

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5208
COMPANY NAME : EITA Resources Berhad
FINANCIAL YEAR : September 30, 2019

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

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

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

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

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

Intended Outcome

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

Practice 1.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of Directors ("the Board") is collectively responsible to oversee EITA and its subsidiaries' ("the Group") risk management strategic planning, succession planning and financial and operational management to ensure that obligations to shareholders and other stakeholders are understood and met. The Board provides the necessary leadership to enable the Group's business objectives are met within the framework of risk management and internal controls as described in the Corporate Governance Overview Statement ("CG Statement") in the Company's Annual Report for the financial year ended 30 September 2019 ("FYE 2019") ("AR 2019").</p> <p>The Board's role, responsibilities, governance and effectiveness are set out in the Board Charter which was reviewed and revised by the Board on 20 August 2018. In discharging its fiduciary duties, the Board has also delegated specific tasks to the Board Committees, all of which operate within their respective Terms of Reference.</p> <p>The Board assumes, amongst others, the following responsibilities: -</p> <ul style="list-style-type: none">• Overseeing and evaluating the conduct and sustainability of the businesses of the Group.• Reviewing and adopting the overall strategic direction, business plans, annual budgets of the Group, including major capital commitments.• Establishing key performance indicators and succession plan.• Reviewing and approving of new ventures, major acquisitions and disposal of undertakings and properties.• Identifying principal risks and ensuring implementation of appropriate systems to manage these risks.• Reviewing the adequacy and integrity of the Group's internal control systems and management information systems.• Overseeing the development and implementation of the shareholder communications policy for the Company.

	<p>The Board Charter serves as a reference point for Board activities. It is designed to provide guidance and clarity for the Directors and Management with regard to the roles of the Board and its Committees, the role of the Group Managing Director (“Group MD”), the requirements of Directors in carrying out their roles and in discharging their duties towards the Company as well as the Board’s operating practices. The Board has also adopted a Code of Ethics and Conduct which is incorporated in the Board Charter of the Company. The Board Charter is available at the Company’s website at www.eita.com.my.</p> <p>In discharging its responsibilities, the Board is guided by the Code of Ethics and principles contained in the Code. The Directors of the Company have a duty to declare immediately to the Board should they be interested in any transaction to be entered into directly or indirectly within the Group.</p>	
Explanation for departure		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure		
Timeframe		

Intended Outcome

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

Practice 1.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman of the Board, Dato' Siow Kim Lun is an Independent Non-Executive Chairman and is primarily responsible for the leadership, effectiveness, conduct and governance of the Board and the overall conduct of the Group. The Chairman is committed to good corporate governance practices and has been leading the Board towards high performing culture.</p> <p>The roles and responsibilities of the Chairman of the Board have been clearly specified in the Board Charter. The responsibilities of the Chairman, amongst others, are as follows:</p> <ul style="list-style-type: none"> • To provide leadership to the Board. • To oversee the effective discharge of the Board's supervisory role. • To facilitate the effective contribution of all Directors. • To ensure that quality information to facilitate decision-making is delivered to the Board on timely manner. • To ensure Board Meetings and General Meetings are in compliance with good conduct and best practices. • To promote constructive and respectful relations between Board members and between the Board and the Management. • To conduct and chair Board Meetings and General Meetings of the Company. • To brief all the Directors in relation to issues arising at Meetings. • Together with the Group MD, represents the Company and / or Group to external groups such as shareholders, creditors, consumer groups, local communities and federal, state, and local governments.
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.3

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

Application	:	Applied
Explanation on application of the practice	:	<p>Chairman - Dato' Siow Kim Lun Group MD – Mr. Fu Wing Hoong</p> <p>The positions of Chairman and Group MD are separated, clearly defined and are held by two different individuals. There is a clear division of responsibility between the Chairman and the Group MD in order to provide for balance of power and authority, such that no one individual has unfettered decision-making powers.</p> <p>The Chairman is responsible for the orderly conduct and effectiveness of the Board in addition to facilitate constructive deliberation of matters in hand, whereas the Group MD is to lead the management of the Company and has overall responsibility for the operating units and the implementation of the Board's policies and decisions.</p> <p>The respective duties and responsibilities of the Chairman and Group MD are as set out in the Board Charter.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 1.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by a qualified and competent Company Secretary. She is a member of the Malaysian Association of Companies Secretaries and is holding a professional certificate as qualified Company Secretary under the Companies Act 2016. She possesses over 20 years of experience in corporate secretarial practices.</p> <p>The Board acknowledges that the Company Secretary plays an important role and will ensure that the Company Secretary fulfils the functions for which she has been appointed.</p> <p>The Company Secretary had on 24 May 2019 organised a briefing for the Board on “Key Amendments to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad relating to Continuing Disclosure Obligations and Other Amendments” to keep the Board abreast of the latest development on the governance matters and provision under Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).</p> <p>During the financial year under review, the Board and Board Committees’ meeting were properly convened, and accurate and proper records of the proceedings and resolutions passed were taken and maintained in the statutory records of the Company.</p> <p>Overall, the Board is satisfied with the service and support rendered by our Company Secretary to the Board in the discharge of her functions.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

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

Practice 1.5

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

Application	:	Applied
Explanation on application of the practice	:	<p>To facilitate the Directors' time planning, the annual Board and Board Committees' meetings calendar was prepared in advance for each new calendar year by the Company Secretary. The calendar provides the Directors with scheduled dates for meetings of the Board and Board Committees as well as the Annual General Meeting ("AGM"). The closed periods for dealings in securities by Directors and Principal Officers based on the scheduled dates of meetings for making announcements of the Group's quarterly results were also provided therein.</p> <p>The notice and meeting papers are generally circulated to the Board members at least five (5) working days prior to the dates of meetings. This is to ensure sufficient time for all Board members to review and deliberate on such matters accordingly and, where required, to obtain further information and clarification to facilitate well-informed decision making during the meeting.</p> <p>The deliberations and conclusions of matters discussed in the Board or Board Committees meetings are duly recorded in the minutes of meetings. The draft minutes of which is circulated for the Board and Committee Chairman's review within a reasonable timeframe after the meeting. The minutes of meeting accurately captured the deliberations and decisions of the Board and/or the Board Committees, including whether any Director abstains from voting or deliberating on a particular matter.</p> <p>All the records of proceedings and resolutions passed are kept at the registered office of the Company.</p> <p>For matters which require the Board's decision on urgent basis outside of Board Meetings, board papers along with Directors' Written Resolution will be circulated for the Board's consideration. All written resolutions approved by the Board will be tabled for notation at the next Board Meeting.</p>
Explanation for departure	:	

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

Intended Outcome

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

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

Practice 2.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>As part of governance process, the Board has formalised and adopted a Board Charter. The Board Charter was adopted on 23 April 2013 and it was reviewed and revised by the Board on 20 August 2018.</p> <p>The Board Charter sets out the composition and balance, roles and responsibilities, operation and processes of the Board and to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members.</p> <p>The Board Charter is intended to identify the role, structure and processes related to key governance activities of the Board. It also serves as a reference point for Board activities. It is designed to provide guidance and clarity for Directors and Management with regard to the roles of the Board and its Committees, the role of the Group MD, the requirements of Directors in carrying out their roles and in discharging their duties towards the Company as well as the Board's operating practices.</p> <p>The Board Charter will be reviewed and updated in accordance with the needs of the Company and any new regulations that may have an impact on the discharge of the Board's responsibilities.</p> <p>The Board Charter is available at the Company's website at www.eita.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 3.1

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has adopted a Code of Ethics and Conduct which is incorporated in the Board Charter of the Company.</p> <p>The Code of Ethics and Conduct is to be observed by all Directors and employees of the Group.</p> <p>The Board will review the Code of Ethics and Conduct regularly to ensure that it continues to remain relevant and appropriate.</p> <p>The Directors continue to observe the Code of Ethics and Conduct based on the code of conduct expected of directors of companies as set out in the Company Directors' Code of Ethics established by the Companies Commission of Malaysia.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 3.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has also adopted a Whistle Blowing Policy to provide avenue for all employees of the Group and members of the public to raise concerns and disclose any improper conduct within the Group and to take appropriate actions to resolve them effectively.</p> <p>The Whistle Blowing Policy is available at the Company’s website at www.eita.com.my.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.1

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board currently consists of eight (8) Directors and two (2) Alternate Directors. Half (1/2) of the Board comprises Independent Directors, as follows:</p> <ul style="list-style-type: none"> a) one (1) Independent Non-Executive Chairman; b) one (1) Group Managing Director; c) two (2) Executive Directors; d) one (1) Non-Independent Non-Executive Director; e) one (1) Senior Independent Non-Executive Director; f) two (2) Independent Non-Executive Directors; and g) two (2) Alternate Directors. <p>With the current composition, the Board feels that its members have the necessary knowledge, experience, requisite range of skills and competence to enable them to discharge their duties and responsibilities effectively.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.2

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

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

Application	:	Applied - Annual shareholders' approval for independent directors serving beyond 9 years
Explanation on application of the practice	:	<p>Mr. Tan Chuan Hock and Mr. Chong Lee Chang have served the Board as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years.</p> <p>Pursuant to the MCCG, the Board upon obtaining the Nomination and Remuneration Committee's ("NRC") recommendation, agreed to seek the approval of the shareholders of the Company at the forthcoming AGM to retain them as Independent Non-Executive Directors of the Company based on the following justifications: -</p> <ul style="list-style-type: none">(a) They have fulfilled the criteria under the definition of Independent Director as stated in the Listing Requirements and will thus be able to function as a check and balance and bring an element of objectivity to the Board.(b) Their vast experience in the finance and corporate industries will enhance the Board's diverse set of experience, expertise and independent judgement.(c) They have good knowledge of the Company's business operations.(d) They have devoted sufficient time and attention to their professional obligations for informed and balanced decision making.(e) They have exercised due care during their tenure as Independent Non-Executive Directors of the Company and carried out their professional duties in the best interest of the Company and shareholders.
Explanation for departure	:	

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

Intended Outcome

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

Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 4.4

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges the importance of diversity in terms of skills, experience, age, gender, cultural background and ethnicity and recognises the benefits of diversity at the Board and Senior Management levels.</p> <p>The NRC is responsible to lead the process for the nomination of new candidate for appointment and making the necessary recommendations.</p> <p>In line with the best practices of the MCCG and the gained attention of boardroom diversity as an important element of a well-functioned corporation, the Board shall through the NRC accord due consideration to inculcate diversity policy in the boardroom and workplace which encapsulates not only to gender, but also age and ethnicity.</p> <p>The Terms of Reference on the NRC is available on the Company's website at www.eita.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has adopted a Gender Diversity Policy on 20 August 2018, which sets out the approach to diversity on the Board level.</p> <p>The Board Diversity Policy does not set any specific target on the composition in terms of gender, age or ethnic of its Board members. However, the Board is well represented by individuals drawn from distinctly diverse professional backgrounds. The evaluation of the suitability of candidates as the new Board member is based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Company. The NRC would ensure that steps will be undertaken to ensure that suitable women candidates are sought from various sources, should the need arises.</p> <p>The Company is not classified as "Large Company". However, the Board currently has one (1) female director which represents 12.5% of the Board members, reflects the Board's commitment towards achieving a more gender diversified Board.</p> <p>The Board is supportive of gender diversity in the Board composition as recommended by MCCG and will endeavour to continuously identify and assess suitably qualified female candidates for nomination.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.6

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The NRC of the Company is responsible to oversee the selection and assessment of Directors.</p> <p>The policies and procedures for recruitment and appointment of Directors are guided by the Terms of Reference of the NRC.</p> <p>The NRC leverages on various sources and gain access to a wider pool of potential candidates. Besides the recommendation from the existing Board members, management and/or major shareholders, the NRC also refer to the potential candidate from the industry taking into consideration his/her education, skills and experience.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.7

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

Application	:	Applied	
Explanation on application of the practice	:	The NRC is chaired by the Senior Independent Non- Executive Director, Mr. Chong Lee Chang.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application	:	Applied
Explanation on application of the practice	:	<p>The NRC assessed and evaluated the performance and effectiveness of the Board and Board Committees as a whole and contribution of each individual Director.</p> <p>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.</p> <p>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.</p> <p>The evaluations undertaken by the NRC during the FYE 2019 are as summarised below:</p> <ul style="list-style-type: none">• Evaluated the balance of skills, knowledge and experience of the Board. Carried out the assessment and rating of each Director's performances against the criteria as set out in the annual assessment form. The performance of Non-Executive Directors was also carefully considered, including whether he could devote sufficient time to the role.• Undertaken an effectiveness evaluation exercise of the Board and its Committees as a whole with the objective of assessing its effectiveness.• Assessed and recommended to the Board for approval on the re-election of Directors who were due to retire at the forthcoming AGM pursuant to the Company's Constitution.

	<ul style="list-style-type: none"> • Reviewed and assessed the independence of the Independent Directors of the Company. • Reviewed and evaluated the independence of Independent Directors who have served the Board for a cumulative term of more than nine (9) years pursuant to the MCCG. • Reviewed and assessed the performance of Audit Committee (“AC”). 	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

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

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

Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board had, through the NRC, established a formal and transparent Remuneration Policy to attract and retain Directors and Senior Management of the Company.</p> <p>The Remuneration Policy is available at the Company's website at www.eita.com.my.</p> <p>The Board will determine the level of remuneration of Board Members, taking into consideration the recommendations of the NRC for executive Board Members and/or the Group MD. The remuneration of the Group MD and Executive Directors are rewarded on performance based.</p> <p>Non-Executive Directors of the Company will be paid a basic fee as ordinary remuneration based on their responsibilities in Committees and the Board, their attendance and/or special skills and expertise they bring to the Board. The fee shall be fixed in sum and not by a commission on or percentage of profits or turnover.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 6.2

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The NRC is principally responsible for the development and review of the remuneration policy and packages of the Group MD and Executive Directors including Board Members, where necessary, and subsequently furnishes their recommendations to the Board on specific adjustments in remuneration to commensurate the respective contributions of the Executive Directors.</p> <p>The NRC is also responsible to ensure that the remuneration package and benefits of the Board and the Key Management of the Group are benchmarked with industry standards in light of the Group's performance in the industry.</p> <p>Each Director shall abstain from the deliberation and voting on matters pertaining to their own remuneration.</p> <p>The Terms of Reference of NRC is accessible on the Group's website, www.eita.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 7.1

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

Application	:	Applied	
Explanation on application of the practice	:	The detailed disclosure of the Directors' remuneration received during the FYE 2019 on named basis as recommended by the MCCG is disclosed in the CG Statement in the AR 2019.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.2

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

Application	:	Departure	
Explanation on application of the practice	:	Please provide an explanation on how the practice is being applied.	
Explanation for departure	:	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 in the AR 2019 is adequate.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.1

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

Application	:	Applied	
Explanation on application of the practice	:	Chairman of the AC - Mr. Tan Chuan Hock, Independent Non-Executive Director Chairman of the Board - Dato' Siow Kim Lun, Independent Non-Executive Chairman The positions of Board Chairman and AC Chairman are assumed by different individuals which allows the Board and AC to objectively review their findings and recommendations. This is also to ensure that the Board's review of the AC's findings and recommendations are not impaired. The Terms of Reference of the AC is available on the Company's website at www.eita.com.my .	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Terms of Reference of the AC was reviewed and revised to specify the policy which requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee.</p> <p>No former key audit partners of the present auditors have been appointed to the Board.</p> <p>The Terms of Reference of the AC is available at the Company's website at www.eita.com.my.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board had on 23 November 2017 established the External Auditors Assessment Policy ("the Policy") together with an annual performance evaluation form. The Policy aims to outline the guidelines and procedures for the AC to review, assess and monitor the performance, suitability and independence of the External Auditors.</p> <p>The External Auditors are precluded from providing any services that may impair their independence or conflict with their role as External Auditors.</p> <p>The AC shall carry out annual performance assessment of the External Auditors and may request the Executive Directors and Chief Financial Officer to provide feedback / inputs for conducting the assessment.</p> <p>The annual evaluation form provides a checklist for the AC to carry out a formal review of the independence, effectiveness and efficiency of the External Auditors of the Company that consider amongst others: -</p> <ul style="list-style-type: none">• Adequacy of resources and experience of the audit firm;• Quality processes of the audit firm;• Competency of audit engagement team;• Audit governance and independence;• Audit fee, scope and planning; and• Audit communications. <p>The AC had on November 2019, with the relevant input from the Executive Directors and the Chief Financial Officer, assessed the performance of the External Auditors.</p> <p>The Board, upon the recommendation of the AC, had recommended the re-appointment of the External Auditors for the financial year ending 30 September 2020 for shareholders' approval at the forthcoming AGM.</p>
Explanation for departure	:	

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

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

There is an effective and independent Audit Committee.

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

Practice 8.5

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

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

Application	:	Applied
Explanation on application of the practice	:	<p>The AC members possess the necessary skills and knowledge to discharge their duties in accordance with the Terms of Reference of the AC. The AC Chairman and a majority of the AC Members are financially literate and they are able to understand matters under the purview of the AC including the financial reporting process.</p> <p>They are expected to devote sufficient time to update their knowledge and enhance their skills through appropriate continuing education programmes, so as to enable them to sustain their active participation during deliberations.</p> <p>During the FYE 2019, members of the AC have undertaken continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules. Details of their training are as set out in the CG Statement of the AR 2019.</p> <p>In addition, during the AC Meetings, the members were also briefed by the External Auditors on the following key areas:-</p> <ul style="list-style-type: none">• Financial Reporting developments;• Adoption of Malaysian Financial Reporting Standards; and• Other changes in regulatory environment.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group has in place a structured risk management and internal control framework to identify, evaluate, control, monitor and report the principal business risks faced by the Group on an on-going basis.</p> <p>The Board has received assurance from the Group MD and Chief Financial Officer that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group during the FYE 2019.</p> <p>Details of the Group's risk management and internal control framework are set out in the Statement of Risk Management and Internal Control of the AR 2019.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.2

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has delegated tasks of monitoring the internal control and risk management systems to the Management team. The systems of internal control and risk management are subjected to regular evaluations on their adequacy and effectiveness by the Management team. Any significant risks and mitigating responses are communicated to the Board through the AC to ensure continuing relevance and compliance with current/applicable laws and regulations. The AC assists the Board to review the adequacy and effectiveness of the systems of internal control and risk management in the Group and ensures that appropriate methods and procedures are used to obtain the level of assurance required by the Board.</p> <p>Details of the Group's risk management and internal control framework are set out in the Statement of Risk Management and Internal Control of the AR 2019.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

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

Practice 9.3 - Step Up

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

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

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

Practice 10.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board had on 23 November 2017 established the Internal Auditors Assessment Policy (“the Policy”) together with an annual performance evaluation form. The Policy outlines the guidelines and procedures for the AC to review, assess and monitor the performance, suitability and independence of the Internal Auditors.</p> <p>The Internal Auditors are precluded from providing any services that may impair their independence or conflict with their role as Internal Auditors.</p> <p>The AC shall carry out annual performance assessment of the Internal Auditors and may request the Executive Directors and Chief Financial Officer to provide feedback / inputs for conducting the assessment.</p> <p>The annual evaluation form provides a checklist for the AC to carry out a formal review of the independence, effectiveness and efficiency of the Internal Auditors of the Company.</p> <p>To ensure that the responsibilities of Internal Auditors are fully discharged, the AC evaluated the performance of the Internal Auditors for the FYE 2019 upon such evaluation criteria as set out in its Internal Auditors Annual Assessment Form, amongst others, the following were some of the criteria reviewed by the AC:-</p> <ul style="list-style-type: none">a. Adequacy of resources and experience of the internal audit firm;b. Quality processes of the internal audit firm;c. Competency of the engagement team;d. Governance and independence;e. Internal audit fee, scope and planning; andf. Internal audit reports and communications. <p>The AC concluded its assessment that the Internal Auditors have sufficient experience and resources to satisfy their Terms of Reference and adequately deliver the quality services to the Company and its subsidiaries.</p> <p>The results of the audits as disclosed in the Internal Audit Reports together with Senior Management’s response and proposed action plans were reviewed by the AC. The relevant Senior Management were</p>

	<p>made responsible for ensuring that corrective actions on reported weaknesses were taken within the required timeframes.</p> <p>The internal audit functions and activities carried out during the FYE 2019 are as disclosed in the AC Statement in the AR 2019.</p>	
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 10.2

The board should disclose–

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

Application	:	Applied
Explanation on application of the practice	:	<p>The internal audit function has been outsourced to an independent professional firm (“Internal Auditors”) to provide independent assurance and serves to assists the Group to provide adequate and effective internal control system and reports directly to the AC. The activities of the Internal Auditors were guided by the Annual Internal Audit Plan approved by the AC.</p> <p>The audit personnel from the Internal Auditors are free from any relationships or conflicts of interest, which could impair the objectivity and independence.</p> <p>The Internal Auditors use the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control – Integrated Framework as a basis for evaluating the effectiveness of the internal control system.</p> <p>The Internal Auditors make reference to the International Standards For the Professional Practice Of Internal Auditing issued by the Institute of Internal Auditors. The Internal Auditors ensures that its staff are professionally guided and trained to develop the appropriate competencies to perform their duties during the internal audit review. The number of audit staff deployed for each internal audit review ranges from 3 to 4 Internal Auditors per visit. The Internal Auditors is a corporate member of the Institute of Internal Auditors Malaysia (IIAM).</p> <p>The AC had on 23 November 2017 approved the Internal Auditors Assessment Policy together with an annual assessment form to review, assess and monitor the performance, suitability and independence of the Internal Auditors.</p>

	<p>The AC had on 25 November 2019 evaluated the performance of the Internal Auditors for the FYE 2019 upon such evaluation criteria as set out in its Annual Assessment Form, amongst others, the following were some of the criteria reviewed by the AC:</p> <ol style="list-style-type: none"> a. Adequacy of resources and experience of the internal audit firm; b. Quality processes of the internal audit firm; c. Competency of the engagement team; d. Governance and independence; e. Internal audit fee, scope and planning; and f. Internal audit reports and communications. <p>The AC collectively carried out the assessment with the relevant input from the Executive Directors and the Chief Financial Officer.</p> <p>In conclusion, the AC was of the view that:</p> <ul style="list-style-type: none"> • The Internal Auditors have sufficient experience and resources to satisfy their terms of reference; and • The Internal Auditors have sufficient resources to adequately deliver quality services to the Group.
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

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

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

Practice 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Group recognises the importance of being transparent and accountable to its stakeholders and as such, maintains an active and constructive communication policy that enables the Board to communicate effectively with investors, financial community and the public.</p> <p>The Group leverages on a number of formal channels for effective dissemination of information to shareholders and other stakeholders, particularly through Annual Report, quarterly financial results, announcements to Bursa Securities, Circulars, Annual and Extraordinary General Meeting and the Company's website so that the shareholders are constantly kept abreast on the Group's progress and developments.</p> <p>The Group has also utilised the information technology to broadly and effectively disseminate information across all external communications, the Group has made available the Quarterly Reports and all other announcements made to Bursa Securities on the Company's website, www.eita.com.my, where shareholders can access information under the 'Investor Relations' tab.</p> <p>With the progressive interest and heightened investor awareness on the greater need for accountability and transparency, the Board places great importance in maintaining active dialogue and effective communication with shareholders and investors to enable them to make informed investment decisions. As part of the Group's commitment toward this objective, experienced Senior Management personnel are directly involved in the Group's investor relations activities. With the active involvement of the Senior Management personnel, the investment community is assured of views and information on the Group that is appropriate, accurate and timely.</p>
Explanation for departure	:	

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

Measure	:		
Timeframe	:		

Intended Outcome

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

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

Practice 11.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company is not required to apply this practice as it is not a large company.	
		Corporate information is disseminated via the Company's website and announcements are published on the website of Bursa Malaysia Securities Berhad. At present, the Board is of the view that the Company's Annual Report is comprehensive enough for stakeholders to make informed decisions. The current Annual Report provides stakeholders with a fairly comprehensive overview on the Company's financial and non-financial information including future prospects. Components such as the Management and Discussion Analysis, Corporate Governance Overview Statement, Statement on Risk Management and Internal Control, as well as the Sustainability Statement, form an integral part of the non-financial information. Once the level of maturity of non-financial reporting practices is adequate and able to comply with global recognised integrated reporting standards, the Company will implement this as soon as it is practicable.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Twenty-Fourth AGM ("24 th AGM") of the Company is scheduled to be held on 26 February 2020 and the Notice was sent to the shareholders on 22 January 2020, which is more than 28 days prior to the date of the 24 th AGM.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>All Directors were present at the Twenty-Third AGM (“23rd AGM”) held on 27 February 2019 to engage directly with shareholders and be accountable for their stewardship of the Company, save for Mr. Chong Lee Chang, who was absent due to his health reason.</p> <p>During the proceedings of the 23rd AGM, the Chairman invited the shareholders to raise questions pertaining to the Company’s audited financial statements and other agendas tabled for approval at the meeting.</p> <p>The Group MD presented and briefed the shareholders on the Group’s progress of the financial performance of the Group over the past years and its prospects during the 23rd AGM. Following the presentation, the shareholders were invited to participate in a Questions & Answers session.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>This practice is not applicable to the Company in view that the Company does not have a large number of shareholders and that the Company's AGM are not held in remote locations, hence, voting in absentia and remote shareholders' participation are not facilitated.</p> <p>The relevant provisions in the Company's Constitution in relation to convening of general meetings is required to be amended in order to cater the implementation of voting in absentia and remote shareholders' participation.</p> <p>Shareholders are encouraged to attend general meetings and are allowed to appoint proxy(ies) to attend, participate, speak and vote in his/her stead at general meetings. The Company held its Twenty-Third AGM at Saujana Hotel Kuala Lumpur, a strategic location which is easily accessible by its shareholders with free parking space and proximity to public transport.</p> <p>Shareholders who have questions and queries are welcome to submit questions or engage with Management separately. Management will endeavour to respond within a reasonable time.</p> <p>The Company will explore the use of technology to allow voting in absentia or remote shareholders' participation. The Company will assess the necessity and viability for such facility taking into consideration the number of shareholders, the reliability of the technology and cost-benefit to the Company.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:		

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

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

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