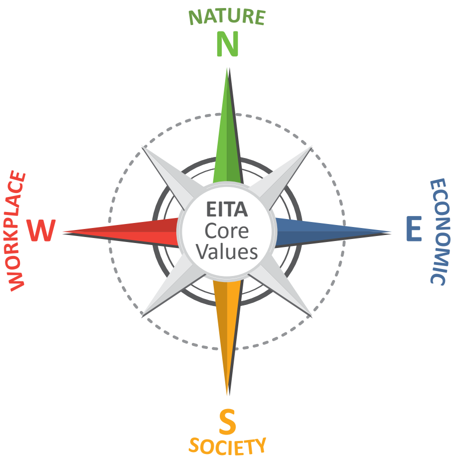
SUSTAINABILITY STATEMENT
cont'd

Our Sustainability Compass

Our Sustainability Compass with its four (4) cardinal points act as shining beacons to EITA's Sustainability Approach.

NATURE

EITA commits to a sustainable co-existence with Mother Nature for a "greener" environment where we work, live and play. We strive to champion eco-friendly initiatives in our products and processes.



WORKPLACE

EITA endeavours to create a conducive workplace where our employees are able to thrive and perform to the best of their abilities to deliver sustained high performance.

ECONOMIC

EITA pledges a sustainable business model to provide quality products and value-added services, to uphold ethical business practices and to deliver superior returns to shareholders.

SOCIETY

EITA embraces our role as a responsible corporate citizen and to inculcate an attitude of volunteerism amongst our staff to build meaningful relationships and to be positive contributor to the community.

SUSTAINABILITY STATEMENT
cont'd

SUSTAINABILITY GOVERNANCE

EITA's Board of Directors plays an active role in overall sustainability governance. The Executive Committee is lead by our Group Managing Director who sets the overall corporate sustainability strategy and provides impact oversight on the Group's sustainability initiatives.

The Sustainability Working Group ("SWG") is headed by our Executive Director, Mr. Lee Peng Sian. He reviews sustainability implementation and performance indicators, and is supported by our Chief Financial Officer ("CFO"). The SWG compromises of designated management and representatives from various subsidiaries and departments. They are responsible for materiality assessment, drive implementation, monitor and report sustainability initiatives.

Ongoing governance processes are periodically reviewed and refined to incorporate sustainability best practices for greater effectiveness and efficiency.

SUSTAINABILITY STATEMENT
cont'd

STAKEHOLDER ENGAGEMENT

The Group acknowledges the importance of both internal and external stakeholders' contribution to EITA's sustainable growth. Hence, we work closely with both our internal and external stakeholders in a timely and open manner to identify and address sustainability. Ultimately, this would help us in making informed decisions to achieve our sustainability objectives.

Stakeholders	Mode of Engagement	Sustainability Focus Areas
Shareholders/Investors	* Annual General Meeting * Annual Report * Quarterly Results Announcements * Websites * Analyst briefings * Media interviews and releases	* Company performance * Dividend * Business strategy and plans * Corporate governance * Corporate activities
Customers/Distributors	* Direct engagements * On-site meetings * Customer Satisfaction Surveys * Exhibitions * Corporate website	* Relationship management * Supply chain management * Quality of product & services * Project management
Suppliers/Contractors/ Consultants	* Direct engagements * On-site inspections	* Relationship management * Supply chain management * Quality of product & services * Occupational health & safety
Government/Regulatory authorities	* Participation in programmes organised * On-site inspections	* Corporate governance * Regulatory compliance
Media/Analyst	* Media interviews & releases * Analyst briefings * Advertisements	* Timely communications
Employees	* Learning & Development programme * Employee Engagement Survey * Performance Appraisal * Company activities (Sports Club, Annual Dinner, Quarterly Birthdays)	* Career development & advancement * Fair Employment practices * Workplace conduciveness * Safety, health and welfare * Balanced lifestyle
Local communities	* Volunteering programmes * Community engagement programmes	* Good Corporate Citizenship * Safety practices * Environmental practices

SUSTAINABILITY STATEMENT
cont'd

MATERIALITY

Following Bursa Malaysia's Sustainability Reporting Guide and Toolkits, EITA has adopted a structured materiality assessment approach in identifying relevant sustainability matters.

Our approach in materiality assessment and in developing the Materiality Matrix is to evaluate the significant material sustainability matters within the four cardinal points of our Sustainability Compass that are most impactful to our long-term business sustainability and in harmony with our stakeholder interests.

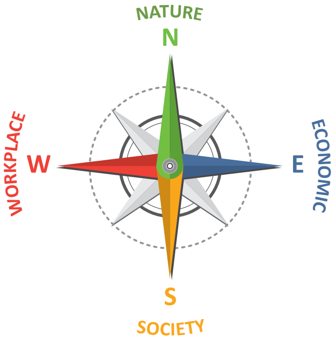
Materiality Matters

NATURE

- 6 Recycling & Waste Management
- 7 Energy Conservation

WORKPLACE

- 8 Fair Employment Practices
- 9 Employee Development & Succession Planning
- 10 Safety & Health
- 11 Balanced Lifestyle



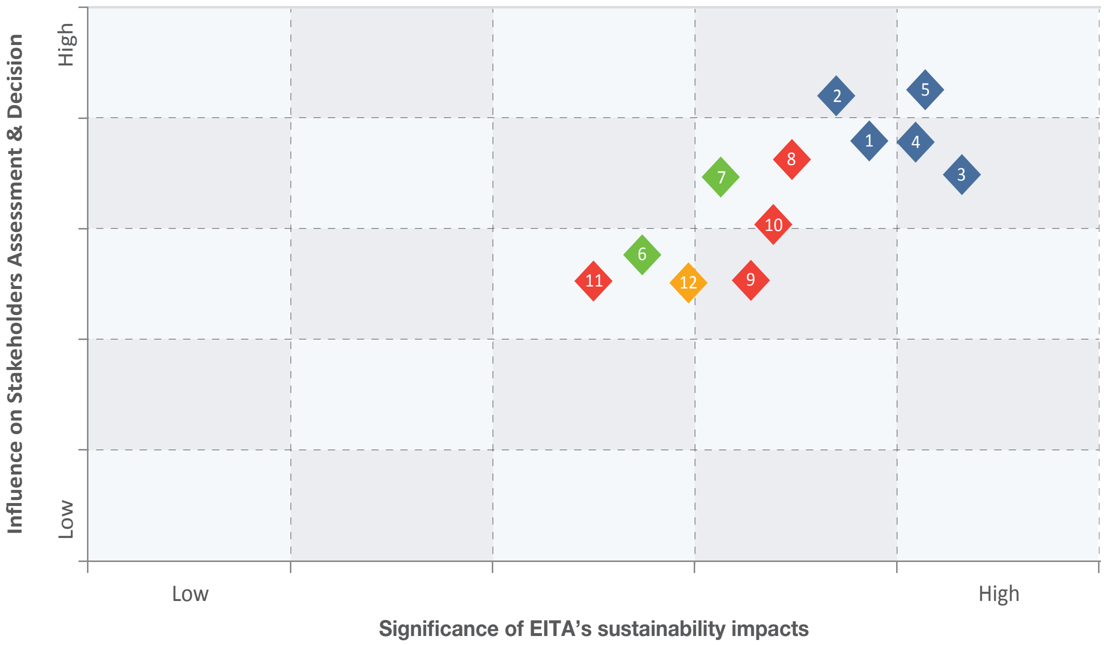
ECONOMIC

- 1 Corporate Governance and Code of Ethics & Conduct
- 2 Strategic Partnerships
- 3 Customer Satisfaction
- 4 Quality Commitment
- 5 Innovation

SOCIAL

- 12 Community Engagement

Materiality Matrix



SUSTAINABILITY STATEMENT

cont'd

Each sustainability matter is mapped against the respective stakeholder group across our business value chain. Concurrently, we also match the impact created against United Nations Sustainable Development Goals (SDGs) framework.

Our Stakeholders	Shareholders/ Investors	Customers/ Distributors	Suppliers/ Contractors/ Consultants	Government/ Regulatory Authorities	Media/ Analyst	Employees	Local Communities	Contributions to SDGs
Sustainability Matters **ECONOMIC**								
Corporate Governance and Code of Ethics & Conduct	√	√	√	√	√	√		SDG#16
Strategic Partnerships	√	√	√	√	√	√		SDG#9, #12, #17
Customer Satisfaction	√	√			√	√		SDG#9, #17
Quality Commitment	√	√	√	√	√	√		SDG#9, #17
Innovation	√	√	√	√	√	√		SDG#9
NATURE								
Recycling & Waste Management	√	√		√		√	√	SDG#13
Energy Conservation	√	√		√		√	√	SDG#7, #12
WORKPLACE								
Fair Employment Practices	√			√		√	√	SDG#4, #5, #8
Employee Development & Succession Planning	√					√		SDG#4, #8
Safety & Health	√			√		√	√	SDG#3
Balanced Lifestyle	√					√		SDG#3
SOCIAL								
Community Engagement	√	√				√	√	SDG#10, #13

SUSTAINABILITY STATEMENT
cont'd

ECONOMIC SUSTAINABILITY

The Group's Sustainability Compass sets the direction towards achieving economic sustainability in terms of long-term profitability and growth for the Group.

On 17 December 2020, our Group Managing Director, Mr. Fu Wing Hoong, was nominated as one of the Top 5 nominees for the "Best CEO for Investor Relations" in the Micro Cap category. This recognition is conferred by the Malaysian Investor Relations Association ("MIRA") during their MIRA Investor Relations Award 2020 event which was held virtually. Mr. Fu remarked, "It is an honour to be nominated. We will uphold our responsibility to be responsive to our investors by providing them with an up-to-date and accurate account of EITA's business."

- **Corporate Governance and Code of Ethics & Conduct**

  Integrity is one of EITA's cornerstone core values. It is integral in running a reputable sustainable business. We are committed to the principles of sound corporate governance as set out in the Malaysian Code on Corporate Governance.

  We continue our push for zero-tolerance of any form of bribes or corruption. In 2019, EITA has completed our first phase of our Anti-Bribery & Anti-Corruption Policy implementation. All our staff have signed a Letter of Undertaking and Conflict of Interest Declaration form. During the year 2020, to further enhance our corporate governance, we have executed the second phase of our Anti-Bribery & Anti-Corruption Policy implementation focused on our customers and suppliers.

  EITA's integrity initiatives is further supported by our existing Whistle Blowing Policy and for FY 2020, there were no reported cases.

  Our corporate governance policies are reviewed periodically to ensure they reflect the applicable changes in legislative requirements and the business environment.

- **Strategic Partnerships**

  In maintaining a sustainable business, EITA continues to develop stronger strategic alliances with various business associates and stakeholders for long-term mutual benefits. This enables us to capitalise on our collective strengths and to synergise our resources to create a bigger impact on our business and industry.

  EITA Elevator continues to work closely with our local and overseas partners to fulfill the stringent technical specifications for MRT Line 2 and LRT Line 3.

  Overseas growth is vital for the Group. We will continue to expand our distribution network in ASEAN and the Middle-East, in seeking and cultivating more strategic overseas partnerships. This is inline with our strategy to achieve deeper market penetration and ultimately, grow our market share in these overseas markets.

- **Customers Satisfaction**

  We strive to foster customer loyalty through win-win position that generate good feel to all parties - this is the foundation to building a long-term relationship and business sustainability.

Fire Drill at Subang HQ

SUSTAINABILITY STATEMENT
cont'd

EITA is continuously exploring ways to advance our business to offer better products, enhance our customisation ability, and also deliver better customer experience in sales, marketing support, project management, maintenance and repairs.

EITA Elevator - Maintenance Department	FY 2020	FY 2019
Timeliness & Reliability of Services	82%	83%
Quality of Product & Services	85%	84%
Responsive to Customer Needs	82%	85%
Communication with Customers	77%	86%
Average	**82%**	**85%**

EITA Elevator, specifically its Maintenance Department looks after maintenance and repair services. It carries out quarterly Customer Satisfaction surveys with a target to achieve at least an overall 80% of customer satisfaction. For FY2020, the overall score achieved was 82% as compared to 85% in FY2019. Training is in progress to improve the communication between the Service Supervisors and Technicians with our customers.


Partnership with SHRDC

We continue to expand and develop our pool of elevator Competent Person to carry out timely lift safety inspections.

EITA-Schneider (MFG) Sdn. Bhd.	FY 2020	FY 2019
Timeliness & Reliability of Services	80%	81%
Quality of Product & Services	85%	80%
Responsive to Customer Needs	76%	79%
Average	**80%**	**80%**

As for EITA-Schneider (MFG) Sdn. Bhd., our elevator manufacturing subsidiary, it is responsible for both local and overseas sales. It also conducts its own Customer Satisfaction survey. For FY2020, it scored 80%, the same as 80% in FY2019. The quality in terms of product and services have improved overall. To be more responsive, it has hired additional sales and marketing personnel and is now revamping a new website with an interactive lift design feature.


Supervisory Skills training

Having managed major transportation infrastructure and high-end commercial projects, EITA Elevator now has an experienced and competent project delivery team ever-ready to tackle even more challenging projects ahead and to strive to exceed our customer's expectations.

Furutec Electric	FY 2020	FY 2019
Customer Satisfaction Survey	80%	81%
Correction Action Report (Cases)	0	0
Customer Returns (lot)	0	0

Furutec Electrical in Penang, they too have their own survey metrics. They carry out an annual Customer Satisfaction survey, with a target of achieving 80% satisfaction benchmark. In addition, the Corrective Action Report (Cases) and Customer Returns (Lots) are also being monitored. For FY 2020, the Customer Satisfaction scored 80% as compared to 81% in FY 2019.

EITA continues to provide training for its customers and business partners. In 2020, EITA Power System conducted a virtual MMC Certified Installer courses for its business partners. Similarly, Furutec Electrical held Busduct Certified Installer programmes to upskill its partners in busduct installation.

SUSTAINABILITY STATEMENT
cont'd

We maintain our direct presence with local Representative Office in both Indonesia and Vietnam to provide on-the-ground marketing support for our business partners and customers. This allows us to proactively engage them and have a deeper understanding of the local business climate.

- **Quality Commitment**

Quality is about the constant pursuit of excellence. EITA is committed to our quality quest to deliver high-quality products backed by superior service and support for our customers and business associates.

R&D in progress

For our own brands, EITA-Schneider® (Elevator systems), Furutec® (Busduct systems) and PYROTEC® (Fire-Resistant cables), we are steadfast to provide quality assurance to our customers with products that are in compliance with the latest international and local standards such as IEC, BS, CNS, EN81, SIRIM and others.

As part of our process approach for continual improvement, EITA also adheres to the latest management system standards such as, ISO 9001:2015 Quality Management System and ISO 45001:2018 Occupational Health & Safety Management System. This is to ensure that we adhere to quality management principles to deliver consistent quality products and services with a strong customer focus and a process approach for continual improvement.

- **Innovation & Improvement**

"We need to innovate for sustainability." a statement championed by Mr. Fu Wing Hoong. EITA is committed to investing on innovations and improvements to deliver quality products and services to stay ahead of the competition and to be different.

EITA Research & Development Sdn. Bhd. provides in-house specialised research and development ("R&D") services for our own elevator and busduct products. For 2020 and beyond, our R&D team is now looking at:

- Industrial Revolution 4.0 ("IR 4.0"). Furutec Electrical has already embarked on its IR 4.0 journey and has completed its Readiness Assessment. It has also submitted IR 4.0 grant application and is now awaiting approval.
- Collaborative Research in Engineering, Science and Technology ("CREST"). EITA Research & Development Sdn. Bhd. Is now a member of CREST. It has applied for CREST grant for collaborative research with a local university in Penang for a busduct R&D project.
- Internet-of-Things (IoT). There are several ongoing IoT initiatives:
  - Elevator Remote Monitoring. The ability to centrally monitor elevators on an online, real-time basis as a value-added service features for our elevator clientele.
  - Sensors to monitor elevator performance. Mechanical and electrical sensors to monitor specific elevator equipment and components to enhance both predictive and preventive maintenance.
  - Elevator Destination Despatch System integrated with Facial Recognition ("FR"). Use of FR to recognise clients and direct them to the appropriate elevators to minimise waiting time.
  - Sensors to monitor busduct performance. Electrical and thermo-couple sensors to monitors and optimise busduct power throughput.

SUSTAINABILITY STATEMENT

cont'd

- ○ Safety improvements. Ongoing R&D efforts to integrate with more and better safety features.
- ○ Certification.
    - ▪ Elevator system. Completed SIRIM testing for Insulated Fire Rated Steel Lift Landing door.
    - ▪ Escalator system. Completed EN115-1-2017 for escalators and moving walks in terms safety, design and installation.
    - ▪ Busduct system. Completed Intertek certification (Phase 1) for AH AL busduct model and HP-EL AL fire test under SIRIM in accordance with IEC 60331 and BS 6387 (Category C, W and Z) standards.

With the completion of our very own Elevator Test Tower facility, the R&D team will now be able to carry out more effective R&D to further improve our elevator systems in terms of speed, safety, ride comfort, enhanced features and much more.

NATURE SUSTAINABILITY

EITA understands the importance of co-existing with Mother Nature. Hence, we are ever conscious of the impact of our business decisions and operations on the environment, likewise the effects of the environment on us. We endeavor to pursue green sustainable initiatives in terms of recycling, waste management and energy conservation.

- **Recycling and Waste Management**

Initiated by our top management in 2016, EITA has kept up with its on-going Recycling Campaign with segregation at source. This is to instill an active recycling mindset not only within the organization but also at the community level and at home.

To further complement our Recycling Campaign, EITA continues with its "100% Proper Plastic Waste Disposal" Campaign by bringing back recyclable plastic materials back to the office from its project sites.

Our Recycling Campaign

Recycable Materials	FY 2020 (Kg)	FY 2019 (Kg)
Paper	14,441	9,497
Plastic	924	937
Metal	56,690	70,829
e-Waste	46	-
Total	**72,009**	**81,263**

For FY2020, the notable increase in recycled paper was due to the discarding of old files when the various companies moved to Bukit Raja. However, there was still an overall reduction in recyclable materials. Meanwhile, we are constantly exploring ways to improve our waste management processes, and for FY2020, we are now tracking e-Waste.

Enjoying vegetarian luncheon

SUSTAINABILITY STATEMENT
cont'd

Our recycling programme also has an extended corporate citizenship component. We have an ongoing partnership with Tzu Chi Foundation Malaysia ("Tzu Chi"), a Non-Governmental Organisation ("NGO"). They collect a portion of our recyclable materials on a regular basis and in turn, use the sales proceeds of these recycled materials for their NGO's charitable and welfare activities.

At Bukit Raja, a designated Recycling Center will be set up which mirrors the same concept at Furutec Electrical in Penang.

"To be able to instill a recycling culture to help preserve Mother Earth and in turn, assist the society, indeed, an initiative I wholeheartedly support.", Mr. Fu comments.

- **Energy Conservation**

Group-wide conscious efforts are made to inculcate good conservation habits within the staff in the usage of electricity and water. From the simplest acts of switching off lights while out of the office to fixing dripping taps. For FY2020, the Group recorded a praiseworthy reduction in overall consumption.

Utilities	FY 2020 (RM)	FY 2019 (RM)
Electricity	494,125	578,583
Water	66,995	64,774
Total	**561,120**	**643,357**

The new Bukit Raja office and factory in Klang will be deploying more energy conservation best practices such as rainwater harvesting, energy-efficient lighting and skylights for the factory.

- **"Green" Renewable Energy**

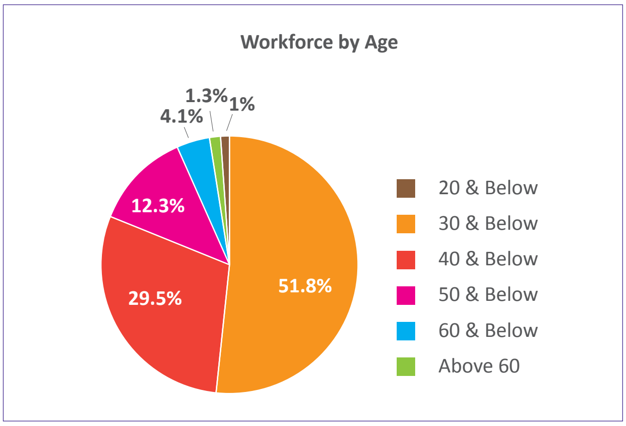
One of our major investments at Bukit Raja would be the installation of solar panels on the rooftop of the factory. The coverage area is about 1,700 square metre with an estimated output of 25,000 AC power (kWh) per month. This solar renewable energy project is expected to be completed by early 2021.

WORKPLACE SUSTAINABILITY

The Group acknowledges that dedicated staff is the bedrock to its success. It is the staff's collective commitment, knowledge, experiences and diversified skill sets that will continue to propel EITA to attain sustainable growth.

EITA pledges to create a conducive "Good Feel" workplace regardless of their gender, background or position where they are able to thrive and perform to the best of their abilities within the organisation and the outside community. We aim to provide a conducive work environment that enables us to attract and retain top talents, which also promotes mutual respect and encourages teamwork.

Our workforce profile:



SUSTAINABILITY STATEMENT
cont'd

Slightly more than 82% of our staff are aged 40 years and below, this is a reflection of a relatively youthful and energetic workforce which in integral in ensuring a potential pool of talents geared for continued business sustainability.


Recognition Award for Sanitizing Team at Subang HQ

- **Fair Employment Practices**

  The Group advocates fair employment practices. We work towards complying with all applicable labour laws, rules and regulations in the countries where we conduct our business. We abide by the principles of equal opportunity, non-discrimination, anti-harassment, availability of grievance channel and strictly no child labour.

  We strive for objectivity in our employees' performance assessment by linking predetermined Key Performance Indicators ("KPI") and Competencies to quantifiable outcomes, rewards and training needs.


Sanitizing Team at Shah Alam

During our annual EITA Policy Review meeting, our Human Resources Policy is reviewed and benchmarked against other companies, with recommendations adopted to offer a competitive remuneration package for all staff.

Long Service	No. of employees
20 years	2
15 years	7
10 years	10
5 years	29
Total	**48**

For FY2020, there were 48 Long Service Award recipients altogether ranging from 5 years to 20 years. Due to the Covid-19 pandemic, a virtual appreciation ceremony was held to present Long Service Awards to these deserving staff in recognition of their loyalty, dedication and contributions over the years.

- **Employee Development & Succession Planning**

EITA sustained business success is dependent on retaining and developing competent and capable employees by equipping them with relevant skills, knowledge, and work experiences. Thus, it is important to also inculcate a learning culture within the organization. During the pandemic period, in adapting to the new normal, training classes were conducted in virtual mode.

Training	FY 2020	FY 2019
Training Expenditure (RM)	69,135	138,530
Number of training programmes	138	81
Total training hours	5,352	5,257

The Group Training Unit sets EITA's learning and development framework that includes the following: Safety & Health, Soft-Skills, Operations Efficiency, Management Development, and Technical/Information Technology.

In 2020, EITA signed a partnership with Selangor Human Resource Development Centre ("SHRDC") to leverage on SHRDC's services as a training centre, training provider, source for recruitment and internship.

Succession planning is essential to ensure EITA is able to maintain its business sustainability trajectory. With the advantage of a relatively young talent pool, it is an on-going exercise to identify, develop and groom talents as the future leaders of EITA.

SUSTAINABILITY STATEMENT
cont'd

- **Safety & Health**

The Group recognises the significance of maintaining high standards of occupational safety and health management practices to ensure that our employees, our customers, the public and the environment are accorded the proper level of protection.

Registering at Guard-house

In response to the emergence of the Covid-19 pandemic in early 2020, EITA immediately set up a dedicated Covid-19 Safety & Health ("S&H") task-force. It is chaired by our Executive Director, Mr. Lee Peng Sian, backed by Human Resources Department with a S&H representative from each subsidiary.

The various S&H task-force efforts include:

- Compliance related to our Government's Standard Operating Procedures ("SOP") and various Movement Control Order ("MCO") guidelines
- Preparing a Group-wide internal S&H SOP such as Office Zoning, Team work-shift arrangement, Work-From-Home guidelines, Visitors' Safety guidelines, Travel restrictions, Quarantine enforcement and others
- Weekly S&H task-force meeting for updates and refine S&H SOP
- Weekly S&H briefing and demonstration during Conditional MCO as staff returns to work
- Setting up of Sanitising Team at each subsidiary with specific duties and responsibilities
- Implementing Face and Thermal Recognition System


Sanitizing team in action

A series of special recognition ceremony was held at various subsidiaries to show our appreciation to the Sanitising Teams for their tireless efforts in taking on additional tasks to daily sanitise their respective premises.

Type of accidents	FY 2020	FY 2019
Workplace	3	9
Road	1	0
Public	1	0
Total	**5**	**9**

Employees' safety and well-being are of top priority to us. We have already transitioned to the latest ISO 45001:2018 Occupational Health & Safety Management System.

Annually, Safety Audit Awareness training is conducted with appropriate preventive and corrective action plans to prevent incidents at our workplace, on the road, and at public venues.


Weekly Safety Briefing

SUSTAINABILITY STATEMENT

cont'd

- **Balanced lifestyle**

Fostering a better working relationship. In line with our "Brings good feel to life" tagline, EITA encourages its staff to embrace a balanced lifestyle of work, play and healthy living.

Balanced lifestyle

EITA Sports Club managed by elected staff is responsible for organising fun and engaging activities for its members. Pre-Covid, we managed to organize quarterly birthdays during Christmas and Chinese New Year period, ATV and Archery for Furutec Electrical in Penang and Blood Donation Drive.

However, in compliance with the Government's safety SOPs, many planned activities have been postponed in year 2020.

Promoting healthier lifestyle. Methane output from animal farming is one of the major contributors to green-houses that has led to global warming and detrimental climate change. In doing our small part to protect our planet, EITA continues to advocate a healthier lifestyle to its staff by eating less meat and consuming more vegetables.

Since 2016, the Group has made a conscious decision to serve full vegetarian meals for all our events these include EITA Annual Dinner, in-house functions and training. We continue to sponsor a catered vegetarian lunch for our staff once a month. During these luncheons held virtually, we show educational motivational videos, and also host talks on promoting healthier living, recycling, protecting the environment and other related topics.

Excellence Award	Number of recipients
Academic	4
Sport	4
Creative talent	8
Total	**16**

Encouraging well-rounded excellence. This balanced lifestyle message is also extended to the staff's children. Annually, we hold our EITA Excellence Award ceremony, specifically for our staff's children who have excelled in their Academic studies, Sports and Creative pursuits. These high achievers are rewarded with cash incentives to spur them to attain higher goals.

This year the award ceremony was held virtually on Zoom during the year-end school holiday period with parents and their children participating.

ATV adventure

SUSTAINABILITY STATEMENT
cont'd

SOCIAL SUSTAINABILITY

At EITA, we are ever conscious of the importance our corporate social responsibility ("CSR") role. We do our best to build meaningful relationships with the communities.

"Again, aligned with our tagline 'Bring good feels to life', I personally encourage our staff to serve and to give back to society, and ultimately to foster and nurture a Caring Culture within EITA." Mr. Fu exclaims.

- **Community Engagement**

Saving lives. Donating blood is a life-saving impactful gesture. Annually, the Group organises our Blood Donation Drive, however for this year, it was only held EITA Headquarters at Subang. At our EITA Headquarters, we extend our community role by inviting the company next door to participate, thus increasing the pool of donors.

	Number of donors	
Location	**FY 2020**	**FY 2019**
EITA HQ, Subang Jaya	83	80
Furutec Electric, Penang	-	25

Supporting education. The Group believes in developing industry-ready graduates in order to give them a head-start in their career and eventually be a positive contributor to society and the economy.


Blood Donation Drive

EITA opens its doors to accept interns from various local universities. We offer internships to final year students in various functional disciplines. We mentor these graduates matched to industry needs in preparation for their eventual employment in the Construction and Manufacturing sectors.

Internship (by function)	Number of interns
Project Dept	1
Technical Dept (QC/Safety)	1
Finance & Accounts	4
R&D	3
Credit Control	1
Engineering	2
Total	**12**

Furutec Electrical in Penang actively explores grants such as from CREST to work in collaborative R&D with post-graduates from a local university in Penang. This is a win-win scenario whereby these students not only provide R&D assistance for us but concurrently, they are able to fulfill their project thesis, gain valuable practical hands-on and relevant industry experience.


CSR Project: building new classrooms

We have a civic responsibility for public safety. EITA Elevator has an on-going safety awareness "Ride Safely with EITA" campaign to educate the public on the proper use of elevators and escalators.

Caring for the community. EITA wishes to inspire and nurture the spirit of volunteerism among its staff in giving back to the community, especially in caring for the less fortunate.

SUSTAINABILITY STATEMENT
cont'd

Care packages for patients and care-givers

Showing leadership-by-example, our top management participated in volunteerism work organised by Tzu Chi both locally and internationally. They are very hands-on with participation such as sorting duties at recycling centres, aiding international disaster reliefs, setting up education centres and much more. Throughout this pandemic period, they were directly involved in delivering care packages to various local hospitals and a prison in Klang Valley.

Spirit of volunteerism

On a quarterly basis, EITA Sports Club organises a trip to Taman Sinar Harapan, Kuala Kubu Bharu to help the inmates together with other volunteers. Indeed, it is an eye-opening and fulfilling experience for the volunteers. In the past, several of EITA's social projects are in collaboration with NGOs in order to have a larger pool of resources for better execution and greater beneficial impact on the community. Again, due to the Covid-19 pandemic, many of these community activities had to be postponed or cancelled in year 2020.

A special mention. Furutec Electrical provided financial aid to one of its staff when his home was partially destroyed by a severe thunderstorm. We also provided financial assistance to a few staff when their family members were hospitalised.

CSR Project: Care packages for hospitals

In order to recognise our staff's volunteerism spirit, EITA has incorporated a CSR KPI in our performance appraisal process to measure their participation in CSR projects.

Meanwhile, EITA continues to give contributions in cash and kind to various charitable causes, especially in support of the underprivileged, schools, places of worship and disaster reliefs.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

The Board of Directors ("the Board") of EITA Resources Berhad ("EITA" or "the Company") is committed towards ensuring good corporate governance and practices are implemented and maintained throughout the Company and its subsidiaries ("the Group") as a fundamental part of discharging its duties to enhance shareholders' values consistent with the principles and best practices set out in the Malaysian Code on Corporate Governance ("MCCG"), the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Corporate Governance Guide.

This Corporate Governance Overview Statement is augmented with a Corporate Governance Report ("CG Report"), based on a prescribed format as enumerated in Paragraph 15.25(2) of the Listing Requirements so as to provide a detailed articulation on the application of the Group's corporate governance practices as set out in the MCCG throughout the financial year ended 30 September 2020 ("FY2020").

This Corporate Governance Overview Statement makes reference to the following three (3) principles of the MCCG: -

(a) Board Leadership and Effectiveness;
(b) Effective Audit and Risk Management; and
(c) Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

The CG Report is available on the Group's website, www.eita.com.my, as well as via an announcement on the website of Bursa Securities.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PART I - BOARD RESPONSIBILITIES

The Group is led and managed by effective and experienced Board comprising members with a wide range of experience and qualifications.

The Board has delegated specific responsibilities to the following committees:-

(a) Audit Committee ("AC");
(b) Nomination and Remuneration Committee ("NRC");
(c) Executive Committee; and
(d) Senior Management Committee.

The Board Committees operate within their respective defined Terms of Reference approved and specific authorities delegated by the Board. The Chairman of the respective Committees will report to the Board the proceedings of each Committee meeting. The Board, however, retains full responsibility for the final decision on all matters.

The Board is led by the Chairman, Dato' Siow Kim Lun by focusing on strategy, governance and compliance whereas the Group MD, Mr. Fu Wing Hoong manages the business and operations of the Group and implements the Board's decisions.

The Board is supported by a Company Secretary who has the requisite credentials and is qualified to act as Company Secretary under Section 235(2) of the Companies Act 2016. All Directors have access to advice and services of the Company Secretary. The Company Secretary, who is qualified, experienced and competent, is a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, corporate governance best practices, procedures and regulation affecting the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART I - BOARD RESPONSIBILITIES (CONT'D)

The Directors, whether as the entire Board or under their respective individual capacity, have full and unrestricted access to all information and documentations pertaining to the Group's business and affairs to enable them to discharge their duties effectively. The Board could direct any queries to fulfil its responsibilities and could retain, at the Company's expense (where appropriate), any legal, accounting or other services that it considers necessary to perform its duties.

The Board is also regularly updated and advised on new regulations, guidelines or directives issued by Bursa Securities, Securities Commission Malaysia and any other relevant regulatory authorities.

The Board has a Board Charter which set out the roles and responsibilities of the Board which serves as a guidance for the Board to effectively discharge their duties. The Board Charter entails the following:-

- Composition and balance of the Board;
- Roles and responsibilities;
- Board processes;
- Indemnification and Directors' and Officers' insurance; and
- Code of Ethics and Conduct.

The Board Charter was last reviewed, revised and approved by the Board on 29 May 2020 and is published on the Company's website at www.eita.com.my.

The Board had also put in place a Whistle Blowing Policy and Anti-Bribery and Anti-Corruption Policy which will be reviewed at least once every three (3) years and in accordance with the needs of the Company.

PART II - COMPOSITION OF THE BOARD

The composition of the Board is in line with Practice 4.1 of the MCCG. The Board currently consists of eight (8) Directors and two (2) Alternate Directors. The Board currently has one (1) female Board member, Ms. Ho Lee Chen, which reflects the Board's commitment towards achieving a more gender diversified Board.

The presence of Independent Non-Executive Directors ensures that views, consideration, judgment and discretion exercised by the Board in decision making remain objective and independent whilst assuring the interest of other parties such as minority shareholders are fully addressed and adequately protected as well as being accorded with due consideration.

Pursuant to Practice 4.2 of the MCCG, in view that Mr. Chong Lee Chang and Dato' Siow Kim Lun, have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years, the Board will be seeking approval of the shareholders of the Company at the forthcoming Annual General Meeting ("AGM") to support the Board's decision to retain them as Independent Non-Executive Directors.

The Board believes that the Independent Directors' continued contribution, especially their invaluable knowledge of the Group and its operations gained through the years, will provide stability and benefits to the Board and the Company as a whole. Their caliber, qualification, experience and personal qualities, and more importantly, the Director's integrity and objectivity in discharging their responsibilities in the best interest of the Company, predominantly determines the ability of the Directors to serve effectively as Independent Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II - COMPOSITION OF THE BOARD (CONT'D)

The Board, through its NRC regularly assesses the optimum size, required mix of skills, experience, independence and diversity required collectively for the Board to effectively fulfill its role. The appointment of Board members is reviewed by the NRC and made via a formal and transparent process. The NRC shall consider and recommend suitable candidate for the Board, in terms of appropriate balance of skills, expertise, attributes and core competencies, taking into consideration the character, experience, integrity, competence and time commitment.

The composition of the NRC is as follows:-

Name	Designation
Chong Lee Chang, Chairman	Senior Independent Non-Executive Director
Dato' Siow Kim Lun, Member	Independent Non-Executive Chairman
Ho Lee Chen, Member	Independent Non-Executive Director
Chia Mak Hooi, Member	Non-Independent Non-Executive Director

The NRC considers and recommends competent persons with integrity and a strong sense of professionalism to be appointed to the Board. In arriving at these recommendations, due consideration will be given to the required mix of skills, expertise and experience that the proposed Director(s) shall bring to complement the Board. The candidates must also be able to commit a sufficient amount of time to discharge their duties as a Board member.

The NRC has developed certain criteria used in the recruitment process and annual assessment of Directors, including Independent Directors.

During the FY2020, the following activities were undertaken by the NRC:-

- Reviewed and assessed the Group Managing Director's, Executive Directors' and Non-Executive Directors' Annual Performance Evaluation Forms for the financial year ended 30 September 2019.
- Reviewed and assessed the independence of the Independent Directors.
- Reviewed and assessed the performance of the AC.
- Considered and recommended to the Board for consideration, the re-election of Mr. Lim Joo Swee, Mr. Chia Mak Hooi and Ms. Ho Lee Chen as Directors who retired pursuant to Clause 85 of the Company's Constitution at the last AGM held on 26 February 2020.
- Considered and recommended to the Board for consideration, the retention of Mr. Chong Lee Chang and Mr. Tan Chuan Hock as Directors who have serviced as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years pursuant to Malaysian Code on Corporate Governance at the last AGM held on 26 February 2020.
- Considered and recommended to the Board for consideration, the remuneration packages of the Group Managing Director and Executive Directors for the FY2020.
- Considered and recommended to the Board for consideration, the performance bonus and incentive payout of the Company and its subsidiaries for the financial year ended 30 September 2019.
- Considered and recommended to the Board for consideration, the Directors' fees for the FY2020.
- Reviewed and considered the voluntary salary deduction of the Group Managing Director and Executive Directors arising from the impact of COVID-19 to the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II - COMPOSITION OF THE BOARD (CONT'D)

In evaluating performance of Non-Executive Directors, certain criteria were established and adopted, amongst others, attendance at Board or Committee meetings, adequate preparation for Board and/or Committee meetings, regular contribution to Board or Committee meetings, personal input to the role and other contributions to the Board or Committee as a whole.

In evaluating performance of Executive Directors, assessment was carried out against diverse key performance indicators, amongst others, financial, strategic, operations management and business plans, product development, conformance and compliance, shareholders/ investors' relations, employee training and development, succession planning and personal input to the role.

The Directors and the Committee Members has discharged their duties and roles by attending their respective meetings. The number of meetings held and attended by each member of the Board and Board Committees during FY2020 are as follows:-

Type of Meetings / Name of Directors	Board of Directors	Audit Committee	Nomination and Remuneration Committee
	No. of Meetings Attended		
Dato' Siow Kim Lun	4/4	4/4	1/1
Fu Wing Hoong	4/4	N/A	N/A
Lim Joo Swee	4/4	N/A	N/A
Lee Peng Sian	4/4	N/A	N/A
Chong Yoke Peng *(Alternate Director to Lee Peng Sian)*	4/4	N/A	N/A
Chia Mak Hooi	4/4	4/4	1/1
Chia Seong Pow *(Alternate Director to Chia Mak Hooi)*	4/4	N/A	N/A
Chong Lee Chang	4/4	4/4	1/1
Ho Lee Chen	4/4	4/4	1/1
Ir. Haji Omar Bin Mat Piah *(Appointed on 20 November 2020)*	N/A	N/A	N/A
Tan Chuan Hock *(Resigned on 29 May 2020)*	3/3	3/3	1/1

The Board meets at least once every quarter on a scheduled basis and additional meetings to be convened as and when deemed necessary by the Board. All the Directors have attended more than 50% of the total Board Meetings held during the FY2020 and complied with the requirement on attendance at Board meetings as stipulated in the Listing Requirements of Bursa Securities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART II - COMPOSITION OF THE BOARD (CONT'D)

The Board is satisfied with the level of time commitment given by the Directors of the Company towards fulfilling their duties and responsibilities. This is evidenced by the attendance record of the Directors as set out herein above.

The senior management and officers of the Group may be invited to attend the Board and Committees meetings to discuss pertinent issues arising from the Group's operations and the Board has unrestricted access to the management at any time.

The Board acknowledges that continuous training is essential in keeping them abreast with changes in law and regulations, business environment and corporate governance developments, besides enhancing professionalism and knowledge in enabling them to discharge their duties more effectively.

The training needs of Directors would be assessed and proposed by the individual Director. Each Director determines the areas of training that he may require for personal development as a Director or as a member of a Board Committee.

The Directors have attended the following training, seminars and conferences during the FY2020:-

Name of Directors	Title of Seminars/Training attended
Dato Siow Kim Lun	- Capital Market Directors' Programme - Enlightenment on Shariah Resolutions - Anti-Money Laundering and Counter-Terrorism Financing
Fu Wing Hoong	- Overview of Malaysian Anti-Corruption Commission
Lee Peng Sian	- Business Excellent Forum 2019 (Applying Business Excellency Effective Practitioner & Evaluator Perspective) - Panel Discussion: Good Governance Builds Sustainable Business - Prospect of Business in Chile and Latin America During Post Covid-19 - Factory Digital Transformation during Covid-19 - Potential Collaboration of Malaysia Professional Services in Indonesia
Ho Lee Chen	- Structured Advocacy Session for Directors of LEAP Companies

During the financial year under review, all Directors of the Company have attended the following in-house training session conducted by the Company Secretary:-

- Corporate Liability on Corruption under Malaysian Anti-Corruption Act 2009 (Amended 2018)

PART III - REMUNERATION

The Board has established a formal and transparent Remuneration Policy which sets out the remuneration principles and guidelines for the Board and the NRC to determine the remuneration of Directors and/or Senior Management of the Company, which take into account the demands, complexities and performance of the Company as well as skills and experience required.

The annual Directors' fees payable to the Non-Executive Directors are endorsed by the Board for approval by the shareholders of the Company at the AGM. Directors do not participate in decisions regarding their own remuneration packages.

The Remuneration Policy is available at the Company's website at www.eita.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART III - REMUNERATION (CONT'D)

The remuneration of the Directors of the Company and the Group for the FY2020 are as follows:

(A) The Company

Name of Directors	Fees RM'000	Salaries RM'000	Benefits in Kind RM'000	Meeting Allowance RM'000	Bonus RM'000	Others RM'000	Total RM'000
Dato' Siow Kim Lun	67.2	-	-	1.2	-	-	68.4
Fu Wing Hoong	-	852.0	35.2	-	179.0	358.3	1,424.5
Lim Joo Swee	-	618.2	-	-	129.8	354.3	1,102.3
Lee Peng Sian	-	-	-	-	-	-	-
Chong Yoke Peng *(Alternate Director to Lee Peng Sian)*	-	-	-	-	-	-	-
Chia Mak Hooi	53.4	-	-	-	-	-	53.4
Chia Seong Pow *(Alternate Director to Chia Mak Hooi)*	-	-	-	-	-	-	-
Chong Lee Chang	60.3	-	-	1.2	-	-	61.5
Ho Lee Chen	60.3	-	-	1.2	-	-	61.5
Tan Chuan Hock *(Resigned on 29 May 2020)*	39.9	-	-	0.9	-	-	40.8
TOTAL	**281.1**	**1,470.2**	**35.2**	**4.5**	**308.8**	**712.6**	**2,812.4**

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

PART III - REMUNERATION (CONT'D)

(B) The Group

Name of Directors	Fees RM'000	Salaries RM'000	Benefits in Kind RM'000	Meeting Allowance RM'000	Bonus RM'000	Others RM'000	Total RM'000
Dato' Siow Kim Lun	67.2	-	-	1.2	-	-	68.4
Fu Wing Hoong	75.6	852.0	35.2	-	179.0	648.4	1,790.2
Lim Joo Swee	57.6	618.2	7.2	-	129.8	602.0	1,414.8
Lee Peng Sian	51.0	467.9	20.5	-	33.0	185.9	758.3
Chong Yoke Peng (Alternate Director to Lee Peng Sian)	24.0	474.1	25.8	-	83.0	250.6	857.5
Chia Mak Hooi	71.4	-	-	-	-	-	71.4
Chia Seong Pow (Alternate Director to Chia Mak Hooi)	24.0	-	-	-	-	-	24.0
Chong Lee Chang	60.3	-	-	1.2	-	-	61.5
Ho Lee Chen	60.3	-	-	1.2	-	-	61.5
Tan Chuan Hock (Resigned on 29 May 2020)	39.9	-	-	0.9	-	-	40.8
TOTAL	**531.3**	**2,412.2**	**88.7**	**4.5**	**424.8**	**1,686.9**	**5,148.4**

The remuneration of the Senior Management of the Group for the FY2020 are as follows:

Range of Remuneration	No. of Senior Management
RM200,001 to RM250,000	1
RM250,001 to RM300,000	2
RM300,001 to RM350,000	1
RM400,001 to RM450,000	1
RM450,001 to RM500,000	1

Due to confidentiality and sensitivity of the remuneration package of Senior Management as well as security concerns, the Board opts not to disclose the Senior Management's remuneration components on named basis in the bands of RM50,000.00.

The Board is of the view that the disclosure of the Senior Management's remuneration components would not be in the best interest of the Company given the competitive human resources environment as such disclosure may give rise to recruitment and talent retention issues. The Board is of the opinion that the disclosure of Senior Management's aggregated remuneration on unnamed basis in the bands of RM50,000 is adequate.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I – AUDIT COMMITTEE ("AC")

The AC comprises four (4) members who are exclusively Non-Executive Directors with a majority of them are Independent Non-Executive Directors.

The objectives of the AC are, amongst others, providing additional assurance to the Board by giving an objective and independent review of financial, operational and administrative controls and procedures, establishing and maintaining internal controls. The AC is also tasked with reinforcing the independence of the Company's external auditors, thereby ensuring that the auditors have free reign in the audit process.

The composition of the AC and the works carried out during the FY2020 are set forth in the AC Report in this Annual Report.

The term of office and performance of the AC and its members should be reviewed by the NRC annually to determine whether such AC and its members have carried out their duties in accordance with the Terms of Reference.

The Group has established a transparent and appropriate relationship with the Internal Auditors and External Auditors. Such relationship allows the Group to seek professional advice on matters relating to compliance and corporate governance. The internal audit function of the Group is outsourced to third party. Similar to the External Auditors, Internal Auditors too have direct reporting access to the AC to ensure that issues highlighted are addressed independently, objectively and impartially without any undue influence from the Management.

The Board has established the External Auditors Assessment Policy together with Annual Performance Evaluation Form. The said Policy aims to outline the guidelines and procedures for AC to review, assess and monitor the performance, suitability and independence of the External Auditors.

PART II - RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board acknowledges its overall responsibilities for maintaining a sound system of internal controls.

Management is responsible for implementing the process for identifying, evaluating, monitoring and reporting of risks and internal control, taking appropriate and timely corrective actions as needed and providing assurance to the Board that the processes have been carried out. The AC has been entrusted by the Board to ensure effectiveness of the Group's internal control systems.

The internal audit function of the Group is outsourced to an independent professional firm. The findings of the outsourced Internal Auditors are reported directly to the AC which provides the Board with the required assurance in relation to the adequacy and integrity of the Group's system of internal controls.

Information on the Group's Risk Management and Internal Control is presented in the Statement on Risk Management and Internal Control set out in this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

PART I - COMMUNICATION WITH STAKEHOLDERS

The Group values the importance of timely and equal dissemination of information on major developments of the Group to the shareholders, potential investors and the general public. EITA's corporate website at www.eita.com.my serves as one of the most convenient ways for shareholders and members of the public to gain access to corporate information, news and events relating to the Group.

The Board has earmarked a dedicated section for corporate governance on the Company's website, where information on the Company's announcements to the regulators, the Board Charter, policies and the Company's Annual Report may be accessed.

The Board is committed to provide effective communication to its shareholders and general public regarding the business, operations and financial performance of the Group and where necessary, information filed with regulators is in accordance with all applicable legal and regulatory requirements.

The Company has adopted a formal Corporate Disclosure Policy to promote comprehensive, accurate and timely disclosures pertaining to the Company and the Group to regulators, shareholders and stakeholders.

PART II - CONDUCT OF GENERAL MEETING

The AGM remains as a principal forum for communication with its shareholders. During the AGM, shareholders are accorded time and opportunities to query the Board on the resolutions being proposed and also matters relating to the performance, developments and directions of the Group. Shareholders are also invited to convey and share their inputs with the Board.

Members of the Board and key management of the Company as well as external auditors of the Company are available to respond to shareholders' questions during the meetings. The Board also encourages other channel of communication with shareholders.

All resolutions set out in the Notice of the Twenty-Fourth AGM ("24th AGM") of the Company held on 26 February 2020 were put to vote by way of poll and the votes cast were validated by an independent scrutineer appointed by the Company.

All the Directors were present at the 24th AGM held on 26 February 2020 and the Board had responded to all queries raised by the shareholders.

STATEMENT BY THE BOARD ON CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Company shall continue to strive for high standards of corporate governance through the Group, and the highest level of integrity and ethical standards in all of its business dealings.

The Company has in all material aspects satisfactory complied with the principles and practices set out in the Code, except for the departures set out in the CG Report.

AUDIT COMMITTEE REPORT

OBJECTIVE OF THE AUDIT COMMITTEE

The primary objective of the Audit Committee is to provide additional assurance to the Board of Directors ("the Board") by giving an objective and independent review of financial, operational and administrative controls and procedures, establishing and maintaining internal controls. The Audit Committee is also tasked with reinforcing the independence of the Company's external and internal auditors, thereby ensuring that the auditors have free reign in the audit process.

COMPOSITION AND MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee comprises the following members, all being Non-Executive Directors with a majority of them being Independent Directors: -

Name	Designation
Ho Lee Chen, Chairperson *(Redesignated on 29 May 2020)*	Independent Non-Executive Director
Dato' Siow Kim Lun, Member	Independent Non-Executive Chairman
Chong Lee Chang, Member	Senior Independent Non-Executive Director
Chia Mak Hooi, Member	Non-Independent Non-Executive Director

During the financial year under review, the Audit Committee convened four (4) meetings and attendance of each of the Audit Committee members to the meetings is set out as follows:

Audit Committee Members	Attendance
Ho Lee Chen, Chairperson *(Redesignated on 29 May 2020)*	4/4
Dato' Siow Kim Lun, Member	4/4
Chong Lee Chang, Member	4/4
Chia Mak Hooi, Member	4/4

The Company complied with Paragraph 15.09 of the Main Market Listing Requirements of Bursa Securities which the Audit Committee members fulfil the requirement as prescribed. The Audit Committee has effectively discharged its duties pursuant to the Terms of Reference of the Audit Committee.

The authorities and duties of the Audit Committee are clearly governed by the Terms of Reference of the Audit Committee. The Terms of Reference of the Audit Committee can be accessed from the corporate website of the Company at www.eita.com.my.

AUDIT COMMITTEE REPORT
cont'd

SUMMARY OF WORKS DURING THE FINANCIAL YEAR UNDER REVIEW

Amongst others, the Audit Committee had carried out the following works during the financial year ended 30 September 2020 ("FY2020") in discharging their duties and responsibilities:-

i. In overseeing the Company's financial reporting, reviewed the four (4) unaudited quarterly financial results and annual audited financial statements of the Group and the Company including the announcements pertaining thereto. Discussion focused particularly on any change in accounting policies and practices, significant adjustments arising from the audit and compliance with accounting standards and other legal requirements before recommending to the Board for approval and release of the announcements to Bursa Securities.

ii. Reviewed with the External Auditors, the audit plan and scope of the statutory audit of the Group's financial statements for the FY2020 before the audit commenced to ensure that the scope of the external audit is comprehensive.

iii. Considered and recommended the re-appointment of KPMG PLT as the External Auditors and their audit fees to the Board for consideration based on the competency, efficiency and transparency as demonstrated by the Auditors during their audit.

iv. Reviewed with the Internal Auditors, the internal audit plan, work done and reports for the internal audit function and considered the findings of internal audit investigations and management responses thereon, and ensure that appropriate actions are taken on the recommendations raised by the Internal Auditors.

v. Reviewed the related party transactions and/or recurrent related party transactions that transpired during the financial year under review to ensure that the transactions entered into were at arm's length basis.

vi. Reviewed the Report on Registry of Risk and Risk Matrix of the Company and its subsidiaries.

vii. Reviewed the Corporate Governance Overview Statement, Audit Committee Report, Statement on Risk Management and Internal Control and Sustainability Statement to ensure adherence to legal and regulatory reporting requirement before recommending to the Board for approval for inclusion in the Company's Annual Report.

viii. Self-appraised the performance of the Audit Committee for the financial year ended 30 September 2019 and submitted the evaluation form to the Nomination and Remuneration Committee for assessment.

ix. Evaluated the performance of the external and internal auditors for the financial year ended 30 September 2019.

INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to an independent professional consulting company, which is independent of the activities and operations of the Group. The Internal Auditors are empowered by the Audit Committee to provide objective evaluation of risks and controls in the auditable activities to ensure a sound system of internal controls.

The Internal Auditors shall present its risk-based Internal Audit Plan for the Audit Committee's review annually. Scheduled audits are carried out on various departments and/ or subsidiaries of Group in accordance to the approved Internal Audit Plan. A risk-based methodology is adopted to evaluate the adequacy and effectiveness of the risk management, financial, operational and governance processes.

AUDIT COMMITTEE REPORT

cont'd

INTERNAL AUDIT FUNCTION (CONT'D)

In an effort to provide value added services, the Internal Auditors also play an active role in an advisory capacity especially on potential improvement on the existing controls. On an ad-hoc basis, the Internal Auditors may be requested by the Audit Committee to perform special reviews on any particular area, functions and activities of any business units within the Group whenever the Audit Committee deems necessary.

Reports on these audits shall be presented to the Audit Committee highlighting observations, recommendations, corrective actions and deadlines for the management team to implement the agreed corrective actions. A follow-up audit is conducted and subsequently reported to the Audit Committee.

The summary of the works of the internal audit function is disclosed in the Statement on Risk Management and Internal Control.

Total fees incurred during the FY2020 in relation to the internal audit function was RM51,200.

For the FY2020, the Committee noted that the internal audit function is independent and Internal Auditors have performed their audit assignments with impartiality, proficiency and due professional care.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("the Board") of EITA Resources Berhad ("the Company") is pleased to present the Statement on Risk Management and Internal Control of the Company and its subsidiaries ("the Group") which outlines the nature and scope of risk management and the internal control systems of the Group for the financial year ended 30 September 2020 ("FY2020") pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Main LR"), Malaysian Code on Corporate Governance ("MCCG") and "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers".

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility for the Group's risk management and internal control system to safeguard shareholders' investment and the Group's assets as well as reviewing its effectiveness, adequacy and integrity on a regular basis.

The system of internal control covers governance, risk management, financial, organisational, operational and compliance controls. However, due to the limitations that are inherent in any system of internal control, the Group's system of internal control is designed to manage, rather than eliminate the risk of failure to achieve the corporate objectives. Accordingly, it only provides reasonable but not absolute assurance against material misstatement or loss.

The Board, through the Audit Committee ("AC"), implement the risk management and internal control practices within the Group. Management is required to apply good judgement in assessing the risks faced by the Group, assessing the Group's ability to reduce the incidence and impact of risks.

RISK MANAGEMENT

The Board recognises that risk management is an integral part of the Group's business operations and has put in place the Risk Management Framework within the Group as an ongoing process for identifying, evaluating, monitoring and managing the significant risk affecting the achievement of its business objectives.

The risk identification process involves reviewing and identifying the possible risk exposure arising from changes in both external business environment and internal operating conditions. The risk measurement guidelines consist of financial and non-financial qualitative measures of risk consequences based on the risk likelihood rating and risk impact rating. The risk control actions are prioritised and implemented as per the risk control actions assigned to the respective risk owners.

Risk Profile consists of principal business risks which are identified and documented in the Registry of Risks. The Registry of Risks identified the risk factors, statement of risk, risk owner, impact, likelihood and risk control actions. The Risk Management Committee is represented by an Executive Committee which consists of Group Managing Director and two (2) Executive Directors and one (1) Alternate Director. The Registry of Risks which comprises of corporate level and subsidiaries is tabled to the AC for review and approval every quarter. The AC reports to the Board on any significant changes in the business and external environment which may affect key risks.

The Board is of the view that there is an ongoing process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives in their daily activities throughout the financial year and up to the date of approval of the Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

INTERNAL AUDIT FUNCTION

The internal audit function is outsourced to external service providers ("Internal Auditors") to provide independent assurance and serves to assists the Group to provide adequate and effective internal control system and reports directly to the AC on quarterly basis. The Internal Auditors is free from any relationships or conflict of interest, which could impair their objectivity and independence of the internal audit function and do not have any direct operational responsibility or authority over any of the audited activities. The AC is of the opinion that the internal audit function is effective and able to function independently.

The Internal Auditors use the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control - Integrated Framework as a basis in conducting internal audit functions. The Internal Auditors submit a proposed risk-based internal audit plan to the AC for reviewing and approval. Based on their internal audit reviews, observations were presented by the Internal Auditors, together with Management's response and proposed action plans, to the AC for reviewing during the quarterly AC Meetings. In addition, the Internal Auditors have followed up on the implementation of recommendations from previous cycles of internal audit and updated the AC on the status of Management-agreed action plan. For the FY2020, the total costs incurred for the outsourced internal audit function was RM51,200.

For the FY2020, the following subsidiaries of the Group were audited by the Internal Auditors: -

Audit Period	Reporting Month	Name of Entity Audited	Audited Areas
1st Quarter (October 2019 – December 2019)	February 2020	EITA Elevator (Malaysia) Sdn. Bhd.	• Sales and Marketing • Tender & Costing • Order Processing, Delivery, Billing and Collection
2nd Quarter (January 2020 – March 2020)	May 2020, August 2020	Furutec Electrical Sdn. Bhd.	• Sales and Marketing • Order Processing, Delivery, Billing and Collection
3rd Quarter (April 2020 – June 2020)	August 2020	EITA Elevator (Malaysia) Sdn. Bhd.	• Maintenance of Elevator Systems • Inventory Management
4th Quarter (July 2020 – September 2020)	November 2020	TransSystem Continental Sdn. Bhd.	• Sales and Marketing • Order Processing, Billing and Collection • Project Management • Procurement

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

During the financial year under review, the Internal Auditors have presented their follow-up status reports on previously reported audit findings in respect of the following subsidiaries of the Group: -

Name of Entities audited by the Internal Auditors	Date of Follow up Status Report
TransSystem Continental Sdn. Bhd.	26 February 2020
EITA Elevator (Malaysia) Sdn. Bhd.	26 February 2020
EITA Power System Sdn. Bhd.	26 February 2020
EITA Elevator (Malaysia) Sdn. Bhd.	29 May 2020
TransSystem Continental Sdn. Bhd.	29 May 2020
EITA Power System Sdn. Bhd.	29 May 2020
EITA Elevator (Malaysia) Sdn. Bhd.	17 August 2020
TransSystem Continental Sdn. Bhd.	17 August 2020
EITA Power System Sdn. Bhd.	17 August 2020
EITA Elevator (Malaysia) Sdn. Bhd.	20 November 2020

KEY ELEMENTS OF INTERNAL CONTROL

The following sets out the key elements of the Group's internal control, which have been in place throughout the FY2020, and up to 8 January 2021, being the date of this Statement: -

- **Organisational Structure**

  The Group has a defined organisational structure that is aligned to its business and operation requirements. Defined lines of accountability, delegation of responsibility and level of authorisation for all aspects of the business have been laid down and communicated throughout the Group.

- **Limits of Authority**

  Authority charts have been established within the Group to provide a functional framework of authority in approving sales order, purchases, expenses and capital expenditure.

- **Standard Operating Policies and Procedures ("SOP")**

  Numerous SOPs including the Anti-Bribery and Anti-Corruption Policy have been established to serve as a general management guide for daily operations. These policies and procedures are reviewed as and when necessary to reflect changing risks or to resolve any operational deficiencies. It is also to promote efficiency and accountability for the Group.

- **Board and Management Meetings**

  Regular Board and Management meetings are held where information is provided to the Board and Management covering financial performances and operations.

- **Training and Development Programmes**

  Training and development programmes are established to ensure that staff are constantly kept up-to-date with the constant technological changing environment in order to be competent in the industry in line with achieving the Group's business objectives.

- **Management Accounts and Reports**

  The Group's performance is monitored through regular reviews on management accounts and reports prepared and reported to AC.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

ASSURANCE FROM MANAGEMENT

The Board has received assurance from the Group Managing Director and Chief Financial Officer that the Group's risk management and internal control system were operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Group, for the FY2020, and up to 8 January 2021, being the date of this Statement.

CONCLUSION

For the financial year under review and up to 8 January 2021, being the date of this Statement, the Board is of the opinion that there is an ongoing process of identifying, evaluating, and managing significant risks faced by the Group. The Board continues to take appropriate action plans to strengthen the risk management and internal control systems to meet the Group's objectives.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 30 September 2020, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects:

(a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or

(b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

ADDITIONAL COMPLIANCE INFORMATION

In compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), the following additional information is provided: -

During the financial year ended 30 September 2020 ("FY 2020"):-

(i) AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid/ payable to the External Auditors by the Company and the Group are as follows: -

	Company RM	Group RM
Audit Fee	32,000	182,706
Non - Audit Fee	9,000	9,000

(ii) STATUS OF UTILISTATION OF PROCEEDS

The Company did not raise any funds through any corporate proposals during the FY2020.

(iii) MATERIAL CONTRACT INVOLVING INTERESTS OF DIRECTOR AND/OR MAJOR SHAREHOLDER

No material contract entered into by the Company and/or its subsidiaries involving Directors and major shareholders' interests.

(iii) RECURRENT RELATED PARTY TRANSACTION

Significant recurrent related party transactions of revenue or trading nature entered into by the Group are disclosed in Note 33 of the Notes to the Financial Statements for the FY 2020 on page 141 of this Annual Report.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are required by the Companies Act 2016 to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and of the Company at the end of the financial year and of the financial performance of the Group and of the Company for the financial year then ended.

In preparing those financial statements, the Directors have:

- adopted and consistently applied suitable accounting policies;
- made judgements and estimates that are prudent and reasonable;
- ensured applicable financial reporting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared it on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible in ensuring proper accounting records are kept, which disclose with reasonable accuracy, at any time, the financial position of the Group and of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2016. The Directors are also responsible to take such steps to safeguard the assets of the Group and of the Company and hence, the prevention and detection of fraud and other irregularities.

FINANCIAL STATEMENTS

DIRECTORS' REPORT
For the year ended 30 September 2020

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 September 2020.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of investment holding and provision of management services whilst the principal activities of the subsidiaries are as stated in Note 7 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	17,294	7,727
Non-controlling interest	1,027	-
	18,321	7,727

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review.

DIVIDENDS

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

(i) a final dividend of 3.00 sen per ordinary share totalling RM3,899,880 in respect of the financial year ended 30 September 2019 on 16 March 2020; and

(ii) a first interim dividend of 3.00 sen per ordinary share totalling RM3,899,880 in respect of the financial year ended 30 September 2020 on 24 September 2020.

On 20 November 2020, the Directors declared a second interim dividend of 3.00 sen per ordinary share in respect of the financial year ended 30 September 2020 and paid on 8 January 2021. Based on the total number of issued shares (excluding treasury shares) of the Company at the end of the reporting period, the second interim dividend amounted to RM3,899,880.

The Directors do not recommend any final dividend to be paid for the financial year ended 30 September 2020.

DIRECTORS' REPORT

For the year ended 30 September 2020
cont'd

DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Dato' Siow Kim Lun @ Siow Kim Lin
Fu Wing Hoong
Lim Joo Swee
Lee Peng Sian
Chong Yoke Peng *(alternate director to Lee Peng Sian)*
Chia Mak Hooi
Chia Seong Pow *(alternate director to Chia Mak Hooi)*
Chong Lee Chang
Ho Lee Chen
Ir. Haji Omar Bin Mat Piah *(appointed on 20 November 2020)*
Tan Chuan Hock *(resigned on 29 May 2020)*

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.10.2019	Bought	Sold	At 30.9.2020
Name of Directors				
Fu Wing Hoong				
Direct interest in the Company:				
- own	782,541	75,000	-	857,541
Indirect interest in the Company^				
- others	24,863,496	10,000	-	24,873,496
Lim Joo Swee				
Direct interest in the Company:				
- own	1,610,341	8,000	-	1,618,341
Indirect interest in the Company#				
- others	18,511,853	-	-	18,511,853
Chong Yoke Peng				
Direct interest in the Company:				
- own	4,359,236	40,000	-	4,399,236
Indirect interest in the Company$^{\beta}$				
- others	130,000	20,000	-	150,000
Lee Peng Sian				
Direct interest in the Company:				
- own	6,343,008	100,000	-	6,443,008
Indirect interest in the Company$^{\Omega}$				
- others	5,000	38,500	-	43,500

DIRECTORS' REPORT

For the year ended 30 September 2020

cont'd

DIRECTORS' INTERESTS IN SHARES (CONT'D)

	← Number of ordinary shares			→
	At 1.10.2019	Bought	Sold	At 30.9.2020
Name of Directors				
Dato' Siow Kim Lun @ Siow Kim Lin				
Direct interest in the Company:				
- own	200,000	-	-	200,000
Chia Mak Hooi				
Direct interest in the Company:				
- own	200,000	-	-	200,000
Chong Lee Chang				
Direct interest in the Company:				
- own	380,000	-	-	380,000
Chia Seong Pow				
Direct interest in the Company:				
- own	200,000	-	-	200,000
Indirect interest in the Company*				
- others	30,073,259	-	-	30,073,259
Ho Lee Chen				
Indirect interest in the Company☼				
- others	2,000	2,000	-	4,000

^ *Deemed interested by virtue of the shares held by his spouse, Lee Pek See, his daughter, Fu Jia Lik and both his and his spouse's shareholdings in Sudut Kreatif Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 ("the Act").*

Deemed interested by virtue of the shares held by his spouse, Goh Kin Bee and both his and his spouse's shareholdings in Jasa Simbolik Sdn. Bhd. pursuant to Section 8 of the Act.

β *Deemed interested by virtue of the shares held by his spouse, Jane Chew Yin Sum.*

Ω *Deemed interested by virtue of the shares held by his spouse, Looi Lin Poh.*

* *Deemed interested by virtue of the shares held by his children and his beneficial interests in Farsathy Holdings Sdn. Bhd. held via the trust arrangement with Equity Trust (Malaysia) Berhad pursuant to Section 8 of the Act.*

By virtue of his interests in the shares of the Company, Chia Seong Pow is also deemed interested in the shares of the subsidiaries during the financial year to the extent that the Company has an interest.

☼ *Deemed interested by virtue of the shares held by her spouse, Lam Huang Soo.*

DIRECTORS' REPORT
For the year ended 30 September 2020
cont'd

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements of the Company and related corporations or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than as disclosed in Note 33 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES AND DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of indemnity coverage given to Directors and Officers of the Company pursuant to Directors and Officers liability insurance is RM10,000,000. There were no indemnity given to, or insurance effected for auditors of the Company during the financial year.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

DIRECTORS' REPORT

For the year ended 30 September 2020
cont'd

OTHER STATUTORY INFORMATION (CONT'D)

At the date of this report, the Directors are not aware of any circumstances: (cont'd)

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 30 September 2020 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SUBSEQUENT EVENTS

The subsequent events are disclosed in Note 35 of the financial statements.

AUDITORS

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

The auditors' remuneration is disclosed in Note 23 to the financial statements.

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

Fu Wing Hoong
Director

Lim Joo Swee
Director

Petaling Jaya

Date: 8 January 2021

STATEMENTS OF FINANCIAL POSITION
As at 30 September 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Assets					
Property, plant and equipment	3	36,448	39,733	473	953
Right-of-use assets	4	10,263	-	3,190	-
Intangible assets	5	1,232	1,705	-	-
Investment properties	6	6,564	5,265	-	-
Investments in subsidiaries	7	-	-	25,846	25,846
Investment in joint venture	8	1,693	1,648	-	-
Other investments		10	10	-	-
Deferred tax assets	9	4,372	5,874	215	142
Total non-current assets		60,582	54,235	29,724	26,941
Inventories	10	38,925	42,048	-	-
Contract assets	11	58,756	58,858	-	-
Trade and other receivables	12	64,585	70,660	44,653	45,415
Current tax assets		2,324	2,352	-	-
Deposits and prepayments	13	6,117	6,925	385	449
Derivative financial assets	14	3	-	-	-
Cash and cash equivalents	15	71,753	68,727	16,807	16,201
Total current assets		242,463	249,570	61,845	62,065
Total assets		303,045	303,805	91,569	89,006
Equity					
Share capital	16	69,302	69,302	69,302	69,302
Reserves	17	115,973	104,165	17,062	17,135
Total equity attributable to owners of the Company		185,275	173,467	86,364	86,437
Non-controlling interest	18	3,675	2,748	-	-
Total equity		188,950	176,215	86,364	86,437

STATEMENTS OF FINANCIAL POSITION

As at 30 September 2020

cont'd

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Liabilities					
Loans and borrowings	19	15,518	15,421	50	219
Lease liabilities		3,245	-	2,081	-
Deferred tax liabilities	9	395	363	-	-
Total non-current liabilities		19,158	15,784	2,131	219
Loans and borrowings	19	15,072	14,898	11	159
Lease liabilities		2,136	-	1,109	-
Provision for warranties	20	326	483	-	-
Trade and other payables	21	59,780	78,682	1,729	1,922
Contract liabilities	11	16,540	15,215	-	-
Current tax payable		605	1,031	225	269
Derivative financial liabilities	14	478	1,497	-	-
Total current liabilities		94,937	111,806	3,074	2,350
Total liabilities		114,095	127,590	5,205	2,569
Total equity and liabilities		303,045	303,805	91,569	89,006

The notes on pages 75 to 145 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 September 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	22	284,128	305,386	13,640	16,948
Contract costs recognised as an expense		(122,224)	(112,118)	-	-
Cost of sales		(84,559)	(107,232)	-	-
Gross profit		77,345	86,036	13,640	16,948
Other operating income		2,296	6,667	1,227	480
Distribution expenses		(5,412)	(7,899)	(175)	(194)
Administrative expenses		(45,584)	(48,868)	(7,472)	(6,837)
Other operating expenses		(4,879)	(3,678)	(16)	(83)
Net gain/(loss) on impairment of financial instruments and contract assets		3,409	(2,686)	(8)	(50)
Results from operating activities	23	27,175	29,572	7,196	10,264
Finance costs	24	(2,351)	(1,620)	(360)	(144)
Finance income		360	324	1,667	1,754
Net finance (costs)/income		(1,991)	(1,296)	1,307	1,610
Share of profit of equity-accounted joint venture, net of tax		45	645	-	-
Profit before tax		25,229	28,921	8,503	11,874
Tax expense	25	(6,908)	(7,040)	(776)	(807)
Profit for the year		18,321	21,881	7,727	11,067
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		10	18	-	-
Cash flow hedge		2,305	(1,493)	-	-
Other comprehensive expense for the year		2,315	(1,475)	-	-
Total comprehensive income for the year		20,636	20,406	7,727	11,067

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 September 2020

cont'd

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit attributable to:					
Owners of the Company		17,294	20,828	7,727	11,067
Non-controlling interest		1,027	1,053	-	-
Profit for the year		18,321	21,881	7,727	11,067
Total comprehensive income attributable to:					
Owners of the Company		19,608	19,351	7,727	11,067
Non-controlling interest		1,028	1,055	-	-
Total comprehensive income for the year		20,636	20,406	7,727	11,067
Basic earnings per ordinary share (sen):	26	13.30	16.02		
Diluted earnings per ordinary share (sen):	26	13.30	16.02		

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 September 2020

		← Attributable to owners of the Company →							
		← Non-distributable →				Distributable			
Group	Note	Share capital RM'000	Treasury shares RM'000	Translation reserve RM'000	Hedging reserve RM'000	Retained profits RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 October 2018		69,302	(5)	923	(1,407)	93,103	161,916	1,693	163,609
Foreign currency translation differences for foreign operations		-	-	16	-	-	16	2	18
Cash flow hedge		-	-	-	(1,493)	-	(1,493)	-	(1,493)
Total other comprehensive expenses for the year		-	-	16	(1,493)	-	(1,477)	2	(1,475)
Profit for the year		-	-	-	-	20,828	20,828	1,053	21,881
Total comprehensive income for the year		-	-	16	(1,493)	20,828	19,351	1,055	20,406
Distributions to owners of the Company									
- Dividends to owners of the Company	27	-	-	-	-	(7,800)	(7,800)	-	(7,800)
At 30 September 2019/ 1 October 2019		69,302	(5)	939	(2,900)	106,131	173,467	2,748	176,215
Foreign currency translation differences for foreign operations		-	-	9	-	-	9	1	10
Cash flow hedge		-	-	-	2,305	-	2,305	-	2,305
Total other comprehensive expenses for the year		-	-	9	2,305	-	2,314	1	2,315
Profit for the year		-	-	-	-	17,294	17,294	1,027	18,321
Total comprehensive income for the year		-	-	9	2,305	17,294	19,608	1,028	20,636
Distributions to owners of the Company									
- Dividends to owners of the Company	27	-	-	-	-	(7,800)	(7,800)	-	(7,800)
- Dividends to non-controlling interest		-	-	-	-	-	-	(101)	(101)
Total transactions with owners of the Company		-	-	-	-	(7,800)	(7,800)	(101)	(7,901)
At 30 September 2020		69,302	(5)	948	(595)	115,625	185,275	3,675	188,950
		Note 16	Note 17.1	Note 17.2	Note 17.3			Note 18	

The notes on pages 75 to 145 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2020

	Note	← *Non-distributable* Share capital RM'000	→ Treasury shares RM'000	*Distributable* Retained profits RM'000	Total RM'000
Company					
At 1 October 2018		69,302	(5)	13,873	83,170
Total comprehensive income for the year		-	-	11,067	11,067
Distributions to owners of the Company					
- Dividends to owners of the Company	27	-	-	(7,800)	(7,800)
At 30 September 2019/1 October 2019		69,302	(5)	17,140	86,437
Total comprehensive income for the year		-	-	7,727	7,727
Distributions to owners of the Company					
- Dividends to owners of the Company	27	-	-	(7,800)	(7,800)
At 30 September 2020		69,302	(5)	17,067	86,364
		Note 16	Note 17.1		

The notes on pages 75 to 145 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For the year ended 30 September 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Cash flows from operating activities					
Profit before tax		25,229	28,921	8,503	11,874
Adjustments for:					
Amortisation of development costs	5	47	106	-	-
Amortisation of investment properties	6	231	26	-	-
(Reversal of)/allowance for foreseeable losses		(202)	202	-	-
Bad debts written off		539	61	-	-
Depreciation of property, plant and equipment	3	1,612	2,145	145	382
Depreciation of right-of-use assets	4	2,607	-	1,289	-
Fair value loss/(gain) on forward exchange contracts, net		108	(678)	-	-
Fair value (gain)/loss on liquid investments		(36)	32	(36)	32
Finance costs		2,351	1,620	360	144
Finance income		(360)	(324)	(1,667)	(1,754)
Gain on disposal of investment properties		-	(47)	-	-
(Reversal of)/provision for impairment loss:					
- amount due from a subsidiary		-	-	8	50
- trade receivables		(1,241)	1,716	-	-
- contract assets		(1,931)	1,118	-	-
- goodwill	5	481	481	-	-
- other receivables		(237)	(148)	-	-
Inventories written off		147	136	-	-
Net loss/(gain) on disposal of property, plant and equipment		86	(13)	(10)	-
Property, plant and equipment written off		-	5	-	-
(Reversal of)/provision for liquidated and ascertained damages		(1,512)	1,440	-	-
Provision for/(reversal of) warranties, net		48	(72)	-	-
Inventories written down/(reversal of) to net realisable value		2,503	(511)	-	-
Share of profit of equity-accounted joint venture, net of tax		(45)	(645)	-	-
Unit trust income		(409)	(525)	(316)	(480)
Unrealised foreign exchange loss		121	60	-	-
Operating profit before changes in working capital		30,137	35,106	8,276	10,248

STATEMENTS OF CASH FLOWS
For the year ended 30 September 2020
cont'd

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Cash flows from operating activities (cont'd)					
Inventories		474	(438)	-	-
Contract assets		3,748	(27,200)	-	-
Trade and other receivables, deposits and prepayments		6,173	(13,142)	818	(5,406)
Contract liabilities		1,325	1,446	-	-
Trade and other payables and derivative finance liabilities		(15,566)	36,144	(193)	148
Warranties paid	20	(205)	(344)	-	-
Cash generated from operations		26,086	31,572	8,901	4,990
Net Income tax paid		(6,418)	(7,062)	(893)	(625)
Interest paid		(484)	(464)	(208)	(122)
Interest received/distribution from liquid investment		805	817	2,019	2,202
Net cash generated from operating activities		19,989	24,863	9,819	6,445
Cash flows from investing activities					
Acquisition of investment properties		(1,530)	(1,805)	-	-
Acquisition of intangible assets		(55)	(255)	-	-
Acquisition of property, plant and equipment	(i)	(4,714)	(15,606)	(111)	(25)
Distribution from a subsidiary		-	-	-	9
Proceeds from disposal of property, plant and equipment		153	14	10	-
Proceeds from disposal of investment properties		-	490	-	-
Tax paid on gain on disposal of investment properties		-	(15)	-	-
Net cash used in investing activities		(6,146)	(17,177)	(101)	(16)

STATEMENTS OF CASH FLOWS

For the year ended 30 September 2020

cont'd

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Cash flows from financing activities					
Dividend paid to owners of the Company		(7,800)	(7,800)	(7,800)	(7,800)
Dividend paid to non-controlling interest		(101)	-	-	-
Interest paid		(1,923)	(1,272)	(1)	(21)
Interest paid in relation to lease liabilities		(272)	-	(151)	-
Proceeds from bills payable, net		396	6,551	-	-
Net repayment of hire purchase liabilities, net		(4)	(437)	(4)	(151)
Proceeds from term loans		1,664	9,916	-	-
Repayment of term loans		(603)	(1,083)	-	-
Net payment of lease liabilities		(2,254)	-	(1,156)	-
Net cash (used in)/generated from financing activities		(10,897)	5,875	(9,112)	(7,972)
Net increase/(decrease) in cash and cash equivalents		2,946	13,561	606	(1,543)
Foreign exchange differences on cash held		(19)	32	-	-
Cash and cash equivalents at beginning of the year	(ii)	68,727	55,134	16,201	17,744
Cash and cash equivalents at end of the year	(ii)	71,654	68,727	16,807	16,201

(i) Acquisition of property, plant and equipment

During the financial year, the Group and the Company acquired property, plant and equipment with respective aggregate cost of RM4,779,000 (2019: RM16,246,000) and RM176,000 (2019: RM25,000) of which RM65,000 (2019: RM640,000) and RM65,000 (2019: nil) was acquired by means of hire purchase arrangement.

(ii) Cash and cash equivalents

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

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Cash and bank balances	15	50,192	54,778	3,991	5,921
Deposits placed with licensed banks	15	5,000	3,000	-	-
Liquid investments	15	16,561	10,949	12,816	10,280
Bank overdrafts	19	(99)	-	-	-
		71,654	68,727	16,807	16,201

STATEMENTS OF CASH FLOWS
For the year ended 30 September 2020
cont'd

(iii) Cash outflows for leases as a lessee

	Note	2020 Group RM'000	2020 Company RM'000
Included in net cash from operating activities:			
Payment relating to short-term leases	23	1,036	-
Payment relating to leases of low-value assets	23	48	8
Included in net cash from financing activities:			
Interest paid in relation to lease liabilities	24	272	151
Net payment of lease liabilities		2,254	1,156
Total cash outflows for leases		3,610	1,315

(iv) Reconciliation of movements of liabilities to cash flows arising from financing activities

	At 1 October 2018 RM'000	Net changes from financing cash flows RM'000	At 30 September 2019 RM'000	Adjustment on initial application of MFRS 16 RM'000	At 1 October 2019 RM'000	Net changes from financing cash flows RM'000	Acquisition of new lease RM'000	At 30 September 2020 RM'000
Group								
Term loans	6,826	8,833	15,659	-	15,659	1,061	-	16,720
Bill payables	6,763	6,551	13,314	-	13,314	396	-	13,710
Hire purchase liabilities	1,143	203	1,346	(1,346)	-	(4)	65	61
Lease liabilities	-	-	-	7,562	7,562	(2,254)	73	5,381
Total liabilities from financing activities	14,732	15,587	30,319	6,216	36,535	(801)	138	35,872
Company								
Hire purchase liabilities	529	(151)	378	(378)	-	(4)	65	61
Lease liabilities	-	-	-	4,346	4,346	(1,156)	-	3,190
Total liabilities from financing activities	529	(151)	378	3,968	4,346	(1,160)	65	3,251

NOTES TO THE FINANCIAL STATEMENTS

EITA Resources Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business	**Registered office**
Lot 4, Block A	Third Floor, No.77, 79 & 81
Jalan SS 13/7	Jalan SS 21/60, Damansara Utama
Subang Jaya Industrial Estate	47400 Petaling Jaya
47500 Subang Jaya	Selangor Darul Ehsan
Selangor Darul Ehsan	

The consolidated financial statements of the Company as at and for the financial year ended 30 September 2020 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in a joint venture. The financial statements of the Company as at and for the financial year ended 30 September 2020 do not include other entities.

The principal activities of the Company consist of investment holding and provision of management services whilst the principal activities of the subsidiaries are disclosed in Note 7 to the financial statements.

The financial statements were authorised for issue by the Board of Directors on 8 January 2021.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, interpretations and amendments that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

NOTES TO THE FINANCIAL STATEMENTS
cont'd

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018−2020)**
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018−2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018−2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment − Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets − Onerous Contracts − Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018−2020)**

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts**
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 October 2020 for those amendments that are effective for annual periods beginning on or after 1 January 2020.

- from the annual period beginning on 1 October 2021 for those amendments that are effective for annual periods beginning on or after 1 January 2021.

- from the annual period beginning on 1 October 2022 for those amendments that are effective for annual periods beginning on or after 1 January 2022, except for those amendments marked with "*" which are not applicable to the Group and the Company.

- from the annual period beginning on 1 October 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 which is not applicable to the Group and the Company.

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

NOTES TO THE FINANCIAL STATEMENTS
cont'd

1. BASIS OF PREPARATION (CONT'D)

(a) Statement of compliance (cont'd)

The Group and the Company have early adopted Amendment to MFRS 16, *Leases - Covid-19-Related Rent Concessions* for the financial year ended 30 September 2020, which is effective for annual periods beginning on or after 1 June 2020. The early adoption does not have a material effect on the Group's and the Company's financial statements.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 4 - extension options and incremental borrowing rate in relation to leases

  The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options.

  Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term. The Group also applies judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

- Note 5 - impairment of intangible assets

  Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. Details of the impairment assessment are provided in Note 5.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

1. **BASIS OF PREPARATION (CONT'D)**

   (d) Use of estimates and judgements (cont'd)

   - Note 9 - recognition of deferred tax assets

     Deferred tax assets are recognised for all unutilised tax losses to the extent that it is probable that future taxable profit will be available against which the tax losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits.

   - Note 10 - allowance for slow-moving inventories and write down of inventories to net realisable value

     Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

   - Note 12 - impairment of receivables and contract assets

     The Group applies the MFRS 9 simplified approach to recognise expected credit losses "ECL" for trade receivables as well as contract assets and updates the amount of ECL recognised at each reporting date to reflect changes in the credit risk of financial assets. The impairment standards applied measure ECL based on reasonable and supportable information that includes historical, current and forecast information, thus considering possible future credit loss events in different scenarios.

   - Note 22 - construction contracts revenue and profit

     The Group recognises revenue when (or as) it transfers control of goods or services to a customer at a point in time, unless the Group's performance does not create an asset with an alternative use and the Group has enforceable right to payment for performance completed to date. In this case, the Group recognises construction contract revenue over time based on stage of completion. The stage of completion is determined by comparing actual cost incurred to date with the total estimated cost of the projects. Judgement is required in the estimation of estimated total costs. Where actual costs incurred differs from the estimated total costs, such difference will impact the contract revenue and profits recognised.

2. **SIGNIFICANT ACCOUNTING POLICIES**

   The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by the Group entities, unless otherwise stated.

   Arising from the adoption of MFRS 16, *Leases*, there are changes to the accounting policies applied to lease contracts entered into by the Group entities as compared to those applied in previous financial statements. The impacts arising from the changes are disclosed in Note 34.

   (a) Basis of consolidation

   (i) Subsidiaries

   Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

(i) Subsidiaries (cont'd)

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto* power over an investee when, despite not having majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investment in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (cont'd)

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as a financial asset depending on the level of influence retained.

(v) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group has rights to the assets and obligations for the liabilities relating to an arrangement. The Group accounts for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.

- A joint arrangement is classified as "joint venture" when the Group has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using equity method. Investments in joint venture are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(vi) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(vii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in a joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (cont'd)

(i) Recognition and initial measurement (cont'd)

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(k)(i)) where the effective interest rate is applied to the amortised cost.

(b) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss are subject to impairment assessment (see Note 2(k)(i)).

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

(a) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

(a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;

(b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or

(c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(b) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (cont'd)

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date; and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:

(a) the recognition of an asset on the day it is received by the Group or the Company; and

(b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

(iv) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, *Revenue from Contracts with Customers*.

Liabilities arising from financial guarantees are presented together with other provisions.

(v) Hedge accounting

At inception of a designated hedging relationship, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (cont'd)

(v) Hedge accounting (cont'd)

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and accumulated in equity and the ineffective portion is recognised in profit or loss. The effective portion of changes in the fair value of the derivative that is recognised in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss immediately.

The Group designates only the change in fair value of the spot element of forward contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ("forward points") and/or the foreign currency basis spread are separately accounted for as cost of hedging and recognised in a cost of hedging reserve within equity.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

(vi) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (cont'd)

(vi) Derecognition (cont'd)

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(vii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(d) Property, plant and equipment

(i) Recognition and measurement

Freehold land and construction work-in-progress are measured at cost. Other items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other operating income" or "other operating expenses" respectively in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, plant and equipment (cont'd)

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of the asset, then the component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	50 years
Renovation, electrical installation and furniture and fittings	10 years
Office equipment	10 years
Computer equipment	5 years
Motor vehicles	5 years
Plant and machinery	10 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

(e) Leases

The Group has applied MFRS 16 using the modified retrospective approach with the initial application that the right-of-use assets is equivalent to the lease liabilities as at 1 October 2019. Accordingly, the comparative information presented for 2019 has not been restated – i.e. it is presented, as previously reported under MFRS 117, *Leases* and related interpretations.

Current financial year

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(e) **Leases (cont'd)**

Current financial year (cont'd)

(i) **Definition of a lease (cont'd)**

- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) **Recognition and initial measurement**

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leases (cont'd)

Current financial year (cont'd)

(ii) Recognition and initial measurement (cont'd)

As a lessee (cont'd)

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iii) Subsequent measurement

As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment disclosed in Note 2(d). In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

COVID-19-related rent concessions

The Group has applied Amendment to MFRS 16, *Leases – COVID-19-Related Rent Concessions*. The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications.

The changes in lease payments arising from rent concessions to which the Group has applied the practical expedient for COVID-19-related rent concessions are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leases (cont'd)

Previous financial year

As a lessee

(i) Finance lease

Leases in terms of which the Group or the Company assumed substantially all the risks and rewards of ownership were classified as finance leases. Upon initial recognition, the leased asset was measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset was accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases were apportioned between the finance expense and the reduction of the outstanding liability. The finance expense was allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments were accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment was confirmed.

Leasehold land which in substance was a finance lease was classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

(ii) Operating lease

Leases, where the Group or the Company did not assume substantially all the risks and rewards of ownership were classified as operating leases and the leased assets were not recognised on the statement of financial position.

Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals were charged to profit or loss in the reporting period in which they were incurred.

Leasehold land which in substance was an operating lease was classified as prepaid lease payments.

(f) Intangible assets

(i) Goodwill

Goodwill arises on a business combination is measured at cost less any accumulated impairment losses. In respect of equity-accounted joint venture, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted joint venture.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Intangible assets (cont'd)

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and overheads costs that are directly attributable to preparing the assets for its intended use. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(iv) Amortisation

Goodwill with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful lives for the current and comparative periods for capitalised development costs are 5 years.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(g) Investment properties

Investment properties carried at cost

Investment properties are properties which are owned or right-of-use asset held under a lease contract to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Investment properties (cont'd)

Investment properties carried at cost (cont'd)

Investment properties are measured at cost less accumulated amortisation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in Note 2(d).

Amortisation is charged to profit or loss on a straight-line basis over the remaining leasehold period for leasehold building and 50 years for freehold building.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Contract asset/Contract liability

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, Financial Instruments (see Note 2(k)(i)).

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost and contract assets. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for cash and bank balances for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables and contract asset using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery of amounts due.

(ii) Other assets

The carrying amounts of other assets (except for inventories, contract assets and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each period at the same time.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment (cont'd)

(ii) Other assets (cont'd)

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amount of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(l) Equity instruments

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

(i) Issue expense

Costs directly attributable to issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Equity instruments (cont'd)

(iii) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(m) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group or the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's or the Company's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate.

(n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Provision for warranties

A provision for warranties is recognised when the underlying products are sold or where a construction contract is completed. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. **SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(o) Revenue and other income

(i) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following over time criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;

(b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

(ii) Dividend income/unit trust income

Dividend income/unit trust income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established.

(iii) Management fee

Management fee is recognised as and when the services are rendered.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(v) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease.

(vi) Government grants

Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(q) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases.

Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Income tax (cont'd)

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

(r) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Managing Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(t) Contingencies

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its Group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

(u) Fair value measurements

Fair value of an asset or a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(u) Fair value measurements (cont'd)

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the assets in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Renovation, electrical installation and furniture and fittings RM'000	Office equipment RM'000	Computer equipment RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Construction work-in-progress RM'000	Total RM'000
Cost										
At 1 October 2018	5,579	5,696	7,550	4,070	1,564	3,693	3,936	6,254	2,473	40,815
Additions	-	-	-	82	75	233	1,101	1,814	12,941	16,246
Borrowing costs capitalised at 4.6% per annum	-	-	-	-	-	-	-	-	116	116
Disposals	-	-	-	-	(4)	(2)	(74)	-	-	(80)
Written off	-	-	-	(7)	(15)	(40)	-	(33)	-	(95)
At 30 September 2019	5,579	5,696	7,550	4,145	1,620	3,884	4,963	8,035	15,530	57,002
Adjustment on initial application of MFRS 16	-	(5,696)	-	-	-	-	(2,596)	-	-	(8,292)
At 1 October 2019	5,579	-	7,550	4,145	1,620	3,884	2,367	8,035	15,530	48,710
Additions	-	-	468	340	169	183	245	495	2,879	4,779
Borrowing costs capitalised at 4.6% per annum	-	-	-	-	-	-	-	-	328	328
Disposals	-	-	-	-	(23)	(10)	(63)	(1)	(235)	(332)
Written off	-	-	-	(3)	(1)	(11)	-	-	-	(15)
Reclassification	-	-	18,153	255	-	-	-	-	(18,408)	-
Foreign exchange adjustment	-	-	-	-	(4)	4	-	-	-	-
At 30 September 2020	5,579	-	26,171	4,737	1,761	4,050	2,549	8,529	94	53,470

NOTES TO THE FINANCIAL STATEMENTS
cont'd

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Renovation, electrical installation and furniture and fittings RM'000	Office equipment RM'000	Computer equipment RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Construction work-in-progress RM'000	Total RM'000
Accumulated depreciation										
At 1 October 2018	-	575	763	2,520	1,026	3,002	2,303	5,104	-	15,293
Depreciation for the year	-	130	173	295	105	265	755	422	-	2,145
Disposals	-	-	-	-	(3)	(2)	(74)	-	-	(79)
Written off	-	-	-	(7)	(12)	(38)	-	(33)	-	(90)
At 30 September 2019	-	705	936	2,808	1,116	3,227	2,984	5,493	-	17,269
Adjustment on initial application of MFRS 16	-	(705)	-	-	-	-	(1,046)	-	-	(1,751)
At 1 October 2019	-	-	936	2,808	1,116	3,227	1,938	5,493	-	15,518
Depreciation for the year	-	-	262	287	111	266	229	457	-	1,612
Disposals	-	-	-	-	(22)	(7)	(63)	(1)	-	(93)
Written off	-	-	-	(3)	(1)	(11)	-	-	-	(15)
Foreign exchange adjustment	-	-	-	-	(3)	3	-	-	-	-
At 30 September 2020	-	-	1,198	3,092	1,201	3,478	2,104	5,949	-	17,022
Carrying amounts										
At 1 October 2018	5,579	5,121	6,787	1,550	538	691	1,633	1,150	2,473	25,522
At 30 September 2019	5,579	4,991	6,614	1,337	504	657	1,979	2,542	15,530	39,733
At 1 October 2019	5,579	-	6,614	1,337	504	657	429	2,542	15,530	33,192
At 30 September 2020	5,579	-	24,973	1,645	560	572	445	2,580	94	36,448

The leasehold land which in substance was a finance lease was classified as property, plant and equipment in previous years. The leasehold land was reclassified as right-of-use assets following the adoption of MFRS 16 on 1 October 2019 (see Note 4).

NOTES TO THE FINANCIAL STATEMENTS
cont'd

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Renovation and furniture and fittings RM'000	Office equipment RM'000	Computer equipment RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Total RM'000
Cost						
At 1 October 2018	1,037	501	824	1,697	1	4,060
Additions	-	8	17	-	-	25
Written off	-	-	(9)	-	-	(9)
At 30 September 2019	1,037	509	832	1,697	1	4,076
Adjustment on initial application of MFRS 16	-	-	-	(1,102)	-	(1,102)
At 1 October 2019	1,037	509	832	595	1	2,974
Additions	-	4	65	107	-	176
Disposals	-	-	-	(64)	-	(64)
At 30 September 2020	1,037	513	897	638	1	3,086
Accumulated depreciation						
At 1 October 2018	780	306	699	964	1	2,750
Depreciation for the year	55	37	68	222	-	382
Written off	-	-	(9)	-	-	(9)
At 30 September 2019	835	343	758	1,186	1	3,123
Adjustment on initial application of MFRS 16	-	-	-	(591)	-	(591)
At 1 October 2019	835	343	758	595	1	2,532
Depreciation for the year	53	36	47	9	-	145
Disposals	-	-	-	(64)	-	(64)
At 30 September 2020	888	379	805	540	1	2,613
Carrying amounts						
At 1 October 2018	257	195	125	733	-	1,310
At 30 September 2019	202	166	74	511	-	953
At 1 October 2019	202	166	74	-	-	442
At 30 September 2020	149	134	92	98	-	473

NOTES TO THE FINANCIAL STATEMENTS
cont'd

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

3.1 Leased motor vehicles

At 30 September 2020, the net carrying amount of motor vehicles of the Group and of the Company acquired under hire purchase arrangements were RM98,000 (2019: RM1,550,000) and RM98,000 (2019: RM511,000) respectively.

3.2 Security

At 30 September 2020, land and buildings with carrying amounts of RM30,552,000 (2019: RM17,184,000) are charged to bank for banking facilities granted to the subsidiaries (see Note 19.2).

3.3 Construction work-in-progress

The Group's construction work-in-progress include borrowing costs arising from bank loans borrowed specifically for the purpose of the construction of buildings. During the financial year, the borrowing costs capitalised as cost of construction work-in-progress amounted to RM328,000 (2019: RM116,000).

4. RIGHT-OF-USE ASSETS

	Leasehold Land RM'000	Buildings RM'000	Office equipment RM'000	Motor vehicles RM'000	Total RM'000
Group					
At 1 October 2019*	4,991	6,116	140	1,550	12,797
Additions	-	73	-	-	73
Depreciation	(131)	(1,923)	(34)	(519)	(2,607)
At 30 September 2020	4,860	4,266	106	1,031	10,263
Company					
At 1 October 2019*	-	3,968	-	511	4,479
Depreciation	-	(1,068)	-	(221)	(1,289)
At 30 September 2020	-	2,900	-	290	3,190

* *Following the adoption of MFRS 16, leasehold land of the Group and motor vehicles of the Group and of the Company of RM4,991,000, RM1,550,000 and RM511,000 respectively were reclassed from property, plant and equipment to right-of-use assets as at 1 October 2019.*

The Group and the Company lease a number of buildings that run between 1 year and 5 years, with an option to renew the lease after that date.

The Group negotiated rent concessions with its landlords for the office building leases as a result of the COVID-19 pandemic during the financial year.

The amount recognised in profit or loss for the reporting period to reflect changes in lease payments arising from rent concessions to which the Group has applied the practical expedient for COVID-19 related rent concessions is RM30,000 (2019: nil).

NOTES TO THE FINANCIAL STATEMENTS
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5. INTANGIBLE ASSETS

Group	Goodwill on consolidation RM'000	Development costs RM'000	Total RM'000
Cost			
At 1 October 2018	2,566	1,945	4,511
Additions	-	255	255
At 30 September 2019/1 October 2019	2,566	2,200	4,766
Additions	-	55	55
At 30 September 2020	2,566	2,255	4,821
Amortisation and impairment loss			
At 1 October 2018			
Accumulated amortisation	-	1,832	1,832
Accumulated impairment loss	642	-	642
	642	1,832	2,474
Amortisation for the year	-	106	106
Impairment loss for the year	481	-	481
At 30 September 2019/1 October 2019			
Accumulated amortisation	-	1,938	1,938
Accumulated impairment loss	1,123	-	1,123
	1,123	1,938	3,061
Amortisation for the year	-	47	47
Impairment loss for the year	481	-	481
At 30 September 2020			
Accumulated amortisation	-	1,985	1,985
Accumulated impairment loss	1,604	-	1,604
	1,604	1,985	3,589
Carrying amounts			
At 1 October 2018	1,924	113	2,037
At 30 September 2019/1 October 2019	1,443	262	1,705
At 30 September 2020	962	270	1,232

5.1 Goodwill of the Group arose from acquisitions of subsidiaries in previous financial years.

5.2 Impairment testing for cash-generating units containing goodwill

For the purposes of impairment testing, goodwill is allocated to the Group's investment in its subsidiaries which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

5. INTANGIBLE ASSETS (CONT'D)

5.2 Impairment testing for cash-generating units containing goodwill (cont'd)

The aggregate carrying amounts of goodwill are allocated to the following subsidiaries:

	Group	
	2020 RM'000	2019 RM'000
EITA Power System Sdn. Bhd.	-	478
TransSystem Continental Sdn. Bhd.	962	965
	962	1,443

The recoverable amount of the cash-generating units is based on its value in use, determined by discounting the future cash flows to be generated from the continuing operations of the subsidiaries.

The projected cash flows were prepared based on financial budgets and projections which were approved by management covering a five-year period. The projected cash flows are then discounted using pre-tax discount rate of 12.44% (2019: 15.46%), which was estimated based on the Company's weighted average cost of capital.

6. INVESTMENT PROPERTIES

Group	Freehold land RM'000	Buildings RM'000	Total RM'000
Cost			
At 1 October 2018	116	3,942	4,058
Additions	-	1,805	1,805
Disposal	-	(443)	(443)
At 30 September 2019/1 October 2019	116	5,304	5,420
Additions	-	1,530	1,530
At 30 September 2020	116	6,834	6,950
Accumulated amortisation			
At 1 October 2018	-	129	129
Amortisation for the year	-	26	26
At 30 September 2019/1 October 2019	-	155	155
Amortisation for the year	-	231	231
At 30 September 2020	-	386	386
Carrying amounts			
At 1 October 2018	116	3,813	3,929
At 30 September 2019/1 October 2019	116	5,149	5,265
At 30 September 2020	116	6,448	6,564

NOTES TO THE FINANCIAL STATEMENTS
cont'd

6. INVESTMENT PROPERTIES (CONT'D)

Investment properties of a subsidiary amounting to RM1,991,000 (2019: RM2,048,000) have been charged to secure banking facilities granted to a subsidiary (see Note 19.2).

Included in the above are:

	Group	
	2020	**2019**
	RM'000	**RM'000**
At cost		
Land	116	116
Buildings	4,678	3,749
Building under construction	1,770	1,400
	6,564	5,265

The following are recognised in profit or loss in respect of investment properties:

	Group	
	2020	**2019**
	RM'000	**RM'000**
Rental income	(11)	(14)
Direct operating expenses:		
- income generating investment properties	8	5
- non-income generating investment properties	19	27

Fair value information

Fair value of investment properties are categorised as follows:

	Level 3	
	2020	**2019**
Group	**RM'000**	**RM'000**
Land and buildings	7,686	5,810

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment property.

Level 3 fair values of land and buildings are estimated by Directors using the comparison approach. Expected sales price of comparable properties in close proximity are adjusted for difference in key attributes such as property size. The significant unobservable input into the Directors' valuation is adjustment to the price per square foot of comparable properties.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020	2019
	RM'000	RM'000
Cost of investment	25,846	25,846

Details of the subsidiaries are as follows:

Name of subsidiary	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest 2020 %	2019 %
EITA Power System Sdn. Bhd.	Malaysia	Marketing and distribution of fire resistant cables, electrical and electronic components and equipment and provision of electrical and security system solutions.	100	100
EITA Technologies (Malaysia) Sdn. Bhd.	Malaysia	Manufacture of electrical and electronic components and equipment.	100	100
EITA Electric Sdn. Bhd.	Malaysia	Marketing and distribution of electrical and electronic components and equipment.	100	100
EITA Elevator (Malaysia) Sdn. Bhd.	Malaysia	Design, installation and maintenance of elevator systems.	100	100
EITA-Schneider (MFG) Sdn. Bhd.	Malaysia	Manufacture of elevator systems.	100	100
Furutec Electrical Sdn. Bhd.	Malaysia	Design and manufacture of Busduct systems and manufacture of metal fabricated products.	100	100
Schneider Research & Development Centre Sdn. Bhd.	Malaysia	Research and development of elevator systems.	100	100
EITA Technologies Pte. Ltd. (#)	Singapore	Marketing and distribution of electrical and electronic components and equipment.	90	90

NOTES TO THE FINANCIAL STATEMENTS
cont'd

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest 2020 %	Effective ownership interest and voting interest 2019 %
EITA Research & Development Sdn. Bhd.	Malaysia	Research and development of elevator and Busduct products and systems.	100	100
TransSystem Continental Sdn. Bhd.	Malaysia	Civil, electrical engineering and general contractors.	60	60
Subsidiary of TransSystem Continental Sdn. Bhd.				
TransSystem T&D Sdn. Bhd.	Malaysia	Manufacture of protection relay and control panels, metering panel, marshalling kiosk for electricity transmission and distribution substations.	100	100
Subsidiary of EITA Elevator (Malaysia) Sdn. Bhd.				
EITA KOP Sdn. Bhd.	Malaysia	Design, installation and maintenance of elevator systems.	70	70

\# *Not audited by a member firm of KPMG International.*

Summarised financial information of non-controlling interest in EITA Technologies Pte. Ltd., TransSystem Continental Sdn. Bhd. and its subsidiary and EITA KOP Sdn. Bhd. have not been presented as the related information is not individually material to the Group.

8. INVESTMENT IN JOINT VENTURE

	Group 2020 RM'000	Group 2019 RM'000
Investment in shares	500	500
Share of post-acquisition reserves	1,193	1,148
	1,693	1,648

NOTES TO THE FINANCIAL STATEMENTS
cont'd

8. INVESTMENT IN JOINT VENTURE (CONT'D)

Details of the joint venture are as follows:

Name of Company	Principal place of business/ Country of incorporation	Nature of relationship	Effective ownership interest and voting interest 2020 %	2019 %
Sigriner Automation (MFG) Sdn. Bhd.	Malaysia	Manufacture and design elevator & escalator control system and is one of the suppliers of the Group.	50	50

The following table summarises the financial information of Sigriner Automation (MFG) Sdn. Bhd., as adjusted for any differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in Sigriner Automation (MFG) Sdn. Bhd., which is accounted for using the equity method.

	Group 2020 RM'000	2019 RM'000
Summarised financial information		
As at 30 September		
Non-current assets	252	79
Current assets	6,366	5,434
Current liabilities	(3,232)	(2,217)
Net assets	3,386	3,296
Cash and cash equivalents	321	453
Year ended 30 September		
Profit for the financial year	90	1,290
Included in the total comprehensive income:		
Revenue	5,256	13,085
Depreciation	(13)	(13)
Reconciliation of net assets to carrying amount as at 30 September		
Group's share of net assets	1,693	1,648
Group's share of results for the year ended 30 September		
Group's share of profit, net of tax	45	645

NOTES TO THE FINANCIAL STATEMENTS
cont'd

9. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Group						
Property, plant and equipment	14	1	(1,445)	(808)	(1,431)	(807)
Right-of-use assets, net of lease liabilities	3	-	-	-	3	-
Provisions	4,826	5,743	-	(386)	4,826	5,357
Other items	461	186	(27)	(16)	434	170
Cash flow hedge	145	791	-	-	145	791
Tax assets/(liabilities)	5,449	6,721	(1,472)	(1,210)	3,977	5,511
Set off of tax	(1,077)	(847)	1,077	847	-	-
Net tax assets/(liabilities)	4,372	5,874	(395)	(363)	3,977	5,511
Company						
Plant and equipment	-	-	(76)	(91)	(76)	(91)
Provisions	291	233	-	-	291	233
	291	233	(76)	(91)	215	142

NOTES TO THE FINANCIAL STATEMENTS
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9. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Movement in temporary differences during the year

	At 1.10.2018 RM'000	Recognised in profit or loss (Note 25) RM'000	Recognised in other comprehensive income RM'000	At 30.9.2019/ 1.10.2019 RM'000	Recognised in profit or loss (Note 25) RM'000	Recognised in other comprehensive income RM'000	At 30.9.2020 RM'000
Group							
Property, plant and equipment	(745)	(62)	-	(807)	(624)	-	(1,431)
Right-of-use assets, net of lease liabilities	-	-	-	-	3	-	3
Provisions	5,439	(82)	-	5,357	(531)	-	4,826
Other items	1,420	(1,250)	-	170	264	-	434
Cash flow hedge	-	-	791	791	-	(646)	145
	6,114	(1,394)	791	5,511	(888)	(646)	3,977
Company							
Plant and equipment	(114)	23	-	(91)	15	-	(76)
Provisions	223	10	-	233	58	-	291
	109	33	-	142	73	-	215

Unrecognised deferred tax assets

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

	Group	
	2020 RM'000	2019 RM'000
Unutilised tax losses	933	933

Deferred tax assets have not been recognised in respect of unutilised tax losses above because it is not probable that future taxable profit will be available against which the Group entities can utilise the benefits therefrom.

Unutilised tax losses of RM933,000 expire in 2026 under the current tax legislation of Malaysia.

NOTES TO THE FINANCIAL STATEMENTS
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10. INVENTORIES

	Group	
	2020	2019
	RM'000	RM'000
Raw materials	9,544	7,723
Work-in-progress	590	912
Manufactured inventories and trading goods	25,500	25,647
Equipment and parts	3,291	7,766
	38,925	42,048
Recognised in profit or loss:		
Inventories recognised as cost of sales	74,367	93,871
Inventories written down/(reversal of) to net realisable value	2,503	(511)
Written off	147	136

11. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2020	2019
	RM'000	RM'000
Contract assets	58,756	58,858
Contract liabilities	(16,540)	(15,215)

The contract assets primarily relate to the Group's rights to consideration for work completed on construction contracts but not yet billed at the reporting date. Typically, the amount will be billed based on specific milestone as agreed with customers and payment is expected within 60 days from date of billing.

The contract liabilities primarily relate to the advance consideration received from a customer for construction contract, which revenue is recognised over time during the project.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

12. TRADE AND OTHER RECEIVABLES

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Trade					
Trade receivables	12.1	71,398	75,392	-	-
Less: Impairment loss		(8,412)	(9,653)	-	-
		62,986	65,739	-	-
Non-trade					
Other receivables	12.2	1,717	5,276	70	214
Less: Impairment loss		(118)	(355)	-	-
		1,599	4,921	70	214
Amounts due from subsidiaries	12.3	-	-	45,787	46,397
Less: Impairment loss		-	-	(1,204)	(1,196)
		-	-	44,583	45,201
		64,585	70,660	44,653	45,415

12.1 Included in trade receivables are the following:

- RM769,000 (2019: RM444,000) owing by companies in which certain Directors of the Group and persons connected to the Directors have interests. The amounts are interest-free, unsecured and repayable based on normal credit terms;

- RM44,000 (2019: RM110,000) owing by joint venture. The amounts are interest-free, unsecured and repayable based on normal credit terms; and

- Retention sum amounting to RM9,313,000 (2019: RM12,352,000) relating to project contracts.

  Retentions are interest-free, unsecured and are expected to be collected as follows:

	Group 2020 RM'000	Group 2019 RM'000
Within 1 year	2,473	7,816
1 - 2 years	817	1,857
2 - 3 years	505	93
3 - 4 years	5,518	2,586
	9,313	12,352

12.2 Included in the Group's other receivables are advances paid to suppliers amounting to RM803,000 (2019: RM1,572,000).

NOTES TO THE FINANCIAL STATEMENTS
cont'd

12. TRADE AND OTHER RECEIVABLES (CONT'D)

12.3 The non-trade amounts due from subsidiaries are unsecured, subject to interest at 1% (2019: 1%) per annum above KLIBOR and repayable on demand.

13. DEPOSITS AND PREPAYMENTS

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Deposits	1,813	2,564	295	281
Prepayments	4,304	4,361	90	168
	6,117	6,925	385	449

14. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

Group	Nominal value RM'000	Assets RM'000	Liabilities RM'000
2020			
Forward foreign exchange contracts:			
- Fair value through profit or loss	49,533	3	(365)
- Cash flow hedge	38,006	-	(113)
	87,539	3	(478)
2019			
Forward foreign exchange contracts:			
- Fair value through profit or loss	15,730	-	(247)
- Cash flow hedge	88,227	-	(1,250)
	103,957	-	(1,497)

Forward foreign exchange contracts are used to manage the foreign currency exposures arising from the Group's payables or highly probable forecast transactions denominated in currencies other than the functional currencies of the Group entities. Most of the forward foreign exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward contracts are rolled over at maturity.

NOTES TO THE FINANCIAL STATEMENTS
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15. CASH AND CASH EQUIVALENTS

		Group		Company	
	Note	2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
Cash and bank balances		50,192	54,778	3,991	5,921
Deposits placed with licensed banks		5,000	3,000	-	-
Liquid investments	15.1	16,561	10,949	12,816	10,280
		71,753	68,727	16,807	16,201

15.1 The liquid investments represent investments in unit trust funds which primarily invest in money market instruments. The Directors regard the liquid investments as cash and cash equivalents in view of its high liquidity and insignificant risk of changes in value.

16. SHARE CAPITAL

	Group and Company			
	Number of shares	Amount	Number of shares	Amount
	2020	2020	2019	2019
	'000	RM'000	'000	RM'000
Issued and fully paid shares with no par value:				
At beginning/end of financial year	130,000	69,302	130,000	69,302

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. In respect of the Company's treasury shares that are held by the Group, all rights are suspended until those shares are reissued.

17. RESERVES

17.1 Treasury shares

The shareholders of the Company, by an ordinary resolution passed in an annual general meeting held on 26 February 2020, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, there was no repurchase of its own shares from the open market.

At 30 September 2020, the Group held 4,000 (2019: 4,000) of the Company's own shares.

17.2 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations with functional currency other than RM.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

17. RESERVES (CONT'D)

17.3 Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

18. NON-CONTROLLING INTEREST

This consists of the non-controlling interest's proportion of share capital and reserves of subsidiaries, net of its share of subsidiaries' goodwill on consolidation.

19. LOANS AND BORROWINGS

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current					
Hire purchase liabilities	19.1	50	922	50	219
Term loans - secured	19.2	15,468	14,499	-	-
		15,518	15,421	50	219
Current					
Hire purchase liabilities	19.1	11	424	11	159
Term loans - secured	19.2	1,252	1,160	-	-
Bills payable - unsecured	19.3	13,710	13,314	-	-
Bank overdrafts - unsecured	19.3	99	-	-	-
		15,072	14,898	11	159
		30,590	30,319	61	378

NOTES TO THE FINANCIAL STATEMENTS
cont'd

19. LOANS AND BORROWINGS (CONT'D)

19.1 Hire purchase liabilities

Hire purchase liabilities are payable as follows:

	Future minimum lease payments 2020 RM'000	Interest 2020 RM'000	Present value of minimum lease payments 2020 RM'000	Future minimum lease payments 2019 RM'000	Interest 2019 RM'000	Present value of minimum lease payments 2019 RM'000
Group						
Less than one year	15	4	11	479	55	424
Between one and five years	56	6	50	995	73	922
	71	10	61	1,474	128	1,346
Company						
Less than one year	15	4	11	172	13	159
Between one and five years	56	6	50	229	10	219
	71	10	61	401	23	378

19.2 Term loans - secured

The term loans of the Group are secured by the land and buildings of a subsidiary (see Note 3.2) and investment properties of a subsidiary (see Note 6).

19.3 Security

The bills payable and bank overdrafts of the Group are supported by way of:

(i) corporate guarantee by the Company; and
(ii) a negative pledge over all the assets of certain subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

20. PROVISION FOR WARRANTIES

	Group	
	2020	2019
	RM'000	RM'000
At beginning of financial year	483	899
Provision made during the year	152	721
Provision reversed during the year	(104)	(793)
Warranty claimed during the year	(205)	(344)
At end of financial year	326	483

The provision for warranties relates to products sold and projects completed. The provision is based on estimates made from historical warranty data associated with similar products and projects.

21. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
Trade					
Trade payables	21.1	47,551	63,492	-	-
Non-trade					
Other payables		4,550	5,394	47	132
Accrued expenses		7,679	9,796	1,682	1,700
Amount due to subsidiaries		-	-	-	90
		12,229	15,190	1,729	1,922
		59,780	78,682	1,729	1,922

21.1 Included in trade payables of the Group are as follows:

- Retention sum amounting to RM728,000 (2019: RM882,000);

- Amounts payable to companies in which certain Directors of the Group and persons connected to the Directors have interests of RM179,000 (2019: RM9,000). The amounts are interest-free, unsecured and repayable based on the normal credit terms; and

- Amount payable to the joint venture of RM2,902,000 (2019: RM968,000). The amount is interest-free, unsecured and repayable based on the normal credit terms.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

22. REVENUE

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers	284,128	305,386	-	-
Other revenue				
- Dividend income	-	-	6,192	9,500
- Management fees	-	-	7,448	7,448
Total revenue	284,128	305,386	13,640	16,948

22.1 Disaggregation of revenue

	Design and manufacturing		Marketing and distribution		Services		High voltage system		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group										
Major products and services lines										
Construction contracts	66,405	51,790	-	-	5,387	-	72,339	76,860	144,131	128,650
Sales of goods and services	36,428	57,488	72,219	79,116	92	753	-	-	108,739	137,357
Maintenance and repair services	-	-	-	-	31,258	39,379	-	-	31,258	39,379
	102,833	109,278	72,219	79,116	36,737	40,132	72,339	76,860	284,128	305,386
Timing and recognition										
At a point in time	14,951	22,468	72,219	79,116	31,350	40,132	-	-	118,520	141,716
Over time	87,882	86,810	-	-	5,387	-	72,339	76,860	165,608	163,670
	102,833	109,278	72,219	79,116	36,737	40,132	72,339	76,860	284,128	305,386
Revenue from contracts with customers	102,833	109,278	72,219	79,116	36,737	40,132	72,339	76,860	284,128	305,386

22. REVENUE (CONT'D)

22.2 Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Construction contracts	Revenue is recognised over time using input method, assessed by reference to the proportion that contract costs incurred for work performed to-date to the estimated total contract costs.	Based on agreed milestone.	Not applicable	Not applicable	Assurance warranty ranging from 12 to 24 months.
Sale of goods and services	• Revenue is recognised at the point in time when the goods are delivered, services are performed and accepted by the customers at their premises. • Revenue is recognised over time as costs are incurred. Control of goods are transferred over time as the goods have no alternative use and there is an enforceable right to payment for performance completed to date.	Credit period of 90 days from invoice date.	Not applicable	The Group only allows return for replacement or repair. No cash refunds are offered.	Assurance warranty of 1 year are given to the customers.
Maintenance and repair services	Revenue from recurring (or as a series of) services is recognised when the services are performed.	Credit period of 30 days from invoice date.	Not applicable	Not applicable	Not applicable
Management fees	Revenue is recognised at the point in time as and when the services are rendered.	Credit period of 30 days from invoice date.	Not applicable	Not applicable	Not applicable

NOTES TO THE FINANCIAL STATEMENTS
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22. REVENUE (CONT'D)

22.3 Transaction price allocated to the remaining performance obligations

The following table shows revenue from performance obligation that are unsatisfied (or partially unsatisfied) at the reporting date. The remaining performance obligation that are unsatisfied (or partially unsatisfied) at the reporting date is expected to be satisfied over a period of time of 1 to 3 years.

	Group	
	2020	**2019**
	RM'000	**RM'000**
Construction contracts	387,455	361,419

The above revenue does not include variable consideration.

23. RESULTS FROM OPERATING ACTIVITIES

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Results from operating activities are arrived at after charging:				
Auditors' remunerations				
Audit fees:				
- KPMG Malaysia	173	172	32	32
- other auditors	10	9	-	-
Non-audit fees to KPMG	9	39	9	9
Material expenses				
Allowance for foreseeable losses, net	-	202	-	-
Amortisation of development costs	47	106	-	-
Amortisation of investment properties	231	26	-	-
Bad debts written off	539	61	-	-
Depreciation of property, plant and equipment	1,612	2,145	145	382
Depreciation of right-of-use assets	2,607	-	1,289	-
Fair value loss on forward exchange contracts, net	108	-	-	-
Fair value loss on liquid investments, net	-	32	-	32
Foreign exchange loss, net				
- realised	541	163	-	-
- unrealised	121	60	-	-
Loss on disposal of property, plant and equipment, net	86	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
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23. RESULTS FROM OPERATING ACTIVITIES (CONT'D)

		Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Material expenses (cont'd)					
Provision for impairment loss, net					
- goodwill		481	481	-	-
- trade receivables		-	1,716	-	-
- contract asset		-	1,118		
- amount due from a subsidiary		-	-	8	50
Inventories written off		147	136	-	-
Inventories written down to net realisable value, net		2,503	-	-	-
Property, plant and equipment written off		-	5	-	-
Provision for liquidated and ascertained damages, net		-	1,440	-	-
Provision for warranties, net		48	-	-	-
Staff costs:					
- contribution to state plans		4,668	4,756	606	544
- wages, salaries and others		37,367	37,374	3,971	3,896
Expenses arising from leases					
Expenses relating to short-term leases	a	1,036	-	-	-
Expenses relating to leases of low-value assets	a	48	-	8	-
and after crediting:					
Material income					
Reversal of allowance for foreseeable losses, net		202	-	-	-
Fair value gain on forward exchange contracts, net		-	678	-	-
Fair value gain on liquid investments, net		36	-	36	-
Gain on disposal of investment properties, net		-	47	-	-
Gain on disposal of property, plant and equipment, net		-	13	10	-
Reversal of impairment loss, net					
- trade receivables		1,241	-	-	-
- other receivables		237	148	-	-
- contract assets		1,931	-	-	-
Reversal of inventories written down to net realisable value, net		-	511	-	-
Reversal of provision for liquidated and ascertained damages, net		1,512	-	-	-
Reversal of provision for warranties, net		-	72	-	-
Rental income on premises		85	14	865	-
Unit trust income		409	525	316	480
Government grant on wages subsidy	b	983	-	38	-

23. RESULTS FROM OPERATING ACTIVITIES (CONT'D)

Note a

The Group leases a number of buildings and office equipment with contract terms of 1 year and 5 years respectively. These leases are short-term and leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Note b

A grant, received in financial year 2020, amounted to RM983,000 and related to a wage subsidy programme introduced in Malaysia in response to the COVID-19 coronavirus pandemic. The grant was recognised in profit or loss in 'administrative expenses' where the related wages and salaries were recognised. There is no outstanding balance of deferred income or receivable related to this grant as at 30 September 2020.

24. FINANCE COSTS

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest expense of financial liabilities that are not fair value through profit or loss:				
- bank overdrafts	8	25	-	20
- bills payable	1,284	772	-	-
- hire purchase	1	58	1	21
- lease liabilities	272	-	151	-
- revolving credit	-	29	-	29
- term loans	638	413	-	-
Other finance costs	476	439	208	74
	2,679	1,736	360	144
Recognised in profit or loss	2,351	1,620	360	144
Capitalised on qualifying assets:				
- property, plant and equipment	328	116	-	-
	2,679	1,736	360	144

NOTES TO THE FINANCIAL STATEMENTS
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25. TAX EXPENSE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current tax expense				
- current year	4,786	6,120	898	892
- prior year	1,234	(474)	(49)	(52)
	6,020	5,646	849	840
Deferred tax expense				
- origination and reversal of temporary differences	1,523	1,452	(163)	(33)
- prior year	(635)	(58)	90	-
	888	1,394	(73)	(33)
	6,908	7,040	776	807
Share of tax of equity-accounted joint venture	10	155	-	-
Total tax expense	6,918	7,195	776	807

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Reconciliation of tax expense				
Profit for the year	18,321	21,881	7,727	11,067
Total tax expense	6,918	7,195	776	807
Profit excluding tax	25,239	29,076	8,503	11,874
Income tax calculated using Malaysian tax rate at 24% (2019: 24%)	6,057	6,978	2,040	2,850
Effect of different tax rate in foreign jurisdiction	(45)	(6)	-	-
Non-deductible expenses	1,023	1,271	257	404
Tax exempt income	(289)	(26)	(1,562)	(2,395)
Tax incentives	(178)	(258)	-	-
Double tax deduction	(249)	(235)	-	-
Real property gain tax	-	3	-	-
	6,319	7,727	735	859
Under/(Over) provision in prior year	599	(532)	41	(52)
Total tax expense	6,918	7,195	776	807

NOTES TO THE FINANCIAL STATEMENTS
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26. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 30 September 2020 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares in issue during the year calculated as follows:

	Group	
	2020	**2019**
	RM'000	**RM'000**
Profit for the year attributable to the owners	17,294	20,828
Issued ordinary shares at 30 September	130,000	130,000
Effect of treasury shares held	(4)	(4)
Weighted average number of shares (basic)	129,996	129,996
Basic earnings per ordinary share (sen)	13.30	16.02

The Group has no dilution in its earnings per ordinary shares at 30 September 2020 and 30 September 2019.

27. DIVIDENDS

Dividends recognised by the Company are:

	Sen per share	**Total amount RM'000**	**Date of payment**
2020			
First Interim 2020 ordinary	3.00	3,900	24 September 2020
Final 2019 ordinary	3.00	3,900	16 March 2020
		7,800	
2019			
Interim 2019 ordinary	3.00	3,900	27 September 2019
Final 2018 ordinary	3.00	3,900	2 April 2019
		7,800	

On 20 November 2020, the following dividend was declared by the Directors and paid on 8 January 2021. This dividend will be recognised in the subsequent financial period.

	Sen per share	**Total amount RM'000**
Second Interim 2020 ordinary	3.00	3,900

NOTES TO THE FINANCIAL STATEMENTS
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28. OPERATING SEGMENTS

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Managing Director reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Design and manufacturing - Includes purchasing, designing and manufacturing elevator and Busduct.
- Marketing and distribution - Includes purchasing, marketing and distributing electrical and electronic components and equipment.
- Services - Includes maintenance of elevator systems.
- High voltage system - Includes carrying out, electrical engineering and general construction work.

Performance is measured based on segment profit before interest, tax, depreciation and amortisation ("EBITDA"), as included in the internal management reports that are reviewed by the Group's Managing Director, who is the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets and liabilities

Segment assets and liabilities information is neither included in the internal management reports nor provided regularly to the Group's Managing Director. Hence, no disclosures are made on segment assets and liabilities.

	Design and manufacturing		Marketing and distribution		Services		High voltage system		Total	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue:										
External customers	102,833	109,278	72,219	79,116	36,737	40,132	72,339	76,860	284,128	305,386
Segment EBITDA	5,518	5,181	6,068	6,103	15,489	17,389	4,642	3,822	31,717	32,495
Depreciation and amortisation	(1,879)	(1,246)	(833)	(480)	(1,240)	(316)	(545)	(236)	(4,497)	(2,278)
Finance costs	(994)	(704)	(374)	(359)	(276)	(141)	(707)	(416)	(2,351)	(1,620)
Finance income	313	252	29	42	15	27	3	3	360	324
Tax expense	(138)	(1,098)	(1,388)	(1,438)	(4,524)	(3,749)	(858)	(755)	(6,908)	(7,040)
Segment profit	2,820	2,385	3,502	3,868	9,464	13,210	2,535	2,418	18,321	21,881

Geographical segments

The Group operates primarily in Malaysia. In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers.

	Malaysia		ASEAN		Middle East		Others		Total	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Group										
Revenue	242,236	246,756	36,591	50,387	3,768	6,745	1,533	1,498	284,128	305,386

NOTES TO THE FINANCIAL STATEMENTS
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29. FINANCIAL INSTRUMENTS

29.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Fair value through profit or loss ("FVTPL")
- Mandatorily required by MFRS 9; and

(b) Amortised cost ("AC")

Group	Carrying amount RM'000	FVTPL RM'000	AC RM'000	Derivative used for hedging RM'000
2020				
Financial assets				
Other investments	10	10	-	-
Trade and other receivables excluding advances paid to suppliers	63,782	-	63,782	-
Deposits	1,813	-	1,813	-
Cash and cash equivalents	71,753	16,561	55,192	-
Derivative financial assets	3	3	-	-
	137,361	16,574	120,787	-
Financial liabilities				
Loans and borrowings	(30,590)	-	(30,590)	-
Trade and other payables	(59,780)	-	(59,780)	-
Derivative financial liabilities	(478)	(365)	-	(113)
	(90,848)	(365)	(90,370)	(113)
2019				
Financial assets				
Other investments	10	10	-	-
Trade and other receivables excluding advances paid to suppliers	69,088	-	69,088	-
Deposits	2,564	-	2,564	-
Cash and cash equivalents	68,727	10,949	57,778	-
	140,389	10,959	129,430	-
Financial liabilities				
Loans and borrowings	(30,319)	-	(30,319)	-
Trade and other payables	(78,682)	-	(78,682)	-
Derivative financial liabilities	(1,497)	(247)	-	(1,250)
	(110,498)	(247)	(109,001)	(1,250)

NOTES TO THE FINANCIAL STATEMENTS
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29. FINANCIAL INSTRUMENTS (CONT'D)

29.1 Categories of financial instruments (cont'd)

Company	Carrying amount RM'000	FVTPL RM'000	AC RM'000
2020			
Financial assets			
Trade and other receivables	44,653	-	44,653
Deposits	295	-	295
Cash and cash equivalents	16,807	12,816	3,991
	61,755	12,816	48,939
Financial liabilities			
Loans and borrowings	(61)	-	(61)
Trade and other payables	(1,729)	-	(1,729)
	(1,790)	-	(1,790)
2019			
Financial assets			
Trade and other receivables	45,415	-	45,415
Deposits	281	-	281
Cash and cash equivalents	16,201	10,280	5,921
	61,897	10,280	51,617
Financial liabilities			
Loans and borrowings	(378)	-	(378)
Trade and other payables	(1,922)	-	(1,922)
	(2,300)	-	(2,300)

29.2 Net gains and losses arising from financial instruments

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Net gains/(losses) arising on:				
Financial asset measured at amortised cost	4,667	(1,955)	1,659	1,704
Financial liabilities measured at amortised cost	(2,464)	(1,193)	(209)	(144)
Fair value through profit or loss	337	1,171	352	448
	2,540	(1,977)	1,802	2,008

NOTES TO THE FINANCIAL STATEMENTS
cont'd

29. FINANCIAL INSTRUMENTS (CONT'D)

29.3 Financial risk management objective and policies

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

- Credit risk
- Liquidity risk
- Market risk

29.4 Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries.

Trade receivables and contract assets

Risk management objectives, policies and processes for managing the risk

Management has an informal credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount to mitigate the exposure to credit risk. The Group and the Company do not have any significant exposure to any individual counterparty.

There are no significant changes as compared to previous year.

Exposure to credit risk and credit quality

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their recoverable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

Impairment losses

The Group uses an allowance matrix to measure ECLs of trade receivables and contract asset.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency.

NOTES TO THE FINANCIAL STATEMENTS
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29. FINANCIAL INSTRUMENTS (CONT'D)

29.4 Credit risk (cont')

Trade receivables and contract assets (cont')

Impairment losses (cont'd)

Loss rates are based on actual credit loss experience over the past three years. The Group also considers differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract asset as at 30 September 2020 which are grouped together as they are expected to have similar risk nature.

	Gross-carrying amount RM'000	Loss allowances RM'000	Net balance RM'000
Group			
2020			
Current (not past due)	32,201	(124)	32,077
1 – 30 days past due	11,436	(137)	11,299
31 – 60 days past due	4,136	(147)	3,989
61 – 90 days past due	2,860	(41)	2,819
More than 90 days past due	14,138	(1,336)	12,802
	64,771	(1,785)	62,986
Credit impaired	6,627	(6,627)	-
Trade receivables	71,398	(8,412)	62,986
Contract assets	61,016	(2,260)	58,756
	132,414	(10,672)	121,742
2019			
Current (not past due)	26,473	(175)	26,298
1 – 30 days past due	9,832	(132)	9,700
31 – 60 days past due	9,343	(131)	9,212
61 – 90 days past due	4,436	(117)	4,319
More than 90 days past due	18,770	(3,172)	15,598
	68,854	(3,727)	65,127
Credit impaired	6,538	(5,926)	612
Trade receivables	75,392	(9,653)	65,739
Contract assets	63,049	(4,191)	58,858
	138,441	(13,844)	124,597

NOTES TO THE FINANCIAL STATEMENTS
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29. FINANCIAL INSTRUMENTS (CONT'D)

29.4 Credit risk (cont')

Trade receivables and contract assets (cont')

Impairment losses (cont'd)

The movements in the allowance for impairment in respect of trade receivables and contract assets during the year are shown below.

	Trade receivables			
	Lifetime ECL	Credit impaired	Contract assets	Total
	RM'000	RM'000	RM'000	RM'000
Balance at 1 October 2018	5,431	2,506	3,073	11,010
Net remeasurement of loss allowance	(1,704)	3,420	1,118	2,834
Balance at 30 September 2019/ 1 October 2019	3,727	5,926	4,191	13,844
Net remeasurement of loss allowance	(1,942)	701	(1,931)	(3,172)
Balance at 30 September 2020	1,785	6,627	2,260	10,672

Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

Credit risks on other receivables are mainly arising from back-charges to the sub-contractors and advances paid to suppliers. The Group and Company manage the credit risk of the other receivables on an individual basis.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

The movement in the allowance for impairment losses of other receivables during the year was:

	Group	
	2020	2019
	RM'000	RM'000
At beginning of financial year	355	503
Reversal of impairment loss	(237)	(148)
At end of financial year	118	355

NOTES TO THE FINANCIAL STATEMENTS
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29. FINANCIAL INSTRUMENTS (CONT'D)

29.4 Credit risk (cont')

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries.

Exposure to credit risk, credit quality and collateral

The Company's maximum exposure to financial guarantees amounts to RM36,268,000 (2019: RM65,977,000) representing the total banking facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that any subsidiary would default on repayment. The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable except for a subsidiary which the Company has impaired the balance. The Company does not specifically monitor the ageing of the current advances to the subsidiaries.

The movements in the allowance for impairment losses of inter-company balances during the year were:

	Company	
	2020	**2019**
	RM'000	**RM'000**
At beginning of financial year	1,196	1,146
Impairment loss recognised	8	50
At end of financial year	1,204	1,196

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29. FINANCIAL INSTRUMENTS (CONT'D)

29.5 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as and when they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as and when they fall due.

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

Maturity analysis

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM'000	Contractual interest rate/ Discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2020							
Non-derivative financial liabilities							
Term loans - secured	16,720	3.15 - 4.90	27,538	2,620	2,855	7,423	14,640
Hire purchase liabilities	61	6.39	71	15	15	41	-
Lease liabilities	5,381	3.34 - 5.70	5,717	2,318	1,824	1,543	32
Bills payable - unsecured	13,710	3.23 - 4.35	14,196	14,196	-	-	-
Trade and other payables	59,780	-	59,780	59,780	-	-	-
Bank overdrafts - unsecured	99	6.89	106	106	-	-	-
	95,751		107,408	79,035	4,694	9,007	14,672
Derivative financial liabilities							
Forward exchange contracts (gross settled):							
Outflow	478		87,228	87,228	-	-	-
Inflow	-		(86,750)	(86,750)	-	-	-
	96,229		107,886	79,513	4,694	9,007	14,672

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29. FINANCIAL INSTRUMENTS (CONT'D)

29.5 Liquidity risk (cont'd)

Maturity analysis (cont'd)

Group	Carrying amount RM'000	Contractual interest rate/ Discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
2019							
Non-derivative financial liabilities							
Term loans - secured	15,659	4.30 - 4.90	28,449	1,410	2,604	8,355	16,080
Hire purchase liabilities	1,346	3.34 - 5.70	1,474	479	391	604	-
Bills payable - unsecured	13,314	4.62 - 5.22	13,955	13,955	-	-	-
Trade and other payables	78,682	-	78,682	78,682	-	-	-
	109,001		122,560	94,526	2,995	8,959	16,080
Derivative financial liabilities							
Forward exchange contracts (gross settled):							
Outflow	1,497		105,454	105,454	-	-	-
Inflow	-		(103,957)	(103,957)	-	-	-
	110,498		124,057	96,023	2,995	8,959	16,080
Company							
2020							
Non-derivative financial liabilities							
Hire purchase liabilities	61	6.39	71	15	15	41	
Lease liabilities	3,190	3.94	3,190	1,109	1,081	1,000	
Trade and other payables	1,729	-	1,729	1,729	-	-	
Financial guarantees	-	-	36,268	36,268	-	-	
	4,980		41,258	39,121	1,096	1,041	
2019							
Non-derivative financial liabilities							
Hire purchase liabilities	378	4.61	401	172	141	88	
Trade and other payables	1,922	-	1,922	1,922	-	-	
Financial guarantees	-	-	65,977	65,977	-	-	
	2,300		68,300	68,071	141	88	

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29. FINANCIAL INSTRUMENTS (CONT'D)

29.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Group's and the Company's financial position or cash flows.

Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily Singapore Dollar ("SGD"), U.S. Dollar ("USD") and Chinese Yuan Renminbi ("CNY").

Risk management objectives, policies and processes for managing the risk

The Directors monitor the exposure to foreign currency risk on a regular basis to ensure no significant adverse impact. It is the Group's policy to enter into forward foreign currency contracts to hedge against significant exposures to exchange rate fluctuations. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward exchange contracts are rolled over at maturity.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in		
	SGD	**USD**	**CNY**
Group	**RM'000**	**RM'000**	**RM'000**
2020			
Trade and other receivables	1,666	6,726	349
Cash and cash equivalents	-	2,778	-
Trade and other payables	(8)	(14,151)	(7,647)
Net exposure in the statements of financial position	1,658	(4,647)	(7,298)
2019			
Trade and other receivables	8,096	4,809	17
Cash and cash equivalents	-	1,427	-
Trade and other payables	-	(18,281)	(16,097)
Net exposure in the statements of financial position	8,096	(12,045)	(16,080)

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29. FINANCIAL INSTRUMENTS (CONT'D)

29.6 Market risk (cont'd)

Foreign currency risk (cont'd)

Foreign currency risk sensitivity analysis

A 10% (2019: 10%) strengthening of RM against the following currencies at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Equity		Profit or loss	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Group				
SGD	(792)	(745)	(126)	(615)
USD	-	-	353	915
CNY	-	-	555	1,222

A 10% (2019: 10%) weakening of RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

Interest rate risk

The Group's and the Company's fixed rate deposits placements and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate liquid investment and borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group and the Company are exposed to interest rate risk when a financial instrument's value will fluctuate as a result of changes in market interest rate.

Excess funds are placed with licensed banks for short term periods during which the interest rates are fixed.

The Group's and the Company's interest-bearing financial liabilities are mainly lease liabilities, hire purchase liabilities, term loans, bills payables and bank overdrafts. The Group and the Company adopt a policy of managing the interest rate risk through the use of fixed and floating rate debts.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

29. FINANCIAL INSTRUMENTS (CONT'D)

29.6 Market risk (cont'd)

Interest rate risk (cont'd)

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fixed rate instruments				
Financial assets	5,000	3,000	-	-
Financial liabilities	(5,442)	(1,346)	(3,251)	(378)
	(442)	1,654	(3,251)	(378)
Floating rate instruments				
Financial assets	16,561	10,949	12,816	10,280
Financial liabilities	(30,529)	(28,973)	-	-
	(13,968)	(18,024)	12,816	10,280

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or loss			
	Group		Company	
	100 bp increase	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
	RM'000	**RM'000**	**RM'000**	**RM'000**
2020				
Floating rate instruments	(106)	106	97	(97)
2019				
Floating rate instruments	(137)	137	78	(78)

NOTES TO THE FINANCIAL STATEMENTS
cont'd

29. FINANCIAL INSTRUMENTS (CONT'D)

29.7 Hedging activities

Cash flow hedge

The Group entered into forward exchange contracts as hedges for purchases denominated in foreign currencies. During the year, the Group recognised a net gain of RM2,305,000 (2019: net loss of RM1,493,000) in other comprehensive income.

29.8 Fair value information

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

The carrying amounts of the floating rate bills payable, bank overdrafts and term loan approximate fair values as they are subject to variable interest rates which in turn approximate the current market interest rates for similar loans at the end of the reporting period.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
2020	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group										
Financial assets										
Forward exchange contract	-	3	-	3	-	-	-	-	3	3
Financial liabilities										
Forward exchange contract	-	(478)	-	(478)	-	-	-	-	(478)	(478)
Hire purchase liabilities										
- fixed rate	-	-	-	-	-	-	(51)	(51)	(51)	(61)
	-	(478)	-	(478)	-	-	(51)	(51)	(529)	(539)
Company										
Financial liabilities										
Hire purchase liabilities										
- fixed rate	-	-	-	-	-	-	(51)	(51)	(51)	(61)

NOTES TO THE FINANCIAL STATEMENTS
cont'd

29. FINANCIAL INSTRUMENTS (CONT'D)

29.8 Fair value information (cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
2019	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Group										
Financial liabilities										
Forward exchange contract	-	(1,497)	-	(1,497)	-	-	-	-	(1,497)	(1,497)
Hire purchase liabilities										
- fixed rate	-	-	-	-	-	-	(1,218)	(1,218)	(1,218)	(1,346)
	-	(1,497)	-	(1,497)	-	-	(1,218)	(1,218)	(2,715)	(2,843)
Company										
Financial liabilities										
Hire purchase liabilities										
- fixed rate	-	-	-	-	-	-	(347)	(347)	(347)	(378)

29.8.1 Fair value hierarchy

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Derivatives

The fair value of forward exchange contracts is based on their quoted prices, if available. If a quoted price is not available, then fair value is estimated by comparing the difference between the contractual forward price and the current forward price based on available spot rate at reporting date.

Transfer between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2019: no transfer in either directions).

NOTES TO THE FINANCIAL STATEMENTS
cont'd

29. FINANCIAL INSTRUMENTS (CONT'D)

29.8 Fair value information (cont'd)

29.8.1 Fair value hierarchy (cont'd)

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities. The valuation techniques in determining the fair values disclosed in Level 3 for the financial instruments not carried at fair value is discounted cash flows.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

Interest rates used to determine fair value

	2020	2019
Group and Company		
Hire purchase liabilities		
- fixed rate	6.39%	3.34% - 5.70%

Sensitivity analysis and inter-relationship between unobservable inputs and fair value measurement

The fair values would decrease if the interest rates are higher. The Directors are of the view that the changes are not significant and hence the sensitivity analysis is not presented.

30. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor the adequacy of capital on an ongoing basis.

There was no change in the Group's approach to capital management during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

31. CONTINGENT LIABILITIES - UNSECURED

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	Group	
	2020	2019
	RM'000	RM'000
Guarantees issued to third parties for performance of contract by Group entities	38,727	36,778

32. CAPITAL COMMITMENTS

	Group	
	2020	2019
	RM'000	RM'000
Capital expenditure commitments		
Property, plant and equipment		
Contracted but not provided for		
- Within one year	7,149	8,865

33. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Group and of the Company. There are no other transactions with key management personnel other than key management personnel compensation as disclosed below.

The Group has related party relationship with its subsidiaries and key management personnel.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and of the Company are shown below. The balances related to the below transactions are shown in the Notes 12 and 21.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

33. RELATED PARTIES (CONT'D)

Significant related party transactions (cont'd)

Group	Transaction value 2020 RM'000	Transaction value 2019 RM'000
With companies in which the Directors and persons connected to the Directors have interests		
Sales		
Boilermech Sdn. Bhd.	(734)	(705)
CTL Automation Sdn. Bhd.	(97)	(56)
QL Foods Sdn. Bhd.	(360)	(250)
QL Kitchen Sdn. Bhd.	(25)	(78)
QL Endau Deep Sea Fishing Sdn. Bhd.	(159)	-
QL Figo (Johor) Sdn. Bhd.	(4,585)	(1)
Tenaga Semesta (M) Sdn. Bhd.	(241)	(75)
Purchases		
CTL Automation Sdn. Bhd.	694	597
With persons connected to the Directors		
Sales		
Chia Seong Fatt	(163)	-
Joint venture		
Sigriner Automation (MFG) Sdn. Bhd.		
Sales	(11)	-
Purchases	4,715	5,334
Management fees receivable	(120)	(120)
Key management personnel		
Directors		
- Fees	531	521
- Remunerations	4,528	4,394
Other key management personnel		
- Fees	68	64
- Remunerations	799	286

NOTES TO THE FINANCIAL STATEMENTS
cont'd

33. RELATED PARTIES (CONT'D)

Significant related party transactions (cont'd)

	Transaction value	
	2020	**2019**
Company	**RM'000**	**RM'000**
Subsidiaries		
Gross dividends receivable	(6,192)	(9,500)
Management fees receivable	(7,448)	(7,448)
Interest income	(1,648)	(1,693)
Rental income	(865)	-
Key management personnel		
Directors		
- Fees	281	271
- Remunerations	2,496	2,435

The estimated monetary value of key management personnel's benefit-in-kind of the Group and of the Company are RM113,000 (2019: RM130,000) and RM35,000 (2019: RM67,000).

34. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

During the year, the Group and the Company adopted MFRS 16.

Definition of a lease

On transition to MFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied MFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under MFRS 117 and IC Interpretation 4, *Determining whether an Arrangement contains a Lease* were not reassessed. Therefore, the definition of a lease under MFRS 16 has been applied only to contracts entered into or changed on or after 1 October 2019.

As a lessee

Where the Group is a lessee, the Group applied the requirements of MFRS 16 using modified retrospective approach with the initial application that the right-of-use asset is equivalent to the lease liabilities as at 1 October 2019.

At 1 October 2019, for leases that were classified as operating lease under MFRS 117, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group entities' incremental borrowing rate as at 1 October 2019. The weighted-average rate applied is 3.94%. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

34. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONT'D)

As a lessee (cont'd)

The Group used the following practical expedients when applying MFRS 16 to leases previously classified as operating lease under MFRS 117:

- applied a single discount rate to a portfolio of leases with similar characteristics;
- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term as at 1 October 2019;
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases that were classified as finance lease under MFRS 117, the carrying amounts of the right-of-use asset and the lease liability at 1 October 2019 are determined to be the same as the carrying amount of the leased asset and lease liability under MFRS 117 immediately before that date. The leasehold land was reclassified from property, plant and equipment to right-of-use assets on transition to MFRS 16 on 1 October 2019.

The Group has early adopted *COVID-19-Related Rent Concessions* – Amendment to MFRS 16 issued on 28 May 2020. The amendment introduces an optional practical expedient for leases in which the Group is a lessee – i.e. for leases to which the Group applies the practical expedient, the Group is not required to assess whether eligible rent concessions that are a direct consequence of the COVID-19 coronavirus pandemic are lease modifications. The Group has applied the amendment retrospectively. The amendment has no impact on retained earnings at 1 October 2019.

34.1 Impacts on financial statements

Since the Group applied the requirements of MFRS 16 using modified retrospective approach with the initial application that right-of-use asset is equivalent to the lease liabilities as at 1 October 2019, there are no adjustments made to the prior period presented.

The following table explains the difference between operating lease commitments disclosed applying MFRS 117 at 30 September 2019, and lease liabilities recognised in the statement of financial position at 1 October 2019.

	Group RM'000	Company RM'000
Operating lease commitments at 30 September 2019 as disclosed in the financial statements	2,833	1,110
Discounted using the incremental borrowing rate at 1 October 2019	2,734	1,051
Finance lease liabilities recognised at 30 September 2019	1,346	378
Recognition exemption for leases of low-value assets	(93)	(11)
Extension option reasonably certain to be exercised	3,575	2,928
Lease liabilities recognised at 1 October 2019	7,562	4,346

NOTES TO THE FINANCIAL STATEMENTS
cont'd

35. SUBSEQUENT EVENTS

(i) On 18 November 2020, the Company proposed a bonus issue of shares up to 130,000,000 new ordinary shares on the basis of 1 bonus share for every 1 existing shares held on an entitlement date to be announced later and issue of up to 86,666,666 free warrants on the basis of 1 warrant for every 3 shares held on the entitlement date after the bonus issue of shares. The proposals have been approved by Bursa Malaysia Securities Berhad on 11 December 2020 and by the shareholders at Extraordinary General Meeting on 31 December 2020.

(ii) On 4 January 2021, the Company disposed 4,000 treasury shares at RM2.18 per share totalling RM8,720.

36. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform to current year's presentation.

	Group 2019	
	As restated RM'000	**As previously reported RM'000**
Trade and other payables	78,682	77,674
Contract liabilities	15,215	16,223

STATEMENT BY DIRECTORS
Pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 65 to 145 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2020 and of their financial performance and cash flows for the financial year then ended.

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

Fu Wing Hoong
Director

Lim Joo Swee
Director

Petaling Jaya

Date: 8 January 2021

STATUTORY DECLARATION
Pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Mok Chee Hong**, the officer primarily responsible for the financial management of EITA Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 65 to 145 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Mok Chee Hong, I/C No. 720924-10-5255, MIA CA 25756, at Petaling Jaya, Selangor Darul Ehsan on 8 January 2021.

Mok Chee Hong

Before me:

Lawrence Low
B484
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

To the Members of EITA Resources Berhad
(Registration No. 199601026396 (398748-T))
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of EITA Resources Berhad, which comprise the statements of financial position as at 30 September 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 65 to 145.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 September 2020, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws *(on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(i) Revenue recognition – construction contract

Refer to Note 2(o)(i) - Significant accounting policy: Revenue and other income and Note 22 - Revenue.

The key audit matter

Construction contracts revenue of RM144,131,000 is recognised over time using input method, assessed by reference to the proportion of contract costs incurred for the work performed to date to the estimated total costs of the contract at completion.

Revenue recognition - construction contract is identified as a key audit matter due to the high degree of management judgement required in the estimation of the total costs of the contract at completion. Changes in judgement and the related estimates throughout a contract period could result in a material variance in the amount of revenue and, consequently, profits recognised to date and in the current period.

INDEPENDENT AUDITORS' REPORT

To the Members of EITA Resources Berhad
(Registration No. 199601026396 (398748-T))
(Incorporated in Malaysia)
cont'd

KEY AUDIT MATTERS (CONT'D)

(i) Revenue recognition – construction contract (cont'd)

How the matter was addressed in our audit

Our audit procedures performed in this area included, among others:

- We evaluated the design and implementation of selected key controls over the approval of contracts and budgeted costs for respective projects;
- We assessed the reasonableness of the estimated total cost to complete of selected contracts through inquiries with respective project managers and inspection of documents to support the estimates made;
- We compared the actual cost incurred of previous completed projects to its estimated total cost to assess the reasonableness of the Group's budgeting process;
- We performed verification of the actual cost incurred during the financial year on sampling basis; and
- We recalculated the percentage of completion to determine that the amount of revenue is appropriately recognised.

(ii) Valuation of inventories

Refer to Note 2(h) – Significant accounting policy: Inventories and Note 10 – Inventories.

The key audit matter

As at 30 September 2020, the Group has significant inventory balance of RM38,925,000. There is high degree of management's judgement involved in assessing the level of inventory write down required in respect of slow moving or obsolete inventories, therefore, there is a risk that the slow moving or obsolete inventories have not been adequately written down.

How the matter was addressed in our audit

Our audit procedures performed in this area included, among others:

- We obtained an understanding of the Group's policy for measuring the amount of write down required;
- We evaluated the design and implementation of the controls over management review of adequacy of impairment made;
- We reviewed stock ageing and ascertained that the adequacy of management's provision for slow moving and obsolete inventories per Group's policy;
- We assessed the reasonableness of the Group's policy by reference to the utilisation rate of inventories in the past years. We have tested the accuracy of the inventories ageing report used for this purpose; and
- We performed costing and net realisable value test on sampling basis.

INDEPENDENT AUDITORS' REPORT

To the Members of EITA Resources Berhad
(Registration No. 199601026396 (398748-T))
(Incorporated in Malaysia)
cont'd

KEY AUDIT MATTERS (CONT'D)

(iii) Recoverability of trade receivables and contract assets

Refer to Note 2(k) – Significant accounting policy: Impairment and Note 29 – Credit Risk.

The key audit matter

As at 30 September 2020, the Group has significant trade receivables balance of RM62,986,000 and contract assets balance of RM58,756,000. There is high degree of management's judgement involved in assessing the recoverability of trade receivables and contract assets; and the adequacy of impairment made, therefore, there is a risk that the Group's assessment of the level of these impairment loss is insufficient or inaccurate.

How the matter was addressed in our audit

Our audit procedures performed in this area included, among others:

- We obtained understanding on Group's process in determining the level of impairment required in accordance with MFRS 9;
- We evaluated the design and implementation of the controls over management review of adequacy impairment made;
- We assessed the exposures to liquidated damages for late delivery of the construction works by making enquiries and where available, reading correspondences and minutes of meetings with contract customers on the expected delivery date and the ability of the Group to deliver on time based on historical progress of the construction works;
- We compared the forecast costs of individual contract against the corresponding income to determine whether provision for foreseeable losses, if any, has been adequately made for loss making contracts; and
- We reviewed the appropriateness of Expected Credit Loss ("ECL") calculation prepared by management and assessed the adequacy of impairment on trade receivables and contract assets. We have tested the accuracy of the trade receivables ageing report used for this purpose.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT

To the Members of EITA Resources Berhad
(Registration No. 199601026396 (398748-T))
(Incorporated in Malaysia)
cont'd

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT

To the Members of EITA Resources Berhad
(Registration No. 199601026396 (398748-T))
(Incorporated in Malaysia)
cont'd

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 7 to the financial statements.

OTHER MATTER

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Ooi Eng Siong
Approval Number: 03240/02/2022 J
Chartered Accountant

Petaling Jaya

Date: 8 January 2021

TOP 10 LIST OF PROPERTIES

As at 30 September 2020

Owner Company	Location	Date of acquisition	Tenure	Description/ use	Land & built-up Area (Acres/Sq. ft.)	Net book value (RM)	Age of the building (Year)
EITA-Schneider (MFG) Sdn Bhd	Lot No 14, Eastern Gateway Industrial Hub @ Bandar Bukit Raja Geran 288296 Lot 69097 and Geran 246863 Lot No 69099 Mukim Kapar District of Klang Selangor	30 June 2011	Freehold	Land	2.9 acres (126,411 sq. ft.)	5,579,588	Not applicable
				Factory and warehouse	Build-up approx. 93,177 sq. ft.	18,529,735	1
Furutec Electrical Sdn Bhd	No 849 Lorong Perindustrian Bukit Minyak 11 Taman Perindustrian Bukit Minyak 14100 Simpang Ampat Seberang Perai Pulau Pinang	26 November 2013	Leasehold 60 years expiring on 14 January 2058	Busduct factory	131,724 sq. ft. Built-up approx. 62,800 sq. ft.	11,302,998	18
EITA Elevator (Malaysia) Sdn Bhd	H.S(M) 1926 PT No. 126 Seksyen 3 Pekan Pasir Penambang Daerah Kuala Selangor Negeri Selangor Darul Ehsan	30 March 2015	Freehold	Freehold land and building	130 sq. meter (1,399 sq. ft.)	# 1,187,869	6
EITA Elevator (Malaysia) Sdn Bhd	E3-21-06, Tower Three Jalan ION Delemen 1 Genting Highlands 69000 Genting Pahang	29 April 2014	Freehold	Serviced apartment	103.7 sq. meter	# 859,566	2
EITA Elevator (Malaysia) Sdn Bhd	Parcel No. F-1-1 Subang Parkhomes Persiaran Kemajuan 47500 Subang Jaya Selangor	26 September 2014	Freehold	Serviced apartment	1,365 sq. ft.	# 806,072	6
EITA Elevator (Malaysia) Sdn Bhd	ARTE PLUS, AMPANG T1-08-06 Arte Plus Ampang Off Jalan Ampang 55000 Kuala Lumpur	10 September 2020	Leasehold 99 years expiring on 1 December 2113	Serviced apartment	1,137 sq. ft.	# 738,767	1
EITA Elevator (Malaysia) Sdn Bhd	13A-13 Vue Residences No. 102, Jalan Pahang 53000 Kuala Lumpur	23 April 2015	Freehold	Serviced apartment	737 sq. ft.	# 609,350	7

TOP 10 LIST OF PROPERTIES
As at 30 September 2020
cont'd

Owner Company	Location	Date of acquisition	Tenure	Description/ use	Land & built-up Area (Acres/Sq. ft.)	Net book value (RM)	Age of the building (Year)
EITA Elevator (Malaysia) Sdn Bhd	SQWHERE SOVO Parcel No. SV38-03A Strorey No. Level 38 Tower 1 SqWhere Jalan Sungai Buloh Kampung Baru Sungai Buloh Seksyen U19 47810 Petaling Jaya Selangor Darul Ehsan	9 June 2000	Leasehold 99 years expiring on 14 August 2111	SOVO (Office-Suites)	50 sq meter	# 417,200	1
EITA Power System Sdn Bhd	A07-04 (Parcel A-7-5P-2D) Straits View Batu 7 Jalan Pantai Teluk Kemang 71059 Port Dickson Negeri Sembilan Darul Khusus	9 June 2000	Leasehold 99 years expiring on 17 December 2101	One (1) unit of residential condominium	972 sq. ft.	# 113,862	22
EITA Power System Sdn Bhd	Units 17 & 18 Second Floor Block B Taman Mewah 78000 Alor Gajah Melaka	10 February 1999	Leasehold 99 years expiring on 2 September 2091	Two (2) units of residential apartments	674 sq. ft. per unit	# 61,443	22

Note:
 # These are "Investment Properties" held by the Group.

ANALYSIS OF SHAREHOLDINGS
As at 31 December 2020

Class of equity securities	:	Ordinary Shares ("Shares")
Total number of issued shares	:	130,000,000 Shares
Voting rights by show of hand	:	One vote for every member
Voting rights by poll	:	One vote for every Share held

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Size of Holdings	No. of Holders	%*	No. of Shares^	%*
Less than 100 Shares	13	0.825	214	#
100 - 1,000 Shares	234	14.866	153,400	0.118
1,001 - 10,000 Shares	830	52.731	4,234,302	3.257
10,001 - 100,000 Shares	406	25.794	13,219,800	10.169
100,001 - less than 5% of issued Shares	87	5.527	42,501,639	32.694
5% and above of issued Shares	4	0.254	69,886,645	53.760
Total	**1,574**	**100.00**	**129,996,000**	**100.00**

 # Negligible
^ Excluding a total of 4,000 Shares bought and retained as treasury shares.

DIRECTORS' SHAREHOLDINGS
(As per the Register of Directors' Shareholdings)

	Direct Interest		Indirect Interest	
Name of Directors	**No. of Shares**	**%***	**No. of Shares**	**%***
Dato' Siow Kim Lun	200,000	0.15	-	-
Fu Wing Hoong	882,041	0.68	24,873,496 (1)	19.13
Lim Joo Swee	1,618,341	1.24	18,541,853 (2)	14.26
Lee Peng Sian	6,443,008	4.96	43,500 (3)	0.03
Chong Yoke Peng *(Alternate Director to Lee Peng Sian)*	4,399,236	3.38	150,000 (4)	0.12
Chia Mak Hooi	200,000	0.15	-	-
Chia Seong Pow *(Alternate Director to Chia Mak Hooi)*	200,000	0.15	30,073,259 (5)	23.13
Chong Lee Chang	380,000	0.29	-	-
Ho Lee Chen	-	-	4,000 (6)	#
Ir. Haji Omar Bin Mat Piah	-	-	-	-

Notes:
(1) Deemed interested by virtue of the shares held by his spouse, Lee Pek See, his daughter, Fu Jia Lik and both his and his spouse's shareholdings in Sudut Kreatif Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 ("the Act").
(2) Deemed interested by virtue of the shares held by his spouse, Goh Kin Bee, his children and both his and his spouse's shareholdings in Jasa Simbolik Sdn. Bhd. pursuant to Section 8 of the Act.
(3) Deemed interested by virtue of the shares held by his spouse, Looi Lin Poh.
(4) Deemed interested by virtue of the shares held by his spouse, Jane Chew Yin Sum.
(5) Deemed interested by virtue of the shares held by his children and his beneficial interests in Farsathy Holdings Sdn. Bhd. held via the trust arrangement with Equity Trust (Malaysia) Berhad pursuant to Section 8 of the Act.
(6) Deemed interested by virtue of the shares held by her spouse, Lam Huang Soo.

ANALYSIS OF SHAREHOLDINGS

As at 31 December 2020

cont'd

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS
(As per the Register of Substantial Shareholders)

	Direct Interest		Indirect Interest	
Name of Substantial Shareholders	**No. of Shares**	**%***	**No. of Shares**	**%***
Ruby Technique Sdn. Bhd.	29,873,259	22.98	-	-
Sudut Kreatif Sdn. Bhd.	21,501,533	16.54	-	-
Jasa Simbolik Sdn. Bhd.	11,893,574	9.15	-	-
Goh Kin Bee	6,618,279	5.09	13,511,915 (1)	10.39
Fu Wing Hoong	882,041	0.68	24,873,496 (2)	19.13
Lim Joo Swee	1,618,341	1.24	18,541,853 (3)	14.26
Lee Pek See	3,360,963	2.59	22,383,574 (4)	17.22
CBG Holdings Sdn. Bhd.	-	-	29,873,259 (5)	22.98
Farsathy Holdings Sdn. Bhd.	-	-	29,873,259 (5)	22.98
Chia Seong Pow	200,000	0.15	30,073,259 (6)	23.13
Chia Seong Fatt	-	-	29,873,259 (7)	22.98

Notes:

(1) Deemed interested by virtue of the shares held by her spouse, Lim Joo Swee and both her and her spouse's shareholdings in Jasa Simbolik Sdn. Bhd. pursuant to Section 8 of the Act.

(2) Deemed interested by virtue of the shares held by his spouse, Lee Pek See, his daughter, Fu Jia Lik and both his and his spouse's shareholdings in Sudut Kreatif Sdn. Bhd. pursuant to Section 8 of the Act.

(3) Deemed interested by virtue of the shares held by his spouse, Goh Kin Bee, his children and both his and his spouse's shareholdings in Jasa Simbolik Sdn. Bhd. pursuant to Section 8 of the Act.

(4) Deemed interested by virtue of the shares held by her spouse, Fu Wing Hoong and both her and her spouse's shareholdings in Sudut Kreatif Sdn. Bhd. pursuant to Section 8 of the Act.

(5) Deemed interested by virtue of its shareholdings in Ruby Technique Sdn. Bhd. pursuant to Section 8 of the Act.

(6) Deemed interested by virtue of the shares held by his children and his beneficial interests in Farsathy Holdings Sdn. Bhd. held via the trust arrangement with Equity Trust (Malaysia) Berhad pursuant to Section 8 of the Act.

(7) Deemed interested by virtue of his beneficial interests in Farsathy Holdings Sdn. Bhd. held via the trust arrangement with Equity Trust (Malaysia) Berhad pursuant to Section 8 of the Act.

ANALYSIS OF SHAREHOLDINGS

As at 31 December 2020

cont'd

30 LARGEST SECURITIES ACCOUNT HOLDERS
(without aggregating the securities from different securities accounts belonging to the same registered holder)

No.	Name	No. of Shares held	%*
1	Ruby Technique Sdn. Bhd.	29,873,259	22.98
2	Sudut Kreatif Sdn. Bhd.	21,501,533	16.54
3	Jasa Simbolik Sdn. Bhd.	11,893,574	9.15
4	Goh Kin Bee	6,618,279	5.09
5	Lee Peng Sian	6,443,008	4.96
6	Citigroup Nominees (Tempatan) Sdn. Bhd. *- Employees Provident Fund Board*	4,450,800	3.42
7	Chong Yoke Peng	4,399,236	3.38
8	Lee Pek See	3,360,963	2.59
9	Lim Joo Swee	1,535,241	1.18
10	CIMB Group Nominees (Asing) Sdn. Bhd. *- Exempt An for DBS Bank Ltd (SFS)*	1,366,800	1.05
11	Wong Chin Tim	1,356,550	1.04
12	Fu Wing Hoong	882,041	0.68
13	Wong Jiann Shyong	868,000	0.67
14	HLIB Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Ng Sin Guan*	841,500	0.65
15	Public Nominess (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Phua Kiap Wite*	540,800	0.42
16	Lee Keng Hong	517,400	0.40
17	Thian Yook Chin	462,900	0.36
18	Amsec Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Leong Kee Chan*	457,000	0.35
19	Law Kok Wah	438,700	0.34
20	Lim See Pek	417,000	0.32
21	Khoo Lee Feng	405,800	0.31
22	Chong Lee Chang	380,000	0.29
23	Maybank Nominees (Tempatan) Sdn. Bhd. *- Maybank Trustees Berhad for Dana Makmur Pheim*	347,700	0.27
24	Lee Hock Chin	318,000	0.24
25	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Lim See Pek*	315,000	0.24
26	Public Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Yeo Kiah Yoo*	311,000	0.24
27	Andrew Lim Cheong Seng	300,000	0.23
28	Maybank Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Yap Ban Foo*	300,000	0.23
29	Tang Wey Shing	300,000	0.23
30	Phua Kai Yan	290,500	0.22

* *All percentage shareholding computations are based on the total number of issued shares less treasury shares account (4,000 shares) arising from share buy-back exercise.*

NOTICE OF TWENTY-FIFTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Fifth Annual General Meeting of EITA RESOURCES BERHAD ("EITA" or "the Company') will be held on fully virtual and entirely via remote participation and voting at the Broadcast Venue at Tricor Leadership Room, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Monday, 22 February 2021 at 11:00 a.m. or any adjournment thereof, to transact the following businesses:-

A G E N D A

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 30 September 2020 together with the Reports of the Directors and Auditors thereon. ***Please refer to Explanatory Note 1***

2. To approve the payment of Directors' fees and benefits of up to RM358,790.00 for the financial year ending 30 September 2021. ***(Ordinary Resolution 1)***

3. To re-elect the following Directors who retire pursuant to Clause 85 of the Company's Constitution:-

   i) Mr. Lee Peng Sian ***(Ordinary Resolution 2)***
   ii) Mr. Chong Lee Chang ***(Ordinary Resolution 3)***

4. To re-elect Ir. Haji Omar Bin Mat Piah as a Director who retires pursuant to Clause 91 of the Company's Constitution. ***(Ordinary Resolution 4)***

5. To re-appoint KPMG PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration. ***(Ordinary Resolution 5)***

AS SPECIAL BUSINESS:

To consider and if thought fit, pass with or without any modifications, the following resolutions:-

6. **RETENTION OF AN INDEPENDENT NON-EXECUTIVE DIRECTOR** ***(Ordinary Resolution 6)***

   "THAT subject to the passing of Ordinary Resolution 3, Mr. Chong Lee Chang who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be and is hereby retained as an Independent Non-Executive Director of the Company."

7. **RETENTION OF AN INDEPENDENT NON-EXECUTIVE DIRECTOR** ***(Ordinary Resolution 7)***

   "THAT Dato' Siow Kim Lun who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, be and is hereby retained as an Independent Non-Executive Director of the Company."

NOTICE OF TWENTY-FIFTH ANNUAL GENERAL MEETING
cont'd

8. **GENERAL AUTHORITY FOR THE DIRECTORS TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** *(Ordinary Resolution 8)*

"THAT subject always to the Constitution of the Company, the Companies Act 2016 ("Act"), the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of the relevant governmental/ regulatory authorities, where required, the Directors of the Company, be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company to such persons, at any time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed twenty per centum (20%) of the total number of issued shares of the Company (excluding treasury shares) at any point of time AND THAT the Directors be and also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities AND THAT such authority shall continue to be in force until the conclusion of the AGM of the Company held next after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is the earlier."

9. **PROPOSED RENEWAL OF THE AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES OF UP TO TEN PERCENT (10%) OF ITS TOTAL NUMBER OF ISSUED SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")** *(Ordinary Resolution 9)*

"THAT subject always to the Companies Act 2016 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and the approvals of any other relevant governmental and/or regulatory authorities, the Company be and is hereby authorised to purchase and/or hold such amount of ordinary shares in the Company's issued share capital ("EITA Shares") through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

(i) the aggregate number of EITA Shares bought-back and/or held as treasury shares does not exceed ten per centum (10%) of the total number of issued shares of the Company subject to a restriction that the issued share capital of the Company does not fall below the public shareholding spread requirement of the Listing Requirements;

(ii) the maximum funds to be allocated for the share buy-back shall not exceed the aggregate of the retained earnings of the Company; and

(iii) the EITA Shares purchased pursuant to the Proposed Renewal of Share Buy-Back Authority are to be treated in any of the following manner:

(a) cancel the purchased EITA Shares;

(b) retain the purchased EITA Shares as treasury shares for distribution as share dividends to the shareholders of the Company and/or be resold through Bursa Securities in accordance with the relevant rules of Bursa Securities and/or be cancelled subsequently; or

(c) retain part of the purchased EITA Shares as treasury shares and cancel the remainder,

NOTICE OF TWENTY-FIFTH ANNUAL GENERAL MEETING
cont'd

AND THAT such authority shall commence immediately upon the passing of this resolution until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which this resolution is passed, at which time it shall lapse, unless the authority is renewed by a resolution passed at the next AGM; or

(ii) the expiration of the period within which the next AGM after that date it is required by law to be held; or

(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting of the Company,

whichever occurs first, but not so as to prejudice the completion of the purchase(s) by the Company of the EITA Shares before the aforesaid expiry date and made in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any other relevant government and/or regulatory authorities;

AND FURTHER THAT, the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise, complete or to effect the Proposed Renewal of Share Buy-Back Authority with full powers to assent to any conditions, modifications, resolutions, variations and/or amendments (if any) as may be imposed by the relevant authorities and to do all such acts and things as they may deem fit and expedient in the best interest of the Company to give effect to and to complete the purchase of the EITA Shares."

10. **PROPOSED AMENDMENTS TO THE CONSTITUTION OF THE COMPANY** ***(Special Resolution)***

"THAT the proposed amendments to the Constitution of the Company as set out in "Appendix A", be approved and adopted with immediate effect AND THAT the Directors and/or Secretary of the Company be authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the said proposed amendments for and on behalf of the Company."

11. To transact any other business of which due notice shall have been given.

By order of the Board

TEA SOR HUA (MACS 01324) (CCM PC NO. 201908001272)
Company Secretary

Petaling Jaya, Selangor Darul Ehsan
22 January 2021

NOTICE OF TWENTY-FIFTH ANNUAL GENERAL MEETING
cont'd

Notes:

(a) A member who is entitled to attend, participate, speak and vote at the Twenty-Fifth Annual General Meeting ("Meeting") shall be entitled to appoint more than one (1) proxy to attend, participate, speak and vote at the Meeting in his/her stead. Where a member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.

(b) A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

(c) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.

(d) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

(e) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.

(f) To be valid, the instrument appointing a proxy must be deposited at the Share Registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting at which the person named in the instrument proposes to vote. Alternatively, the proxy appointment may also be lodged electronically via Tricor's TIIH Online website at https://tiih.online no less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote.

(g) For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 63(b) of the Company's Constitution to issue a General Meeting Record of Depositors as at 15 February 2021. Only members whose names appear in the General Meeting Record of Depositors as at 15 February 2021 shall be entitled to attend, participate, speak and vote at the Meeting.

(h) All the resolutions set out in this Notice of Meeting will be put to vote by poll.

*(i) The Broadcast Venue is strictly for the purpose of complying with the requirement of Chairman of the Meeting to be present at the main venue of the Meeting. Members or proxies **WILL NOT BE ALLOWED** to attend the Meeting in person at the Broadcast Venue on the day of the Meeting. Members are advised to refer to the Administrative Guide on the registration and voting process for the Meeting.*

(j) Members or proxies are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the Meeting using Remote Participation and Voting Facilities provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") via its TIIH Online website at https://tiih.online. Please refer to the Administrative Guide of the Meeting as enclosed for further information in relation thereto.

(k) In view of the constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our Meeting at short notice. Kindly check Bursa Securities' and the Company's website at www.eita.com.my for the latest updates on the status of the Meeting.

EXPLANATORY NOTES TO ORDINARY BUSINESS AND SPECIAL BUSINESS

1. Item 1 of the Agenda - Audited Financial Statements for the financial year ended 30 September 2020

The Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the audited financial statements. Hence, this Agenda is not put forward for voting.

NOTICE OF TWENTY-FIFTH ANNUAL GENERAL MEETING

cont'd

2. ***Item 2 of the Agenda - Directors' Fees and Benefits***

Pursuant to Section 230(1) of the Companies Act 2016, the fee of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved by the shareholders at a general meeting. This resolution is to facilitate payment of Directors' fees and benefits on a current financial year basis. In the event the proposed amount is insufficient due to more meetings or enlarged Board size, approval will be sought at the next AGM for the shortfall.

3. ***Items 6 and 7 of the Agenda - Retention of Independent Non-Executive Directors***

The Board had assessed the independence of Mr. Chong Lee Chang and Dato' Siow Kim Lun, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years. The Board is satisfied that they have met the independence and recommended them to continue to act as Independent Non-Executive Directors of the Company based on the following reasons:

(a) they have declared and confirmed that they fulfilled the criteria under the definition of Independent Director as set out in Paragraph 1 of the Main Market Listing Requirements of Bursa Securities;
(b) they have vast experience in their respective industries which could provide the Board with a diverse set of experience, expertise and independent judgement;
(c) they have good knowledge of the Company and its subsidiaries' business operations;
(d) they have devoted sufficient time and attention to their responsibilities as Independent Directors of the Company; and
(e) they have exercised due care during their tenure as Independent Non-Executive Directors of the Company and carried out their duties in the best interest of the Company and shareholders of the Company.

4. ***Item 8 of the Agenda - General Authority for the Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016***

The Company had at its Twenty-Fourth AGM held on 26 February 2020 ("24th AGM"), obtained a general mandate pursuant to Sections 75 and 76 of the Act from its shareholders, to empower the Directors to issue and allot shares in the Company to such persons, at any time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares of the Company (excluding treasury shares) at any point of time ("10% General Mandate"). This 10% General Mandate will expire at the conclusion of this AGM.

As at the date of this Notice, no new shares in the Company were issued and allotted pursuant to the general mandate granted to the Directors at the 24th AGM which will lapse at the conclusion of this AGM.

The Ordinary Resolution 8 proposed under item 8 of the Agenda, is to seek a general mandate to empower the Directors of the Company pursuant to Sections 75 and 76 of the Act, to issue and allot ordinary shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 20% of the total number of issued shares of the Company (excluding treasury shares) at any point of time ("20% General Mandate"). This 20% General Mandate may be utilised by the Company to issue and allot new ordinary shares ***until 31 December 2021*** *and thereafter, the 10% General Mandate will be reinstated. This authority, unless revoked or varied at general meeting, will expire at the next AGM.*

In view of the challenging time due to the COVID-19 pandemic, Bursa Securities had on 16 April 2020 introduced this 20% General Mandate as an interim relief measure to allow a listed issuer to seek a higher general mandate under Paragraph 6.03 of the Listing Requirements of Bursa Securities of not more than twenty per centum (20%) of the total number of issued shares (excluding treasure shares) for issue of new securities until 31 December 2021 and thereafter, the 10% General Mandate will be reinstated.

NOTICE OF TWENTY-FIFTH ANNUAL GENERAL MEETING
cont'd

The Board of Directors' Statement

The Board of Directors of EITA ("Board"), after due consideration, is of the opinion that in the face of unprecedented challenges brought by the COVID-19, this 20% General Mandate is the most appropriate avenue of fund raising at this juncture. This 20% General Mandate will enable the Company to raise funds expeditiously without having to incur interest costs as compared to bank borrowings, thereby allowing the Company to preserve its cash flow. The funds raised will be used to finance the day-to-day operational expenses, working capital for the on-going projects or future projects/investments to ensure the long-term sustainability of the Company.

The Board, having considered the current and prospective financial position, needs and capacity of the Company, is of the opinion that the 20% General Mandate is in the best interest of the Company and its shareholders.

5. Item 9 of the Agenda – Proposed Renewal of Share Buy-Back Authority

The Ordinary Resolution 9 proposed under item 9 of the Agenda is to renew the shareholders' mandate for the share buy-back by the Company. The said proposed renewal of shareholders' mandate will empower the Directors to buy-back and/or hold up to a maximum of ten per centum (10%) of the Company's total number of issued shares at any point of time, by utilising the amount allocated which shall not exceed the total retained profits of the Company. This authority unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM, or the expiration of period within which the next AGM is required by law to be held, whichever is earlier.

Please refer to the Share Buy-Back Statement contained in the Annual Report for further details.

6. Item 10 of the Agenda – Proposed Amendments to the Constitution of the Company

The proposed amendments to the Constitution of the Company under item 10 of the Agenda is primarily to align the Company's Constitution with the Companies (Amendment) Act 2019 which came into operation on 15 January 2020 as well as to provide clarity on the objects of the Company, the provisions of Third Schedule of the Act and to enhance administrative efficiency.

The proposed amendments to the Constitution of the Company shall take effect once the special resolution has been passed by a majority of not less than seventy-five per centum (75%) of such members who are entitled to vote and do vote in person or by proxy at the Meeting.

APPENDIX A

PROPOSED AMENDMENTS TO THE CONSTITUTION OF EITA RESOURCES BERHAD ("THE COMPANY")

This is the Appendix A referred to Agenda 10 of the Notice of Twenty-Fifth Annual General Meeting ("25th AGM") of the Company dated 22 January 2021.

Clause No.	Existing Clause	Clause No.	Proposed Clause
4	Subject to the provisions of the Act, this Constitution and any other written law, the Company has:- (a) Full capacity to carry on or undertake any business or activity, do any act or enter into any transaction; and (b) For the purposes of Clause 4(a) above, full rights, powers and privileges.	4	Subject to the provisions of the Act, this Constitution and any other written law, the **objects for which the Company is established are:-** **(a) To carry on the business of an investment holding company and for that purpose to promote or form or assist in promotion of any company or the subsidiary of the Company or otherwise and to acquire and hold for investment shares, stocks, debentures, debenture stocks, bonds, obligations and securities issued or guaranteed by any company or private undertaking; and** **(b) To carry on or undertake any business or activity, to do any act or enter into any transaction or to do all such other things as are incidental or conducive to the attainment of the above objects.** **Section 21 of the Act shall apply to the Company and the Company shall be capable of exercising all the functions of a body corporate and have the full capacity to carry on or undertake any business or any activity the Directors consider advantageous to the Company and that are not prohibited under any law for the time being enforced in Malaysia.**

APPENDIX A
cont'd

Clause No.	Existing Clause	Clause No.	Proposed Clause
56	Subject to the provisions of this Constitution and the Act, the Company may by special resolution: (i) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; (ii) subdivide its share capital or any part thereof into shares of smaller amounts by subdivision of its existing shares or any of them subject nevertheless to the provisions of the Act; (iii) convert and/or re-classify any class of shares into any other class of shares; or (iv) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.	56	Subject to the provisions of this Constitution and the Act, the Company may by ~~special~~ **ordinary** resolution: (i) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; (ii) subdivide its share capital or any part thereof into shares of smaller amounts by subdivision of its existing shares or any of them subject nevertheless to the provisions of the Act; (iii) convert and/or re-classify any class of shares into any other class of shares; or (iv) cancel shares which at the date of the passing of the resolution in that behalf have not been taken or agreed to be taken by any person or which have been forfeited and diminish the amount of its share capital by the amount of the shares so cancelled.
61	The meeting of its Members may be held at more than one venue using any technology or method that allows the Members of the Company to participate and to exercise their rights to speak and vote at the meeting, and using any available technology to provide notice, conduct and record or facilitate voting at that meeting or any adjournment of that meeting of members subject to rules, regulations and laws prevailing. The main venue of the meeting shall be in Malaysia and the Chairman shall be present at the main venue of the meeting.	61	The meeting of its Members may be held **by fully virtual or hybrid** at more than one venue using any technology or method that allows the Members of the Company to participate and to exercise their rights to speak and vote at the meeting, and using any available technology to provide notice, conduct and record or facilitate voting at that meeting or any adjournment of that meeting of members subject to rules, regulations and laws prevailing. The main venue of the meeting shall be in Malaysia and **subject to Clause 69**, the Chairman shall be present at the main venue of the meeting. **For fully virtual general meeting, the broadcast venue shall be the main venue of the meeting and all the provisions of this Constitution as to meetings of Members shall also apply to such fully virtual general meeting.**

APPENDIX A
cont'd

Clause No.	Existing Clause	Clause No.	Proposed Clause
62	Every notice convening meetings shall be in writing and shall be given to the Members either in hard copy, or in electronic form, or partly in hard copy and partly in electronic form specify the venue, the date and the time of the meeting and the general nature of the business of the meeting and shall be given to all Members at least fourteen (14) days before the meeting or at least twenty-one (21) days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business; PROVIDED that a meeting of the Company shall, notwithstanding that it is called by a shorter notice than that specified in this Constitution, be deemed to have been duly called if it is so agreed:- (i) in the case of an annual general meeting, by all the members entitled to attend and vote thereat; and (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote thereat, together holding not less than ninety-five per cent (95%) of the issued shares giving that right. NOTWITHSTANDING the foregoing at least fourteen (14) days' notice or twenty-one (21) days' notice in the case where any special resolution is proposed or where it is an annual general meeting, of every such general meeting shall also be given by advertisement in at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper.	62	Every notice convening meetings shall be in writing and shall be given to the Members either in hard copy, **publication on the Company's website** or in electronic form, or partly in hard copy and partly in electronic form specify the venue, the date and the time of the meeting and the general nature of the business of the meeting and shall be given to all Members at least fourteen (14) days before the meeting or at least twenty-one (21) days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business; PROVIDED that a meeting of the Company shall, notwithstanding that it is called by a shorter notice than that specified in this Constitution, be deemed to have been duly called if it is so agreed:- (i) in the case of an annual general meeting, by all the members entitled to attend and vote thereat; and (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote thereat, together holding not less than ninety-five per cent (95%) of the issued shares giving that right. NOTWITHSTANDING the foregoing at least fourteen (14) days' notice or twenty-one (21) days' notice in the case where any special resolution is proposed or where it is an annual general meeting, of every such general meeting shall also be given by advertisement in at least one (1) nationally circulated Bahasa Malaysia or English daily newspaper.
-	New provision	106A	The provisions of the Third Schedule of the Act shall not apply to the Company except where the same is repeated or contained in this Constitution.

SHARE BUY-BACK STATEMENT

THIS STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad [200301033577 (635998-W)] has not perused this Statement prior to its issuance and takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Statement:

Act	:	Companies Act 2016 as may be amended, modified or re-enacted from time to time
AGM	:	Annual General Meeting
Annual Report 2020	:	Annual Report of EITA for the financial year ended 30 September 2020
Board	:	Board of Directors of EITA
Bursa Securities	:	Bursa Malaysia Securities Berhad [200301033577 (635998-W)]
Code	:	Malaysian Code on Take-Overs and Mergers, 2016 as may be amended, modified or re-enacted from time to time
Director(s)	:	The Director(s) of EITA
EITA or the Company	:	EITA Resources Berhad [199601026396 (398748-T)]
EITA Group or the Group	:	EITA and its subsidiaries, collectively
EITA Share(s) or Share(s)	:	Ordinary share(s) in EITA
EPS	:	Earnings per share
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities, including any amendments that may be made from time to time
LPD	:	31 December 2020, being the latest practicable date
Major Shareholders(s)	:	A person who has an interest or interests in one or more voting shares in the Company and the number or aggregate number of those shares, is: (a) 10% or more of the total number of voting shares in the Company; or (b) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company. For the purpose of this definition, “interest” shall have the meaning of “interest in shares” given in Section 8 of the Act

SHARE BUY-BACK STATEMENT
cont'd

DEFINITIONS (CONT'D)

NA	:	Net assets
Proposed Bonus Issue of Shares	:	Proposed bonus issue of up to 130,000,000 EITA Shares ("Bonus Shares") on the basis of 1 Bonus Share for every 1 existing EITA Share held on 29 January 2021 which was approved by our Shareholders on the Extraordinary General Meeting held on 31 December 2020
Proposed Bonus Issue of Warrants	:	Proposed bonus issue of up to 86,666,666 free Warrants in EITA on the basis of 1 Warrant for every 3 EITA Shares held on the Entitlement Date after the Proposed Bonus Issue of Shares
Proposed Renewal of Share Buy-Back Authority	:	Proposed renewal of the authority for the Company to purchase its own Shares of up to ten per centum (10%) of the total number of issued shares of EITA
Purchased Shares	:	EITA Share(s) purchased pursuant to the Proposed Renewal of Share Buy-Back Authority
RM and sen	:	Ringgit Malaysia and sen respectively
Rules	:	Rules on Take-Overs, Mergers and Compulsory Acquisitions as may be amended, modified or re-enacted from time to time
Statement	:	Statement to shareholders in relation to the Proposed Renewal of Share Buy-Back Authority
Treasury Shares	:	Has the meaning given under Section 127(4) of the Act

Words importing the singular shall, where applicable include the plural and vice versa, and words importing the masculine gender shall, where applicable, include the feminine gender and vice versa. References to persons shall include corporations, unless otherwise specified.

All references to "we", "us", "our" and "ourselves" are to EITA or EITA Group. All references to "you" in this Circular are to the shareholders of our Company.

Any reference in this Statement to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to the time of day in this Statement shall be reference to Malaysian time, unless otherwise stated.

Any discrepancy in the figures included in this Circular between the amounts stated and the totals thereof are due to rounding.

1. INTRODUCTION

At our Twenty-Fourth AGM held on 26 February 2020, our shareholders had approved, among others, the renewal of authority for the Company to undertake a share buy-back of up to ten per centum (10%) of the total number of issued shares of the Company through Bursa Securities at any point in time subject to the compliance with the Act, rules and regulations made pursuant to the Act, the provisions of the Company's Constitution and the Listing Requirements of Bursa Securities and any other relevant authority ("**Existing Authority**"). The Existing Authority will expire at the conclusion of the forthcoming 25th AGM of the Company scheduled to be held on 22 February 2021.

SHARE BUY-BACK STATEMENT
cont'd

On 8 January 2021, our Board had announced to Bursa Securities that our Company intends to seek its shareholders' approval for the Proposed Renewal of Share Buy-Back Authority by way of an Ordinary Resolution at the forthcoming 25th AGM of our Company.

The purpose of this Statement is to provide details pertaining to the Proposed Renewal of Share Buy-Back Authority together with our Directors' recommendation and to seek your approval for the Ordinary Resolution to be tabled at the forthcoming 25th AGM of our Company.

2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

Our Board proposes to seek our shareholders' approval for the renewal of the authority for our Company to purchase up to ten per centum (10%) of its total number of issued shares at any point in time, subject to compliance with the Act, rules, regulations and orders made pursuant to the Act, the provisions of the Company's Constitution and the Listing Requirements of Bursa Securities and any other relevant authority ("**Prevailing Laws**") at the time of purchase.

The approval from the shareholders for the Proposed Renewal of Share Buy-Back Authority would be effective immediately upon the passing of the Ordinary Resolution for the Proposed Renewal of Share Buy-Back Authority at the forthcoming 25th AGM and shall be valid until:

i. the conclusion of the next AGM of the Company following the general meeting at which this resolution was passed, at which time it will lapse, unless by an ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or

ii. the expiration of the period within the next AGM of the Company after the date it is required by law to be held; or

iii. revoked or varied by ordinary resolution passed by our shareholders at a general meeting.

whichever occurs first.

2.1 Maximum number or percentage of EITA shares to be acquired

The maximum aggregate number of EITA Shares which may be purchased by our Company shall not exceed 10% of our total number of issued shares at any point in time subject to compliance with the provisions of the Act, the Listing Requirements and/or any other relevant authorities.

As at LPD, our total number of issued shares is 130,000,000 Shares. For illustration purpose, the maximum number of EITA Shares which may be purchased and/or held by our Company shall not be more than 13,000,000 Shares based on the total number of issued shares as at LPD .

Upon the completion of the Proposed Bonus Issue of Shares, the total number of enlarged issued shares shall be 260,000,000 Shares. For illustration purpose, the maximum number of EITA Shares which may be purchased and/or held by our Company shall not be more than 26,000,000 Shares based on the total number of enlarged issued shares.

Further to the completion of Proposed Bonus Issue of Warrants after the Proposed Bonus Issue of Shares and assuming full exercise of the Warrants, a total of 86,666,666 new EITA Shares will be issued and the enlarged issued shares of the Company shall be 346,666,666 Shares. For illustration purpose, the maximum number of EITA Shares which may be purchased and/or held by our Company shall not be more than 34,666,666 Shares based on the total number of enlarged issued shares.

SHARE BUY-BACK STATEMENT
cont'd

3. RATIONALE FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The Proposed Renewal of Share Buy-Back Authority is intended to enable our Company to utilise its surplus financial resources which is not immediately required for other use, to purchase our own shares from the market. Our Company will be able to purchase our own shares when the Shares are being traded at values that are grossly below what our Board believes to be their intrinsic value. This will enable the prices of EITA Shares traded on the Bursa Securities to be stabilised and therefore better reflect its fundamentals.

In accordance with Sections 127(4) and (7) of the Act, our Board will be allowed to deal with the Shares so purchased in the following manner:-

(a) to cancel the Shares so purchased;

(b) to retain the Shares so purchased as Treasury Shares for distribution as share dividends to our shareholders and/or be resold through Bursa Securities in accordance with the relevant rules of Bursa Securities and/or be cancelled subsequently and/or such other purposes as allowed under the Act; or

(c) to retain part of the Shares so purchased as Treasury Shares and cancel the remainder of the Shares.

If the Purchased Shares are subsequently cancelled, the EPS of EITA may strengthen and if so, it is expected to benefit our shareholders.

If the Purchased Shares are held as Treasury Shares, such Shares may potentially be resold on Bursa Securities at a higher price and therefore realising a potential gain in reserves. Should the Treasury Shares be distributed as share dividends, this would serve to reward the shareholders of the Company.

The Proposed Renewal of Share Buy-Back Authority is not expected to have any potential material disadvantage to our Company and our shareholders, and it will be implemented only after due consideration of the financial resources of the EITA Group, and of the resultant impact on our shareholders. Our Board will be mindful of the interests of our Group and our shareholders in undertaking the Proposed Renewal of Share Buy-Back Authority.

4. FUNDING FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The Proposed Renewal of Share Buy-Back Authority will be funded by internal funds of our Company and/or borrowings, the breakdown of which has not been determined at this juncture. In the event that the Proposed Renewal of Share Buy-Back Authority is to be financed by borrowings, our Company will ensure its capability of repaying such borrowings and that such repayment will not have a material effect on its cash flow. The actual number of EITA Shares to be purchased and the timing of any purchase, together with the treatment of the EITA Shares purchased would depend on, among others, the prevailing market conditions, the availability of our Company's retained profits as well as cash and funding position.

The maximum amount of funds to be allocated for the Proposed Renewal of Share Buy-Back Authority shall not exceed the aggregate of the retained profits of our Company. The audited retained profits of our Company as at 30 September 2020 (being the latest available audited financial statements of the Company) was RM17,062,390.

SHARE BUY-BACK STATEMENT
cont'd

5. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The potential advantages of the Proposed Renewal of Share Buy-Back Authority to EITA and our shareholders are as follows:

(a) allow EITA to take preventive measures against speculation particularly when its shares are undervalued which would in turn stabilise its market price and hence, enhance investors' confidence;

(b) allow EITA flexibility in achieving the desired capital structure, in terms of its debt and equity composition and its size of equity; and

(c) if the Treasury Shares are distributed as dividends by the Company, it may then serve to reward its shareholders.

The potential disadvantages of the Proposed Renewal of Share Buy-Back Authority to EITA and our shareholders are as follows:

(a) any purchase by our Company of our own Shares will reduce our financial resources and may result in EITA foregoing better investment opportunities that may emerge in future; and

(b) as any purchase of our own Shares can only be made out of our retained profits, it may result in the reduction of financial resources available for distribution to our shareholders in the immediate future.

Nevertheless, our Board will be mindful of our Company and our shareholders' interest in undertaking any purchase of our own Shares and in the subsequent resale of Treasury Shares on Bursa Securities, if any.

6. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

6.1 Issued Share Capital

The effect of the Proposed Renewal of Share Buy-Back Authority on the issued share capital of our Company will depend on whether the Purchased Shares are cancelled or retained as treasury shares.

The Proposed Renewal of Share Buy-Back Authority will however, result in the reduction of the issued share capital of our Company if the Purchased Shares are cancelled. Based on the issued share capital of our Company as at LPD and assuming that the maximum number of EITA Shares (of up to ten percent (10%) of the total number of issued shares) authorised under the Proposed Renewal of Share Buy-Back Authority are purchased and cancelled, the effect of the Proposed Renewal of Share Buy-Back Authority is set out as follows:

	Number of Ordinary Shares
Issued share capital of our Company as at LPD	130,000,000(1)
Maximum number of shares which may be purchased and cancelled by our Company pursuant to the Proposed Renewal of Share Buy-Back Authority(2)	(13,000,000)
Resultant issued share capital of our Company	**117,000,000**

SHARE BUY-BACK STATEMENT
cont'd

For illustration purposes, the pro forma effects on the Proposed Renewal of Share Buy-Back Authority upon the completion of Proposed Bonus Issue and upon full exercise of Proposed Bonus Issue of Warrants, are as below:

	(I) Completion of Proposed Bonus Issue	(II) Completion of (I) and upon full exercise of Warrants
Issued share capital of our Company	260,000,000	346,666,666
Maximum number of shares which may be purchased and cancelled by our Company pursuant to the Proposed Renewal of Share Buy-Back Authority[2]	(26,000,000)	(34,666,666)
Resultant issued share capital of our Company	**234,000,000**	**312,000,000**

Note:-

(1) Inclusive of 4,000 EITA Shares that have been purchased and retained as Treasury Shares as at LPD.

(2) Comprising the entire 10% of the total number of issued shares of EITA allowed under the Proposed Renewal of Share Buy-Back Authority.

However, if the Purchased Shares are held as Treasury Shares, resold or distributed to shareholders, the Proposed Renewal of Share Buy-Back Authority will not have any effect on the issued share capital of our Company.

6.2 Earnings and EPS

The effects of the Proposed Renewal of Share Buy-Back Authority on the EPS of our Group will depend on, among others, the number of Purchased Shares and the purchase price for such Shares, the effective funding cost to our Group to finance the Purchased Shares or any loss in interest income to our Group.

In the event that any of the Purchased Shares are retained as Treasury Shares and subsequent sold, the effects on the earnings of our Group will depend on the actual selling price, the number of Treasury Shares resold and the effective gain.

If the Purchased Shares are cancelled, the Proposed Renewal of Share Buy-Back Authority will have a positive effect on the EPS of our Group.

6.3 NA

The effects of the Proposed Renewal of Share Buy-Back Authority on the NA of our Group will depend on the purchase price for such EITA Shares and whether the Purchased Shares are cancelled or retained as treasury shares.

SHARE BUY-BACK STATEMENT
cont'd

The effects of the Proposed Renewal of Share Buy-Back Authority on the NA of our Group, whether the Purchased Shares are cancelled or retained as treasury shares are as follows:

(a) Purchased Shares are subsequently retained as treasury shares

The NA of our Group would decrease if the Purchased Shares are retained as treasury shares due to the requirement for treasury shares to be carried at cost and be offset against equity, resulting in a decrease in the NA of our Group by the cost of the treasury shares.

If the Purchased Shares are resold on Bursa Securities, the NA of our Group would increase if EITA realises a gain from the resale, and vice-versa.

If the Purchased Shares were distributed as share dividends, the NA of our Group will decrease by the cost of the treasury shares.

(b) Purchased Shares are subsequently cancelled

If the Purchased Shares are cancelled, the Proposed Renewal of Share Buy-Back Authority will reduce the NA per EITA Share if the purchase price per EITA Share exceeds the NA per EITA Share at the relevant point in time, and vice-versa.

6.4 Working Capital

The Proposed Renewal of Share Buy-Back Authority, as and when implemented, will reduce the working capital and cash flow of EITA Group, the quantum of which will depend on, among others, the purchase price(s) of EITA Shares and the number of Purchased Shares. The Proposed Renewal of Share Buy-Back Authority will affect the cash flow of our Group if it is wholly and/or partly financed by internally generated funds and result in a lower amount of cash reserves available for dividends to be declared to shareholders as funds are utilised to purchase shares.

6.5 Dividends

Assuming the Proposed Renewal of Share Buy-Back Authority is implemented in full and the dividend quantum is maintained at historical levels, the Proposed Renewal of Share Buy-Back Authority will have an effect of increasing the dividend rate per ordinary share of our Company as a result of the reduction in the total number of issued shares of our Company.

SHARE BUY-BACK STATEMENT
cont'd

6.6 Substantial Shareholders' Shareholdings

Based on our Company's Register of Substantial Shareholders as at LPD and assuming that the maximum number of EITA Shares (of up to ten per centum (10%) of the total number of issued shares) authorised under the Proposed Renewal of Share Buy-Back Authority are purchased from shareholders other than the existing substantial shareholders of EITA, and all such shares purchased are cancelled, the effect of the Proposed Renewal of Share Buy-Back Authority on the shareholdings of the existing substantial shareholders of EITA are set out below:

	As at LPD				After the Proposed Renewal of Share Buy-Back Authority			
	Direct Interest		Indirect Interest		Direct Interest		Indirect Interest	
Substantial Shareholders	No. of Shares	%*	No. of Shares	%*	No. of Shares	%	No. of Shares	%
Ruby Technique Sdn. Bhd.	29,873,259	22.98	-	-	29,873,259	25.53	-	-
Sudut Kreatif Sdn. Bhd.	21,501,533	16.54	-	-	21,501,533	18.38	-	-
Jasa Simbolik Sdn. Bhd.	11,893,574	9.15	-	-	11,893,574	10.17	-	-
Goh Kin Bee	6,618,279	5.09	13,511,915 (1)	10.39	6,618,279	5.66	13,511,915 (1)	11.55
Fu Wing Hoong	882,041	0.68	24,873,496 (2)	19.13	882,041	0.75	24,873,496 (2)	21.26
Lim Joo Swee	1,618,341	1.24	18,541,853 (3)	14.26	1,618,341	1.38	18,541,853 (3)	15.85
Lee Pek See	3,360,963	2.59	22,383,574 (4)	17.22	3,360,963	2.87	22,383,574 (4)	19.13
CBG Holdings Sdn. Bhd.	-	-	29,873,259 (5)	22.98	-	-	29,873,259 (5)	25.53
Farsathy Holdings Sdn. Bhd.	-	-	29,873,259 (5)	22.98	-	-	29,873,259 (5)	25.53
Chia Seong Pow	200,000	0.15	30,073,259 (6)	23.13	200,000	0.17	30,073,259 (6)	25.70
Chia Seong Fatt	-	-	29,873,259 (7)	22.98	-	-	29,873,259 (7)	25.53

SHARE BUY-BACK STATEMENT

cont'd

Scenario (I): Upon Completion of Proposed Bonus Issue

	(I) Completion of Proposed Bonus Issue				After the Proposed Renewal of Share Buy-Back Authority			
	Direct Interest		Indirect Interest		Direct Interest		Indirect Interest	
Substantial Shareholders	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Ruby Technique Sdn. Bhd.	59,746,518	22.98	-	-	59,746,518	25.53	-	-
Sudut Kreatif Sdn. Bhd.	43,003,066	16.54	-	-	43,003,066	18.38	-	-
Jasa Simbolik Sdn. Bhd.	23,787,148	9.15	-	-	23,787,148	10.17	-	-
Goh Kin Bee	13,236,558	5.09	27,023,830 (1)	10.39	13,236,558	5.66	27,023,830 (1)	11.55
Fu Wing Hoong	1,764,082	0.68	49,746,992 (2)	19.13	1,764,082	0.75	49,746,992 (2)	21.26
Lim Joo Swee	3,236,682	1.24	37,083,706 (3)	14.26	3,236,682	1.38	37,083,706 (3)	15.85
Lee Pek See	6,721,926	2.59	44,767,148 (4)	17.22	6,721,926	2.87	44,767,148 (4)	19.13
CBG Holdings Sdn. Bhd.	-	-	59,746,518 (5)	22.98	-	-	59,746,518 (5)	25.53
Farsathy Holdings Sdn. Bhd.	-	-	59,746,518 (5)	22.98	-	-	59,746,518 (5)	25.53
Chia Seong Pow	400,000	0.15	60,146,518 (6)	23.13	400,000	0.17	60,146,518 (6)	25.70
Chia Seong Fatt	-	-	59,746,518 (7)	22.98	-	-	59,746,518 (7)	25.53

SHARE BUY-BACK STATEMENT
cont'd

Scenario (II): Upon Completion of (I) and upon full exercise of Warrants

Substantial Shareholders	(II) Completion of (I) and upon full exercise of Warrants				After the Proposed Renewal of Share Buy-Back Authority			
	Direct Interest		Indirect Interest		Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Ruby Technique Sdn. Bhd.	79,662,024	22.98	-	-	79,662,024	25.53	-	-
Sudut Kreatif Sdn. Bhd.	57,337,421	16.54	-	-	57,337,421	18.38	-	-
Jasa Simbolik Sdn. Bhd.	31,716,197	9.15	-	-	31,716,197	10.17	-	-
Goh Kin Bee	17,648,744	5.09	36,031,773 (1)	10.39	17,648,744	5.66	36,031,773 (1)	11.55
Fu Wing Hoong	2,352,109	0.68	66,329,322 (2)	19.13	2,352,109	0.75	66,329,322 (2)	21.26
Lim Joo Swee	4,315,576	1.24	49,444,941 (3)	14.26	4,315,576	1.38	49,444,941 (3)	15.85
Lee Pek See	8,962,568	2.59	59,689,530 (4)	17.22	8,962,568	2.87	59,689,530 (4)	19.13
CBG Holdings Sdn. Bhd.	-	-	79,662,024 (5)	22.98	-	-	79,662,024 (5)	25.53
Farsathy Holdings Sdn. Bhd.	-	-	79,662,024 (5)	22.98	-	-	79,662,024 (5)	25.53
Chia Seong Pow	533,333	0.15	80,195,357 (6)	23.13	533,333	0.17	80,195,357 (6)	25.70
Chia Seong Fatt	-	-	79,662,024 (7)	22.98	-	-	79,662,024 (7)	25.53

Notes:

* *Excluding 4,000 treasury shares held by EITA as at LPD.*

(1) *Deemed interested by virtue of the shares held by her spouse, Lim Joo Swee and both her and her spouse's shareholdings in Jasa Simbolik Sdn. Bhd. pursuant to Section 8 of the Act.*

(2) *Deemed interested by virtue of the shares held by his spouse, Lee Pek See, his daughter, Fu Jia Lik and both his and his spouse's shareholdings in Sudut Kreatif Sdn. Bhd. pursuant to Section 8 of the Act.*

(3) *Deemed interested by virtue of the shares held by his spouse, Goh Kin Bee, his children and both his and his spouse's shareholdings in Jasa Simbolik Sdn. Bhd. pursuant to Section 8 of the Act.*

(4) *Deemed interested by virtue of the shares held by her spouse, Fu Wing Hoong and both her and her spouse's shareholdings in Sudut Kreatif Sdn. Bhd. pursuant to Section 8 of the Act.*

(5) *Deemed interested by virtue of its shareholdings in Ruby Technique Sdn. Bhd. pursuant to Section 8 of the Act.*

(6) *Deemed interested by virtue of the shares held by his children and his beneficial interests in Farsathy Holdings Sdn. Bhd. held via the trust arrangement with Equity Trust (Malaysia) Berhad pursuant to Section 8 of the Act.*

(7) *Deemed interested by virtue of his beneficial interests in Farsathy Holdings Sdn. Bhd. held via the trust arrangement with Equity Trust (Malaysia) Berhad pursuant to Section 8 of the Act.*

Save for the resulting increase in percentage shareholdings as a consequence of the Proposed Renewal of Share Buy-Back Authority, none of the substantial shareholders or persons connected to them has any interest, direct or indirect, in the Proposed Renewal of Share Buy-Back Authority or the resale of treasury shares, if any.

SHARE BUY-BACK STATEMENT

cont'd

6.7 Directors' Shareholdings

Based on our Company's Register of Directors' Shareholdings as at LPD and assuming that the maximum number of EITA Shares (of up to ten percent (10%) of the total number of issued shares) authorised under the Proposed Renewal of Share Buy-Back Authority are purchased from shareholders other than the existing Directors of EITA, and all such shares purchased are cancelled, the effect of the Proposed Renewal of Share Buy-Back Authority on the shareholdings of the Directors of EITA are set out below:

	As at LPD				After the Proposed Renewal of Share Buy-Back Authority			
	Direct Interest		Indirect Interest		Direct Interest		Indirect Interest	
Directors	**No. of Shares**	**%***	**No. of Shares**	**%***	**No. of Shares**	**%**	**No. of Shares**	**%**
Dato' Siow Kim Lun	200,000	0.15	-	-	200,000	0.17	-	-
Fu Wing Hoong	882,041	0.68	24,873,496 (1)	19.13	882,041	0.75	24,873,496 (1)	21.26
Lim Joo Swee	1,618,341	1.24	18,541,853 (2)	14.26	1,618,341	1.38	18,541,853 (2)	15.85
Lee Peng Sian	6,443,008	4.96	43,500 (3)	0.03	6,443,008	5.51	43,500 (3)	0.04
Chong Yoke Peng *(Alternate Director to Lee Peng Sian)*	4,399,236	3.38	150,000 (4)	0.12	4,399,236	3.76	150,000 (4)	0.13
Chia Mak Hooi	200,000	0.15	-	-	200,000	0.17	-	-
Chia Seong Pow *(Alternate Director to Chia Mak Hooi)*	200,000	0.15	30,073,259 (5)	23.13	200,000	0.17	30,073,259 (5)	25.70
Chong Lee Chang	380,000	0.29	-	-	380,000	0.32	-	-
Ho Lee Chen	-	-	4,000 (6)	#	-	-	4,000 (6)	#
Ir. Haji Omar Bin Mat Piah	-	-	-	-	-	-	-	-

SHARE BUY-BACK STATEMENT
cont'd

Scenario (I): Upon Completion of Proposed Bonus Issue

Directors	(I) Completion of Proposed Bonus Issue				After the Proposed Renewal of Share Buy-Back Authority			
	Direct Interest		Indirect Interest		Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dato' Siow Kim Lun	400,000	0.15	-	-	400,000	0.17	-	-
Fu Wing Hoong	1,764,082	0.68	49,746,992 [1]	19.13	1,764,082	0.75	49,726,992 [1]	21.26
Lim Joo Swee	3,236,682	1.24	37,083,706 [2]	14.26	3,236,682	1.38	37,083,706 [2]	15.85
Lee Peng Sian	12,886,016	4.96	87,000 [3]	0.03	12,886,016	5.51	87,000 [3]	0.04
Chong Yoke Peng *(Alternate Director to Lee Peng Sian)*	8,798,472	3.38	300,000 [4]	0.12	8,798,472	3.76	300,000 [4]	0.13
Chia Mak Hooi	400,000	0.15	-	-	400,000	0.17	-	-
Chia Seong Pow *(Alternate Director to Chia Mak Hooi)*	400,000	0.15	60,146,518 [5]	23.13	400,000	0.17	60,146,518 [5]	25.70
Chong Lee Chang	760,000	0.29	-	-	760,000	0.32	-	-
Ho Lee Chen	-	-	8,000 [6]	#	-	-	8,000 [6]	#
Ir. Haji Omar Bin Mat Piah	-	-	-	-	-	-	-	-

SHARE BUY-BACK STATEMENT
cont'd

Scenario (II): Upon Completion of (I) and upon full exercise of Warrants

Directors	(II) Completion of (I) and upon full exercise of Warrants				After the Proposed Renewal of Share Buy-Back Authority			
	Direct Interest		Indirect Interest		Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Dato' Siow Kim Lun	533,333	0.15	-	-	533,333	0.17	-	-
Fu Wing Hoong	2,352,109	0.68	66,329,322 [(1)]	19.13	2,352,109	0.75	66,329,322 [(1)]	21.26
Lim Joo Swee	4,315,576	1.24	49,444,941 [(2)]	14.26	4,315,576	1.38	49,444,941 [(2)]	15.85
Lee Peng Sian	17,181,354	4.96	116,000 [(3)]	0.03	17,181,354	5.51	116,000 [(3)]	0.04
Chong Yoke Peng *(Alternate Director to Lee Peng Sian)*	11,731,296	3.38	400,000 [(4)]	0.12	11,731,296	3.76	400,000 [(4)]	0.13
Chia Mak Hooi	533,333	0.15	-	-	533,333	0.17	-	-
Chia Seong Pow *(Alternate Director to Chia Mak Hooi)*	533,333	0.15	80,195,357 [(5)]	23.13	533,333	0.17	80,195,357 [(5)]	25.70
Chong Lee Chang	1,013,333	0.29	-	-	1,013,333	0.32	-	-
Ho Lee Chen	-	-	10,666 [(6)]	#	-	-	10,666 [(6)]	#
Ir. Haji Omar Bin Mat Piah	-	-	-	-	-	-	-	-

Notes:
- * *Excluding 4,000 treasury shares held by EITA as at LPD.*
- \# *Negligible*
- (1) *Deemed interested by virtue of the shares held by his spouse, Lee Pek See, his daughter, Fu Jia Lik and both his and his spouse's shareholdings in Sudut Kreatif Sdn. Bhd. pursuant to Section 8 of the Act.*
- (2) *Deemed interested by virtue of the shares held by his spouse, Goh Kin Bee, his children and both his and his spouse's shareholdings in Jasa Simbolik Sdn. Bhd. pursuant to Section 8 of the Act.*
- (3) *Deemed interested by virtue of the shares held by his spouse, Looi Lin Poh.*
- (4) *Deemed interested by virtue of the shares held by his spouse, Jane Chew Yin Sum.*
- (5) *Deemed interested by virtue of the shares held by his children and his beneficial interests in Farsathy Holdings Sdn. Bhd. held via the trust arrangement with Equity Trust (Malaysia) Berhad pursuant to Section 8 of the Act.*
- (6) *Deemed interested by virtue of the shares held by her spouse, Lam Huang Soo.*

Save for the resulting increase in percentage shareholdings as a consequence of the Proposed Renewal of Share Buy-Back Authority, none of the Directors or persons connected to them has any interest, direct or indirect, in the Proposed Renewal of Share Buy-Back Authority of or the resale of treasury shares, if any.

SHARE BUY-BACK STATEMENT
cont'd

7. PUBLIC SHAREHOLDING SPREAD

The Proposed Renewal of Share Buy-Back Authority will be carried out in accordance with the prevailing laws at the time of the purchase including compliance with the 25% shareholding spread as required under Paragraph 8.02(1) of the Listing Requirements.

As at LPD, public shareholding spread of our Company is 30.79%. Our Company will endeavour to ensure that the Proposed Renewal of Share Buy-Back Authority will not breach Paragraph 12.14 of the Listing Requirements, which states that a listed corporation must not purchase its own shares on Bursa Securities if that purchase(s) will result in the listed corporation being in breach of the public shareholding spread requirements as set out under Paragraph 8.02(1) of the Listing Requirements.

8. PURCHASE, RESALE AND CANCELLATION OF EITA SHARES MADE IN THE PREVIOUS TWELVE (12) MONTHS

Our Company has not purchase, resale or cancel any Shares from open market in the previous twelve (12) months. As at LPD, a total of 4,000 Shares were held by our Company as Treasury Shares.

There was no resale, transfer or cancellation of Treasury Shares made in the previous twelve (12) months from the LPD.

9. IMPLICATION OF THE CODE

A person and any person acting in concert with him will be obliged to make a mandatory general offer (MGO) under the Code and the Rules for the remaining ordinary shares of the Company not already owned by him/them if as a result of the Proposed Renewal of Share Buy-Back Authority:

i. a person obtains control in the Company;

ii. a person (holding more than 33% but not more than 50% of the voting shares or voting rights of a company) increases his holding of the voting shares or voting rights of the Company by more than 2% in any six (6)-month period; or

iii. a person (holding more than 33% but not more than 50% of the voting shares or voting rights of a company) acquires more than 2% of the voting shares or voting rights of the Company when he knows or reasonably ought to know that the Company would carry out a share buy-back scheme.

In the event the Proposed Renewal of Share Buy-Back Authority is implemented in full and all the Shares acquired are cancelled, the pro forma effects of the Proposed Renewal of Share Buy-Back Authority on the shareholdings of the substantial shareholders of EITA and persons connected to the substantial shareholder as at LPD are illustrated above in Section 6.6.

Based on Section 6.6, the Proposed Renewal of Share Buy-Back Authority has no implication to the substantial shareholders of EITA with regard to the Code.

Our Company intends to implement the Proposed Renewal of Share Buy-Back Authority in a manner that it will not result in any of the shareholders having to undertake a mandatory offer pursuant to the Code. In this respect, our Board will be mindful of the requirements of the Code when making any purchases of EITA Shares pursuant to the Proposed Renewal of Share Buy-Back Authority.

10. APPROVAL REQUIRED

The Proposed Renewal of Share Buy-Back Authority is subject to the approval of our shareholders being obtained at the forthcoming 25th AGM of the Company to be convened on 22 February 2021.

SHARE BUY-BACK STATEMENT
cont'd

11. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

Save for the proportionate increase in the percentage shareholdings and/or voting rights of the shareholdings as a consequence of the Proposed Renewal of Share Buy-Back Authority as set out in Section 6.6 and Section 6.7 of this Statement, none of the Directors, major shareholders of EITA, and/or persons connected to them, as defined in the Listing Requirements, have any interest, whether directly or indirectly, in the Proposed Renewal of Share Buy-Back Authority.

12. HISTROCAL PRICES OF EITA SHARES

The monthly high and low market closing prices of EITA Shares for the past twelve (12) months from January 2020 to December 2020 are as follows:

	Low RM	High RM
2020		
January	1.40	1.53
February	1.35	1.51
March	1.02	1.43
April	1.04	1.19
May	1.08	1.28
June	1.18	1.33
July	1.20	1.27
August	1.18	1.32
September	1.22	1.38
October	1.20	1.25
November	1.19	1.98
December	1.80	2.20

The last transacted price of EITA Shares on LPD : RM 2.20

(Source: Excel Force MSC Berhad)

13. DIRECTORS' STATEMENT

Our Board, having considered all aspects of the Proposed Renewal of Share Buy-Back Authority, is of the opinion that the Proposed Renewal of Share Buy-Back Authority is in the best interest of our Company.

14. DIRECTORS' RECOMMENDATION

Our Board recommends that you vote in favour of the Ordinary Resolution pertaining to the Proposed Renewal of Share Buy-Back Authority to be tabled at the forthcoming 25th AGM of our Company.

SHARE BUY-BACK STATEMENT
cont'd

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Statement has been seen and approved by our Board of Directors and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. DOCUMENTS FOR INSPECTION

The following documents are available for inspection during normal business hours (except public holiday) at the Registered Office of our Company at Third Floor, No. 77, 79 & 81, Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor from the date of this Statement up to and including the date of the AGM:-

(i) The Constitution of EITA; and

(ii) The audited financial statements of EITA for the past two financial years ended 30 September 2019 and 30 September 2020.

ADMINISTRATIVE GUIDE

EITA RESOURCES BERHAD

(Registration No. 199601026396 (398748-T))
(Incorporated in Malaysia)

ADMINISTRATIVE GUIDE OF THE TWENTY-FIFTH ANNUAL GENERAL MEETING

Day, Date	:	Monday, 22 February 2021
Time	:	11:00 a.m.
Broadcast Venue	:	Tricor Leadership Room, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia

MODE OF MEETING

In view of the COVID-19 outbreak and as part of the safety measures, Twenty-Fifth Annual General Meeting ("**Meeting**") will be **held on a fully virtual and entirely via remote participation and voting at** the Broadcast Venue. This is in line with the Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020, including any amendment that may be made from time to time.

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting and in accordance with Clause 61 of the Company's Constitution. Shareholders **WILL NOT BE ALLOWED** to be physically present at the Broadcast Venue on the day of the meeting.

In view of the recent evolving COVID-19 cases in Malaysia, we may be required to change the meeting arrangements of the Meeting at short notice. As such, shareholders are advised to check the Company's website or announcements for the latest updates on the status of the Meeting. The Company will continue to observe the guidelines issued by the Ministry of Health and will take all relevant precautionary measures as advised.

REMOTE PARTICIPATION AND VOTING FACILITIES ("RPV FACILITIES")

Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "**participate**") remotely at the Meeting using RPV Facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("**Tricor**") via its **TIIH Online** website at https://tiih.online.

Shareholders who appoint proxies to participate via RPV Facilities in the Meeting must ensure that the duly executed proxy forms are deposited in a hard copy form or by electronic means to Tricor not later than **Saturday, 20 February 2021 at 11:00 a.m.**

Corporate representatives of corporate members must deposit their original certificate of appointment of corporate representative to Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not later than **Saturday, 20 February 2021 at 11:00 a.m.** to participate via RPV Facilities in the Meeting.

ADMINISTRATIVE GUIDE
cont'd

Attorneys appointed by power of attorney are to deposit their power of attorney with Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not later than **Saturday, 20 February 2021 at 11:00 a.m.** to participate via RPV Facilities in the Meeting.

A shareholder who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at the Meeting via RPV Facilities must request his/her proxy to register himself/herself for RPV Facilities at TIIH Online website at https://tiih.online.

As the Meeting is a fully virtual meeting, shareholders who are unable to participate in this Meeting may appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the proxy form.

PROCEDURES FOR RPV FACILITIES

Shareholders/proxies/corporate representatives/attorneys who wish to participate the Meeting remotely using the RPV Facilities are to follow the requirements and procedures as summarised below:

	Procedure	Action
BEFORE THE DAY OF THE MEETING		
(a)	Register as a user with **TIIH Online**	• Using your computer, access the website at https://tiih.online. Register as a user under the "e-Services". Refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with **TIIH Online**, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at **TIIH Online**.
(b)	Submit your request	• **Registration is open from Friday, 22 January 2021 until the day of Meeting on Monday, 22 February 2021 at 11:00 a.m. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the Meeting to ascertain their eligibility to participate the Meeting using the RPV.** • Login with your user ID and password and select the corporate event: "**(REGISTRATION) EITA 25TH AGM**". • Read and agree to the Terms & Conditions and confirm the Declaration. • Select "Register for Remote Participation and Voting" • Review your registration and proceed to register • System will send an e-mail to notify that your registration for remote participation is received and will be verified. • After verification of your registration against the General Meeting Record of Depositors as at 15 February 2021, the system will send you an e-mail to approve your registration for remote participation and the procedures to use the RPV are detailed therein. In the event your registration is not approved, you will also be notified via email. *(Note: Please ensure to allow sufficient time required for the approval as a new user of TIIH Online as well as the registration for RPV in order that you can login to TIIH Online and participate the Meeting remotely).*
ON THE DAY OF THE MEETING		
(c)	Login to **TIIH Online**	• Login with your user ID and password for remote participation at the Meeting at any time from **10:30 a.m.** i.e. 30 minutes before the commencement of the Meeting on **Monday, 22 February 2021 at 11:00 a.m.**

ADMINISTRATIVE GUIDE
cont'd

	Procedure	Action
ON THE DAY OF THE MEETING *cont'd*		
(d)	Participate through Live Streaming	• Select the corporate event: "**(LIVE STREAM MEETING) EITA 25TH AGM**" to engage in the proceedings of the Meeting remotely. • If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will endeavor to respond to questions submitted by remote participants during the Meeting. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.
(e)	Online remote voting	• Voting session commences from **11:00 a.m., Monday, 22 February 2021** until a time when the Chairman announces the completion of the voting session of the Meeting. • Select the corporate event: "**(REMOTE VOTING) EITA 25TH AGM**". • Read and agree to the Terms & Conditions and confirm the Declaration. • Select the CDS account that represents your shareholdings. • Indicate your votes for the resolutions that are tabled for voting. • Confirm and submit your votes.
(f)	End of remote participation	• Upon the announcement by the Chairman on the closure of the Meeting, the live streaming will end.

Note to users of the RPV Facilities:

1. Should your application to join the meeting be approved we will make available to you the rights to join the live streamed meeting and to vote remotely. Your login to **TIIH Online** on the day of meeting will indicate your presence at the virtual meeting.
2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
3. In the event you encounter any issues with logging-in, connection to the live streamed meeting or online voting, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 for assistance or e-mail to tiih.online@my.tricorglobal.com for assistance.

ELECTRONIC LODGEMENT OF PROXY FORM

The procedures to lodge your proxy form electronically via Tricor's **TIIH Online** website are summarised below:

	Procedure	Action
a	Register as a User with **TIIH Online**	• Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". Please do refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with **TIIH Online**, you are not required to register again.
b	Proceed with submission of Proxy Form	• After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. • Select the corporate event: "Submission of Proxy Form". • Read and agree to the Terms & Conditions and confirm the Declaration • Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. • Appoint your proxy(s) and insert the required details of your proxy(s) or appoint Chairman as your proxy. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote. • Review and confirm your proxy(s) appointment. • Print proxy form for your record.

ADMINISTRATIVE GUIDE
cont'd

POLL VOTING

The voting at the Meeting will be conducted by poll in accordance with Paragraph 8.29A of Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Tricor as Poll Administrator to conduct the poll by way of electronic voting (e-voting).

Shareholders or proxy(ies) or corporate representative(s) or attorney(s) can proceed to vote on the resolutions at any time from **11:00 a.m. on Monday, 22 February 2021** but before the end of the voting session which will be announced by the Chairman of the meeting. Kindly refer to item (e) of the above Procedures for RPV Facilities for guidance on how to vote remotely from TIIH Online website at https://tiih.online.

Upon completion of the voting session for Meeting, the Scrutineers will verify the poll results followed by the Chairman's declaration whether the resolutions are duly passed.

PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS

Shareholders may submit questions for the Board in advance of the Meting via Tricor's **TIIH Online** website at https://tiih.online by selecting "e-Services" to login, pose questions and submit electronically not later than **Saturday, 20 February 2021 at 11:00 a.m.**. The Board will endeavor to answer the questions received at the Meeting.

NO RECORDING OR PHOTOGRAPHY

By participating at the Meeting, you agree that no part of the Meeting proceedings may be recorded, photographed, stored in any retrieval systems, reproduced, transmitted or uploaded in any form, platform or social media or by any means whether it is mechanical, electronical, photocopying, recording or otherwise without the prior written consent of the Company. The Company reserves the rights to take appropriate legal actions against anyone who violates this rule.

NO DOOR GIFT/FOOD VOUCHER

There will be **no distribution** of door gifts or food vouchers for the Meeting since the meeting is being conducted on a fully virtual basis.

The company would like to thank all its shareholders for their kind co-operation and understanding in these challenging times.

ENQUIRY

If you have any enquiries on the above, please contact the following persons during office hours on Mondays to Fridays from 8.30 a.m. to 5.30 p.m. (except on public holidays):

Tricor Investor & Issuing House Services Sdn. Bhd.

General Line	:	+603-2783 9299
Fax Number	:	+603-2783 9222
Email	:	is.enquiry@my.tricorglobal.com
Contact persons	:	Amier Arief +603-2783 9250 (Amier.Arief@my.tricorglobal.com)
		Eric Low +603-2783 9267 (Eric.Low@my.tricorglobal.com)

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EITA RESOURCES BERHAD
[199601026396 (398748-T)]
(Incorporated in Malaysia)

Proxy Form
(Before completing this form please refer to the notes below)

No. of shares held	:	
CDS Account No.	:	

I/We * ______________________ NRIC/Passport/Registration No.* ______________________
(Full name in block)

of ____
(Address)

with email address ______________________ mobile phone no. ______________________

being a member/members* of **EITA RESOURCES BERHAD** ("the Company") hereby appoint(s):-

Full Name (in Block)	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			
Email Address			
Mobile Phone No.			

and

Full Name (in Block)	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			
Email Address			
Mobile Phone No.			

or failing him/her*, the Chairman of the Meeting as my/our* proxy to vote for me/us* on my/our* behalf at the Twenty-Fifth Annual General Meeting of the Company to be held on fully virtual and entirely via remote participation and voting at the Broadcast Venue at Tricor Leadership Room, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Monday, 22 February 2021 at 11:00 a.m. or at any adjournment thereof.

Please indicate with an "X" in the appropriate spaces how you wish your votes to be cast. If no specific direction as to vote is given, the Proxy will vote or abstain from voting at his/her discretion.

No.	Ordinary Resolutions	For	Against
1.	To approve the payment of Directors' fees and benefits of up to RM358,790.00 for the financial year ending 30 September 2021.		
2.	To re-elect Mr. Lee Peng Sian as a Director of the Company.		
3.	To re-elect Mr. Chong Lee Chang as a Director of the Company.		
4.	To re-elect Ir. Haji Omar Bin Mat Piah as a Director of the Company.		
5.	To re-appoint KPMG PLT as Auditors of the Company.		
6.	To retain Mr. Chong Lee Chang as an Independent Non-Executive Director of the Company.		
7.	To retain Dato' Siow Kim Lun as an Independent Non-Executive Director of the Company.		
8.	To approve the authority for Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
9.	To approve the Proposed Renewal of Share Buy-Back Authority.		

No.	Special Resolution	For	Against
1.	To approve the Proposed Amendments to the Constitution of the Company.		

Dated this ____________ day of ____________ 2021

____
Signature of Member(s) / Common Seal

Fold This Flap For Sealing

Notes:

(a) A member who is entitled to attend, participate, speak and vote at the Twenty-Fifth Annual General Meeting ("Meeting") shall be entitled to appoint more than one (1) proxy to attend, participate, speak and vote at the Meeting in his/her stead. Where a member appoints more than one (1) proxy, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy.

(b) A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as the member to speak at the Meeting.

(c) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the seal or under the hand of an officer or attorney duly authorised.

(d) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

(e) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. The appointment of multiple proxies shall not be valid unless the proportion of its shareholdings represented by each proxy is specified.

(f) To be valid, the instrument appointing a proxy must be deposited at the Share Registrar of the Company situated at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting at which the person named in the instrument proposes to vote. Alternatively, the proxy appointment may also be lodged electronically via Tricor's TIIH Online website at https://tiih.online no less than forty-eight (48) hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote.

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AFFIX
STAMP

The Share Registrar

EITA RESOURCES BERHAD [199601026396 (398748-T)]
c/o Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur.

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(g) For the purpose of determining a member who shall be entitled to attend the Meeting, the Company will be requesting Bursa Malaysia Depository Sdn. Bhd. in accordance with Clause 63(b) of the Company's Constitution to issue a General Meeting Record of Depositors as at 15 February 2021. Only members whose names appear in the General Meeting Record of Depositors as at 15 February 2021 shall be entitled to attend, participate, speak and vote at the Meeting.

(h) All the resolutions set out in this Notice of Meeting will be put to vote by poll.

*(i) The Broadcast Venue is strictly for the purpose of complying with the requirement of Chairman of the Meeting to be present at the main venue of the Meeting. Members or proxies **WILL NOT BE ALLOWED** to attend the Meeting in person at the Broadcast Venue on the day of the Meeting. Members are advised to refer to the Administrative Guide on the registration and voting process for the Meeting.*

(j) Members or proxies are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the Meeting using Remote Participation and Voting Facilities provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") via its TIIH Online website at https://tiih.online. Please refer to the Administrative Guide of the Meeting as enclosed for further information in relation thereto.

(k) In view of the constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our Meeting at short notice. Kindly check Bursa Securities' and the Company's website at www.eita.com.my for the latest updates on the status of the Meeting.

www.eita.com.my

EITA RESOURCES BERHAD
[199601026396 (398748-T)]

Lot 4, Block A, Jalan SS13/7
Subang Jaya Industrial Estate
47500 Subang Jaya
Selangor Darul Ehsan, Malaysia

Tel: 603-5637 8099 Fax: 603-5637 8128