

SMTRACK BERHAD (“SMTRACK”)

HELICOPTER PURCHASE AGREEMENT

1. INTRODUCTION

The Board of Directors of SMTrack (“Board”) wishes to announce that SMT Turbojet Resources Sdn. Bhd. [Registration No. 202101024490 (1424790-M)] (“SMT Turbojet Resources”) (“Purchaser”), a wholly owned subsidiary of SMTrack had on 20 February 2023 entered into a Helicopter Purchase Agreement (“the Agreement”) with Grid Engineering Sdn. Bhd. [Registration No. 202101010930 (1411229-M)], having its business registered address at No. 17-09, Tower A, The Vertical Business Suite, No. 8, Jalan Kerinchi, Bangsar South City, 59200 Wilayah Persekutuan Kuala Lumpur (“Seller”) (collectively referred to as “Parties”) to purchase one (1) Airbus Eurocopter AS355 F2 helicopter with manufacture's serial number 5508 and current registration number 9M-ZAS together with all installed parts, including Auxiliary Power Unit and landing gear, major avionics, cabin interior, wheels and brakes relating thereto and “As is, where is” condition (“the Helicopter”) at the purchase price of United States Dollar (“USD”) One Million Two Hundred Fifty Thousand only (USD 1,250,000.00) only (“Purchase Price”) subject to the terms and conditions as stipulated in the Agreement (“the Acquisition”).

2. DETAILS OF THE SELLER

Grid Engineering Sdn. Bhd. [Registration No. 202101010930 (1411229-M)] (“Grid Engineering”) is a private limited company incorporated under Companies Act, 2016. The principal activity of the Company is other architectural and engineering activities and related technical consultancy.

The existing director and shareholder of Grid Engineering is Low Pei Ling.

3. SALIENT TERMS OF THE AGREEMENT

3.1 Payment Terms

The Purchaser must pay the Purchase Price in full in the following manner: -

- (a) a deposit of Ringgit Malaysia One Million only (RM1,000,000.00) which represents the first payment of the Purchase Price (“Deposit”), has to be paid upon the execution of the Agreement, of which the owner hereby acknowledges receipt of the said Deposit, and the said Deposit shall be applied towards the balance of the Purchase Price. This deposit is refundable upon termination due to unsatisfactory valuation report;
- (b) the remaining sum payment which represents final payment of the Purchase Price which shall be paid upon satisfactory of valuation report (“Final Payment”).

- (c) the final Purchase Price will be adjusted downwards if the valuations ascribed by the valuer is below USD One Million Five Hundred Thousand (USD 1,500,000.00).

3.2 Conditions Precedent to Delivery

- (1) The obligation of the Seller to sell the Helicopter to the Purchaser shall be subject to the fulfilment of each of the following conditions precedent on or prior to the date at which the Helicopter ownership is transferred to the Purchaser (“Delivery Date”):

- (a) the Seller shall have received each of the following documents:

- (i) a signed original execution copy of the Agreement together with any ancillary agreements or letters entered into by the Seller and the Purchaser in connection with the sale of the Helicopter;
 - (ii) a certified copy of all corporate authorisations (if any) needed to ensure the validity and enforceability of the Agreement against the Purchaser, and
 - (iii) a signed Acceptance Certificate and Helicopter Delivery Receipt duly executed by the Purchaser or its authorised representative.

- (b) the Purchaser shall have received of the following documents:

- (i) a signed original execution copy of the Agreement together with any ancillary agreements or letters entered into by the Seller and the Purchaser in connection with the sale of the Helicopter; and
 - (ii) a certified copy of all corporate authorisations (if any) needed to ensure the validity and enforceability of the Agreement against the Seller.
 - (iii) a valuation report from a reputable valuation firm to be completed within one month from the date of the Agreement execution.

- (c) payment of the Purchase Price for the Helicopter.

- (2) The foregoing conditions precedent have been inserted for the mutual benefit of the Seller and the Purchaser and may be waived in writing, in whole or in part and with or without conditions, by the Seller and the Purchaser without prejudicing the right of the Seller and the Purchaser to receive fulfilment of such conditions, in whole or in part, at any time thereafter.

- (3) If any of such condition's precedent remain outstanding at the Delivery Date and are not waived or deferred in writing, either party shall be entitled at any time after such date to terminate its obligations to sell or purchase the Helicopter by notice to the other party, whereupon neither party shall have any further obligation or liability hereunder.

3.3 Passing of Title

The Seller shall pass to the Purchaser legal and beneficial title to the Helicopter free and clear of all third-party interests on the Delivery Date ("Completion Date").

3.4 Risk

The Helicopter will remain at the risk (including the risk of any damage in connection with the acceptance inspection) of the Seller until title to the Helicopter passes to the Purchaser at the time of delivery.

The Helicopter will be at the risk of the Purchaser on and from delivery.

3.5 Termination

Each of the following is an event of default:

- (a) if the Purchaser fails to pay any amount when it is due and payable by it under the Agreement;
- (b) if the Purchaser is in breach of the Agreement, and that breach is incapable of remedy or, if capable of remedy, continues for two (2) business days after the Purchaser receives a notice from the Seller requiring that the breach be remedied; or
- (c) the occurrence of any insolvency event.

4. **BASIS OF ARRIVING AT PURCHASE CONSIDERATION**

The Purchase Price for the Acquisition was arrived at on a willing seller willing buyer basis after taking into consideration the satisfactory valuation report of USD One Million Five Hundred Thousand only (USD 1,500,000.00) or above.

5. **SOURCE OF FUNDING**

The Acquisition was funded via the proceeds arising from the MoneyLending Agreement (Unsecured Loan) between the Purchaser and Southborn Capital Sdn. Bhd. [Registration No. 202001031720 (1388040-X)] to borrow the principal sum of Ringgit Malaysia Seven Million (RM7,000,000.00) only with the interest rate of 6% per annum which was approved by the Board of Directors via the Directors'

Circular Resolution dated 16 February 2023.

6. RATIONALE FOR THE ACQUISITION

The Acquisition is in line with SMTrack Group business venture into to aviation sector.

7. FINANCIAL EFFECT OF THE ACQUISITION

7.1 Issued and Paid-up Share Capital and Net Tangible Assets

The Acquisition will not have any material effect on the Issued and Paid-up Share Capital of SMTrack Group for the financial year ending 31 December 2023.

However, the estimated Net Assets before and after the Acquisition is as follows:

Before Acquisition: RM 94,038,000

After Acquisition: RM 99,538,000

7.2 Earnings

The Acquisition is not expected to have any material impact on the earnings of SMTrack Group for the financial year ending 31 December 2023.

7.3 Gearing

The Acquisition is not expected to have any material impact on the gearing of SMTrack Group for the financial year ending 31 December 2023.

8. LIABILITIES TO BE ASSUMED

There are no liabilities, including contingent liabilities and guarantees to be assume by SMTrack pursuant to the Acquisition.

9. RISK FACTORS

The Acquisition is subjected to the risk of non-completion of the Acquisition. Under the terms of the Agreement, the Acquisition is conditional upon conditions precedent of the Agreement being fulfilled or waived. There can be no assurance that such conditions will be fulfilled or waived within the stipulated timeframe and such breach will result in termination of the Agreement and the Acquisition will not be completed.

10. APPROVAL

The Acquisition is in the ordinary course of business of SMTrack and therefore, it is not subject to the approval of the shareholders of the Company.

11. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST

None of the Directors and/or Substantial Shareholders of the Company and/or persons connected with such Directors or Substantial Shareholders have any interest, direct or indirect in the Acquisition.

12. STATEMENT BY DIRECTORS

The Board of Directors of the Company after taking into consideration all aspect of the Acquisition, is of the opinion that the Acquisition is in the ordinary course of business of SMTrack Group and is in the best interest of the Company.

13. ESTIMATED TIME FRAME FOR COMPLETION

The estimated time frame to complete the Acquisition is on 3 months.

This announcement is dated 20 February 2023.