

# **SMTRACK BERHAD (“SMTRACK”)**

## **HEADS OF AGREEMENT**

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### **1. INTRODUCTION**

The Board of Directors of SMTrack (“Board”) wishes to announce that the Company (“Purchaser”) had on 31 October 2023 entered into a Heads of Agreement (“HOA” or “the Agreement”) with Gan Wen Ting @ Gan Mooou Heang, GWT Wellness Sdn. Bhd. and Susan Wong Yun Tsu (“Vendors”) (“the Parties”) to acquire Four Million Seven Hundred Twenty-Three Thousand Three Hundred and Forty-Four (4,723,344) shares constituting seventy percent (70%) of the issued and paid-up capital of V Ultimate Sdn. Bhd. (Registration No. 202201014626 (1460323-X)) (“V Ultimate”) (“Sale Shares”) for a consideration of Ringgit Malaysia Fifty-Five Million (RM55,000,000.00) only (“Purchase Price”) (“Proposed Acquisition”).

SMTrack has acquired 30% of the issued and paid-up capital of V Ultimate previously. Upon completion of the Proposed Acquisition, V Ultimate will be a wholly owned subsidiary of SMTrack.

### **2. INFORMATION ON V ULTIMATE**

V Ultimate is a private limited company incorporated under Companies Act, 2016, having its registered address at A-11-13A, Prima Avenue, The Tube, Jalan PJU 1/39, Dataran Prima, Petaling Jaya, Selangor. The existing issued share capital of V Ultimate is RM6,747,635.00 comprising 6,747,635 ordinary shares. The principal activities of V Ultimate are the activities of holding companies and other management consultancy activities. Upon completion of the Proposed Acquisition, V Ultimate will embark on the licensing of the beauty and wellness program to empower the native women especially single mother to drive and expand the business.

The existing directors of V Ultimate are as follows:-

- (a) Gan Wen Ting @ Gan Mooou Heang
- (b) Dato’ Zaidi Bin Mat Isa @ Hashim
- (c) Dato’ Saiful Nizam Bin Mohd Yusoff
- (d) Datuk Azmi Bin Osman

The existing shareholders of V Ultimate are as follows:-

- (a) Gan Wen Ting @ Gan Mooou Heang (1,934,515 ordinary shares)
- (b) GWT Wellness Sdn. Bhd. (2,159,243 ordinary shares)
- (c) Susan Wong Yun Tsu (629,586 ordinary shares)
- (d) SMTrack Berhad (2,024,291 ordinary shares)

### **3. SALIENT TERMS OF THE HOA**

#### **3.1 Execution of Definitive Agreement**

- i. The Vendors are desirous of selling the Sale Shares and the Purchaser is desirous of purchasing the Sale Shares (on a willing buyer and willing seller basis) free from any and all encumbrances whatsoever together with all rights attached and subject to the terms and conditions

to be mutually negotiated and agreed in the definitive conditional share sale agreement in respect of the Proposed Acquisition or such other instrument(s) as may be negotiated by the Parties ("Definitive Agreement").

- ii. The Parties shall within sixty (60) days from the date of the HOA (or such other dates as may be mutually extended by the Parties) ("Exclusivity Period"), negotiate the terms and enter into a Definitive Agreement in good faith.
- iii. Upon the expiration of the Exclusivity Period, in the event where no Definitive Agreement as envisaged in the HOA or any form of written proposal or contract were executed by the Parties for any reasons whatsoever, the HOA shall be terminated, and the Parties shall have no further obligation under the HOA save as otherwise expressly stated in the HOA.

### 3.2 Essential Terms in the Definitive Agreement

#### 3.2.1 The Parties agree that the following essential terms are to be incorporated in the Definitive Agreement:-

- i. that the Proposed Acquisition shall comprise of the sale and purchase of the entire Sale Shares with all the rights, benefits and entitlements attached by the Vendors to the Purchaser;
- ii. that the Proposed Acquisition shall be conditional upon, amongst others, the following conditions to be fulfilled and obtained prior to the completion of the Proposed Acquisition:-
  - (a) the Purchaser having obtained the approval of the shareholders of the Purchaser at an extraordinary general meeting to be convened for the Proposed Acquisition and the allotment and issuance of the consideration shares;
  - (b) the approval from Bursa Malaysia Securities Berhad for the listing and quotation of the consideration shares and the listing and quotation of the ordinary shares of the Purchaser upon the conversion of the irredeemable convertible preference shares ("ICPS"); and
  - (c) the Parties shall ensure that should the requirements arise, all the respective approvals, consents, authorisations, permits, licenses or waivers of any regulatory agency, authority or parties (if necessary) for the Proposed Acquisition have been procured by the respective Parties;
- iii. that subject to further assessment and valuation to be

undertaken after the execution of the HOA, the indicative purchase consideration for the Proposed Acquisition shall be at a sum of Ringgit Malaysia Fifty-Five Million (RM55,000,000.00) to be fully satisfied by way of issuance and allotment of such number of new ordinary shares and ICPS to be determined later (“Consideration Shares”) by the Purchaser to the Vendors upon the completion of the Definitive Agreement; and

- iv. that the completion of the Proposed Acquisition shall take place on or before 31 January 2024 unless otherwise mutually extended by the Parties.

3.2.2 The Parties agree that the essential terms of the Proposed Acquisition as set out above have been agreed upon between the Parties and that the Parties are prepared to enter into and complete the Proposed Acquisition subject to their negotiation and mutual agreement to the terms and conditions of the Definitive Agreement.

### 3.3 Term

The HOA shall terminate on earlier of:-

- (a) the date of the Definitive Agreement; or
- (b) the expiry of the Exclusivity Period; or
- (c) the Parties mutually agreed to the termination of the HOA.

Upon the termination of the HOA, the Parties shall have no obligations, responsibilities and/or duties whatsoever towards each other arising from the HOA, save for any accrued rights and liabilities, and subject to the survival clause stated in the HOA.

## 4. **RATIONALE OF THE HOA**

The Proposed Acquisition is in line with SMTrack Group business to venture into management consultancy services.

## 5. **FINANCIAL EFFECTS OF THE HOA**

The execution of the HOA is not expected to have any material effect on the earnings, net assets and gearing of SMTrack for the current financial year ending 30 June 2024. Nonetheless, SMTrack expects a positive contribution to its earning in the future should the Proposed Acquisition is finalised and successfully completed.

## 6. **LIABILITIES TO BE ASSUMED**

There are no liabilities, including contingent liabilities to be assumed by SMTrack pursuant to the Proposed Acquisition.

**7. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST**

Save as disclosed below, none of the directors and/ or major shareholders of SMTrack and/ or persons connected with them have any interest, whether direct or indirect, in the Proposed Acquisition.

Dato' Zaidi Bin Mat Isa @ Hashim, Dato' Saiful Nizam Bin Mohd Yusoff and Datuk Azmi Bin Osman, who are the interested directors, are all deemed interested in the Proposed Acquisition. They have and will continue to abstain from the Board's deliberations and voting at all the Board meetings and resolutions of the Company on the Proposed Acquisition.

**8. APPROVALS REQUIRED**

The HOA is not subject to the approvals of the shareholders of SMTrack, relevant authorities and/or Parties.

**9. STATEMENT BY DIRECTORS**

Save for Dato' Zaidi Bin Mat Isa @ Hashim, Dato' Saiful Nizam Bin Mohd Yusoff and Datuk Azmi Bin Osman, the Board of Directors, having taken into consideration all aspects of the HOA, is of the opinion that the HOA is in the best interest of SMTrack.

**10. DOCUMENTS AVAILABLE FOR INSPECTION**

The HOA is available for inspection at our registered office located at Level 5, Tower 8, Avenue 5, Horizon 2, Bangsar South City, 59200 Kuala Lumpur, Malaysia during normal business hours from Monday to Friday (except public holiday) for a period of 3 months from the date of this announcement.

This announcement is dated 31 October 2023.