

AUDIT COMMITTEE REPORT

OBJECTIVE OF THE AUDIT COMMITTEE (“AC”)

The primary objective of the AC is to provide additional assurance to the Board of Directors (“the Board”) of EITA Resources Berhad (“the Company”) 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 and internal auditors, thereby ensuring that the auditors have free reign in the audit process.

COMPOSITION AND MEMBERS OF THE AC

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

Name	Designation
Ho Lee Chen, Chairperson	Independent Non-Executive Director
Dato’ Siow Kim Lun, Member <i>(Resigned on 20 May 2021)</i>	Independent Non-Executive Chairman
Chong Lee Chang, Member	Senior Independent Non-Executive Director
Chia Mak Hooi, Member	Non-Independent Non- Executive Director
Ir. Haji Omar Bin Mat Piah, Member <i>(Appointed on 16 March 2021)</i>	Independent Non- Executive Director

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

Audit Committee Members	Attendance
Ho Lee Chen, Chairperson	4/4
Dato’ Siow Kim Lun, Member <i>(Resigned on 20 May 2021)</i>	3/3
Chong Lee Chang, Member	4/4
Chia Mak Hooi, Member	4/4
Ir. Haji Omar Bin Mat Piah, Member <i>(Appointed on 16 March 2021)</i>	2/2

The Company complied with Paragraph 15.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) which the AC members fulfil the requirement as prescribed. The AC has effectively discharged its duties pursuant to the Terms of Reference of the AC.

The authorities and duties of the AC are clearly governed by the Terms of Reference of the AC. The Terms of Reference of the AC can be accessed from the corporate website of the Company at <http://www.eita.com.my>.

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SUMMARY OF WORKS DURING THE FINANCIAL YEAR UNDER REVIEW

Amongst others, the AC had carried out the following works during the financial year ended 30 September 2021 ("FY2021") 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 Company and its subsidiaries ("the Group") and the Company including the announcements pertaining thereto. The 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 FY2021 before the audit commenced to ensure that the scope of the external audit is comprehensive.
- iii. Reviewed with the External Auditors, the Audit Review Memorandum upon completion of the annual audit, covering findings on the results and issues arising from their audit of the financial statements of the Group and their resolutions of such issues highlighted in their report to the AC.
- iv. 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.
- v. 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.
- vi. 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.
- vii. Reviewed the Report on Registry of Risk and Risk Matrix of the Company and its subsidiaries.
- viii. Reviewed the Corporate Governance Overview Statement, AC Report and Statement on Risk Management and Internal Control and Sustainability Statement to ensure adherence to legal and regulatory reporting requirements before recommending to the Board for approval for inclusion in the Company's Annual Report.
- ix. Self-appraised the performance of the AC and submitted the evaluation form to the Nomination and Remuneration Committee for assessment.
- x. Evaluated the performance of the External and Internal Auditors.

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 AC to provide an 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 AC's review annually. Scheduled audits are carried out on various departments and/or subsidiaries of the Group in accordance with 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.

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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 AC to perform special reviews on any particular area, functions and activities of any business units within the Group whenever the AC deems necessary.

Reports on these audits shall be presented to the AC highlighting observations, recommendations, corrective actions and deadlines for the management team to implement the agreed corrective actions. Where the result of an audit is unsatisfactory, a follow-up audit is conducted and subsequently reported to the AC.

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

The fee incurred during the FY2021 in relation to the internal audit function was RM51,200.

For the FY2021, 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.