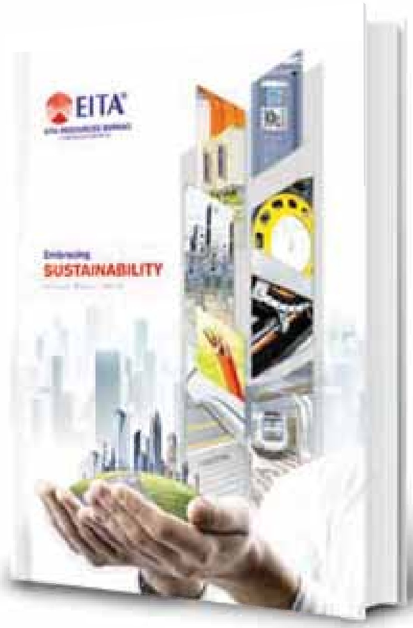
EITA®

EITA RESOURCES BERHAD
[199601026396 (398748-T)]

Embracing SUSTAINABILITY

Annual Report 2019



Embracing
SUSTAINABILITY

EITA is fully committed to embracing sustainability in our business practices.

Cultivating such practices and adopting green principles leads EITA towards higher productivity, greater competitiveness and long-term profitability.

“Ultimately, we strive for this sustainability mind-set to be ingrained within our corporate culture”- 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
Executive Director

Lee Peng Sian
Executive Director

Chia Mak Hooi
Non-Independent Non-Executive Director

Chong Lee Chang
Senior Independent Non-Executive Director

Tan Chuan Hock
Independent Non-Executive Director

Ho Lee Chen
Independent Non-Executive Director

Chong Yoke Peng
(Alternate Director to Lee Peng Sian)

Chia Seong Pow
(Alternate Director to Chia Mak Hooi)

AUDIT COMMITTEE

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

NOMINATION AND REMUNERATION COMMITTEE

Chong Lee Chang *(Chairman)*
Dato' Siow Kim Lun
Tan Chuan Hock
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

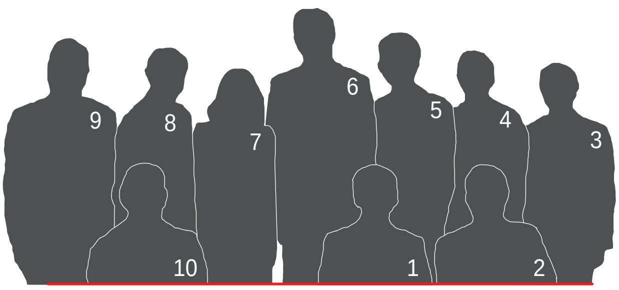
Main Market of
Bursa Malaysia Securities Berhad
Stock Name : EITA
Stock Code : 5208

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

BOARD OF DIRECTORS



1. **DATO' SIOW KIM LUN**
   Independent Non-Executive Chairman
2. **FU WING HOONG**
   Group Managing Director and Key Senior Management
3. **CHONG YOKE PENG**
   Alternate Director to Lee Peng Sian and Key Senior Management
4. **LIM JOO SWEE**
   Executive Director and Key Senior Management
5. **TAN CHUAN HOCK**
   Independent Non-Executive Director
6. **LEE PENG SIAN**
   Executive Director and Key Senior Management
7. **HO LEE CHEN**
   Independent Non-Executive Director
8. **CHIA SEONG POW**
   Alternate Director to Chia Mak Hooi
9. **CHONG LEE CHANG**
   Senior Independent Non-Executive Director
10. **CHIA MAK HOOI**
   Non-Independent Non-Executive Director

DIRECTORS' PROFILE

DATO' SIOW KIM LUN
Independent Non-Executive Chairman

Dato' Siow Kim Lun, a Malaysian, aged 70, 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, Hong Leong Assurance 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 2019.

FU WING HOONG
Group Managing Director and Key Senior Management

Fu Wing Hoong, a Malaysian, aged 61, 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 2019.

DIRECTORS' PROFILE
cont'd

LIM JOO SWEE
Executive Director and Key Senior Management

Lim Joo Swee, a Malaysian, aged 60, 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 is mainly responsible for the operations and management of EITA Group's Elevator business. He also oversees the overall marketing activities for EITA Group.

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 2019.

LEE PENG SIAN
Executive Director and Key Senior Management

Lee Peng Sian, a Malaysian, aged 50, male, is an Executive Director of the Company. He was appointed to the Board on 14 December 2009. Subsequently, he was promoted to his current position of Chief Operating Officer for EITA electrical and electronic group since January 2018. He oversees the operations 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 Universiti Teknologi Malaysia in 1992 in Electrical Engineering and obtained Master in Business Administration in year 2000 from the University of Bath, United Kingdom.

He started his career in 1992 at Interscience Sdn. Bhd. In 1994 he started to develop EITA Power System Sdn. Bhd. business. Currently, he is also responsible for the operations of Furutec Electrical Sdn. Bhd., EITA Technologies (Malaysia) Sdn. Bhd. and TransSystem Continental Sdn. Bhd.

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 2019.

DIRECTORS' PROFILE
cont'd

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

Chong Yoke Peng, a Malaysian, aged 61, male, is an Alternate Director to 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 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 2019.

CHIA MAK HOOI
Non-Independent Non-Executive Director

Chia Mak Hooi, a Malaysian, aged 55, 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 in 2000 where 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 companies. He attended all four (4) Board Meetings held during the financial year ended 30 September 2019.

DIRECTORS' PROFILE
cont'd

CHIA SEONG POW
Alternate Director to Chia Mak Hooi

Chia Seong Pow, a Malaysian, aged 65, male, is an Alternate Director to 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 companies. He attended all four (4) Board Meetings held during the financial year ended 30 September 2019.

CHONG LEE CHANG
Senior Independent Non-Executive Director

Chong Lee Chang, a Malaysian, aged 61, 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 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 currently an Independent Non-Executive Director of Hong Kong listed companies, Agritrade Resources Limited. 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 three (3) out of four (4) Board Meetings held during the financial year ended 30 September 2019.

DIRECTORS' PROFILE
cont'd

TAN CHUAN HOCK
Independent Non-Executive Director

Tan Chuan Hock, a Malaysian, aged 59, male, is an Independent Non-Executive Director of the Company. He was appointed to the Board on 15 January 2010. He is the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee.

He is the executive proprietor and founder of William C. H. Tan & Associates, a Chartered Accountants firm. He is a member of the Malaysian Institute of Accountants, Chartered Tax Institute of Malaysia and is a Fellow Member of the Association of Chartered Certified Accountants (ACCA). He has over thirty (30) years of experience particularly in financial reporting, auditing, taxation and planning as well as corporate management and advisory services.

He does not hold directorship in other public companies and listed issuers but hold directorships in several private limited companies. He attended all four (4) Board Meetings held during the financial year ended 30 September 2019.

HO LEE CHEN
Independent Non-Executive Director

Ho Lee Chen, a Malaysian, aged 58, female, is an Independent Non-Executive Director of the Company. She was appointed to the Board on 1 November 2018. She is a member of the Audit Committee and 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 thirty (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 2019.

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 146 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 2019.*

KEY SENIOR MANAGEMENT'S PROFILE

LOH KUWEI LAM

Loh Kuwei Lam, a Malaysian, aged 61, male, is the General Manager for Operations of EITA Elevator. He graduated in 1983 with a Diploma in Technology (Electronic Engineering) from Tunku Abdul Rahman College, Kuala Lumpur and completed the examinations of the Engineering Council, United Kingdom in 1995.

He started his career in 1983 as a Project Supervisor at Ryoden (M) Sdn. Bhd. He left in 1985 to join Antah Schindler Sdn. Bhd. as Project Engineer and rose to Senior Manager before he joined EITA-Schneider in 2000 where he was appointed as General Manager. He left EITA-Schneider in the same year to work on a freelance basis in the Elevator industry. In 2002, he joined EITA Elevator as Technical Director and in the same year, he was transferred to EITA-Schneider. He was subsequently promoted to General Manager in 2003 where his main responsibilities include financial performance monitoring, credit control and contract policy settling and control, as well as operational processes streamlining. In January 2016, he was re-designated as General Manager for operation of EITA Elevator.

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.

MOK CHEE HONG

Mok Chee Hong, a Malaysian, aged 48, 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 45, 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.

Substation Installation

Busduct Production Line

KEY SENIOR MANAGEMENT'S PROFILE
cont'd

SHAK SUN FATT

Shak Sun Fatt, a Malaysian, aged 58, male, is the General Manager 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.

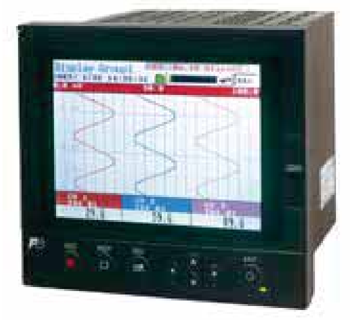
WEE FOOK SANG

Wee Fook Sang, a Malaysian, aged 57, 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.

MRT - Glass lift

FRENIC HVAC Inverter



Paperless Recorder

WONG CHIN TIM

Wong Chin Tim, a Malaysian, aged 52, male, the General Manager 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.

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 issuers;*
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 2019.*

CHAIRMAN'S STATEMENT

Dear Shareholders,

It is my pleasure to present to you the Annual Report for the financial year ended 30 September 2019 ("FY2019").

DATO' SIOW KIM LUN
Independent Non-Executive Chairman

BUSINESS RESULTS

Despite the uncertainties in both the global and local environments, EITA has performed commendably well in the last financial year. For FY2019, the Group recorded a consolidated revenue of RM305.4 million, as compared to RM261.3 million for FY2018. Segmentally, the Manufacturing business remained the major contributor with RM109.3 million (35.8%) of the Group's revenue. While Marketing & Distribution accounted for RM79.1 million (25.9%) and Services recorded RM40.1 million (13.1%). Our new business segment, High Voltage Systems contributed RM76.9 million (25.2%) of the Group's revenue.

The Group achieved a Profit After Tax of RM21.9 million for FY2019 as compared to RM19.6 million for FY2018, a modest growth of 11.7%.

As at 30 September 2019, the Group Shareholders' Fund stood at RM173.5 million.

ACHIEVEMENTS

For the financial year under review, the Group continues to focus on its Manufacturing business, especially in building our own brands such as EITA-Schneider® for Elevator Systems and Furutec® for Busduct Systems, with greater emphasis in growing our overseas markets.

CHAIRMAN'S STATEMENT
cont'd

Having successfully completed the escalator systems for MRT Line 1, EITA Elevator subsequently secured the elevator and escalator contracts for the MRT Line 2 and LRT 3 projects. These are testaments to our Group's technical knowledge and capabilities in undertaking challenging elevator and escalator works for key transportation infrastructure projects in the country. It has enhanced the Group's reputation and creditability in managing and completing major projects.

As part of the Group's expansion plan, the construction of EITA Elevator's new Headquarters at Bukit Raja, Klang is near completion and is expected to be operational by early 2020. When completed, it will be the tallest Elevator Test Tower in Malaysia and the structure will be an eye-catching landmark.

Furutec Electrical has performed well too. It is steadfast in its mission to grow its overseas busduct markets especially in ASEAN and the Middle-East. Furutec Electrical will continue to innovate, improve and expand its range of busduct products to enhance its competitive edge in the market place. In addition, Furutec Electrical will continue to develop high-quality and "greener" products with international certifications which are competitively priced to fulfil market needs. This year Furutec busduct product is the first in Malaysia to be successfully accredited with Underwriter Laboratories certification.

Our own brands continue to gain greater market acceptance in the ASEAN and Middle-Eastern markets and beyond with Furutec®and PYROTEC® making break-through in Cambodia, Oman, and the Philippines.

Our Marketing and Distribution segment remains a steady revenue contributor for the Group. With a portfolio of internationally renowned brands of Electrical and Electronic products, this business segment continues to value-add with strong marketing and technical support. The business relationships built over the years with our principals and customers have helped us establish a wide network of loyal business partners.

Our newest business segment, High Voltage System is primarily under TransSystem Continental Sdn. Bhd. ("TSC"), a 60%-owned subsidiary. TSC is a turn-key specialist in the provision and installation of substations up to 500kV. For FY2019, TSC has successfully tendered for multiple utility projects both in Peninsular Malaysia and Sarawak. The demand will continue to be strong as Malaysia progresses towards greater industrialisation. This bodes well for our High Voltage System business.

CHAIRMAN'S STATEMENT

cont'd

EITA-Schneider - Escalator at MRT

OUTLOOK

The global economy is expected to see a broad-based slowdown and downside risks will continue to persist resulting from unresolved trade tensions, policy uncertainties and weakening business confidence. The continued escalation of trade disputes between the United States and China may significantly hamper global growth prospects. In addition, existing geopolitical instability, humanitarian crises, and social tensions are among the major factors that would contribute to the downside risks.[1]

World trade growth is expected to ease to 2.5% in 2019 amid deepening of the trade war and improve to 3.7% in 2020 supported by robust GDP growth in the Emerging Markets and Developing Economies.[1]

The Malaysian economy is forecast to grow at 4.8% in 2020 as compared to 4.7% in 2019. The stronger growth is underpinned by resilient domestic demand, particularly household spending thanks to stable labour market and relatively low inflation.[2]

In April 2019, the Malaysian government announced the resumption of the East Coast Rail Link (ECRL) project and the revival of Bandar Malaysia. The World Bank Group expects the revival of the ECRL and Bandar Malaysia projects to have a positive impact on the country's economic growth in the medium term.[3]

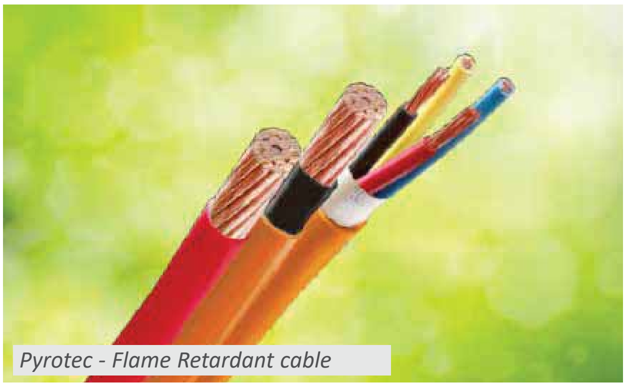
DIVIDEND

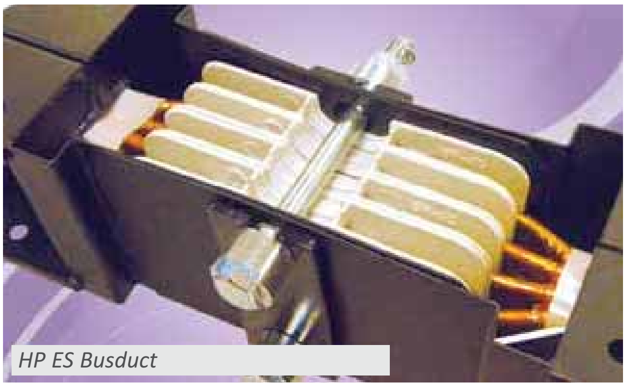
For FY2019, the Group has declared a First Interim Dividend of 3.0 sen per ordinary share equivalent to RM3.9 million which was paid to our shareholders on 27 September 2019.

The Board has recommended a Final Dividend of 3.0 sen per ordinary share amounting to RM3.9 million for the financial year under review. This proposal will be presented to our shareholders for approval at the forthcoming Annual General Meeting. This proposal, if approved, will bring a total dividend payment to 6.0 sen per ordinary share for the financial year under review. The total payout would be RM7.8 million, representing 35.6% of the Group's net profits for FY2019.

Busduct Power Tap-off Units

CHAIRMAN'S STATEMENT
cont'd


Pyrotec - Flame Retardant cable


HP ES Busduct

APPRECIATION

The Group's achievement for FY2019 is directly attributed to the hard work and commitments from our employees and management as well as the ongoing support from our customers, business associates, shareholders and government authorities. On behalf of the Board, I would like to express my heartfelt appreciation to all our stakeholders for their continuous support and belief in EITA.

With the right people led by our competent management coupled with a strong EITA team spirit and "can-do" attitude, I am optimistic of further growth and success for EITA in the years ahead.

DATO' SIOW KIM LUN
Independent Non-Executive Chairman

[1] *https://www.treasury.gov.my/pdf/economy/2020/chapter2.pdf*
[2] *https://www.theedgemarkets.com/article/economic-report-20192020-highlights*
[3] *https://www.nst.com.my/business/2019/04/482550/world-bank-expects-positive-impact-revival-ecrl-bandar-malaysia*

MANAGEMENT DISCUSSION AND ANALYSIS

FU WING HOONG
Group Managing Director and Key Senior Management

GROUP BUSINESS OBJECTIVES AND STRATEGIES

EITA remains focus on our core businesses - Manufacturing, Marketing & Distribution and Services, and has now included the High Voltage System segment in our reporting. The Group continues to expand and offer value-added products and solutions in the Construction and Manufacturing industries.

The Group's fundamental objective is to ensure it achieves growth and long-term business sustainability.

- **Manufacturing mission**. EITA is resolute to pursue its mission to be more manufacturing centric. Our own brands, EITA-Schneider® for Elevator Systems and Furutec® for Busduct Systems now have a greater market presence and gaining acceptance both locally and internationally.

- **Overseas thrust**. The Group remains focus on expanding its overseas business to drive further growth in the ASEAN and Middle-East markets. Our strategy is for deeper market penetration and if need be, to have our own direct presence.

- **Taking on high-value projects**. Over the years, EITA has built a sound track record in project delivery, and this cemented EITA's credible reputation. Besides having completed MRT Line 1, EITA is currently deploying other major transportation projects, such as MRT Line 2 and LRT Line 3. There are greater market confidence and acceptance of EITA to take on high-end, high-value and complex jobs.

- **Greater energy demand**. TransSystem Continental Sdn. Bhd. ("TSC"), a sub-station turn-key installation specialist is nicely positioned to capitalise on the ever-increasing demand for electricity. TSC has secured noteworthy contracts from Tenaga Nasional Berhad and Sarawak Energy Berhad.

- **Recurring maintenance service revenue**. With more and more elevator projects going into the contracted maintenance phase, this provides a steady revenue stream for EITA. The goal is to maximise the retention of our installed base in order to optimise our recurring maintenance service revenue.

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

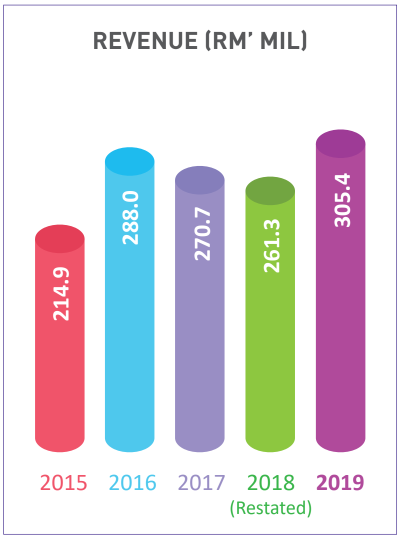
FINANCIAL PERFORMANCE REVIEW

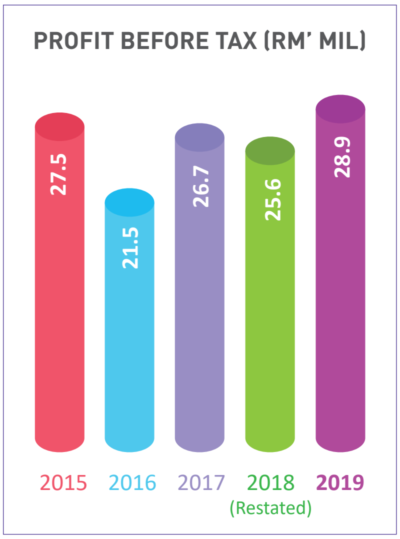
The Group achieved total revenue of RM 305.4 million for the financial year ended 30 September 2019 ("FY2019") as compared to RM 261.3 million for the financial year ended 30 September 2018 ("FY2018"). The increase mainly due from Manufacturing, Services and High Voltage System segments.

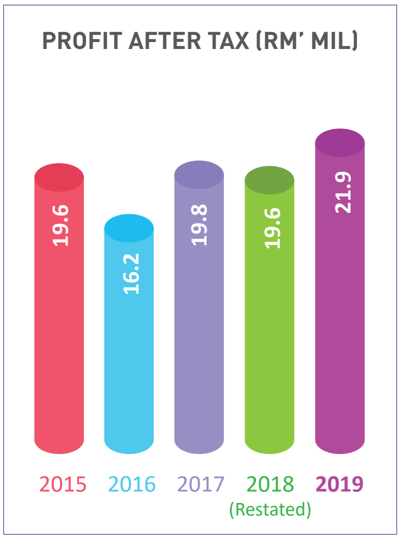
The Group's Profit Before Tax for FY2019 increased by RM3.3 million or 12.8% to RM28.9 million as compared to RM25.6 million for FY2018. This is in tandem with the higher revenue from our domestic and overseas markets.

For FY2019, our domestic market recorded a sales revenue of RM246.8 million as compared to RM212.2 million in FY2018. The increase mainly from Services and High Voltage System segments.

As for our overseas market, in FY2019 the sales revenue registered at RM58.6 million as compared to RM49.1 million achieved in FY2018. The increase in revenue was due to higher sales in busduct, elevator and cables.







MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

		FYE 30 Sept 2015	FYE 30 Sept 2016	Audited FYE 30 Sept 2017	FYE 30 Sept 2018 (Restated)	FYE 30 Sept 2019
Revenue	RM'000	214,930	288,032	270,680	261,295	305,386
Profit Before Taxation (PBT)	RM'000	27,478	21,508	26,691	25,646	28,921
PBT Margin	%	12.78	7.47	9.86	9.81	9.47
Profit After Taxation (PAT)	RM'000	19,633	16,234	19,770	19,645	21,881
PAT Margin	%	9.13	5.64	7.30	7.52	7.17
Basic EPS	sen	15.05**	12.03**	15.32**	14.80**	16.02**
Gearing Ratio	times	0.10	0.30	0.11	0.09	0.17

Notes:-

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

OPERATIONS REVIEW

- **Manufacturing**

For FY2019, the Manufacturing segment had achieved RM109.3 million or 35.8% of the Group's revenue, in comparison to FY2018 of RM107.0 million or 40.9% of the Group's revenue. The increase mainly due to higher revenue from elevator and busduct.

The Manufacturing segment remains as the major revenue contributor to the Group from our key brands namely, EITA-Schneider® for Elevator Systems and Furutec® for Busduct Systems.

EITA Elevator (Malaysia) Sdn. Bhd. ("EITA Elevator") is now in the project initial stages for MRT Line 2 (Sungai Buloh – Serdang – Putrajaya) and LRT Line 3 (Bandar Utama – Johan Setia) which have been downsized from the original contracts. Both of the major transport infrastructure projects are expected to be operational by 2022 and 2024, respectively. EITA Elevator is also in the midst of completing more projects which are over 50 stories high.

Furutec Electrical Sdn. Bhd. ("Furutec Electrical") with its busduct products continues to penetrate and expand into ASEAN and the Middle-East markets. In FY2019, Furutec Electrical managed to breakthrough successfully into Cambodia and Oman. Despite a challenging year for the export market, overseas sales for busduct recorded at RM33.6 million in FY2019 as compared to RM21.8 million in FY2018.

In order to stay competitive, the busduct team progresses forward with the latest international UL857 certification for its HP-ES and AH busduct models. In 2019, Furutec Electrical has started production and successfully introduced a new design for the Aluminium Housing (AH) busduct models.

Additionally, Furutec Electrical was bestowed the honour under the "10 Most Promising Exporter" category at the Exports Excellence Awards ceremony.

Furutec Cast-Resin Busduct

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

- **Marketing & Distribution**

  The Marketing & Distribution segment remains a stable revenue contributor and registered the revenue for FY2019 at RM79.1 million or 25.9% of the Group's revenue, as compared to FY2018 of RM88.1 million or 33.7% of the Group's revenue. The decrease was due to lower demand for electrical and electronics ("E&E") market.

  EITA continues to market and distribute a broad range of international renowned third-party E&E equipment and components from Fuji Electric, Kyoritsu, Panasonic, General Electric, MMC, Novaris and others. These E&E products are also complementary our own brands.

  Over the years, EITA 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 repeated and long-term business 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.

Preventive Maintenance Service

For FY2019, the Services segment had achieved RM40.1 million or 13.1% of the Group's revenue, as compared to FY2018 of RM32.3 million or 12.4% of the Group's revenue. This increase is largely due to more elevator systems handed-over and subsequently, service contracts signed for mandated maintenance, plus repair sales.

To-date, EITA has installed over 3,400 units of elevator and escalator systems. At EITA, we are committed to service excellence and we continue to expand and train our Service team. This includes developing a specialised group of Competent Persons to meet the ever-demanding customer's expectation to ensure ride comfort and most importantly, safety.

On the automation end, we have invested in a service solution to streamline our EITA Elevator maintenance service operations.

- **High Voltage System**

  TSC, a specialist in the power sector for substation installation up to 500kV, continues to bid for tenders and has secured more orders.

  For FY2019, the High Voltage System segment recorded at RM76.9 million or 25.2% of the Group's revenue, as compared to FY2018 of RM33.9 million or 13.0% of the Group's revenue. This increase due to higher execution of transmission substation projects.

  To-date, TSC is in a busy, active project execution mode to complete the contracts awarded from Tenaga Nasional Berhad and Sarawak Energy Berhad.

Power Sub-station installation

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

RISKS AND CHALLENGES

The ever-changing and challenging political and economic landscape both global and local undoubtedly present uncertainties in the market sentiments, especially the trade tensions between the United States and China.

The Group is watchful of the potential risks and challenges. The key is forward planning and preparedness and at EITA, we have instituted an internal control mechanism for risk management to mitigate potential risks.

- **Foreign Exchange**

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

- **Human Capital**

  Post listing, in line with business growth, EITA's head-count has increased steadily to 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.

- **Safety**

  Safety is one of EITA's paramount priorities, this includes safety for our staff and the public.

  EITA Elevator continues to engineer its elevator system enhanced safety features and that are in compliance with current safety standards. In line with Jabatan Keselamatan dan Kesihatan Perkerjaan ("JKKP") guidelines and to further improve our overall safety and service delivery, EITA Elevator has a progressive Competent Person ("CP") development programme to develop a team of CP personnel to provide more efficient and timely lift inspection for our customers.

Installing Elevator Controller

EITA Elevator also has an on-going Public Safety Awareness Campaign with events held at public venues such as shopping malls and government housings. This is to educate the public on the safety aspects and proper usage of elevators and escalators. We also jointly participate with Jabatan Kerja Raya ("JKR") in other events to create greater safety awareness to the public.

OUTLOOK AND PROSPECTS

The current geo-political and economic situation certainly poses some challenges ahead. In particular, the on-going trade tensions between China and the United States, Brexit, protectionist European Union, geopolitical tensions in the Middle-East and volatility of commodity prices.

Malaysia's trade with other countries accounts for 130 percent of its gross domestic product (GDP). Being an open economy, the global uncertainties will affect the country's revenue, foreign investments, capital flows, and currency exchange rate.[1]

Against the backdrop of heightening external headwinds, domestic demand is expected to spearhead growth, spurred by the stronger private sector expenditure largely is driven by the acceleration of projects towards the tail-end of the Eleventh Malaysia Plan coupled with the revival of strategic projects. Private sector expenditure will remain the key growth driver in 2020, with private consumption rising by 6.9%.[2]

MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

Overseas Expansion

Whereas, private investment is expected to expand by 2.1% in 2020, which is higher compared from 1.5% growth expected in 2019, with the resumption of strategic projects, higher exports, particularly electronic and electrical (E&E) as well as the payment of tax refunds, which is also anticipated to provide impetus to private sector activities.[2]

The manufacturing sector is expected to grow marginally higher at 4.1% in 2020, from 4% this year. The growth will be driven by steady improvement in the export-oriented industries coupled with sustained expansion in the domestic-oriented industries.[2]

As for the construction sector, it is expected to improve in 2020 with a growth rate of 3.7% year-on-year, on account of acceleration and revival of mega-projects as well as the building of affordable homes. However, the subdued growth of the residential and commercial properties is expected to weigh down the sector's performance.[2]

- **Public transport infrastructure projects**

  Although certain major projects have been scaled down, the Government is still focusing on improving public transportation for the Rakyat.

  The East Coast Rail Link ("ECRL") has been reduced and re-routed. The re-configured ECRL now spans across five states and Putrajaya for a distance of 640km.[3]

  As for Kuala Lumpur – Singapore High Speed Rail ("KL-SG HSR") project, the organization in-charge MyHSR Corporation Sdn. Bhd., is moving ahead with this KL-SG HSR project.[4]

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

- **Overseas market expansion**

  EITA continues to build greater brand awareness for our own brands, EITA-Schneider® elevator systems, Furutec® Busduct systems and PYROTEC® cables.

  While ASEAN and the Middle-East remain important markets to EITA, we are constantly casting a wider overseas net to explore new potential markets.

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

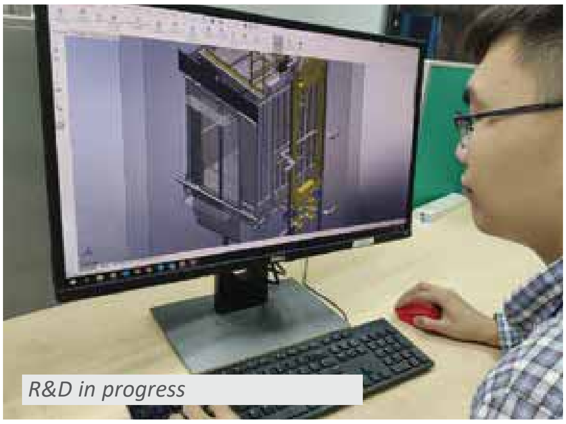
- **EITA Elevator Group of Companies – new Headquarters at Bukit Raja**

  EITA Elevator is looking forward to moving to its new Headquarters at Bukit Raja, Klang by early 2020. The land size for this site is about three (3) acres with an estimated built-up of 79,000 square feet. It will consist of a front-facing main office block, with a manufacturing facility cum warehouse located behind. The land-mark structure would be the Test Tower measuring over 87 meters in height.

  This new EITA Elevator site would house other subsidiaries such as EITA-Schneider (MFG) Sdn. Bhd., joint-venture company - Sigriner Automation (MFG) Sdn. Bhd., EITA Research & Development Sdn. Bhd. and EITA KOP Sdn. Bhd. This would centralise and streamline the whole elevator business operations under one roof, from sales to project management, from manufacturing to warehousing, and from maintenance services to research and development.

- **Test Tower for Research & Development ("R&D")**

  This Test Tower will indeed mark a major milestone in branding EITA as a progressive elevator manufacturer.



R&D in progress

  The primary objective of this Test Tower is to serve as an in-house elevator R&D facility. The elevator R&D team will now be able to conduct high-speed tests to meet the demands for taller buildings in terms of faster, smoother and more importantly, safer ride. In addition, with more industry safety standards being introduced, this Test Tower would allow R&D team to be more effective and efficient to run various in-house compliance certification tests.

EITA Warehouse

MANAGEMENT DISCUSSION AND ANALYSIS
cont'd

- **"Green" products and operations**

  Aligned to EITA's sustainability mission, we continue to develop business sustainable solutions both in our products and our operations. This is also reflected in our corporate tag-line 'brings good feel to life" and better co-exist with mother earth.

  Furutec Electrical received its latest "green" accreditation, the MyHIJAU Mark for its busduct Green from Malaysia Green Technology Corporation.

  EITA Elevator at the new Bukit Raja site will be implementing various eco-friendly initiatives such as energy regeneration with solar panels and rain-water harvesting.

- **Energy demand**

  Malaysia as a developing nation with a growing population and its push towards greater industrialisation, the energy demand will be ever-increasing.

  EITA Group is well-poised to capitalise on the potential opportunities in this particular power infrastructure sector, particularly our subsidiary, TSC specialising in high voltage power substation transmission installations.

Meeting Ever-increasing Demand for Electricity

Home Lift

ACKNOWLEDGMENT

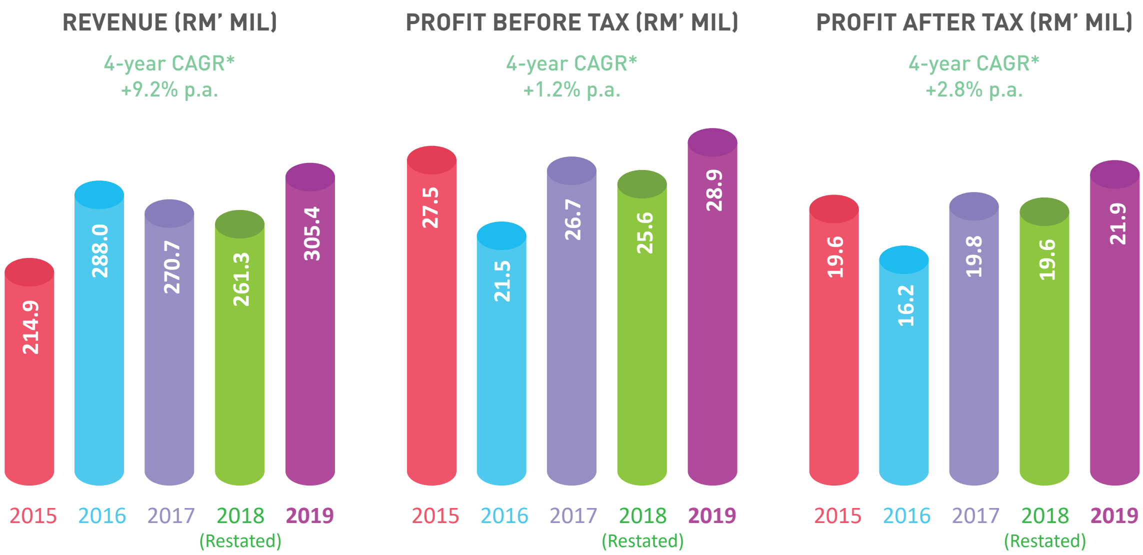
Despite the current challenging business climate, we at EITA have worked hard and stayed resilient. Our results showed that we performed admirably for FY2019.

With this, I would like to thank our shareholders, customers and business associates for their continued support and confidence in us. A sincere appreciation to the Board of Directors for their guidance and insights. And lastly, a "big pat on the back" to my fellow EITA colleagues for their resilience and dedication in facing these tough times. Together, we shall forge ahead and build an even stronger and more successful EITA.

FU WING HOONG
Group Managing Director

[1] *https://www.nst.com.my/news/exclusive/2019/10/528868/2020-budget-expansionary-policy-continue*
[2] *https://www.theedgemarkets.com/article/economic-report-20192020-highlights*
[3] *https://www.nst.com.my/news/nation/2019/11/539857/sme-bank-sets-aside-rm1b-local-ecrl-contractors*
[4] *MyHSR – Press Release – 26-06-2019*

FINANCIAL HIGHLIGHTS



** CAGR = Compounded Annual Growth Rate.*

GROUP PROFITABILITY For the Financial Year (RM' Mil)	FY2015	FY2016	FY2017	FY2018 (Restated)	FY2019
Revenue	214.9	288.0	270.7	261.3	305.4
Profit Before Tax	27.5	21.5	26.7	25.6	28.9
Net Profit Attributable to Equity Holders	19.6	16.2	19.8	19.6	21.9
GROUP FINANCIAL POSITION As at 30 September (RM' Mil)	**FY2015**	**FY2016**	**FY2017**	**FY2018 (Restated)**	**FY2019**
Total Non-Current Assets	30.4	34.9	34.6	38.7	54.2
Total Current Assets	169.5	218.7	196.8	198.8	249.6
Total Assets	199.9	253.6	231.4	237.5	303.8
Shareholders' Equity	131.8	142.1	157.0	162.4	173.5
Non-controlling interest	0.6	1.4	1.3	1.7	2.7
Total Equity	132.4	143.5	158.3	164.1	176.2
Total Non-Current Liabilities	12.1	8.8	7.6	6.8	15.8
Total Current Liabilities	55.4	101.3	65.5	66.6	111.8
Total Equity & Liabilities	199.9	253.6	231.4	237.5	303.8
FINANCIAL ANALYSIS	**FY2015**	**FY2016**	**FY2017**	**FY2018 (Restated)**	**FY2019**
Profit Before Tax Margin	12.8%	7.5%	9.9%	9.8%	9.5%
Net Profit Margin	9.1%	5.6%	7.3%	7.5%	7.2%

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.

EITA strives to bring shared benefit to one and all, as mirrored in our tagline "Brings good feel to life". In our efforts to achieve long-term business sustainability, the Group recognises our role and responsibility to conduct business ethically coupled with the social and environmental best business practices.

SUSTAINABILITY STATEMENT

cont'd

"We continue to drive the sustainability mission to embed within our business initiatives and within EITA's culture." – Fu Wing Hoong, Group Managing Director.

At the very heart of our Sustainability Approach lies the Spirit of our Core Values 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.

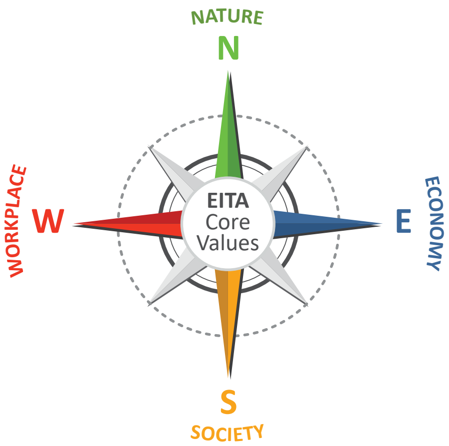
EITA continues to communicate the progress of our Sustainability Approach as guided by the four (4) cardinal directions of our Sustainability Compass: **N**orth – **NATURE**, **E**ast – **ECONOMY**, **S**outh – **SOCIETY**, and **W**est – **WORKPLACE**.

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 continues to play an active role in overall sustainability governance. The Executive Committee sets the overall corporate sustainability strategy and provides impact oversight on the Group's business activities. Our Group Managing Director provides the overall direction and oversees the management of sustainability initiatives.

The Sustainability Working Group ("SWG") which was formed in 2018, continues to be headed by our Executive Directors who review 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 and they are responsible for materiality assessment, drive implementation, monitor, and report sustainability initiatives.

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

SUSTAINABILITY STATEMENT
cont'd

STAKEHOLDER ENGAGEMENT

We recognise the importance of both internal and external stakeholders' contribution to EITA's sustainable growth. Hence, it is crucial to closely work with both our internal and external stakeholders in a timely and open manner to identify and address sustainability matters which ultimately 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

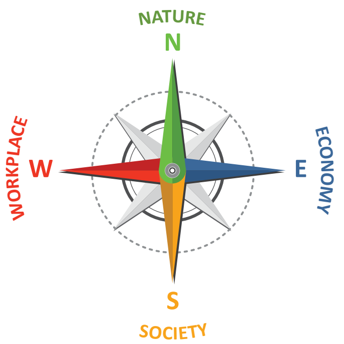
Guided by Bursa Malaysia's Sustainability Reporting Guide and Toolkits, EITA adopted a structured materiality assessment approach in identifying relevant sustainability matters.

Embarking onto our sustainability reporting journey, our approach in materiality assessment and in developing the Materiality Matrix is to evaluate the significant material sustainability matters within the four cornerstones 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. We also apply 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 is clear on its mission to ensure continued profitable growth and long-term economic sustainability of all its businesses both locally and internationally.

In July 2019, EITA received Malaysia CSR Award under the Manufacturer for Elevator System and Busduct System category. Mr. Fu remarked, "Indeed, it is an honour to receive this award and we shall continue to uphold our role as a responsible corporate citizen."

Malaysia CSR Award

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

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

  Our employees are expected to adhere to EITA's code of ethics and conduct. In 2019, we deployed an Anti-Bribery and Corruption policy taking a definitive stand for zero-tolerance of any form of bribes or corruption. Our Human Resources Department carried out a group-wide dissemination and dialogue campaign to explain this policy. All employees were also required to sign a Letter of Understanding and Conflict of Interest Declaration document.

  EITA's integrity initiatives is further supported by our existing Whistle Blowing Policy and for FY 2019, there were no reported cases.

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

- **Strategic Partnerships**

  In maintaining a sustainable business, it is imperative to form strategic alliances with various business associates and stakeholders to capitalise on our collective strengths and to synergise our total resources to create a bigger impact for our business and industry.

  Building on our MRT Line 1 success, 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.

EITA Annual Trip

SUSTAINABILITY STATEMENT

cont'd

EITA's relationship with our internationally renowned foreign principals coupled with our established network of business partners has helped enhanced our reputation as a marketer of high- quality E&E equipment and components.

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.

- **Customers Satisfaction**

Achieving high customer satisfaction is the bedrock in fostering customer loyalty. Understanding and anticipating our customers' needs and expectations will ultimately be reflected with an improved bottom line.

EITA is always looking at ways to upgrade our operations to offer better products, improve our customisation ability, deliver better customer experience in sales, marketing support, project management, and maintenance and repairs.

Gotong-Royong in action

EITA Elevator – Maintenance Department in charge of maintenance and repair services carries out quarterly Customer Satisfaction surveys. The target is to achieve at least 80% of customer satisfaction. For FY2019, the overall score achieved was 85%, an improvement as compared to 84% in FY2018.

EITA Elevator - Maintenance Department	FY2019	FY2018
Timeliness & Reliability of Services	83%	88%
Quality of Product & Services	84%	83%
Responsive to Customer Needs	85%	81%
Communication with Customers	86%	85%
Average	**85%**	**84%**

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

EITA-Schneider (MFG) Sdn. Bhd.	FY2019	FY2018
Timeliness & Reliability of Services	81%	83%
Quality of Product & Services	80%	86%
Responsive to Customer Needs	79%	81%
Average	**80%**	**83%**

As for EITA-Schneider (MFG) Sdn. Bhd., our elevator manufacturing subsidiary, it is also responsible for overseas sales. They too carry out their own Customer Satisfaction survey. For FY2019, it scored 80%, a slight decrease as compared to 83% in FY2018. The decrease was largely due to customers' expectation for faster delivery. The team is now looking at a more direct shipping route for selected countries which could possibly reduce shipping costs as well.

EITA Elevator has gained valuable project knowledge from the MRT Line 1 is now in a much better position to tackle MRT Line 2 and LRT Line 3. Also, we now have 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.

EITA Health Carnival

SUSTAINABILITY STATEMENT
cont'd

Furutec Electric	FY2019	FY2018
Customer Satisfaction Survey	81%	77%
Correction Action Report (Cases)	0	0
Customer Returns (lot)	0	0

As for Furutec Electrical, they have their own metrics. We conduct 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 FY2019, the Customer Satisfaction score improved to 81%.

EITA continues to provide training for our customers and business partners. In March 2019, EITA Power System conducted several MMC Certified Installer courses for its business partners in Malaysia and Indonesia. Likewise, Furutec Electrical held Busduct Certified Installer programmes in April 2019 to upskill its partners in busduct installation.

Our direct presence with local Representative Office in both Indonesia and Vietnam to provide on-the-ground marketing support has definitely brought us closer to our business partners and customers. We are now able to proactively engage them and have a deeper understanding of the local business climate.

- **Quality Commitment**

Quality is central to the value that we deliver to our customers. EITA is committed to providing our customers and business associates with high-quality products backed by superior service and support.

Safety & Health Committee

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

Our Quality Management System ("QMS") is based on the ISO 9001:2015 QMS model. This is to ensure that we adhere to quality management principles to deliver consistent quality products and services, have a strong customer focus and a process approach for continual improvement.

- **Innovation & Improvement**

Mr. Fu has continuously emphasised, "We need to innovate for sustainability". EITA continues to invest on innovations and improvements to deliver quality products and services to stay ahead of the competition.

EITA Research & Development Sdn. Bhd. provides in-house research and development (R&D) services for our own elevator and busduct products. Our team of R&D engineers continually focus on:

- Cost-down design by reducing material usage.
- Energy-efficient usage by incorporating energy conservation and regeneration solutions.
- Safety improvements by integrating more and improved safety features.
- Installation and serviceability ease with improved designs.
- Compliance to recognised standards with product testing and certification by international bodies.

Furutec Electrical continues its quest to develop "green" busducts to meet the increasing demand for such sustainable products. In the past, it has already received industry accreditations such as SIRIM Eco-label and Singapore Green Building Product label. The latest acknowledgment is MyHIJAU Mark which is Malaysia's official green recognition endorsed by the Malaysian Government. Also, in this year, its busduct product is the first in Malaysia to be successfully accredited with Underwriter Laboratories certification.

The Group is expected to have its very own Elevator Test Tower facility ready by early 2020 which will be a significant milestone achievement. This would facilitate the R&D team to carry out more effective R&D to further improve our elevator systems in terms of speed, safety, ride comfort and much more.

SUSTAINABILITY STATEMENT
cont'd

NATURE SUSTAINABILITY

EITA is ever mindful of our responsibility towards environmental impacts arising from our business operations. We endeavor to create greater awareness to our employees on climate change and promote lower carbon footprint lifestyle through green sustainable initiatives such as recycling, waste management, energy conservation, and eating healthy vegetarian meals.

- **Recycling and Waste Management**

Since 2016, EITA has our on-going Recycling Campaign with segregation at source. This is to instill a recycling mind-set within our staff not only at the office but also at home.

To complement our Recycling Campaign, towards the end of 2019, we launched a "100% Proper Plastic Waste Disposal" Campaign. This campaign is strictly focused on plastic whereby staff at job sites are required to bring back any plastics for recycling which include plastic packaging materials, plastic bottles, and others. On top of this, all employees are also encouraged to reduce single-use plastic.


Visit to Recycling Center

We are constantly exploring and improving our waste management processes. For FY2019, we have substantially reduced recyclable waste plastic and paper. As for scrap metal waste, the increase was largely due to the new production line for aluminum-based busduct products.

Recycable material	FY2019 (Kg)	FY2018 (Kg)
Paper	9,497	16,295
Plastic	937	2,420
Metal	70,829	49,272
Total	**81,263**	**67,987**


Recycling at Furutec Penang

At our busduct factory in Penang, scrap metal waste management and procedures in place for the proper collection, storage and eventually sale to licensed scrap collector to get the best possible prices.

There is also a corporate citizenship element with our recycling programme. We have an existing partnership with a Non-Governmental Organisation ("NGO") that collects a portion of these recyclable materials on a periodic basis. They in turn then use the proceeds from the sales of these recycled materials for their NGO's charitable and welfare activities. "Helping Mother Earth and at the same time helping the community, this double benefit is indeed a worthy initiative.", Mr. Fu comments.

- **Energy Conservation**

Group-wide conscious efforts are made to conserve the usage of electricity and water. From the simplest acts of switching off lights while out of the office to fixing dripping taps. The increase in electricity consumption was largely due to the new busduct production line and an overall increase in staff headcount to support business growth.

Utilities	FY2019 (RM)	FY2018 (RM)
Electricity	578,583	502,762
Water	64,774	73,545
Total	**643,357**	**576,307**

Furutec Electrical in Penang effected a Green Product Sourcing Policy to replace faulty electrical items with energy saving products such as LED lights and air-condition with an inverter.

SUSTAINABILITY STATEMENT

cont'd

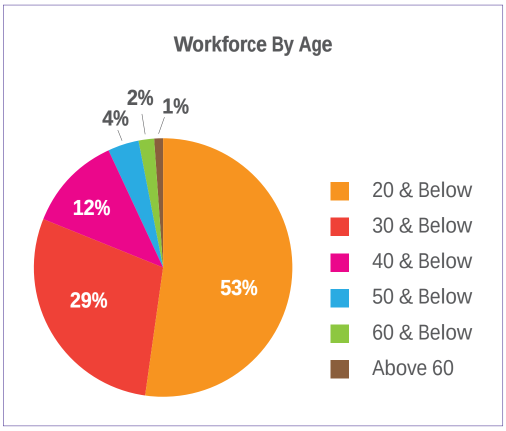
The new Bukit Raja office and factory in Klang will be deploying more energy conservation best practices such as solar panels at the car-park, rainwater harvesting, energy efficient lighting and skylights for the factory.

WORKPLACE SUSTAINABILITY

EITA fully recognises that our dedicated staff play a vital role in the Group's success. We believe that it is our employees' collective knowledge, experiences and diversified skill sets that have and will propel us to attain sustainable growth.

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

Our workforce profile is illustrated below:



More than 80% of our staff are between the age of 20 and 39 years, this is reflective of a relatively youthful and energetic workforce which in integral in ensuring a potential pool of talents geared for continued business sustainability.

- **Fair Employment Practices**

  EITA implements fair employment practices that respect human and labour rights. We comply with all applicable labour laws, rules and regulations in the countries we operate.

  We adhere strictly to the principles of equal opportunity, non-discrimination, anti-harassment, availability of grievance channel and strictly no child labour. Our automated performance appraisal process links our employees' performance with predetermined Key Performance Indicators and Competencies to quantifiable outcomes, rewards, and training needs.

Teambuilding Game

SUSTAINABILITY STATEMENT
cont'd

Through 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. During the recent review, the following were proposed, agreed upon and put into action:

- Increased the claim amount for outpatient entitlement to provide better quality medical treatment to employees.
- Introduced the `Grievance Procedure' that allows employees awareness on how to raise and resolve their grievances promptly to prevent issues escalate at a later stage to promote good employee relations and a healthy workplace environment.

EITA Annual Dinner

At our EITA Annual Dinner, we have an appreciation ceremony to present Long Service Awards to deserving staff in recognition of their loyalty, dedication and contributions over the years. For FY2019, there were 49 Long Service Award recipients ranging from 5 years to 20 years.

Long service	No. of employees
20 years	2
15 years	6
10 years	18
5 years	23
Total	**49**

- **Employee Development & Succession Planning**

The Group envisions creating a learning culture within the organisation. EITA sustained business success is dependent on having and developing competent and capable employees and equipping them with the relevant skills, knowledge, and work experiences.

Training	FY2019	FY2018
Training Expenditure (RM)	138,530	140,429
Number of training programmes	81	79
Training Hours	5257	4697.5

EITA's learning and development framework includes Safety & Health, Soft-Skills, Operations Efficiency, Management Development, and Technical/Information Technology.

We also started a programme to groom a pool of internal trainers so that they can share their wealth of knowledge and experience with other staff. These internal trainers are further incentivized for their efforts.

Furutec Electrical joined Penang Skill Development Centre (PDC) which is an industry-led skills training and education centre. The purpose is to capitalise on PSDC's human capital development offerings through its Academy, Corporate Training and Services.

Succession planning is important to ensure that EITA is able to maintain its business sustainability trajectory. It is an on-going exercise to identify talents from our various subsidiaries and departments who will then be groomed to be the future leaders of EITA.


Upskilling Our Staff

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 utmost level of protection from our business activities.

Type of accidents	FY2019	FY2018
Workplace	9	5
Road	0	4
Public	0	1
Total	**9**	**10**

Employees' safety and well-being are one of our top agenda. Currently, we are in the midst of transitioning our Health & Safety Management System from OHSAS 18001:2007 to ISO 45001 standard. 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.

Our continuous safety and health efforts include, and not limited to:

- Personal Protective Equipment ("PPE") for field employees
- Periodic motorcycle inspections
- CIBD Safety training for all new staff
- Safety Training for Sub-contractors
- Forklift Training – Safety and Practical
- Tools & Machineries Safety and Inspection
- First-Aid, CPR & AED training
- Fire Drills with Fire Safety & Awareness training
- In-house health screening organised for the staff
- In-house vaccination organised for the staff


Forklift Training


First-Aid & CPR Training


Fire Drill at Factory

In April 2019, EITA Elevator participated in a JKR OSH & Safety Exhibition to create greater safety awareness to the public related to safe and proper use of elevators and escalators.

Furutec Electrical in August 2019, carried out an in-house "Gotong-Royong Clean-up" of its factory premises in Penang. Over 80 staff ranging from factory workers to management were involved with the main clean-up targeted at the drainage to remove potential breeding spots for Aedes mosquitoes.

Kempen Gotong-Royong

SUSTAINABILITY STATEMENT
cont'd

- **Balanced lifestyle**

Fostering a better working relationship. We at EITA, embrace a balanced lifestyle of work, play and healthy living.

Our EITA Sports Club is the driving force in organising a host of fun and engaging activities such as Quarterly Birthday Parties, Bowling, Badminton, Movie Day, Annual Dinner, Annual Trip and many more. The staff eagerly look forward to these activities with family members invited to join in, thus making it a family event and fostering greater camaraderie and teamwork among the staff.


Bowling for the Whole Family


Family Movie Day

Staff are nominated to serve on the EITA Sports Club which provides an excellent platform for them to develop themselves, and such added responsibility is taken in consideration during their performance appraisal.

Promoting healthier lifestyle. Methane output from animal farming is a significant contributor to green-houses which has led to global warming and detrimental climate change. EITA continues to advocate a healthier lifestyle to its staff by eating less meat and consuming more vegetables, and in doing so protect our planet.


Eating Healthy


Vege Food Demo

For the past three (3) years, during EITA Annual Dinner, we served a full vegetarian course and likewise for all other in-house events. At Group level, EITA sponsors a catered vegetarian lunch for its staff minimally once a month. During these lunches, we also show videos and have talks on promoting healthier living, recycling, protecting the environment and other related topics.

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.

SUSTAINABILITY STATEMENT
cont'd

Excellence Award	Number of children
Academic	10
Sport	9
Creative	14
Total	**33**

This award ceremony is always held in conjunction with our Quarterly Birthday event, thus creating a fun family atmosphere with a sumptuous buffet served.

Excellence Awards for Staff's Kids

SOCIAL SUSTAINABILITY

At EITA, we are attentive to our corporate social responsibility role to build meaningful relationships with the communities. "We strive to build a Caring Culture within EITA. I personally encourage our staff to serve and give back to society." Mr. Fu exclaims.

- **Community Engagement**

  Saving lives. Donating blood is a selfless and impactful gesture. Annually, we have our Blood Donation Drive organised at EITA Headquarters in Subang and at Furutec Electrical in Penang. At our EITA Headquarters, we extend our community role by inviting the company next door to participate, thus increasing the pool of donors.


Donating to Save Lives

	Number of donors	
Location	FY2019	FY2018
EITA HQ, Subang Jaya	80	80
Furutec Electric, Penang	25	32

Supporting education. In line with the Government's vision of Shared Prosperity and focus on education. The Group believes in developing industry-ready graduates to give them a head-start in their career and eventually be a positive contributor to society and the economy.

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

Internship (by Function)	Number of interns
Project Dept	2
Technical Dept (QC/Safety)	2
Finance & Accounts	1
Human Resources	1
R&D	1
Credit Control	2
Engineering	2
Total	**11**

SUSTAINABILITY STATEMENT
cont'd

Furutec Electrical in Penang is actively exploring to capitalise certain grants in using undergraduates and post-graduates for more R&D collaborations. This is a win-win scenario whereby these students not only provide R&D assistance for us but at the same time, they are able to fulfil their project thesis, gain valuable practical hands-on and relevant industry experience.

We have a civic responsibility towards 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 Management has always encouraged the spirit of volunteerism among the staff, especially in caring for the less fortunate. Once every quarter, a trip is arranged to Taman Sinar Harapan, Kuala Kubu Bharu to help the inmates by trimming their hair, cutting their nails, changing bed linens and entertaining them. It has been a fulfilling and touching experience for the staff.

Volunteerism Spirit

Some of EITA's social projects are in collaboration with NGOs to have a larger pool of resources for better execution and greater benefit impact on the community. In September 2019, EITA participates in the World Clean-Up day event. Joining other volunteers, a group of us were designated to carry out clean-up tasks starting from MRT Merdeka Station all the way to MRT Bukit Bintang Station. At the end, we were required to sort, count and weigh certain items such as plastic bottles, straws, cigarette butts, and tin cans.


World Clean-day - at City Center


World Clean-day - sorting Plastic Bottles

EITA also continues to give contributions in cash and kind to various charitable causes, especially in support of the underprivileged, education, 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 2019 ("FY 2019").

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 has also put in place a Code of Conduct and Ethics and Whistleblowing Policy which will be reviewed 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 Mr. Tan Chuan Hock, 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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

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

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
Tan Chuan Hock, Member	Independent Non-Executive Director
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 FY 2019, 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 2018.
- Assessed the independence of the Independent Directors.
- Reviewed and assessed the performance of the AC and the Board and Board Committees as a whole.
- Considered and recommended to the Board for consideration, the re-election of Mr. Fu Wing Hoong, Mr. Chong Lee Chang and Dato' Siow Kim Lun as Directors who retired pursuant to Clause 103 of the Company's Constitution at the last AGM held on 27 February 2019.
- Considered and recommended to the Board for consideration, the re-election of Ms. Ho Lee Chen as Director who retired pursuant to Clause 109 of the Company's Constitution at the last AGM held on 27 February 2019.
- 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 Malaysia Code on Corporate Governance at the last AGM held on 27 February 2019.
- Considered and recommended to the Board for consideration, the remuneration packages of the Group Managing Director and Executive Directors for the financial year ending 30 September 2019.
- 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 2018.
- Considered and recommended to the Board for consideration, the Directors' fees for the financial year ending 30 September 2019.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

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

The Directors and the Committee Members have 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 FY 2019 are as follows:-

Type of Meetings / Name of Directors	Board of Directors	Audit Committee	Nomination Committee*	Remuneration Committee*
	No. of Meetings Attended			
Dato' Siow Kim Lun	4/4	4/4	1/1	N/A
Fu Wing Hoong	4/4	N/A	N/A	N/A
Lim Joo Swee	4/4	N/A	N/A	N/A
Lee Peng Sian	4/4	N/A	N/A	N/A
Chia Mak Hooi	4/4	4/4	N/A	1/1
Tan Chuan Hock	4/4	4/4	1/1	1/1
Chong Lee Chang	3/4	3/4	1/1	1/1
Ho Lee Chen	4/4	3/3	N/A	N/A
Chong Yoke Peng *(Alternate Director to Lee Peng Sian)*	4/4	N/A	N/A	N/A
Chia Seong Pow *(Alternate Director to Chia Mak Hooi)*	4/4	N/A	N/A	N/A

* *Nomination Committee and Remuneration Committee have been merged into a single committee known as Nomination and Remuneration Committee on 26 November 2018*

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 FY 2019 and complied with the requirement on attendance at Board meetings as stipulated in the Listing Requirements of Bursa Securities.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

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

The Directors have attended the following training, seminars and conferences during the FY 2019:-

Name of Directors	Title of Seminars/Training attended
Dato' Siow Kim Lun	- Corporate Liabilities under the Malaysian Anti-Corruption Act 2018 - Money Laundering & Tax Malaysia - CG Watch: How Does Malaysia Rank? - Integrated Reporting - Leadership Greatness in Turbulent Times – Building Corporate Greatness - Sustainability Advocacy Programme:- Recommendation of Task Force for Climate Related Financial Disclosures
Fu Wing Hoong	- CNBC Managing Asia Sustainable Entrepreneurship - Cyber Securities in the Boardroom - Selangor Regional Powerhouse at a Glance - Overview of the Malaysian Anti-Corruption Commission
Lim Joo Swee	- Gearing up for corporate liability of MACA
Chong Yoke Peng	- Green Financing Forum: Funding Green Project through the Islamic Market
Lee Peng Sian	- Industrial Transformation ASIA-PACIFIC 2018 - Manufacturing Indonesia 2019 - Digital Ethics & Sustainability in New Economy of Privacy - THINKLIGHT: Envisage the Next Move - IEC61939-1 and IEC61439-6 for Bus Trunking System (Busway) - Malaysia Electrical & Electronics Forum 2019 - Demystifying the Diversity Conundrum: The Road to Business Excellence - Thought Leadership Series: The Convergence of Digitalisation & Sustainability - Thought Leadership Series: Sustainability Inspired Innovation "Enables of the 21st Century"
Tan Chuan Hock	- Seminar Percukaian Kebangsaan 2018 - Crucial Tax Compliance Issues for Companies - MFRS Seminar: MFRS 9, MFRS 15 & MFRS 16 - Public Rulings and Latest Developments - Implementation of ISQC1 - National Tax Conference 2019
Ho Lee Chen	- Mandatory Accreditation Programme for Directors of Public Listed Companies - Digital Ethics and Sustainability in a New Economy of Privacy - Corruption and Bribery - Case Study Workshop for Independent Directors

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

- The New Constitution under the Companies Act 2016; and
- Key Amendments to the Main Market Listing Requirements of Bursa Securities relating to Continuing Disclosure Obligations and Other Amendments.

CORPORATE GOVERNANCE OVERVIEW STATEMENT
cont'd

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

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.

The remuneration of the Directors of the Company and the Group for the FY 2019 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	61.2	-	-	1.2	-	-	62.4
Fu Wing Hoong	-	821.7	35.2	-	168.8	355.8	1,381.5
Lim Joo Swee	-	596.2	31.2	-	122.5	366.0	1,115.9
Chong Yoke Peng *(Alternate Director to Lee Peng Sian)*	-	-	-	-	-	-	-
Lee Peng Sian	-	-	-	-	-	-	-
Chia Mak Hooi	47.4	-	-	-	-	-	47.4
Tan Chuan Hock	54.3	-	-	1.2	-	-	55.5
Chong Lee Chang	54.3	-	-	0.9	-	-	55.2
Chia Seong Pow *(Alternate Director to Chia Mak Hooi)*	4.0	-	-	-	-	-	4.0
Ho Lee Chen	49.8	-	-	1.2	-	-	51.0
TOTAL	**271.0**	**1,417.9**	**66.4**	**4.5**	**291.3**	**721.8**	**2,772.9**

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	61.2	-	-	1.2	-	-	62.4
Fu Wing Hoong	75.6	821.7	35.2	-	168.8	621.8	1,723.1
Lim Joo Swee	57.6	596.2	38.3	-	122.5	611.8	1,426.4
Chong Yoke Peng	24.0	458.4	25.7	-	94.8	286.4	889.3
Lee Peng Sian	51.0	457.3	31.2	-	-	137.0	676.5
Chia Mak Hooi	65.4	-	-	-	-	-	65.4
Tan Chuan Hock	54.3	-	-	1.2	-	-	55.5
Chong Lee Chang	54.3	-	-	0.9	-	-	55.2
Chia Seong Pow	28.0	-	-	-	-	-	28.0
Ho Lee Chen	49.8	-	-	1.2	-	-	51.0
TOTAL	**521.2**	**2,333.6**	**130.4**	**4.5**	**386.1**	**1,657.0**	**5,032.8**

The remuneration of the Senior Management of the Group for the FY 2019 are as follows:

Range of Remuneration	No. of Senior Management
RM200,001 to RM250,000	1
RM250,001 to RM300,000	1
RM350,001 to RM400,000	1
RM400,001 to RM450,000	2
RM550,001 to RM600,000	1

Due to confidentiality and sensitivity of the remuneration package of Senior Management as well as security concerns, the Board opts not 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 five (5) 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 FY 2019 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-Third AGM ("23rd AGM") of the Company held on 27 February 2019 were put to vote by way of poll and the votes casted were validated by an independent scrutineer appointed by the Company.

All the Directors were present at the 23rd AGM held on 27 February 2019 except Mr. Chong Lee Chang who was absent due to his health reason 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 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
Tan Chuan Hock, Chairman	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
Ho Lee Chen, Member	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
Tan Chuan Hock, Chairman	4/4
Dato' Siow Kim Lun, Member	4/4
Chong Lee Chang, Member	3/4
Chia Mak Hooi, Member	4/4
Ho Lee Chen, Member *(appointed on 26 November 2018)*	3/3

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 http://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 2019 in discharging their duties and responsibilities:-

i. In overseeing the Company's financial reporting, reviewed the four (4) quarterly financial results and annual audited financial statements of 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 Company's financial statements for the financial year ended 30 September 2019 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 Statement of Corporate Governance, Audit Committee Report and Statement on Risk Management and Internal Control 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 2018 and submitted the evaluation form to the Nomination and Remuneration Committee for assessment.

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 and approval annually. Scheduled audits are carried out on various departments and/or subsidiaries of Group in accordance to the approved Internal Audit Plan. The Internal Auditors evaluate the adequacy and effectiveness of the risk management, financial, operational and governance processes.

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.

AUDIT COMMITTEE REPORT
cont'd

INTERNAL AUDIT FUNCTION (CONT'D)

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.

The fee incurred during the financial year ended 30 September 2019 in relation to the internal audit function was RM51,200.

For the financial year ended 30 September 2019, the Audit 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 2019 pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"), 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, 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 Audit Committee for review and approval every quarter. The Audit Committee 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 has been 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 Audit Committee 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 Audit Committee is of the opinion that the internal audit function is effective and able to function independently.

The Internal Auditors use the COSO (Committee of Sponsoring Organizations of the Treadway Commission) model as a basis in conducting internal audit functions. Based on their internal audit reviews, observations were presented by the Internal Auditors, together with Management's response and proposed action plans, to the Audit Committee for reviewing during the quarterly Audit Committee Meetings. In addition, the Internal Auditors have followed up on the implementation of recommendations from previous cycles of internal audit and updated the Audit Committee on the status of Management-agreed action plan. For the financial year ended 30 September 2019, the total costs incurred for the outsourced internal audit function was RM51,200.

For the financial year ended 30 September 2019, 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 2018 – December 2018)	February 2019	EITA Schneider (MFG) Sdn. Bhd.	• Production/Assemble • Inventory Management
2nd Quarter (January 2019 – March 2019)	May 2019	EITA Research & Development Sdn. Bhd.	• Research & Development
3rd Quarter (April 2019 – June 2019)	August 2019	EITA Elevator (Malaysia) Sdn. Bhd.	• Project Management
4th Quarter (July 2019 – September 2019)	November 2019	TransSystem Continental Sdn. Bhd.	• Procurement and Supplies Quality Assurance • Project Management

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 Company:-

Name of Entities audited by the Internal Auditors	Date of Follow up Status Report
TransSystem Continental Sdn. Bhd.	27 February 2019
EITA Power System Sdn. Bhd.	27 February 2019
EITA-Schneider (MFG) Sdn. Bhd.	24 May 2019
TransSystem Continental Sdn. Bhd.	24 May 2019
EITA Power System Sdn. Bhd.	24 May 2019
EITA Research & Development Sdn. Bhd.	27 August 2019
EITA Power System Sdn. Bhd.	27 August 2019
EITA Elevator (Malaysia) Sdn. Bhd.	25 November 2019
EITA Research & Development Sdn. Bhd.	25 November 2019
EITA Power System Sdn. Bhd.	25 November 2019

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

cont'd

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 financial year ended 30 September 2019, and up to 8 January 2020, 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 ("SOPs")**

  Numerous SOPs 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 quarterly reports prepared and reported to Audit Committee.

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 financial year ended 30 September 2019, and up to 8 January 2020, being the date of this Statement.

CONCLUSION

For the financial year under review and up to 8 January 2020, 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL
cont'd

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 2019, 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 Listing Requirements of Bursa Securities, the following additional information is provided:-

During the financial year ended 30 September 2019 ("FY 2019"):-

(i) AUDIT AND NON-AUDIT FEE

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	180,883
Non - Audit Fee	9,000	39,000

(ii) STATUS OF UTILISTATION OF PROCEEDS

The Company did not undertake any corporate proposals during the financial year.

(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.

(iv) 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 2019 on page 146 of this Annual Report.

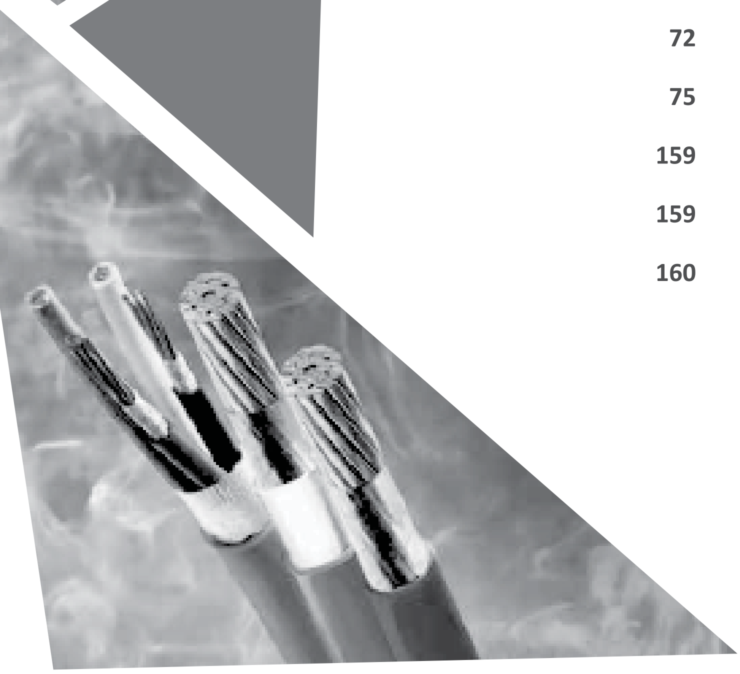
STATEMENT OF DIRECTORS' RESPONSIBILITY

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 2019

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 2019.

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 6 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 6 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	20,828	11,067
Non-controlling interest	1,053	-
	21,881	11,067

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 single-tier dividend of 3.00 sen per ordinary share totalling RM3,899,880 in respect of the financial year ended 30 September 2018 on 2 April 2019; and

(ii) a first interim single-tier dividend of 3.00 sen per ordinary share totalling RM3,899,880 in respect of the financial year ended 30 September 2019 on 27 September 2019.

Subsequent to the year end, the Directors recommended a final single-tier dividend of 3.00 sen per ordinary share totalling RM3,899,880 in respect of the financial year ended 30 September 2019, which is subject to approval by the shareholders at the forthcoming Annual General Meeting. The proposed final dividend has not been accounted for in the financial statements.

DIRECTORS' REPORT

For the year ended 30 September 2019

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
Chia Mak Hooi
Chong Lee Chang
Tan Chuan Hock
Ho Lee Chen
Chong Yoke Peng *(alternate director to Lee Peng Sian)*
Chia Seong Pow *(alternate director to Chia Mak Hooi)*

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 1.10.2018	**Bought**	**Sold**	**At 30.9.2019**
Name of Directors				
Fu Wing Hoong				
Direct interest in the Company:				
- own	722,541	60,000	-	782,541
Indirect interest in the Company^				
- others	24,862,496	1,000	-	24,863,496
Lim Joo Swee				
Direct interest in the Company:				
- own	1,575,341	35,000	-	1,610,341
Indirect interest in the Company[#]				
- others	18,511,853	-	-	18,511,853
Chong Yoke Peng				
Direct interest in the Company:				
- own	4,359,236	-	-	4,359,236
Indirect interest in the Company[b]				
- others	130,000	-	-	130,000

DIRECTORS' REPORT

For the year ended 30 September 2019

cont'd

DIRECTORS' INTERESTS IN SHARES (CONT'D)

	Number of ordinary shares			
	At 1.10.2018	**Bought**	**Sold**	**At 30.9.2019**
Name of Directors				
Lee Peng Sian				
Direct interest in the Company:				
- own	6,343,008	-	-	6,343,008
Indirect interest in the Company[Ω]				
- others	5,000	-	-	5,000
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
Tan Chuan Hock				
Direct interest in the Company:				
- own	200,000	-	-	200,000
Chia Seong Pow				
Direct interest in the Company:				
- own	200,000	-	-	200,000
Indirect interest in the Company*				
- others	29,873,259	200,000	-	30,073,259
Ho Lee Chen				
Indirect interest in the Company[☼]				
- others	-	2,000	-	2,000

^ *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.

b *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 his beneficial interests in Farsathy Holdings Sdn. Bhd. held via the trust arrangement with Equity Trust (Malaysia) Berhad and the shares held by his children 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 2019

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

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.

DIRECTORS' REPORT
For the year ended 30 September 2019
cont'd

OTHER STATUTORY INFORMATION (CONT'D)

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 2019 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.

AUDITORS

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

The auditors' remuneration is disclosed in Note 22 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 2020

STATEMENTS OF FINANCIAL POSITION

As at 30 September 2019

		Group			Company	
	Note	30.09.2019	30.09.2018	01.10.2017	2019	2018
		RM'000	RM'000 Restated	RM'000 Restated	RM'000	RM'000
Assets						
Property, plant and equipment	3	39,733	25,522	23,702	953	1,310
Intangible assets	4	1,705	2,037	2,677	-	-
Investment properties	5	5,265	3,929	3,718	-	-
Investments in subsidiaries	6	-	-	-	25,846	25,855
Investment in joint venture	7	1,648	1,003	702	-	-
Other investments		10	10	10	-	-
Deferred tax assets	8	5,874	6,146	4,783	142	109
Total non-current assets		54,235	38,647	35,592	26,941	27,274
Inventories	9	42,048	41,233	43,936	-	-
Contract assets	10	58,858	35,037	32,750	-	-
Trade and other receivables	11	70,660	62,204	67,188	45,415	40,056
Current tax assets		2,352	829	1,956	-	-
Deposits and prepayments	12	6,925	3,999	2,624	449	453
Derivative financial assets	13	-	97	3	-	-
Cash and cash equivalents	14	68,727	55,424	45,087	16,201	17,744
Total current assets		249,570	198,823	193,544	62,065	58,253
Total assets		303,805	237,470	229,136	89,006	85,527
Equity						
Share capital	15	69,302	69,302	69,302	69,302	69,302
Reserves	16	104,165	93,088	84,581	17,135	13,868
Total equity attributable to owners of the Company		173,467	162,390	153,883	86,437	83,170
Non-controlling interest	17	2,748	1,693	1,332	-	-
Total equity		176,215	164,083	155,215	86,437	83,170

STATEMENTS OF FINANCIAL POSITION

As at 30 September 2019

cont'd

	Note	Group			Company	
		30.09.2019	30.09.2018	01.10.2017	2019	2018
		RM'000	RM'000 Restated	RM'000 Restated	RM'000	RM'000
Liabilities						
Loans and borrowings	18	15,421	6,584	7,287	219	378
Deferred tax liabilities	8	363	182	338	-	-
Total non-current liabilities		15,784	6,766	7,625	219	378
Loans and borrowings	18	14,898	8,438	9,993	159	151
Contract liabilities	10	16,223	13,770	11,614	-	-
Provision for warranties	19	483	899	1,006	-	-
Current tax payable		1,031	939	759	269	54
Trade and other payables	20	77,674	40,274	42,631	1,922	1,774
Derivative financial liabilities	13	1,497	2,301	293	-	-
Total current liabilities		111,806	66,621	66,296	2,350	1,979
Total liabilities		127,590	73,387	73,921	2,569	2,357
Total equity and liabilities		303,805	237,470	229,136	89,006	85,527

The notes on pages 75 to 158 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 September 2019

	Note	Group 2019 RM'000	Group 2018 RM'000 Restated	Company 2019 RM'000	Company 2018 RM'000
Revenue	21	305,386	261,295	16,948	11,809
Contract costs recognised as an expense		(107,232)	(76,227)	-	-
Cost of sales		(112,118)	(107,015)	-	-
Gross profit		86,036	78,053	16,948	11,809
Other operating income		6,667	4,643	480	481
Distribution expenses		(7,899)	(7,272)	(194)	(222)
Administrative expenses		(48,868)	(43,716)	(6,837)	(6,563)
Other operating expenses		(3,678)	(5,586)	(83)	(129)
Net loss on impairment of financial instruments and contract assets		(2,686)	(47)	(50)	(49)
Results from operating activities	22	29,572	26,075	10,264	5,327
Finance costs	23	(1,620)	(1,093)	(144)	(54)
Finance income		324	363	1,754	1,951
Net finance (costs)/income		(1,296)	(730)	1,610	1,897
Share of profit of equity-accounted joint venture, net of tax		645	301	-	-
Profit before tax		28,921	25,646	11,874	7,224
Tax expense	24	(7,040)	(6,001)	(807)	(585)
Profit for the year		21,881	19,645	11,067	6,639
Other comprehensive income, net of tax					
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		18	(257)	-	-
Cash flow hedge		(1,493)	(1,407)	-	-
Other comprehensive expense for the year		(1,475)	(1,664)	-	-
Total comprehensive income for the year		20,406	17,981	11,067	6,639

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 September 2019

cont'd

	Note	Group 2019 RM'000	Group 2018 RM'000 Restated	Company 2019 RM'000	Company 2018 RM'000
Profit attributable to:					
Owners of the Company		20,828	19,245	11,067	6,639
Non-controlling interest		1,053	400	-	-
Profit for the year		21,881	19,645	11,067	6,639
Total comprehensive income attributable to:					
Owners of the Company		19,351	17,607	11,067	6,639
Non-controlling interest		1,055	374	-	-
Total comprehensive income for the year		20,406	17,981	11,067	6,639
Basic earnings per ordinary share (sen):	25	16.02	14.80		
Diluted earnings per ordinary share (sen):	25	16.02	14.80		

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2019

		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 2017, *as previously reported*		69,302	(5)	1,154	-	86,541	156,992	1,332	158,324
Adjustment on initial application of MFRS 15, net of tax	34	-	-	-	-	(3,109)	(3,109)	-	(3,109)
At 1 October 2017, *as restated*		69,302	(5)	1,154	-	83,432	153,883	1,332	155,215
Foreign currency translation differences for foreign operations		-	-	(231)	-	-	(231)	(26)	(257)
Cash flow hedge		-	-	-	(1,407)	-	(1,407)	-	(1,407)
Total other comprehensive expenses for the year		-	-	(231)	(1,407)	-	(1,638)	(26)	(1,664)
Profit for the year		-	-	-	-	19,245	19,245	400	19,645
Total comprehensive income for the year		-	-	(231)	(1,407)	19,245	17,607	374	17,981
Distributions to owners of the Company									
- Dividends to owners of the Company	26	-	-	-	-	(9,100)	(9,100)	-	(9,100)
- Dividends to non-controlling interest		-	-	-	-	-	-	(13)	(13)
At 30 September 2018, *as restated*		69,302	(5)	923	(1,407)	93,577	162,390	1,693	164,083

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 September 2019

cont'd

		Attributable to owners of the Company							
		Non-distributable				*Distributable*			
Group (continued)	**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, *as previously reported*		69,302	(5)	923	(1,407)	97,526	166,339	1,693	168,032
Adjustment on initial application of MFRS 15, net of tax	34	-	-	-	-	(3,949)	(3,949)	-	(3,949)
Adjustment on initial application of MFRS 9, net of tax	34	-	-	-	-	(474)	(474)	-	(474)
At 1 October 2018, *as restated*		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	26	-	-	-	-	(7,800)	(7,800)	-	(7,800)
At 30 September 2019		69,302	(5)	939	(2,900)	106,131	173,467	2,748	176,215
		Note 15	Note 16.1	Note 16.2	Note 16.3			Note 17	

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 September 2019

Company	Note	← *Non-distributable* Share capital RM'000	→ Treasury shares RM'000	*Distributable* Retained profits RM'000	Total RM'000
At 1 October 2017		69,302	(5)	16,334	85,631
Total comprehensive income for the year		-	-	6,639	6,639
Distributions to owners of the Company					
- Dividends to owners of the Company	26	-	-	(9,100)	(9,100)
At 30 September 2018/1 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	26	-	-	(7,800)	(7,800)
At 30 September 2019		69,302	(5)	17,140	86,437
		Note 15	Note 16.1		

The notes on pages 75 to 158 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
For the year ended 30 September 2019

	Note	Group 2019 RM'000	Group 2018 RM'000 Restated	Company 2019 RM'000	Company 2018 RM'000
Cash flows from operating activities					
Profit before tax		28,921	25,646	11,874	7,224
Adjustments for:					
Amortisation of development costs		106	159	-	-
Amortisation of investment properties		26	27	-	-
Allowance for foreseeable losses		202	26	-	-
Bad debts written off		61	-	-	10
Depreciation of property, plant and equipment		2,145	1,837	382	434
Fair value (gain)/loss on forward exchange contracts, net		(678)	642	-	-
Fair value loss/(gain) on liquid investment		32	(43)	32	(43)
Finance costs		1,620	1,093	144	54
Finance income		(324)	(363)	(1,754)	(1,951)
Gain on disposal of property, plant and equipment		(13)	(29)	-	-
Gain on disposal of investment properties		(47)	-	-	-
Impairment loss:					
- amount due from subsidiaries		-	-	50	49
- trade receivables		1,716	(310)	-	-
- contract assets		1,118	207	-	-
- goodwill		481	481	-	-
- other receivables		(148)	150	-	-
Investment in a subsidiary written off		-	-	-	104
Inventories written off		136	114	-	-
Inventories written down to net realisable value		-	1,488	-	-
Provision for liquidated and ascertained damages		1,440	976	-	-
Property, plant and equipment written off		5	3	-	-
(Reversal of)/Provision for warranties, net		(72)	424	-	-
Reversal of inventories written down to net realisable value		(511)	-	-	-
Share of profit of equity-accounted joint venture, net of tax		(645)	(301)	-	-
Unit trust income		(525)	(498)	(480)	(438)
Unrealised foreign exchange gain		60	(60)	-	-
Operating profit before changes in working capital		35,106	31,669	10,248	5,443

STATEMENTS OF CASH FLOWS
For the year ended 30 September 2019
cont'd

	Note	Group 2019 RM'000	Group 2018 RM'000 Restated	Company 2019 RM'000	Company 2018 RM'000
Cash flows from operating activities (continued)					
Inventories		(438)	1,070	-	-
Contract assets		(27,200)	(3,497)	-	
Trade and other receivables, deposits and prepayments		(13,142)	3,663	(5,406)	5,846
Contract liabilities		2,454	2,156	-	
Trade and other payables and derivative liabilities		35,136	(2,335)	148	229
Warranties paid		(344)	(531)	-	-
Cash generated from operations		31,572	32,195	4,990	11,518
Net Income tax paid		(7,062)	(6,213)	(625)	(940)
Interest paid		(612)	(92)	(122)	(34)
Interest received/distribution from liquid investment		817	904	2,202	2,432
Net cash generated from operating activities		24,715	26,794	6,445	12,976
Cash flows from investing activities					
Acquisition of investment property		(1,805)	(238)	-	-
Acquisition of intangible asset		(255)	-	-	-
Acquisition of property, plant and equipment	(i)	(15,606)	(3,174)	(25)	(167)
Distribution from a subsidiary		-	-	9	260
Proceeds from disposal of property, plant and equipment		14	38	-	-
Proceeds from disposal of investment property		490	-	-	-
Increase in pledged deposits		-	500	-	-
Tax paid on gain on disposal of investment property		(15)	-	-	-
Net cash (used in)/generated from investing activities		(17,177)	(2,874)	(16)	93

STATEMENTS OF CASH FLOWS

For the year ended 30 September 2019

cont'd

	Note	Group 2019 RM'000	Group 2018 RM'000 Restated	Company 2019 RM'000	Company 2018 RM'000
Cash flows from financing activities					
Dividend paid to owners of the Company		(7,800)	(9,100)	(7,800)	(9,100)
Dividend paid to non-controlling interest		-	(13)	-	-
Interest paid		(1,124)	(1,001)	(21)	(20)
Proceeds from/(repayment of) bills payable		6,551	(862)	-	-
Repayment of finance lease liabilities, net		(437)	(360)	(151)	(170)
Proceeds from/(repayment of) term loans, net		8,833	(779)	-	-
Net cash generated from/(used in) financing activities		6,023	(12,115)	(7,972)	(9,290)
Net increase/(decrease) in cash and cash equivalents		13,561	11,805	(1,543)	3,779
Foreign exchange differences on cash held		32	(214)	-	-
Cash and cash equivalents at beginning of the year	(ii)	55,134	43,543	17,744	13,965
Cash and cash equivalents at end of the year	(ii)	68,727	55,134	16,201	17,744

(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 RM16,246,000 (2018: RM3,673,000) and RM25,000 (2018: RM374,000) of which RM640,000 (2018: RM499,000) and nil (2018: RM207,000) was acquired by means of finance lease, respectively.

(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 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Deposits	14	3,000	2,000	-	-
Cash and bank balances	14	54,778	30,226	5,921	1,167
Liquid investments	14	10,949	23,198	10,280	16,577
Bank overdrafts	18	-	(290)	-	-
		68,727	55,134	16,201	17,744

The notes on pages 75 to 158 are an integral part of these financial statements.

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
Lot 4, Block A
Jalan SS 13/7
Subang Jaya Industrial Estate
47500 Subang Jaya
Selangor Darul Ehsan

Registered office
Third Floor, No.77, 79 & 81
Jalan SS 21/60, Damansara Utama
47400 Petaling Jaya
Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the financial year ended 30 September 2019 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 2019 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 6 to the financial statements.

The financial statements were authorised for issue by the Board of Directors on 8 January 2020.

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 of the MFRSs 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 2019

- MFRS 16, *Leases*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests in Associates and Joint Ventures*

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 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*

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

- MFRS 17, *Insurance Contracts*

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, amendments and interpretations:

- from the annual period beginning on 1 October 2019 for those amendments that are effective for annual periods beginning on or after 1 January 2019; and

- 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.

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on or after 1 January 2021 as it is not applicable to the Group and the Company.

The initial application of the accounting standards, amendments or interpretations 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 except as mentioned below:

MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

The Group and the Company plan to apply MFRS 16 initially on 1 October 2019, using modified retrospective approach. The Group chooses to measure the right of use asset equals to the lease liability at 1 October 2019 with no restatement of comparative information and to reclassify leasehold land from property, plant and equipment to right of use asset. No significant impact is expected on the Company's financial statement.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

1. BASIS OF PREPARATION (CONT'D)

(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 - 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 4.

- Note 8 - 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 9 - 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 11 - 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.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

1. BASIS OF PREPARATION (CONT'D)

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

- Note 21 - 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 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments*, there are changes to the accounting policies of:

i) financial instruments;
ii) impairment of financial assets; and
iii) revenue recognition

as compared to those adopted in previous financial statements. The impact 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of consolidation (Cont'd)

(v) Joint arrangements (Cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Foreign currency (Cont'd)

(i) Foreign currency transactions (Cont'd)

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 cumulative amount is reattributed to non-controlling interests.

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 an associate or 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

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, *Financial Instruments*, the Group and the Company have elected not to restate the comparatives.

(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)

Current financial year

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.

Previous financial year

Financial instrument was recognised initially, at its fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that were directly attributable to the acquisition or issue of the financial instrument.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Current financial year

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 where the effective interest rate is applied to the amortised cost (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 assets **(Cont'd)**

Current financial year (Cont'd)

(b) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above 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)*).

Previous financial year

In the previous financial year, financial assets of the Group and the Company were classified and measured under MFRS 139, *Financial Instruments: Recognition and Measurement* as follows:

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprised financial assets that were held for trading, including derivatives (except for a derivative that was a financial guarantee contract or a designated and effective hedging instrument), or financial assets that were specifically designated into this category upon initial recognition.

Derivatives that were linked to and must be settled by delivery of unquoted equity instruments whose fair values could not be reliably measured were measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Loans and receivables

Loans and receivables category comprised trade and other receivables, deposits and cash and cash equivalents.

Financial assets categorised as loans and receivables were subsequently measured at amortised cost using the effective interest method.

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 assets **(Cont'd)**

Previous financial year (Cont'd)

(c) Available-for-sale financial assets

Available-for-sale category comprises investment in equity instruments that are not held for trading.

Investments in equity instruments that did not have a quoted market price in an active market and whose fair value could not be reliably measured were measured at cost.

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

Financial liabilities

Current financial year

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.

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 **(Cont'd)**

Current financial year (Cont'd)

(a) Fair value through profit or loss **(Cont'd)**

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.

Previous financial year

In the previous financial year, financial liabilities of the Group and the Company were subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprised financial liabilities that were derivatives or financial liabilities that were specifically designated into this category upon initial recognition.

Derivatives that were linked to and must be settled by delivery of unquoted equity instruments that did not have a quoted price in an active market for identical instruments whose fair values otherwise could not be reliably measured were measured at cost.

Financial liabilities categorised as fair value through profit or loss were subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(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.

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 (Cont'd)

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.

Current financial year

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.

Previous financial year

Fair value arising from financial guarantee contracts were classified as deferred income and was amortised to profit or loss using a straight-line method over the contractual period or, when there was no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract was probable, an estimate of the obligation was made. If the carrying value of the financial guarantee contract was lower than the obligation, the carrying value was adjusted to the obligation amount and accounted for as a provision.

(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

Current financial year

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.

Previous financial year

In the previous financial year, cost of hedging was expensed to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Financial instruments (Cont'd)

(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.

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.

(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:

Leasehold land	44 years
Leasehold building	44 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) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is 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 is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is 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 are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

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

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Leased assets (Cont'd)

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised in the statements of financial position.

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

(f) Intangible assets

(i) Goodwill

Goodwill arises on a business combination is measured at cost less any accumulated impairment losses.

(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. 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.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) Intangible assets (Cont'd)

(iv) Amortisation (Cont'd)

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

Amortisation methods and useful lives 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 held under a leasehold interest 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.

Investment properties are measured at cost less accumulated amortisation and any accumulated impairment losses, consistent with the accounting policy for 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.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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 statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

(k) Impairment

(i) Financial assets

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, *Financial Instruments*, the Group and the Company elected not to restate the comparatives.

Current financial year

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.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment (Cont'd)

(i) Financial assets (Cont'd)

Current financial year (Cont'd)

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.

Previous financial year

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries and joint venture) were assessed at each reporting date whether there was any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, were not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost was an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset was estimated.

An impairment loss in respect of loans and receivables and held-to-maturity investments was recognised in profit or loss and was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset was reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets was recognised in profit or loss and was measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset had been recognised in the other comprehensive income, the cumulative loss in other comprehensive income was reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that was carried at cost was recognised in profit or loss and was measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available for sale was not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase could be objectively related to an event occurring after impairment loss was recognised in profit or loss, the impairment loss was reversed, to the extent that the asset's carrying amount did not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment was reversed. The amount of the reversal was recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(k) Impairment (Cont'd)

(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.

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 expenses

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

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Equity instruments (Cont'd)

(ii) Ordinary shares

Ordinary shares are classified as equity.

(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. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(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 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Borrowing costs (Cont'd)

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.

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 the unutilised tax incentive can be utilised.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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. 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.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(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.

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	Leasehold building 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 2017	5,579	5,696	7,550	4,024	1,521	3,414	3,281	6,101	280	37,446
Additions	-	-	-	62	47	307	909	155	2,193	3,673
Disposals	-	-	-	(14)	(2)	-	(249)	-	-	(265)
Written off	-	-	-	-	(1)	(25)	-	-	-	(26)
Foreign exchange adjustment	-	-	-	(2)	(1)	(3)	(5)	(2)	-	(13)
At 30 September 2018/ 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	-	-	-	-	-	-	-	-	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

NOTES TO THE FINANCIAL STATEMENTS
cont'd

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

Group	Freehold land RM'000	Leasehold land RM'000	Leasehold building 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 2017	-	444	591	2,191	923	2,749	2,031	4,815	-	13,744
Depreciation for the year	-	131	172	335	108	277	523	291	-	1,837
Disposals	-	-	-	(5)	(3)	-	(248)	-	-	(256)
Written off	-	-	-	-	(1)	(22)	-	-	-	(23)
Foreign exchange adjustment	-	-	-	(1)	(1)	(2)	(3)	(2)	-	(9)
At 30 September 2018/ 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
Carrying amounts										
At 1 October 2017	5,579	5,252	6,959	1,833	598	665	1,250	1,286	280	23,702
At 30 September 2018/ 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

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 2017	1,022	503	814	1,511	1	3,851
Additions	15	-	13	346	-	374
Disposals	-	(2)	-	(160)	-	(162)
Written off	-	-	(3)	-	-	(3)
At 30 September 2018/ 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
Accumulated depreciation						
At 1 October 2017	705	271	610	894	1	2,481
Depreciation for the year	75	37	92	230	-	434
Disposals	-	(2)	-	(160)	-	(162)
Written off	-	-	(3)	-	-	(3)
At 30 September 2018/ 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
Carrying amounts						
At 1 October 2017	317	232	204	617	-	1,370
At 30 September 2018/ 1 October 2018	257	195	125	733	-	1,310
At 30 September 2019	202	166	74	511	-	953

3.1 Leased plant and equipment

At 30 September 2019, the net carrying amount of leased motor vehicles of the Group and of the Company was RM1,873,000 (2018: RM1,516,000) and RM512,000 (2018: RM733,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

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

3.2 Security

At 30 September 2019, land and buildings with a carrying amount of RM17,184,000 (2018: RM11,908,000) are charged to bank for banking facilities granted to the subsidiaries (see Note 18.2).

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 RM116,000 (2018: nil).

4. INTANGIBLE ASSETS

Group	Goodwill on consolidation RM'000	Development RM'000	Total RM'000
Cost			
At 1 October 2017/30 September 2018/1 October 2018	2,566	1,945	4,511
Additions	-	255	255
At 30 September 2019	2,566	2,200	4,766
Amortisation and impairment loss			
At 1 October 2017			
Accumulated amortisation	-	1,673	1,673
Accumulated impairment loss	161	-	161
	161	1,673	1,834
Amortisation for the year	-	159	159
Impairment loss for the year	481	-	481
At 30 September 2018/1 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			
Accumulated amortisation	-	1,938	1,938
Accumulated impairment loss	1,123	-	1,123
	1,123	1,938	3,061

NOTES TO THE FINANCIAL STATEMENTS
cont'd

4. INTANGIBLE ASSETS (CONT'D)

Group	Goodwill on consolidation RM'000	Development RM'000	Total RM'000
Carrying amounts			
At 1 October 2017	2,405	272	2,677
At 30 September 2018/1 October 2018	1,924	113	2,037
At 30 September 2019	1,443	262	1,705

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

4.2 **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.

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

	Group 2019 RM'000	Group 2018 RM'000
EITA Power System Sdn. Bhd.	478	959
TransSystem Continental Sdn. Bhd.	965	965
	1,443	1,924

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 15.46% (2018: 13.24%), which was estimated based on the Company's weighted average cost of capital.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

5. INVESTMENT PROPERTIES

Group	Freehold land RM'000	Freehold building RM'000	Leasehold building RM'000	Total RM'000
Cost				
At 1 October 2017	116	3,063	641	3,820
Addition	-	238	-	238
At 30 September 2018/1 October 2018	116	3,301	641	4,058
Addition	-	381	1,424	1,805
Disposal	-	-	(443)	(443)
At 30 September 2019	116	3,682	1,622	5,420
Accumulated amortisation				
At 1 October 2017	-	62	40	102
Amortisation for the year	-	24	3	27
At 30 September 2018/1 October 2018	-	86	43	129
Amortisation for the year	-	24	2	26
At 30 September 2019	-	110	45	155
Carrying amounts				
At 1 October 2017	116	3,001	601	3,718
At 30 September 2018/1 October 2018	116	3,215	598	3,929
At 30 September 2019	116	3,572	1,577	5,265

Investment properties of a subsidiary amounting to RM2,048,000 (2018: RM1,692,000) have been charged to secure banking facilities granted to a subsidiary (see Note 18.2).

Included in the above are:

	Group 2019 RM'000	Group 2018 RM'000
At cost		
Land	116	116
Buildings	3,749	3,242
Building under construction	1,400	571
	5,265	3,929

NOTES TO THE FINANCIAL STATEMENTS
cont'd

5. INVESTMENT PROPERTIES (CONT'D)

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

	Group	
	2019	**2018**
	RM'000	**RM'000**
Rental income	(14)	(57)
Direct operating expenses:		
- income generating investment properties	5	10
- non-income generating investment properties	27	-

Fair value information

Fair value of investment properties are categorised as follows:

	Level 3	
	2019	**2018**
Group	**RM'000**	**RM'000**
Land and buildings	5,810	4,615

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.

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2019	**2018**
	RM'000	**RM'000**
Unquoted shares, at cost	25,846	25,855

NOTES TO THE FINANCIAL STATEMENTS
cont'd

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

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 2019 %	2018 %
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
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

NOTES TO THE FINANCIAL STATEMENTS
cont'd

6. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest 2019 %	2018 %
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	-
Subsidiary of EITA Elevator (Malaysia) Sdn. Bhd.				
EITA KOP Sdn. Bhd. (^)	Malaysia	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	70	-

\# *Not audited by a member firm of KPMG International.*
^ *Newly incorporated during the financial year.*

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

7. INVESTMENT IN JOINT VENTURE

	Group 2019 RM'000	Group 2018 RM'000
Unquoted shares, at cost	500	500
Share of post-acquisition reserves	1,148	503
	1,648	1,003

NOTES TO THE FINANCIAL STATEMENTS
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7. INVESTMENT IN JOINT VENTURE (CONT'D)

Details of the joint venture are as follows:-

Name of Company	Country of incorporation	Principal activities	Effective ownership interest and voting interest 2019 %	2018 %
Sigriner Automation (MFG) Sdn. Bhd.	Malaysia	Design, manufacture, marketing and service of all kinds of control and automation systems, components and equipment.	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 2019 RM'000	2018 RM'000
Summarised financial information		
As at 30 September		
Non-current assets	79	70
Current assets	5,434	4,358
Current liabilities	(2,217)	(2,422)
Net assets	3,296	2,006
Cash and cash equivalents	453	2,094
Year ended 30 September		
Profit for the financial year	1,290	602
Included in the total comprehensive income:		
Revenue	13,085	5,339
Depreciation	(13)	(12)
Reconciliation of net assets to carrying amount as at 30 September		
Group's share of net assets	1,648	1,003
Group's share of results for the year ended 30 September		
Group's share of profit, net of tax	645	301

NOTES TO THE FINANCIAL STATEMENTS
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8. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2019 RM'000	2018 RM'000 Restated	2019 RM'000	2018 RM'000 Restated	2019 RM'000	2018 RM'000 Restated
Group						
Property, plant and equipment	1	3	(808)	(748)	(807)	(745)
Provisions	5,743	5,289	(386)	-	5,357	5,289
Other items	186	1,479	(16)	(59)	170	1,420
Cash flow hedge	791	-	-	-	791	-
Tax assets/(liabilities)	6,721	6,771	(1,210)	(807)	5,511	5,964
Set off of tax	(847)	(625)	847	625	-	-
Net tax assets/(liabilities)	5,874	6,146	(363)	(182)	5,511	5,964
Company						
Property, plant and equipment	-	-	(91)	(114)	(91)	(114)
Provisions	233	223	-	-	233	223
	233	223	(91)	(114)	142	109

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

Movement in temporary differences during the year

	At 1.10.2017 RM'000 Restated	Recognised in profit or loss (Note 24) RM'000	At 30.9.2018 RM'000 Restated	Adjustment on initial application of MFRS 9	Recognised in profit or loss (Note 24) RM'000	Recognised in other comprehensive income RM'000	At 30.9.2019 RM'000
Group							
Property, plant and equipment	(706)	(39)	(745)	-	(62)	-	(807)
Provisions	3,858	1,431	5,289	150	(82)	-	5,357
Other items	1,043	377	1,420	-	(1,250)	-	170
Cash flow hedge	-	-	-	-	-	791	791
Unabsorbed capital allowance	18	(18)	-	-	-	-	-
Unutilised tax losses	232	(232)	-	-	-	-	-
	4,445	1,519	5,964	150	(1,394)	791	5,511
Company							
Property, plant and equipment	(107)	(7)	(114)	-	23	-	(91)
Provision	-	223	223	-	10	-	233
	(107)	216	109	-	33	-	142

Unrecognised deferred tax assets

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

	Group	
	2019 RM'000	2018 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.

NOTES TO THE FINANCIAL STATEMENTS
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9. INVENTORIES

	Group	
	2019	2018
	RM'000	RM'000
Raw materials	7,723	7,270
Work-in-progress	912	1,064
Manufactured inventories and trading goods	25,647	22,924
Equipment and parts	7,766	9,975
	42,048	41,233
Recognised in profit or loss:		
Inventories recognised as cost of sales	93,871	103,552
(Reversal of inventories written-down)/Write-down to net realisable value	(511)	1,488
Written off	136	114

10. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2019	2018
	RM'000	RM'000
		Restated
Contract assets	58,858	35,037
Contract liabilities	(16,223)	(13,770)

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

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11. TRADE AND OTHER RECEIVABLES

	Note	Group 2019 RM'000	Group 2018 RM'000 Restated	Company 2019 RM'000	Company 2018 RM'000
Trade					
Trade receivables	11.1	75,392	67,880	-	-
Less: Impairment loss		(9,653)	(7,932)	-	-
		65,739	59,948	-	-
Non-trade					
Other receivables	11.2	5,276	2,759	214	146
Less: Impairment loss		(355)	(503)	-	-
		4,921	2,256	214	146
Amounts due from subsidiaries	11.3	-	-	46,397	41,056
Less: Impairment loss		-	-	(1,196)	(1,146)
		-	-	45,201	39,910
		70,660	62,204	45,415	40,056

11.1 Included in trade receivables are the following:

- Amounts owing by companies in which certain Directors of the Group and persons connected to the Directors have interests amounting to RM444,000 (2018: RM639,000). The amounts are interest-free, unsecured and repayable based on normal credit terms; and

- Retention sum amounting to RM12,352,000 (2018: RM12,741,000) relating to project contracts.

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

	Group 2019 RM'000	Group 2018 RM'000
Within 1 year	7,816	3,521
1 - 2 years	1,857	1,210
2 - 3 years	93	352
3 - 4 years	2,586	7,658
	12,352	12,741

11.2 Included in the Group's other receivables are advances paid to suppliers amounting to RM1,572,000 (2018: RM833,000).

11.3 The non-trade amounts due from subsidiaries are unsecured, subject to interest at 1% (2018: 1%) per annum above KLIBOR and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
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12. DEPOSITS AND PREPAYMENTS

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Deposits	2,564	1,475	281	279
Prepayments	4,361	2,524	168	174
	6,925	3,999	449	453

13. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

Group	Nominal value RM'000	Assets RM'000	Liabilities RM'000
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)
2018			
Forward foreign exchange contracts:			
- Fair value through profit or loss	33,129	-	(932)
- Cash flow hedge	75,715	97	(1,369)
	108,844	97	(2,301)

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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14. CASH AND CASH EQUIVALENTS

		Group		Company	
	Note	2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Cash and bank balances		54,778	30,226	5,921	1,167
Deposits placed with licensed banks		3,000	2,000	-	-
Liquid investments	14.1	10,949	23,198	10,280	16,577
		68,727	55,424	16,201	17,744

14.1 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.

15. SHARE CAPITAL

	Group and Company			
	Number of shares	Amount	Number of shares	Amount
	2019	2019	2018	2018
	'000	RM'000	'000	RM'000
Issued and fully paid shares:				
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.

16. RESERVES

16.1 Treasury shares

The shareholders of the Company, by an ordinary resolution passed in an annual general meeting held on 23 February 2018, 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 2019, the Group held 4,000 (2018: 4,000) of the Company's shares.

16.2 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

16. RESERVES (CONT'D)

16.3 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.

17. 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.

18. LOANS AND BORROWINGS

		Group		Company	
	Note	**2019 RM'000**	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Non-current					
Finance lease liabilities	18.1	922	762	219	378
Term loans - secured	18.2	14,499	5,822	-	-
		15,421	6,584	219	378
Current					
Finance lease liabilities	18.1	424	381	159	151
Term loans - secured	18.2	1,160	1,004	-	-
Bills payable - unsecured	18.3	13,314	6,763	-	-
Bank overdrafts - unsecured	18.3	-	290	-	-
		14,898	8,438	159	151
		30,319	15,022	378	529

NOTES TO THE FINANCIAL STATEMENTS
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18. LOANS AND BORROWINGS (CONT'D)

18.1 Finance lease liabilities

Finance lease liabilities are payable as follows:

	Future minimum lease payments 2019 RM'000	Interest 2019 RM'000	Present value of minimum lease payments 2019 RM'000	Future minimum lease payments 2018 RM'000	Interest 2018 RM'000	Present value of minimum lease payments 2018 RM'000
Group						
Less than one year	479	55	424	427	46	381
Between one and five years	995	73	922	824	62	762
	1,474	128	1,346	1,251	108	1,143
Company						
Less than one year	172	13	159	172	21	151
Between one and five years	229	10	219	402	24	378
	401	23	378	574	45	529

18.2 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 5).

18.3 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.

In prior financial year, included in the bank overdrafts was the facility of a subsidiary amounting to RM290,000 which was jointly and severally guaranteed by the non-controlling interest.

NOTES TO THE FINANCIAL STATEMENTS
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18. LOANS AND BORROWINGS (CONT'D)

18.4 Reconciliation of movement of liabilities to cash flows arising from financing activities

	At 1 October 2018	Net changes from financing cash flows	Acquisition of new lease	Foreign exchange movement	At 30 September 2019
	RM'000	RM'000	RM'000	RM'000	RM'000
Group					
Finance lease liabilities	1,143	(437)	640	-	1,346
Term loans	6,826	8,833	-	-	15,659
Bills payable	6,763	6,551	-	-	13,314
	14,732	14,947	640	-	30,319
Company					
Finance lease liabilities	529	(151)	-	-	378

	At 1 October 2017	Net changes from financing cash flows	Acquisition of new lease	Foreign exchange movement	At 30 September 2018
	RM'000	RM'000	RM'000	RM'000	RM'000
Group					
Finance lease liabilities	1,006	(360)	499	(2)	1,143
Term loans	7,605	(779)	-	-	6,826
Bills payable	7,625	(862)	-	-	6,763
	16,236	(2,001)	499	(2)	14,732
Company					
Finance lease liabilities	492	(170)	207	-	529

NOTES TO THE FINANCIAL STATEMENTS
cont'd

19. PROVISION FOR WARRANTIES

	Group	
	2019	2018
	RM'000	RM'000
At beginning of financial year	899	1,006
Provision made during the year	721	425
Provision reversed during the year	(793)	(1)
Warranty claimed during the year	(344)	(531)
At end of financial year	483	899

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.

20. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
			Restated		
Trade					
Trade payables	20.1	63,492	25,848	-	-
Non-trade					
Other payables	20.2	4,386	4,172	132	263
Accrued expenses		9,796	10,254	1,700	1,511
Amount due to subsidiaries		-	-	90	-
		14,182	14,426	1,922	1,774
		77,674	40,274	1,922	1,774

20.1 Included in trade payables of the Group are as follows:

- Retention sum amounting to RM882,000 (2018: RM1,132,000); and
- Amounts payable to companies in which certain Directors of the Group and persons connected to the Directors have interests of RM9,000 (2018: RM57,000). The amounts are interest-free, unsecured and repayable based on the normal credit terms; and
- Amount payable to the joint venture of RM968,000 (2018: RM867,000). The amount is interest-free, unsecured and repayable based on the normal credit terms.

20.2 Included in other payables of the Group are as follows:

i) Amount due to a Director of a subsidiary amounting to nil (2018: RM259,000). The amount is interest-free, unsecured and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

21. REVENUE

	Group		Company	
	2019 RM'000	2018 RM'000 Restated	2019 RM'000	2018 RM'000
Revenue from contracts with customers	305,386	261,295	-	-
Other revenue				
- Dividend Income	-	-	9,500	5,140
- Management fees	-	-	7,448	6,669
Total Revenue	305,386	261,295	16,948	11,809

21.1 Disaggregation of revenue

Group	Design and manufacturing 2019 RM'000	Design and manufacturing 2018 RM'000 Restated	Marketing and distribution 2019 RM'000	Marketing and distribution 2018 RM'000 Restated	Services 2019 RM'000	Services 2018 RM'000 Restated	High voltage system 2019 RM'000	High voltage system 2018 RM'000 Restated	Total 2019 RM'000	Total 2018 RM'000 Restated
Major products and services lines										
Construction contracts	51,790	57,648	-	-	-	-	76,860	33,915	128,650	91,563
Sales of goods and services	57,488	49,351	79,116	88,075	753	639	-	-	137,357	138,065
Maintenance and repair services	-	-	-	-	39,379	31,667	-	-	39,379	31,667
	109,278	106,999	79,116	88,075	40,132	32,306	76,860	33,915	305,386	261,295
Timing and recognition										
Point in time	22,468	24,994	79,116	88,075	40,132	32,306	-	-	141,716	145,375
Over time	86,810	82,005	-	-	-	-	76,860	33,915	163,670	115,920
	109,278	106,999	79,116	88,075	40,132	32,306	76,860	33,915	305,386	261,295
Revenue from contracts with customers	109,278	106,999	79,116	88,075	40,132	32,306	76,860	33,915	305,386	261,295

21. REVENUE (CONT'D)

21.2 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
cont'd

21. REVENUE (CONT'D)

21.3 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 RM'000
Construction contracts	361,419

The above revenue does not include variable consideration.

21.4 Significant judgements and assumptions arising from revenue recognition

For construction contracts, the Group measured the performance of construction work done by comparing the actual costs incurred with the estimated total costs required to complete the construction. Significant judgements are required to estimate the total contract costs to complete. In making these estimates, management relied on professionals' estimates and also on past experience of completed projects. A change in the estimates will directly affect the revenue to be recognised.

22. RESULTS FROM OPERATING ACTIVITIES

	Group		Company	
	2019 RM'000	2018 RM'000 Restated	2019 RM'000	2018 RM'000
Results from operating activities are arrived at after charging:				
Allowance for foreseeable losses	202	26	-	-
Amortisation of development costs	106	159	-	-
Amortisation of investment properties	26	27	-	-
Auditors' remuneration				
- KPMG Malaysia	172	174	32	32
- other auditors	9	12	-	-
Non-audit fees to KPMG	39	18	9	18
Bad debts written off	61	-	-	10
Depreciation of property, plant and equipment	2,145	1,837	382	434
Fair value loss on forward exchange contracts	-	642	-	-
Fair value loss on liquid investments	32	-	32	-

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cont'd

22. RESULTS FROM OPERATING ACTIVITIES (CONT'D)

	Group		Company	
	2019 RM'000	2018 RM'000 Restated	2019 RM'000	2018 RM'000
Results from operating activities are arrived at after charging: (cont'd)				
Foreign exchange loss				
- realised	163	879	-	5
- unrealised	60	-	-	-
Impairment loss				
- goodwill	481	481	-	-
- trade receivables	1,716	-	-	-
- contract asset	1,118	207		
- other receivables	-	150	-	-
- amount due from subsidiaries	-	-	50	49
Inventories written off	136	114	-	-
Inventories written down to net realisable value	-	1,488	-	-
Investment in a subsidiary written off	-	-	-	104
Provision for liquidated and ascertained damages	1,440	976	-	-
Provision for warranties, net	-	424	-	-
Property, plant and equipment written off	5	3	-	-
Rental expense on premises	2,352	2,248	262	253
Rental of equipment	5	6	-	-
Staff costs:				
- contribution to state plans	4,756	4,401	544	527
- wages, salaries and others	37,374	34,222	3,896	3,665
and after crediting:				
Foreign exchange gain				
- unrealised	-	60	-	-
Fair value gain on forward exchange contracts	678	-	-	-
Fair value gain on liquid investments	-	43	-	43
Gain on disposal of investment properties	47	-	-	-
Gain on disposal of property, plant and equipment	13	29	-	-
Reversal of impairment loss				
- trade receivables	-	310	-	-
- other receivables	148	-	-	-
Reversal of inventories written down to net realisable value	511	-	-	-
Reversal of provision for warranties, net	72	-	-	-
Rental income on premises	14	57	-	-
Unit trust income	525	498	480	438

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23. FINANCE COSTS

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Interest expense of financial liabilities that are not fair value through profit or loss:				
- bank overdrafts	25	78	20	20
- bills payable	653	632	-	-
- finance lease liabilities	58	43	21	20
- revolving credit	29	14	29	14
- term loans	413	326	-	-
Other finance cost	558	-	74	-
	1,736	1,093	144	54
Recognised in profit or loss	1,620	1,093	144	54
Capitalised on qualifying assets				
- property, plant and equipment	116	-	-	-
	1,736	1,093	144	54

24. TAX EXPENSE

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000 Restated	RM'000	RM'000
Current tax expense				
- current year	6,120	7,703	892	774
- prior year	(474)	(183)	(52)	27
	5,646	7,520	840	801
Deferred tax expense				
- origination and reversal of temporary differences	1,452	(1,071)	(33)	(110)
- prior year	(58)	(448)	-	(106)
	1,394	(1,519)	(33)	(216)
	7,040	6,001	807	585
Share of tax of equity-accounted joint venture	155	62	-	-
Total tax expense	7,195	6,063	807	585

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24. TAX EXPENSE (CONT'D)

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Reconciliation of tax expense				
Profit for the year	21,881	19,645	11,067	6,639
Total tax expense	7,195	6,063	807	585
Profit excluding tax	29,076	25,708	11,874	7,224
Income tax calculated using Malaysian tax rate at 24% (2018: 24%)	6,978	6,170	2,850	1,734
Effect of different tax rate in foreign jurisdiction	(6)	(65)	-	-
Non-deductible expenses	1,271	937	404	270
Tax exempt income	(26)	(8)	(2,395)	(1,340)
Tax incentives	(258)	(80)	-	-
Double tax deduction	(235)	(272)	-	-
Real property gain tax	3	-	-	-
Effect of deferred tax asset not recognised	-	12	-	-
	7,727	6,694	859	664
Over provision in prior year	(532)	(631)	(52)	(79)
Total tax expense	7,195	6,063	807	585

25. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 30 September 2019 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	
	2019	2018
	RM'000	RM'000
		Restated
Profit for the year attributable to the owners	20,828	19,245
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	16.02	14.80

The Group has no dilution in its earnings per ordinary shares at 30 September 2019 and 30 September 2018.

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26. DIVIDENDS

Dividends recognised by the Company are:

	Sen per share	Total amount RM'000	Date of payment
2019			
Interim 2019 ordinary	3.00	3,900	27 September 2019
Final 2018 ordinary	3.00	3,900	2 April 2019
		7,800	
2018			
Special 2018 ordinary	2.00	2,600	28 September 2018
Interim 2018 ordinary	2.00	2,600	28 September 2018
Final 2017 ordinary	3.00	3,900	28 March 2018
		9,100	

After the end of the reporting period, the following dividend was proposed by the Directors. This dividend will be recognised in subsequent financial period upon approval by the owners of the Company.

	Sen per share	Total amount RM'000
Final 2019 ordinary	3.00	3,900

27. 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.

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27. OPERATING SEGMENTS (CONT'D)

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	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
		Restated		Restated		Restated		Restated		Restated
Revenue:										
External customers	109,278	106,999	79,116	88,075	40,132	32,306	76,860	33,915	305,386	261,295
Segment EBITDA	5,181	1,874	6,103	9,742	17,389	15,444	3,822	1,339	32,495	28,399
Depreciation and amortisation	(1,246)	(1,107)	(480)	(557)	(316)	(314)	(236)	(45)	(2,278)	(2,023)
Finance costs	(704)	(540)	(359)	(248)	(141)	(52)	(416)	(253)	(1,620)	(1,093)
Finance income	252	286	42	42	27	33	3	2	324	363
Tax expense	(1,098)	(712)	(1,438)	(2,360)	(3,749)	(2,480)	(755)	(449)	(7,040)	(6,001)
Segment profit/(loss)	2,385	(199)	3,868	6,619	13,210	12,631	2,418	594	21,881	19,645

Geographical segments

The activities of the Group are mainly carried out in Malaysia and accordingly, no segmental reporting by geographical location is presented.

NOTES TO THE FINANCIAL STATEMENTS
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28. FINANCIAL INSTRUMENTS

28.1 Categories of financial instruments

The table below shows the carrying amount of financial instruments as at 30 September 2019 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
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	(77,674)	-	(77,674)	-
Derivative financial liabilities	(1,497)	(247)	-	(1,250)
	(109,490)	(247)	(107,993)	(1,250)

Company	Carrying amount RM'000	FVTPL RM'000	AC RM'000
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)

NOTES TO THE FINANCIAL STATEMENTS
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28. FINANCIAL INSTRUMENTS (CONT'D)

28.1 Categories of financial instruments (Cont'd)

The table below provides an analysis of financial instruments as at 30 September 2018 categorised as follows:

(a) Loans and receivables ("L&R");
(b) Fair value through profit or loss: Held for trading ("FVTPL-HFT");
(c) Available-for-sale financial assets ("AFS"); and
(d) Financial liabilities measured at amortised cost ("FL").

Group	Carrying amount RM'000 Restated	L&R/ (FL) RM'000	FVTPL- HFT RM'000	AFS RM'000	Derivatives used for hedging RM'000
2018					
Financial assets					
Other investments	10	-	-	10	-
Trade and other receivables excluding advances paid to suppliers	61,371	61,371	-	-	-
Deposits	1,475	1,475	-	-	-
Derivative financial assets	97	-	-	-	97
Cash and cash equivalents	55,424	32,226	23,198	-	-
	118,377	95,072	23,198	10	97
Financial liabilities					
Loans and borrowings	(15,022)	(15,022)	-	-	-
Trade and other payables	(40,274)	(40,274)	-	-	-
Derivative financial liabilities	(2,301)	-	(932)	-	(1,369)
	(57,597)	(55,296)	(932)	-	(1,369)

NOTES TO THE FINANCIAL STATEMENTS
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28. FINANCIAL INSTRUMENTS (CONT'D)

28.1 Categories of financial instruments (Cont'd)

Company	Carrying amount RM'000	FVTPL-HFT RM'000	L&R/ (FL) RM'000
2018			
Financial assets			
Trade and other receivables	40,056	-	40,056
Deposits	279	-	279
Cash and cash equivalents	17,744	16,577	1,167
	58,079	16,577	41,502
Financial liabilities			
Loans and borrowings	(529)	-	(529)
Trade and other payables	(1,774)	-	(1,774)
	(2,303)	-	(2,303)

28.2 Net (losses)/gains arising from financial instruments

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Net (losses)/gains arising on:				
Loans and receivables	-	2	-	2,383
Financial asset measured at amortised cost	(1,955)	-	1,704	-
Financial liabilities measured at amortised cost	(1,193)	(1,180)	(144)	(54)
Fair value through profit or loss	1,171	(101)	448	481
	(1,977)	(1,279)	2,008	2,810

28.3 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

NOTES TO THE FINANCIAL STATEMENTS
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28. FINANCIAL INSTRUMENTS (CONT'D)

28.4 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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28. FINANCIAL INSTRUMENTS (CONT'D)

28.4 Credit risk (Cont'd)

Impairment losses (Cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract asset as at 30 September 2019 which are grouped together as they are expected to have similar risk nature.

	2019		
	Gross-carrying amount RM'000	**Loss allowances RM'000**	**Net balance RM'000**
Group			
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
Individually 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

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 RM'000	**Credit impaired RM'000**	**Contract assets RM'000**	**Total RM'000**
Balance at 30 September 2018 as per MFRS 139				
- Trade receivables				7,932
- Contract assets				2,454
Adjustments on initial application of MFRS 9				624
Balance at 1 October 2018 as per MFRS 9	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	3,727	5,926	4,191	13,844

NOTES TO THE FINANCIAL STATEMENTS
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28. FINANCIAL INSTRUMENTS (CONT'D)

28.4 Credit risk (Cont'd)

Comparative information under MFRS 139, Financial Instruments: Recognition and Measurement

The aging of trade receivables as at 30 September 2018 was as follows:

Group	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
2018				
Not past due	65,399	-	-	65,399
Past due 0 - 30 days	8,128	-	-	8,128
Past due 31 - 90 days	8,774	-	-	8,774
Past due more than 90 days	24,620	(2,506)	(5,426)	16,688
	106,921	(2,506)	(5,426)	98,989

The movements in the allowance for impairment losses of trade receivables during the prior year were:

	Group 2018 RM'000
At beginning of financial year	8,242
Impairment loss reversed	(310)
At end of financial year	7,932

The allowance account in respect of trade receivables was used to record impairment losses. Unless the Group was satisfied that recovery of the amount is possible, the amount considered irrecoverable was written off against the receivable directly.

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.

NOTES TO THE FINANCIAL STATEMENTS
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28. FINANCIAL INSTRUMENTS (CONT'D)

28.4 Credit risk (Cont'd)

Other receivables

Credit risks on other receivables are mainly arising from back-charges to the sub-contractors and advances received from the supplier. 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	
	2019	**2018**
	RM'000	**RM'000**
At beginning of financial year	503	353
Impairment loss (reversed)/recognised	(148)	150
At end of financial year	355	503

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 RM65,977,000 (2018: RM10,750,000) 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.

NOTES TO THE FINANCIAL STATEMENTS
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28. FINANCIAL INSTRUMENTS (CONT'D)

28.4 Credit risk (Cont'd)

Inter-company loans and advances (Cont'd)

Impairment losses

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 one 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	
	2019	2018
	RM'000	RM'000
At beginning of financial year	1,146	1,097
Impairment loss recognised	50	49
At end of financial year	1,196	1,146

28.5 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.

NOTES TO THE FINANCIAL STATEMENTS
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28. FINANCIAL INSTRUMENTS (CONT'D)

28.5 Liquidity risk (Cont'd)

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 %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
2019						
Non-derivative financial liabilities						
Term loans – secured	15,659	4.30-4.90	16,385	1,728	2,014	12,643
Finance lease 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	77,674	-	77,674	77,674	-	-
	107,993		109,488	93,836	2,405	13,247
Derivative financial liabilities						
Forward exchange contracts (gross settled):						
Outflow	247		15,977	15,977	-	-
Inflow	-		(15,730)	(15,730)	-	-
	108,240		109,735	94,083	2,405	13,247

NOTES TO THE FINANCIAL STATEMENTS
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28. FINANCIAL INSTRUMENTS (CONT'D)

28.5 Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

Group	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
2018						
Non-derivative financial liabilities						
Term loans - secured	6,826	4.30-4.65	9,318	1,390	1,416	6,512
Finance lease liabilities	1,143	4.55-5.70	1,251	427	335	489
Bills payable - unsecured	6,763	4.82-5.07	7,091	7,091	-	-
Bank overdrafts - unsecured	290	8.60	316	316	-	-
Trade and other payables	40,274	-	40,274	40,274	-	-
	55,296		58,250	49,498	1,751	7,001
Derivative financial liabilities						
Forward exchange contracts (gross settled):						
Outflow	932	-	33,129	33,129	-	-
Inflow	-	-	(32,197)	(32,197)	-	-
	56,228		59,182	50,430	1,751	7,001

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cont'd

28. FINANCIAL INSTRUMENTS (CONT'D)

28.5 Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

Company	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
2019						
Non-derivative financial liabilities						
Finance lease 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
2018						
Non-derivative financial liabilities						
Finance lease liabilities	529	4.64	574	172	173	229
Trade and other payables	1,774	-	1,774	1,774	-	-
Financial guarantees	-	-	10,750	10,750	-	-
	2,303		13,098	12,696	173	229

28.6 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.

NOTES TO THE FINANCIAL STATEMENTS
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28. FINANCIAL INSTRUMENTS (CONT'D)

28.6 Market risk (Cont'd)

Foreign currency risk (Cont'd)

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**
2019			
Trade and other receivables	8,096	4,809	17
Cash and cash equivalents	-	1,427	-
Trade and other payables	-	(18,281)	(16,097)
Forward exchange contracts on forecast purchases	-	-	(1,497)
Net exposure in the statements of financial position	8,096	(12,045)	(17,577)
2018			
Trade and other receivables	3,532	4,155	99
Cash and cash equivalents	-	1,192	-
Trade and other payables	-	(6,339)	(5,320)
Forward exchange contracts on forecast purchases	-	(78)	2,282
Net exposure in the statements of financial position	3,532	(1,070)	(2,939)

Foreign currency risk sensitivity analysis

A 10% (2018: 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	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Group				
SGD	(745)	(736)	(615)	(268)
USD	-	-	915	81
CNY	-	-	1,336	223

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28. FINANCIAL INSTRUMENTS (CONT'D)

28.6 Market risk (Cont'd)

Foreign currency risk (Cont'd)

Foreign currency risk sensitivity analysis (Cont'd)

A 10% (2018: 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 finance lease liabilities, term loan, bills payable 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.

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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Fixed rate instruments				
Financial assets	3,000	2,000	-	-
Financial liabilities	(1,346)	(1,143)	(378)	(529)
	1,654	857	(378)	(529)
Floating rate instruments				
Financial assets	10,949	23,198	10,280	16,577
Financial liabilities	(28,973)	(13,879)	-	-
	(18,024)	9,319	10,280	16,577

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28. FINANCIAL INSTRUMENTS (CONT'D)

28.6 Market risk (Cont'd)

Foreign currency risk (Cont'd)

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 RM'000	100 bp decrease RM'000	100 bp increase RM'000	100 bp decrease RM'000
2019				
Floating rate instruments	(137)	137	78	(78)
2018				
Floating rate instruments	71	(71)	126	(126)

28.7 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 loss of RM1,493,000 (2018: RM1,407,000) in other comprehensive income.

28.8 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.

NOTES TO THE FINANCIAL STATEMENTS
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28. FINANCIAL INSTRUMENTS (CONT'D)

28.8 Fair value information (Cont'd)

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		
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)
Finance lease 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										
Finance lease liabilities										
- fixed rate	-	-	-	-	-	-	(347)	(347)	(347)	(378)

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28. FINANCIAL INSTRUMENTS (CONT'D)

28.8 Fair value information (Cont'd)

2018	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		
	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 contracts	-	97	-	97	-	-	-	-	97	97
Financial liabilities										
Forward exchange contract	-	(2,301)	-	(2,301)	-	-	-	-	(2,301)	(2,301)
Finance lease liabilities										
- fixed rate	-	-	-	-	-	-	(1,027)	(1,027)	(1,027)	(1,143)
	-	(2,301)	-	(2,301)	-	-	(1,027)	(1,027)	(3,328)	(3,444)
Company										
Financial liabilities										
Finance lease liabilities										
- fixed rate	-	-	-	-	-	-	(476)	(476)	(476)	(529)

28.8.1 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 (2018: no transfer in either directions).

NOTES TO THE FINANCIAL STATEMENTS
cont'd

28. FINANCIAL INSTRUMENTS (CONT'D)

28.8 Fair value information (Cont'd)

28.8.1 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

	2019	2018
Group and Company		
Finance lease liabilities		
- fixed rate	3.34% - 5.70%	4.55% - 5.70%

Sensitivity analysis and inter-relationship between unobservable inputs and fair value measurement

The fair values would increase 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.

29. 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

30. OPERATING LEASES

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Less than one year	1,617	2,149	729	1,023
Between one and five years	1,216	1,555	381	994
	2,833	3,704	1,110	2,017

The Group and Company lease factory buildings under operating leases. The leases typically run for a period of 3 years, with an option to renew the lease after that date. Lease payments are increased every year to reflect market rentals. None of the leases includes contingent rentals.

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	
	2019	2018
	RM'000	RM'000
Guarantees issued to third parties for performance of contract by Group entities	36,778	27,209

32. CAPITAL COMMITMENTS

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Capital expenditure commitments				
Property, plant and equipment				
Contracted but not provided for				
- Within one year	8,865	19,173	-	-

NOTES TO THE FINANCIAL STATEMENTS
cont'd

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 11 and 20.

	Transaction value	
	2019	**2018**
Group	**RM'000**	**RM'000**
With companies in which the Directors and persons connected to the Directors have interests		
Sales		
Boilermech Sdn. Bhd.	(705)	(322)
Boilermech Cleantech Sdn. Bhd.	-	(16)
CTL Automation Sdn. Bhd.	(56)	(183)
Modern Age Development Sdn. Bhd.	(130)	(224)
QL Foods Sdn. Bhd.	(250)	(288)
QL Kitchen Sdn. Bhd.	(78)	(12)
Purchases		
CTL Automation Sdn. Bhd.	597	516

NOTES TO THE FINANCIAL STATEMENTS
cont'd

33. RELATED PARTIES (CONT'D)

Significant related party transactions (Cont'd)

	Transaction value	
	2019	**2018**
	RM'000	**RM'000**
With persons connected to the Directors		
Progress billing		
Chia Seong Fatt	-	(163)
Joint venture		
Sigriner Automation (MFG) Sdn. Bhd.		
Sales	-	(6)
Purchases	5,334	4,648
Management fees receivable	(120)	(120)
Key management personnel		
Directors		
- Fees	521	425
- Remunerations	4,382	4,050
- Other short-term employee benefits	130	106
Other key management personnel		
- Fees	64	64
- Remunerations	286	212
Company		
Subsidiaries		
Gross dividends receivable	(9,500)	(5,140)
Management fees receivable	(7,448)	(6,669)
Interest income	(1,693)	(1,901)
Key management personnel		
Directors		
- Fees	271	265
- Remunerations	2,435	2,106
- Other short-term employee benefits	67	67

NOTES TO THE FINANCIAL STATEMENTS
cont'd

34. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

During the year, the Group and the Company adopted MFRS 15, *Revenue from Contracts with Customers* and MFRS 9, *Financial Instruments* on their financial statements. The Group and the Company generally applied the requirements of these accounting standards retrospectively with practical expedients and transitional exemptions as allowed by the standards. Nevertheless, as permitted by MFRS 9, the Group and the Company have elected not to restate the comparatives.

34.1 Impacts on financial statements

The following tables summarise the impacts arising from the adoption of MFRS 15 and MFRS 9 on the Group's financial statements.

a. Statement of financial position

Group	As previously reported RM'000	MFRS 15 adjustments RM'000	As restated RM'000
1 October 2017			
Deferred tax assets	3,801	982	4,783
Contract assets	-	32,750	32,750
Trade and other receivables	103,224	(36,036)	67,188
Others	124,415	-	124,415
Total assets	231,440	(2,304)	229,136
Deferred tax liabilities	(338)	-	(338)
Contract liabilities	-	(11,614)	(11,614)
Deferred income	(7,326)	7,326	-
Trade and other payables	(46,114)	3,483	(42,631)
Others	(19,338)	-	(19,338)
Total liabilities	(73,116)	(805)	(73,921)
Retained earnings	(87,690)	3,109	(84,581)
Non-controlling interests	(1,332)	-	(1,332)
Others	(69,302)	-	(69,302)
Total equity	(158,324)	3,109	(155,215)
Total equity and liabilities	(231,440)	2,304	(229,136)

NOTES TO THE FINANCIAL STATEMENTS
cont'd

34. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONT'D)

34.1 Impacts on financial statements (Cont'd)

a. Statement of financial position (Cont'd)

	30 September 2018			1 October 2018	
	As previously reported	**MFRS 15 adjustments**	**As restated**	**MFRS 9 adjustments**	**As restated**
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Deferred tax assets	4,899	1,247	6,146	150	6,296
Contract assets	-	35,037	35,037	(619)	34,418
Trade and other receivables	101,245	(39,041)	62,204	(5)	62,199
Others	134,083	-	134,083	-	134,083
Total assets	240,227	(2,757)	237,470	(474)	236,996
Deferred tax liabilities	(182)	-	(182)	-	(182)
Contract liabilities	-	(13,770)	(13,770)	-	(13,770)
Deferred income	(1,358)	1,358	-	-	-
Trade and other payable	(51,494)	11,220	(40,274)	-	(40,274)
Others	(19,161)	-	(19,161)	-	(19,161)
Total liabilities	(72,195)	(1,192)	(73,387)	-	(73,387)
Retained earnings	(97,037)	3,949	(93,088)	474	(92,614)
Non-controlling interests	(1,693)	-	(1,693)	-	(1,693)
Others	(69,302)	-	(69,302)	-	(69,302)
Total equity	(168,032)	3,949	(164,083)	474	(163,609)
Total equity and liabilities	(240,227)	2,757	(237,470)	474	(236,996)

NOTES TO THE FINANCIAL STATEMENTS
cont'd

34. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONT'D)

34.1 Impacts on financial statements (Cont'd)

b. Statement of profit or loss and other comprehensive income for the year ended 30 September 2018

Group	As previously reported RM'000	MFRS 15 adjustments RM'000	Reclassification RM'000	As restated RM'000
Revenue	263,376	(2,081)	-	261,295
Cost of sales	(183,449)	-	207	(183,242)
Gross profit	79,927	(2,081)	207	78,053
Other operating income	5,049	-	(406)	4,643
Other operating expenses	(6,808)	976	246	(5,586)
Net loss on impairment of financial instruments and contract assets	-	-	(47)	(47)
Others	(50,988)	-	-	(50,988)
Results from operating activities	27,180	(1,105)	-	26,075
Net finance cost	(730)	-	-	(730)
Share of profit of equity-accounted investees, net of tax	301	-	-	301
Profit before tax	26,751	(1,105)	-	25,646
Tax expenses	(6,266)	265	-	(6,001)
Profit from continuing operations	20,485	(840)	-	19,645
Other comprehensive expenses for the year, net of tax	(1,664)	-	-	(1,664)
Total comprehensive income for the year	18,821	(840)	-	17,981

NOTES TO THE FINANCIAL STATEMENTS
cont'd

34. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONT'D)

34.1 Impacts on financial statements (Cont'd)

b. Statement of profit or loss and other comprehensive income for the year ended 30 September 2018 (Cont'd)

	As previously reported RM'000	MFRS 15 adjustments RM'000	Reclassification RM'000	As restated RM'000
Profit attributable to:				
Owners of the Company	20,085	(840)	-	19,245
Non-controlling interests	400	-	-	400
Profit for the year	20,485	(840)	-	19,645
Total comprehensive income attributable to:				
Owners of the Company	18,447	(840)	-	17,607
Non-controlling interests	374	-	-	374
Total comprehensive income of the year	18,821	(840)	-	17,981
Basic earnings per ordinary share (sen):	15.45	(0.65)	-	14.80

c. Statement of cash flows for the year ended 30 September 2018

Group	As previously reported RM'000	MFRS 15 adjustments RM'000	As restated RM'000
Profit before tax	26,751	(1,105)	25,646
Adjustments for:			
Change in contract assets	-	(3,497)	(3,497)
Change in trade and other receivables	(551)	4,214	3,663
Change in contract liabilities	-	2,156	2,156
Change in trade and other payables	(567)	(1,768)	(2,335)
Others	1,161	-	1,161
Net cash from operating activities	26,794	-	26,794

NOTES TO THE FINANCIAL STATEMENTS
cont'd

34. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONT'D)

34.2 Accounting for revenue

In the adoption of MFRS 15, the following practical expedients as permitted by the standard have been adopted:

(a) for completed contracts, the Group does not restate contracts that:

(i) begin and end within the same annual reporting period; or

(ii) are completed contracts at the beginning of the earliest period presented.

If this practical expedient is not applied, revenue for the current year is expected to be higher because performance obligations where revenue was recognised previously could have been recognised in the current year.

(b) for completed contracts that have variable consideration, the Group uses the transaction price at the date the contract was completed rather than estimating variable consideration amounts in the comparative reporting periods.

The Group is unable to estimate the effects arising from the application of this practical expedient.

(c) for contracts that were modified before the beginning of the earliest period presented, the Group does not retrospectively restate the contract for those contract modifications. Instead, the Group or the Company reflects the aggregate effect of all of the modifications that occur before the beginning of the earliest period presented when:

(i) identifying the satisfied and unsatisfied performance obligations;

(ii) determining the transaction price; and

(ii) allocating the transaction price to the satisfied and unsatisfied performance obligations.

The application of this practical expedient is not expected to have material impact to the Group.

(d) for comparatives, the Group does not disclose the amount of consideration allocated to the remaining performance obligations and an explanation of when the Group expects to recognise revenue.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

34. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONT'D)

34.2 Accounting for revenue (Cont'd)

The following are the changes in revenue recognition from the adoption of MFRS 15:

Type of revenue	Previous year's revenue recognition	Current year's revenue recognition
Construction contracts	Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentives payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and contract cost are recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity. The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to-date to the estimated total contract costs. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.	Upon adoption of MFRS 15, the group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. The contracts with customers of certain subsidiaries contain multiple performance obligations in the context of MFRS 15. The timing of revenue recognition for respective performance obligations has been changed in accordance with the recognition criteria set out in Note 2(o)(i).
Sale of goods and services	Revenue from the sale of goods and services in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.	Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that control of the goods and services are transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and the amount of revenue can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

34. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONT'D)

34.2 Accounting for revenue (Cont'd)

Type of revenue	Previous year's revenue recognition	Current year's revenue recognition
Maintenance and repair services	Revenue from services rendered is recognised in profit or loss as they accrue.	Revenue from recurring (or as a series of) services is recognised when the services are performed.
Management fees	Management fee income is recognised in profit or loss as they accrue.	Management fee income is recognised at the point in time as and when the services are rendered.

34.3 Accounting for financial instruments

a. Transition

In the adoption of MFRS 9, the following transitional exemptions as permitted by the standard have been adopted:

i) The Group and the Company have not restated comparative information for prior periods with respect to classification and measurement (including impairment) requirement. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of MFRS 9 are recognised in retained earnings and reserves as at 1 October 2018. Accordingly, the information presented for 2018 does not generally reflect the requirements of MFRS 9, but rather those of MFRS 139, *Financial Instruments: Recognition and Measurement*.

ii) The following assessments have been made based on the facts and circumstances that existed at the date of initial application:

- the determination of the business model within which a financial asset is held; and

- the designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

iii) Loss allowance for receivables (other than trade receivables) is recognised at an amount equal to lifetime expected credit losses until the receivable is derecognised.

NOTES TO THE FINANCIAL STATEMENTS
cont'd

34. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONT'D)

34.3 Accounting for financial instruments (Cont'd)

b. Classification of financial assets and financial liabilities on the date of initial application of MFRS 9:

The following table shows the measurement categories under MFRS 139 and the new measurement categories under MFRS 9 for each class of the Group's and the Company's financial assets and financial liabilities as at 1 October 2018:

	1 October 2018				
			Reclassification to new MFRS 9 category		
Category under MFRS 139	**30 September 2018**	**Remeasurement**	**Amortised cost ("AC")**	**Fair value through profit or loss ("FVTPL")**	**Derivates used for hedging**
Financial assets	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
	Restated				
Group					
Loans and receivables					
Trade and other receivables excluding advances paid to suppliers	61,371	(5)	61,366	-	-
Deposits	1,475	-	1,475	-	-
Cash and cash equivalents	55,424	-	55,424	-	-
Available-for-sale					
Other investments	10	-	-	10	-
Derivatives used for hedging					
Derivative financial assets	97	-	-	-	97
	118,377	(5)	118,265	10	97

NOTES TO THE FINANCIAL STATEMENTS
cont'd

34. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONT'D)

34.3 Accounting for financial instruments (Cont'd)

b. Classification of financial assets and financial liabilities on the date of initial application of MFRS 9: (Cont'd)

		1 October 2018			
			Reclassification to new MFRS 9 category		
Category under MFRS 139	30 September 2018	Remeasurement	Amortised cost ("AC")	Fair value through profit or loss ("FVTPL")	Derivates used for hedging
Financial assets	RM'000	RM'000	RM'000	RM'000	RM'000
Company					
Loans and receivables					
Trade and other receivables	40,056	-	40,056	-	-
Deposits	279	-	279	-	-
Cash and cash equivalents	17,744	-	17,744	-	-
	58,079	-	58,079	-	-

NOTES TO THE FINANCIAL STATEMENTS
cont'd

34. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONT'D)

34.3 Accounting for financial instruments (Cont'd)

b. Classification of financial assets and financial liabilities on the date of initial application of MFRS 9: (Cont'd)

	1 October 2018				
			Reclassification to new MFRS 9 category		
Category under MFRS 139	30 September 2018	Remeasurement	Amortised cost ("AC")	Fair value through profit or loss ("FVTPL")	Derivates used for hedging
Financial liabilities	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Group					
Financial liabilities measured at amortised cost					
Loans and borrowings	15,022	-	15,022	-	-
Trade and other payables	40,274	-	40,274	-	-
Fair value through profit or loss - Held for trading					
Derivative financial liabilities	932	-	-	932	-
Derivatives used for hedging					
Derivative financial liabilities	1,369	-	-	-	1,369
	57,597	-	55,296	932	1,369
Company					
Loans and borrowings	529	-	529	-	-
Trade and other payables	1,774	-	1,774	-	-
	2,303	-	2,303	-	-

NOTES TO THE FINANCIAL STATEMENTS
cont'd

34. SIGNIFICANT CHANGES IN ACCOUNTING POLICIES (CONT'D)

34.3 Accounting for financial instruments (Cont'd)

b. Classification of financial assets and financial liabilities on the date of initial application of MFRS 9: (Cont'd)

(i) Reclassification from loans and receivables to amortised cost

Trade and other receivables that were classified as loans and receivables under MFRS 139 are now reclassified at amortised cost. An increase of RM5,000 in allowance for impairment was recognised in opening retained earnings of the Group at 1 October 2018 respectively on transition to MFRS 9.

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 158 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 2019 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 2020

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 158 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 2020.

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 2019 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 158.

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 2019, 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' *Code of Ethics for Professional Accountants ("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.

Revenue recognition – construction contract

Refer to Note 2(o)(i) – Significant accounting policy: Revenue and other income and Note 21 – Revenue.

The key audit matter

Construction contracts revenue is accounted based on percentage of completion, 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)

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.

Valuation of inventories

Refer to Note 2(h) – Significant accounting policy: Inventories and Note 9 – Inventories.

The key audit matter

As at 30 September 2019, the Group has significant inventory balance of RM42,048,000. 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 process for measuring the amount of write down required;
- 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 net realisable value test on sampling basis.

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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF EITA RESOURCES BERHAD

(Registration No. 199601026396 (398748-T))
(Incorporated in Malaysia)
cont'd

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.

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.

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)

- 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.

- 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, related safeguards.

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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF EITA RESOURCES BERHAD

(Registration No. 199601026396 (398748-T))
(Incorporated in Malaysia)
cont'd

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 6 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: 03240/02/2020 J
Chartered Accountant

Petaling Jaya

Date: 8 January 2020

LIST OF PROPERTIES
As at 30 September 2019

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	Vacant Land	2.9 acres (126,324 sq. ft.)	5,579,588	Not applicable
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	# 62,303	21
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.	# 115,299	21
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.	11,605,757	17
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.)	# 1,212,003	5
EITA Elevator (Malaysia) Sdn. Bhd.	Jazz Suites Block 3@ Vivacity Megamall A13-01, Ground Floor Jalan Wan Alwi 93350, Kuching Sarawak	22 October 2013	Leasehold 99 years expiring on 21 October 2112	Serviced apartment	846 sq. ft.	# Sold	3

LIST OF PROPERTIES

As at 30 September 2019

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.	Parcel No. F-1-1 Subang Parkhomes Persiaran Kemajuan 47500 Subang Jaya Selangor	26 September 2014	Freehold	Serviced apartment	1,365 sq. ft.	# 839,412	5
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.	# 683,800	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 (1,116 sq. ft.)	# 952,200	1
EITA Elevator (Malaysia) Sdn. Bhd.	Parcel No. 4-02 Jalan Dato Mohd Musa Samarahan Kuching, Sarawak	15 May 2019	Leasehold	Serviced apartment	48.48 sq. meter	# 200,000	WIP*
EITA Elevator (Malaysia) Sdn. Bhd.	Parcel No. 4-03A Jalan Dato Mohd Musa Samarahan Kuching, Sarawak	15 May 2019	Leasehold	Serviced apartment	48.13 sq. meter	# 200,000	WIP*
EITA Elevator (Malaysia) Sdn. Bhd.	Parcel No. 4-03 Jalan Dato Mohd Musa Samarahan Kuching, Sarawak	15 May 2019	Leasehold	Serviced apartment	48.36 sq. meter	# 200,000	WIP*
EITA Elevator (Malaysia) Sdn. Bhd.	Parcel No. 4-05 Jalan Dato Mohd Musa Samarahan Kuching, Sarawak	15 May 2019	Leasehold	Serviced apartment	47.86 sq. meter	# 200,000	WIP*
EITA Elevator (Malaysia) Sdn. Bhd.	Parcel No. 4-06 Jalan Dato Mohd Musa Samarahan Kuching, Sarawak	15 May 2019	Leasehold	Serviced apartment	47.33 sq. meter	# 200,000	WIP*
EITA Elevator (Malaysia) Sdn. Bhd.	Parcel No. 4-07 Jalan Dato Mohd Musa Samarahan Kuching, Sarawak	15 May 2019	Leasehold	Serviced apartment	48.65 sq. meter	# 200,000	WIP*
EITA Elevator (Malaysia) Sdn. Bhd.	Parcel No. 4-08 Jalan Dato Mohd Musa Samarahan Kuching, Sarawak	15 May 2019	Leasehold	Serviced apartment	47.60 sq. meter	# 200,000	WIP*

Notes:

 # These are "Investment Properties" held by our Group.

** Work in progress.*

ANALYSIS OF SHAREHOLDINGS
As at 31 December 2019

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	10	0.885	214	#
100 - 1,000 Shares	155	13.728	99,300	0.076
1,001 - 10,000 Shares	535	47.387	2,958,202	2.275
10,001 - 100,000 Shares	328	29.052	11,273,500	8.672
100,001 - less than 5% of issued Shares	97	8.591	45,778,139	35.215
5% and above of issued Shares	4	0.354	69,886,645	53.760
Total	1,129	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	782,541	0.60	24,863,496 (1)	19.13
Lim Joo Swee	1,610,341	1.24	18,511,853 (2)	14.24
Lee Peng Sian	6,343,008	4.88	5,000 (3)	#
Chia Mak Hooi	200,000	0.15	-	-
Tan Chuan Hock	200,000	0.15	-	-
Chong Lee Chang	380,000	0.29	-	-
Ho Lee Chen	-	-	2,000 (4)	#
Chong Yoke Peng *(Alternate Director to Lee Peng Sian)*	4,359,236	3.35	130,000 (5)	0.10
Chia Seong Pow *(Alternate Director to Chia Mak Hooi)*	200,000	0.15	30,073,259 (6)	23.13

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 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 her spouse, Lam Huang Soo.
(5) Deemed interested by virtue of the shares held by his spouse, Jane Chew Yin Sum.
(6) Deemed interested by virtue his beneficial interests in Farsathy Holdings Sdn. Bhd. held via the trust arrangement with Equity Trust (Malaysia) Berhad and the shares held by his children pursuant to Section 8 of the Act.

ANALYSIS OF SHAREHOLDINGS
As at 31 December 2019
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	13,503,915 (1)	10.39
Fu Wing Hoong	782,541	0.60	24,863,496 (2)	19.13
Lim Joo Swee	1,610,341	1.24	18,511,853 (3)	14.24
Lee Pek See	3,360,963	2.59	22,284,074 (4)	17.14
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. *(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. *(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. *(3) 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.*
4. *(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. *(5) Deemed interested by virtue of its shareholdings in Ruby Technique Sdn. Bhd. pursuant to Section 8 of the Act.*
6. *(6) Deemed interested by virtue of his beneficial interests in Farsathy Holdings Sdn. Bhd. held via the trust arrangement with Equity Trust (Malaysia) Berhad and the shares held by his children pursuant to Section 8 of the Act.*
7. *(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 2019
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	6,343,008	4.88
6	Citigroup Nominees (Tempatan) Sdn. Bhd. *- Employees Provident Fund Board*	4,450,800	3.42
7	Chong Yoke Peng	4,359,236	3.35
8	Lee Pek See	3,360,963	2.59
9	Lim Joo Swee	1,535,241	1.18
10	Wong Chin Tim	1,356,550	1.04
11	CIMB Group Nominees (Asing) Sdn. Bhd. *- Exempt An for DBS Bank Ltd.*	1,110,000	0.85
12	Wong Jiann Shyong	868,000	0.67
13	Tan Hang Lim	845,000	0.65
14	HLIB Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Ng Sin Guan*	806,500	0.62
15	Fu Wing Hoong	782,541	0.60
16	UOB Kay Hian Nominees (Asing) Sdn. Bhd. *- Exempt An for UOB Kay Hian (Hong Kong) Limited*	637,000	0.49
17	Public Nominess (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Phua Kiap Wite*	540,800	0.42
18	Lee Keng Hong	517,400	0.40
19	Vibrant Model Sdn. Bhd.	500,000	0.38
20	Public Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Yeo Kiah Yoo*	491,000	0.38
21	AMSEC Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Leong Kee Chan*	457,000	0.35
22	Thian Yook Chin	410,400	0.32
23	Khoo Lee Feng	405,800	0.31
24	Hoo Chee Keong	392,600	0.30
25	Law Kok Wah	375,700	0.29
26	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Ng Yen Woon*	350,300	0.27
27	Maybank Nominees (Tempatan) Sdn. Bhd. *- Maybank Trustees Berhad for Dana Makmur Pheim*	347,700	0.27
28	Lim See Pek	316,400	0.24
29	Maybank Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Tan Kim Hong*	311,500	0.24
30	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Lim See Pek*	310,000	0.24

* *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-FOURTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Fourth Annual General Meeting of EITA RESOURCES BERHAD ("EITA" or "the Company') will be held at Zamrud 2 Room, The Saujana Hotel Kuala Lumpur, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan on Wednesday, 26 February 2020 at 10:30 a.m. 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 2019 together with the Reports of the Directors and Auditors thereon. ***Please refer to Explanatory Note 1***

2. To approve the payment of a Final Dividend of 3.0 sen per ordinary share for the financial year ended 30 September 2019. ***(Ordinary Resolution 1)***

3. To approve the payment of Directors' fees and benefits of up to RM367,800.00 for the financial year ending 30 September 2020. ***(Ordinary Resolution 2)***

4. To re-elect the following Directors who retire pursuant to Clause 85 of the Company's Constitution:-

   i) Mr. Lim Joo Swee ***(Ordinary Resolution 3)***
   ii) Mr. Chia Mak Hooi ***(Ordinary Resolution 4)***
   iii) Ms. Ho Lee Chen ***(Ordinary Resolution 5)***

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 6)***

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 7)***

   "THAT 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 8)***

   "THAT Mr. Tan Chuan Hock 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-FOURTH 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 9)*

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016, and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain approval from the Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

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 10)*

"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,

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

NOTICE OF TWENTY-FOURTH ANNUAL GENERAL MEETING
cont'd

(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 AMENDMENT TO THE CONSTITUTION OF THE COMPANY** ***(Special Resolution)***

"THAT the proposed amendment to the Constitution of the Company as set out below, be approved and adopted 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 amendment for and on behalf of the Company: -

Clause No.	Existing Clause	Clause No.	Proposed Clause
80	The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the Office or at such other place within Malaysia as is specified for that purpose in the notice convening the meeting, not less than forty eight (48) hours before the time appointed for holding the meeting or adjourned meeting as the case may be, or in the case of a poll,	80	The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the Office or at such other place within Malaysia **or by way of electronic means or in such other manner** as is specified for that purpose in the notice convening the meeting, not less than forty eight (48) hours before the time appointed for holding the meeting or adjourned meeting

NOTICE OF TWENTY-FOURTH ANNUAL GENERAL MEETING
cont'd

	not less than twenty-four (24) hours before the time appointed for taking the poll, which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid. In the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/her/their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the Member.		as the case may be, or in the case of a poll, not less than twenty-four (24) hours before the time appointed for taking the poll, which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid. In the event the member(s) duly executes the form of proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the meeting as his/her/their proxy, Provided Always that the rest of the proxy form, other than the particulars of the proxy have been duly completed by the Member.

11. To transact any other business of which due notice shall have been given.

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS ALSO HEREBY GIVEN that a Final Dividend of 3.0 sen per ordinary share in respect of the financial year ended 30 September 2019, if approved by the shareholders at the Twenty-Fourth Annual General Meeting of the Company, will be paid on 16 March 2020 to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on 2 March 2020.

A depositor shall qualify for entitlement to the dividend only in respect of:-

(i) Shares transferred into the Depositor's Securities Account before 4.30 p.m. on 2 March 2020 in respect of ordinary transfers; and

(ii) Shares bought on Bursa Malaysia Securities Berhad on a cum-entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By order of the Board

TEA SOR HUA (MACS 01324)
Company Secretary

Petaling Jaya, Selangor Darul Ehsan
22 January 2020

NOTICE OF TWENTY-FOURTH ANNUAL GENERAL MEETING
cont'd

Notes:

(a) A member who is entitled to attend, participate, speak and vote at the Twenty-Fourth Annual General Meeting ("Meeting" or "AGM") 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, 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.

(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 20 February 2020. Only members whose names appear in the General Meeting Record of Depositors as at 20 February 2020 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.

EXPLANATORY NOTES TO ORDINARY BUSINESS AND SPECIAL BUSINESS

1. Item 1 of the Agenda - Audited Financial Statements for the financial year ended 30 September 2019

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.

2. Item 3 of the Agenda - Directors' Fees and Benefits

Pursuant to Section 230(1) of the Companies Act 2016 which came into force on 31 January 2017, 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 benefit 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.

NOTICE OF TWENTY-FOURTH ANNUAL GENERAL MEETING
cont'd

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 Mr. Tan Chuan Hock respectively, 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 devoted sufficient time and attention to their responsibilities as Independent Directors of the Company; and
   (d) 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 Ordinary Resolution 9 proposed under item 8 of the Agenda is a renewal of the general mandate for issuance and allotment of shares by the Company pursuant to Sections 75 and 76 of the Companies Act 2016. This Ordinary Resolution, if passed, is to empower the Directors to issue shares in the Company up to an amount not exceeding in total ten per centum (10%) of the total number of issued shares of the Company for such purposes as the Directors consider would be in the interest of the Company. This would avoid any delay and cost involved in convening a general meeting to approve the issuance and allotment of such shares. 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 the period within which the next AGM is required by law to be held, whichever is the earlier.

   This general mandate will provide flexibility to the Company for issuance and allotment of shares for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s).

   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 Twenty-Third AGM held on 27 February 2019 which will lapse at the conclusion of the Twenty-Fourth AGM.

5. **Item 9 of the Agenda - Proposed Renewal of Share Buy-Back Authority**

   The Ordinary Resolution 10 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 to Shareholders dated 22 January 2020 for further details.

6. **Item 10 of the Agenda - Proposed Amendment to the Constitution of the Company**

   The proposed amendment to the Constitution of the Company proposed under item 10 of the Agenda if approve, will provide more flexibility for the Company and its shareholders on the manner of lodgement of proxy forms.

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

PROXY FORM

I/We*____NRIC/Company No.*____________________
(full name in capital letters)

of____
(full address)

Telephone No. ______________________________ being (a) member(s) of **EITA RESOURCES BERHAD** hereby

appoint(s)____________________________________NRIC No.____________________________
(full name in capital letters)

of____
(full address)

and/or*, _____________________________________NRIC No.____________________________
(full name in capital letters)

of____
(full address)

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-Fourth Annual General Meeting of the Company to be held at Zamrud 2 Room, The Saujana Hotel Kuala Lumpur, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor Darul Ehsan on Wednesday, 26 February 2020 at 10:30 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 a Final Dividend of 3.0 sen per ordinary share for the financial year ended 30 September 2019.		
2.	To approve the payment of Directors' fees and benefits of up to RM367,800.00 for the financial year ending 30 September 2020.		
3.	To re-elect Mr. Lim Joo Swee as a Director of the Company.		
4.	To re-elect Mr. Chia Mak Hooi as a Director of the Company.		
5.	To re-elect Ms. Ho Lee Chen as a Director of the Company.		
6.	To re-appoint KPMG PLT as Auditors of the Company.		
7.	To retain Mr. Chong Lee Chang as an Independent Non-Executive Director of the Company.		
8.	To retain Mr. Tan Chuan Hock as an Independent Non-Executive Director of the Company.		
9.	To approve the authority for Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
10.	To approve the Proposed Renewal of Share Buy-Back Authority.		

No.	Special Resolution	For	Against
1.	To approve the Proposed Amendment to the Constitution of the Company.		

* *delete whichever not applicable*

CDS Account No.	No. of Shares Held

Dated this ______ day of ____________________ 2020.

Percentage of shareholdings to be represented by the proxies:		
	No. of Shares	**%**
Proxy 1		
Proxy 2		
TOTAL		100

____
Signature/Common Seal of Member(s)

Fold This Flap For Sealing

Notes:

(a) A member who is entitled to attend, participate, speak and vote at the Twenty-Fourth 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.

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(h) All the resolutions set out in this Notice of Meeting will be put to vote by poll.

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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.

1st Fold Here

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