

SMTRACK BERHAD (“SMTRACK” OR “THE COMPANY”) HEADS OF AGREEMENT

1. INTRODUCTION

The Board of Directors of SMTrack (“Board”) wishes to announce that the SMTrack Berhad had on 8 March 2024 entered into a Heads of Agreement (“HOA” or “the Agreement”) with Straits Millenium Sdn. Bhd. (“SMSB”) (“the Parties”) to enter into a joint venture by incorporate a new private limited company as the special purpose vehicle (“SPV”) for the proposal of “Empowering Malaysia's Rural Community Centers - Through Rural Digital Economy Under the Smart Village Program” (“the Project”).

2. INFORMATION ON STRAITS MILLENIUM SDN. BHD.

Straits Millenium Sdn. Bhd. (Registration No.: 200901012935 (855986-D) a private limited company incorporated under Companies Act 1965 with its registered office situated at No. 352-A, Lorong Kedah, Taman Melawati Urban 1, 53100 Kuala Lumpur, W.P. Kuala Lumpur.

The existing issue paid-up of Straits Millenium is RM1,000,000.00. The principal activity of Straits Millenium is building maintenance and facility management.

The existing directors of Straits Millenium are Sepekar Zanidah Binti Hussin, Sulaiman Bin Harun and Hazman Bin Rahmat.

The shareholders of Straits Millenium and their respective shareholdings as at the date of this announcement are as follows:-

<u>Shareholders</u>	<u>No. of ordinary shares</u>	<u>Percentage (%)</u>
Hazman Bin Rahmat	900,000	90
Sulaiman Bin Harun	100,000	10
Total	<u>1,000,000</u>	<u>100.00</u>

3. SALIENT TERMS OF THE HOA

3.1 Conditions precedent

The Agreement is subject to the following conditions precedent:

- a) the approval and consent of the relevant authorities and in the case of SMT, the approval of its Board of Directors, shareholders, and Bursa Securities to enter into the Agreement (if applicable);
- b) Completion of the due diligence investigations on SMSB and the Project to the satisfaction of SMT, particularly with respect to rights, obligations and entitlement in relation the Project within three (3)

months from the Execution Date;

- c) Completion of the due diligence investigations on SMT, particularly with respect to the financial and regulatory aspects of entering and performing the Project within three (3) months from the Execution Date.
- d) Receipt by SMT of all relevant documents in relation to the Project;
- e) Receipt by the Parties the certified true copies of board of directors' resolution authorising the execution of the Agreement of the other party; and
- f) Receipt by the SPV the Award which the terms and conditions of the Award shall be acceptable to the Parties.

3.2 The Parties hereto undertake to use their best endeavours to fulfil the conditions precedent within three (3) months from the Execution Date.

3.3 In the event that the conditions precedent have not been fulfilled within the aforesaid period of three (3) months, the Parties may mutually agree in writing to an extension for a further period of three (3) months.

3.4 In the event that the conditions precedent have not been fulfilled within the aforesaid period of three (3) months or such further period if agreed to by the Parties and or are rejected or withdrawn by the Relevant Authorities, this Agreement shall ipso facto cease and determine and (save in respect of any antecedent breach by either of the Parties and as provided in Clause 3.2 above) neither Party shall have any claim against the other for costs, damages, compensation or otherwise.

4. RATIONALE OF THE HOA

The rationale of the HOA is to pave way for further discussion and negotiation between the Parties to formalize and set out the preliminary terms of their relationship with each other via their respective investment participation in the joint venture through the SPV.

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 earnings in the future should the Project be finalised and successfully completed.

6. LIABILITIES TO BE ASSUMED

There are no liabilities, including contingent liabilities, to be assumed by SMT pursuant to the Project.

7. DIRECTORS' AND MAJOR SHAREHOLDERS' INTEREST

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 Agreement.

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

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, 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 8 March 2024.