

**EITA RESOURCES BERHAD ("EITA" OR "THE COMPANY")
- SHAREHOLDERS AGREEMENT ENTERED INTO BETWEEN EITA ELEVATOR
(MALAYSIA) SDN. BHD. AND KOP MANTAP BERHAD**

1. INTRODUCTION

The Board of Directors ("**Board**") of EITA wishes to announce that EITA Elevator (Malaysia) Sdn. Bhd. ("**EEM**"), a wholly-owned subsidiary of the Company, had on 29 January 2019 entered into a Shareholders Agreement with KOP Mantap Berhad ("**KOP**") for entering into a cooperation in the business of 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 service to any third parties ("**Business**") via a new company to be incorporated and jointly owned, to be known as EITA KOP Sdn. Bhd. ("**EITA KOP**").

2. INFORMATION OF EEM AND KOP (collectively referred as "the Parties")

2.1 EEM

EEM is a private limited company incorporated in Malaysia on 9 September 1998. EEM is principally engaged in the business of design, installation and maintenance of elevator systems.

2.2 KOP

KOP is a public limited company incorporated in Malaysia on 19 January 1993. KOP is principally an investment holding company. KOP is the wholly-owned subsidiary and an investment arm of Royal Malaysia Police Cooperative Berhad.

3. SALIENT TERMS OF THE SHAREHOLDERS AGREEMENT

3.1 Obligation of the Parties

- (a) EEM shall be responsible for the following roles and obligations:
- (i) to manage the business and day-to-day operations of EITA KOP;
 - (ii) to provide all expertise and know-how in relation to the Business;
 - (iii) to undertake as a sub-contractor to EITA KOP to render all service, maintenance, repair, upgrading and modernization work in relation to the Business on terms and conditions to be mutually agreed with EITA KOP;
 - (iv) to provide relevant training and syllabus in regards to lift and escalator studies to students of Kolej Unikop (Kolej Bersekutu UiTM). EEM agrees to provide scholarship to five (5) eligible children of police personnel with a value of RM20,000.00 each;
 - (v) to provide job opportunities to graduates of Kolej Unikop whom has successfully undertaken the lift and escalator studies with an award of certification;

- (b) KOP shall be responsible for the following roles and obligations:
- (i) to assist in business development of EITA KOP and securing of contracts or jobs from the specified parties, upon terms and conditions of a business development agreement which shall be in the form and substance as set out in Appendix 1 of the Shareholders Agreement, to be entered into between EITA KOP and KOP within forty-five (45) days from the date of execution hereof, with a view to secure jobs/contracts from the Government of Malaysia or Polis Diraja Malaysia ("**PDRM**") or such other bodies, agencies or parties as KOP may be able to procure in respect of the Business ("**Specified Parties**") at an initial estimated contract value of RM100 million;
 - (ii) to act as liaison person between the Specified Parties and EITA KOP to maintain good business relationship thereof;
 - (iii) to assist in the collection of payment for the jobs undertaken by EITA KOP from the Specified Parties; and
 - (iv) to refer EITA KOP such other governmental or cooperative bodies to extend the business reach and enlarge the business activities of EITA KOP.

3.2 Issued Share Capital

- (a) Within fourteen (14) days from the date of the Shareholders Agreement, EEM shall incorporate and form EITA KOP as its wholly owned subsidiary, with an initial issued share capital of RM1.00 comprising 1 ordinary share;
- (b) Within forty-five (45) days from the date of the Shareholders Agreement, and subject to the business development agreement as referred to in Paragraph 3.1(b)(i) having been executed between EITA KOP and KOP, each Party shall subscribe for new ordinary shares in EITA KOP as follows:
- (i) EEM shall subscribe for Sixty-Nine (69) new shares at the subscription price of RM1.00 per share for a total subscription price of Ringgit Malaysia Sixty-Nine (RM69.00), which shall immediately be paid in cash by EEM to EITA KOP; and
 - (ii) KOP shall subscribe for Thirty (30) new shares at the subscription price of RM1.00 per share for a total subscription price of Ringgit Malaysia Thirty (RM30.00), which shall immediately be paid in cash by EEM on behalf of KOP to EITA KOP.
- (c) Upon completion of the above share subscription, EITA KOP shall issue the share certificates of the subscription shares to EEM and KOP respectively, whereupon the shareholding structure of EITA KOP shall be as follows:
- | | |
|-----|-------------------|
| EEM | : 70 shares (70%) |
| KOP | : 30 shares (30%) |
- (d) Notwithstanding anything herein to the contrary, the Parties agree that the equity participation of the Parties in EITA KOP shall at all times be and remain in the proportions as set out in Paragraph 3.2(c) and shall not be changed unless mutually agreed in writing by the Parties.

3.3 Composition of the Board

Unless otherwise agreed by the Parties, the composition of the Board of Directors of EITA KOP shall be as follows:-

- (i) three (3) Directors shall be appointed by EEM; and
- (ii) two (2) Directors shall be appointed by KOP.

The Chairman and the Managing Director shall be appointed from the nominee directors of EEM.

4. RATIONALE AND PROSPECTS

The Parties would like to realise the cooperation through EITA KOP to secure jobs or contracts from the Government of Malaysia or PDRM or such other bodies, agencies or parties as KOP may be able to procure in respect of the Business.

5. SOURCE OF FUNDING AND ADDITIONAL FINANCIAL COMMITMENT REQUIRED

EEM's and KOP's subscription of RM70.00 and RM30.00 respectively for EITA KOP's shares in accordance to the Shareholders Agreement will be funded through internally generated funds.

Save for the subscription, there is no other additional financial commitment required from EEM for the Shareholders Agreement at this current juncture.

6. EXPECTED COMMENCEMENT OF EITA KOP

The anticipated commencement of business of EITA KOP is three (3) months from the date of the Shareholders Agreement.

7. FINANCIAL EFFECTS

7.1 Share capital and substantial shareholders' shareholdings

The Shareholders Agreement will not have any effect on the issued share capital of EITA as well as the shareholdings of its substantial shareholders as it does not involve any issuance of new ordinary shares in the Company.

7.2 Earnings and earnings per share ("EPS")

The Shareholders Agreement is not expected to have a material effect on the consolidated earnings and EPS of the Group for the financial year ending 30 September 2019. The Board envisages the Shareholders Agreement to contribute positively to the overall earnings as well as the EPS of the EITA Group in the future.

7.3 Net assets ("NA"), NA per share and gearing

The Shareholders Agreement is not expected to have a material effect on the consolidated NA, NA per share and gearing of the Group in the financial year ending 30 September 2019.

8. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

None of the other directors, major shareholders and/or persons connected to them has any interest, whether direct or indirect, in the Shareholders Agreement.

9. STATEMENT BY DIRECTORS

The Board, having taken into consideration of all aspects of the Shareholders Agreement, is of the opinion that the Shareholders Agreement is in the best interest of the Company.

10. DOCUMENTS FOR INSPECTION

The Shareholders Agreement will be made available for inspection at the registered office of the Company at Third Floor, No. 77, 79 & 81, Jalan SS21/60, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan, during normal business hours (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 29 January 2019.