

SMTRACK BERHAD (“SMTRACK” OR “COMPANY”)

(I) PROPOSED SHARE CONSOLIDATION; AND

(II) PROPOSED SHARE CAPITAL REDUCTION

(COLLECTIVELY REFERRED TO AS “PROPOSALS”)

1. INTRODUCTION

On behalf of the Board of Directors of SMTrack (“**Board**”), Apex Securities Berhad (“**Apex Securities**”) wishes to announce that the Company proposes to undertake the following:

- (i) proposed consolidation of every 10 existing ordinary shares in SMTrack (“**SMTrack Share(s)**” or “**Share(s)**”) into 1 SMTrack Share (“**Consolidated Share(s)**”) (“**Proposed Share Consolidation**”); and
- (ii) proposed reduction of the issued share capital of SMTrack of RM75.00 million pursuant to Section 117 of the Companies Act 2016 (“**Act**”) (“**Proposed Share Capital Reduction**”).

Further details of the Proposals are set out in the ensuing sections of this announcement.

2. DETAILS OF THE PROPOSALS

2.1 Proposed Share Consolidation

2.1.1 Basis and number of the Consolidated Shares

The Proposed Share Consolidation entails the consolidation of every 10 existing SMTrack Shares held by the shareholders of the Company, whose name appear in the Record of Depositors of the Company at the close of business on an entitlement date to be announced and determined later (“**Entitlement Date**”), into 1 Consolidated Share.

As at 3 April 2026, being the latest practicable date of this announcement (“**LPD**”), SMTrack has:

- (i) an issued share capital of RM114,862,026 comprising 1,321,471,800 Shares. The Company does not have any treasury shares; and
- (ii) existing share issuance scheme (“**SIS**”) of which there are no outstanding SIS options as at the LPD. It is the intention of the Company not to grant any SIS options prior to the completion of the Proposals.

For illustration purposes, pursuant to the Proposed Share Consolidation, the 1,321,471,800 Shares as at the LPD would be consolidated into 132,147,180 Consolidated Shares.

Any fractional entitlements for the Consolidated Shares, if any, shall be disregarded and/or dealt with by the Board in such manner as it may in its absolute discretion, deem fit or expedient and in the best interests of the Company.

2.1.2 Theoretical adjusted reference price (“**TARP**”) of the Consolidated Shares

The Proposed Share Consolidation will result in a reduction in the number of SMTrack Shares and an adjustment to the reference share price of SMTrack Shares listed and quoted on the ACE Market of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

For illustration purposes, based on the closing market price of SMTrack Shares as at the LPD of RM0.010, the TARP of SMTrack Shares upon completion of the Proposed Share Consolidation is as follows:

	As at the LPD	After the Proposed Share Consolidation
No. of SMTrack Shares	1,321,471,800	132,147,180
Closing market price per SMTrack Share as at the LPD / TARP per SMTrack Share ⁽¹⁾ (RM)	0.010	0.100 ⁽¹⁾
Total market value of SMTrack Shares⁽²⁾ (RM)	13,214,718	13,214,718

Notes:

(1) The TARP is arrived at based on the following formula:

$$\text{TARP per SMTrack Share} = \text{Closing market price per SMTrack Share} \times \frac{\text{No. of Shares as at the LPD}}{\text{No. of Consolidated Shares after the Proposed Share Consolidation}}$$

(2) The total market value of SMTrack Shares is arrived at by multiplying the number of SMTrack Shares with the closing market price per SMTrack Share as at the LPD / TARP per SMTrack Share.

Based on the above and for illustration purposes, the effect of the Proposed Share Consolidation to a shareholder of SMTrack based on an assumed shareholding of 1,000 Shares is as follows:

	As at the LPD	After the Proposed Share Consolidation
No. of SMTrack Shares	1,000	100
Closing market price / TARP per SMTrack Share (RM)	0.010	0.10
Total market value of shareholding (RM)	10.00	10.00

Based on the illustrations above, the Proposed Share Consolidation will reduce the number of Shares held by the shareholders of SMTrack and increase the reference price of the Shares. However, it will not have any impact on the total market value of the Shares held by the shareholders of SMTrack.

2.1.3 Ranking of the Consolidated Shares

The Consolidated Shares shall rank equally in all respects with one another.

2.1.4 Suspension of trading of SMTrack Shares

No suspension will be imposed on the trading of SMTrack Shares on the ACE Market of Bursa Securities pursuant to the Proposed Share Consolidation.

2.1.5 Procedures for the implementation of the Proposed Share Consolidation

An application will be made to Bursa Securities for the Proposed Share Consolidation.

The Consolidated Shares will be listed and quoted on the ACE Market of Bursa Securities on the next market day between Monday and Friday (inclusive both days) which is not a public holiday and on such day which Bursa Securities is open for the trading of securities following the Entitlement Date.

The Proposed Share Consolidation is a “**Specified Consolidation**” pursuant to Rule 13.14(1) of the ACE Market Listing Requirements of Bursa Securities (“**Listing Requirements**”), where it is not conditional upon any other corporate proposal.

The notice of allotment of Consolidated Shares will be issued and despatched to the entitled shareholders within 4 market days after the listing of and quotation for the Consolidated Shares on the ACE Market of Bursa Securities, or such other period as may be prescribed by Bursa Securities.

2.2 Proposed Share Capital Reduction

The Proposed Share Capital Reduction entails the reduction of RM75.00 million of the Company's issued share capital pursuant to Section 117 of the Act. The corresponding credit of RM75.00 million arising from such cancellation will be utilised to reduce the accumulated losses of the Company and the balance (if any) will be credited to the retained earnings of the Company which may be utilised in such manner as the Board deems fit and in the best interest of the Company, as permitted by the relevant and applicable laws, the Listing Requirements as well as the constitution of SMTrack.

For illustration purposes, the proforma effects of the Proposed Share Capital Reduction on the Company's and its subsidiaries' (collectively, “**SMTrack Group**” or “**Group**”) accumulated losses based on the audited financial statements for the 18-month financial period ended (“**FPE**”) 31 December 2024 and the unaudited financial statements for the 12-month financial period ended 31 December 2025 of the Company and the Group are as follows:

	Audited		Unaudited	
	As at 31 December 2024		As at 31 December 2025	
	Company level	Group level	Company level	Group level
	RM'000	RM'000	RM'000	RM'000
Accumulated losses	(51,983)	(69,131)	(53,002)	(69,859)
Add: Credit arising from the Proposed Share Capital Reduction	75,000	75,000	75,000	75,000
Less: Estimated expenses for the Proposals	(200)	(200)	(200)	(200)
Resultant retained earnings	22,817	5,669	21,798	4,941

Subject to and subsequent to the receipt of approval from the shareholders of the Company for the Proposed Share Capital Reduction at an extraordinary general meeting (“**EGM**”) to be convened, the effective date of the Proposed Share Capital Reduction will be the date when the Registrar of Companies has recorded the information lodged in the appropriate register pursuant to Section 119 of the Act.

The Proposed Share Capital Reduction will not result in the following:

- (i) any adjustment to the reference share price of the SMTrack Shares;
- (ii) any change in the total number of SMTrack Shares in issue or the number of Shares held by the shareholders of SMTrack;
- (iii) any payment to the shareholders of SMTrack; and
- (iv) any cash outflow or change in net asset (“**NA**”) of the Group, save for the estimated expenses to be incurred in relation to the Proposals.

3. RATIONALE FOR THE PROPOSALS

3.1 Proposed Share Consolidation

The Proposed Share Consolidation will enhance the Company's share capital structure as the consolidation of the existing SMTrack Shares will reduce the number of the issued Shares available in the market. Hence, the Company shall benefit from easier management of a smaller number of SMTrack Shares and all else being equal, would be indifferent to the shareholders as the Proposed Share Consolidation will not have any impact on the market value of SMTrack Shares as disclosed in Section 2.1.2 of this announcement.

Further, as the Company currently has a large number of shares in issue and a relatively low trading price range, a small absolute movement in the share price may be significant in percentage terms. Consolidating the issued Shares would lead to a reduction in the number of SMTrack Shares available in the market and should potentially reduce the volatility in the trading price for SMTrack Shares.

3.2 Proposed Share Capital Reduction

The Proposed Share Capital Reduction will enable the Company and the Group to rationalise their financial positions by reducing their accumulated losses via cancellation of the issued share capital to reflect the value of the underlying assets and financial position of the Company and the Group more accurately.

Furthermore, the reduction of accumulated losses may enhance the Company's and the Group's credibility with bankers, customers, suppliers and investors due to an improved financial standing.

4. EFFECTS OF THE PROPOSALS

4.1 Issued share capital

The pro forma effects of the Proposals on the Company's issued share capital as at the LPD are as follows:

	No. of Shares	RM
Issued share capital as at the LPD	1,321,471,800	114,862,026
To be consolidated pursuant to the Proposed Share Consolidation ⁽¹⁾	(1,189,324,620)	-
After the Proposed Share Consolidation	132,147,180	114,862,026
To be cancelled pursuant to the Proposed Share Capital Reduction ⁽²⁾	-	(75,000,000)
Resultant issued share capital	132,147,180	39,862,026

Notes:

(1) *Proposed Share Consolidation of every 10 existing SMTrack Shares into 1 Consolidated Share.*

(2) *After cancellation of RM75.00 million of the Company's share capital pursuant to the Proposed Share Capital Reduction.*

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4.2 NA per Share and gearing

Based on the latest audited consolidated statements of financial position of the Group as at 31 December 2024, the pro forma effects of the Proposals on the NA per Share and gearing of the Group are set out as follows:

	Audited as at 31 December 2024 RM	(I) After the Proposed Share Consolidation RM	(II) After (I) and Proposed Share Capital Reduction RM
Share capital	114,862,026	114,862,026	39,862,026 ⁽¹⁾
(Accumulated losses)/ Retained earnings	(69,131,287)	(69,131,287)	5,668,713 ⁽¹⁾⁽²⁾
Equity attributable to the owners of the Company	45,730,739	45,730,739	45,530,739
Non-controlling interests	848,267	848,267	848,267
Total equity	46,579,006	46,579,006	46,379,006
Number of Shares in issue ('000)	1,321,471,800	132,147,180	132,147,180
NA per Share (RM)	0.04	0.35	0.35
Total borrowings (RM'000)	9,159,248	9,159,248	9,159,248
Gearing level (times)	0.20	0.20	0.20

Notes:

(1) After cancellation of RM75.00 million of the Company's share capital and recognition of the corresponding credit pursuant to the Proposed Share Capital Reduction.

(2) After deducting the estimated expenses of RM0.20 million in relation to the Proposals.

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4.3 Substantial shareholders' shareholdings

As at the LPD, the Company does not have any substantial shareholder. Nevertheless, for information, the Proposed Share Capital Reduction will not have any effect to the shareholdings of the Company's shareholders and the Proposed Share Consolidation will result in consolidation of every 10 existing SMTrack Shares held by the shareholders of the Company into 1 Consolidated Share.

4.4 Earnings or losses and earnings per Share ("EPS") or losses per Share ("LPS")

The Proposals are not expected to have a material effect on the earnings or losses of the Group for the 18-month financial period ended 30 June 2026.

However, pursuant to the Proposed Share Consolidation and all things being equal, there will be an increase in the Group's EPS or LPS corresponding to the reduced number of SMTrack Shares in issue.

4.5 Convertible securities

As at the LPD, the Company does not have any outstanding convertible securities.

5. APPROVALS REQUIRED

The Proposals are subject to the following approvals being obtained:

- (i) Bursa Securities for the Proposed Share Consolidation;
- (ii) SMTrack's shareholders at an EGM to convened for the Proposals; and
- (iii) any other approval(s) from any other relevant parties / authorities, if required.

For information, the Proposed Share Capital Reduction does not require approval from any other authorities or parties. However, for the Proposed Share Capital Reduction to take effect, the Registrar of Companies will need to record the information lodged in the appropriate register and issue a notice confirming the reduction of share capital of the Company pursuant to Sections 119(3) and 119(4) of the Act.

The Proposed Share Consolidation and Proposed Share Capital Reduction are not inter-conditional among each other. The Proposals are not conditional upon any other corporate exercises undertaken or to be undertaken by the Company.

The Proposed Share Consolidation is prescribed as a Specified Consolidation pursuant to Rule 13.14(1)(a) of the Listing Requirements as it is not conditional upon any other proposals undertaken or to be undertaken by the Company.

6. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

None of the Directors and/or major shareholders of SMTrack, chief executive and/or persons connected with them has any interest, whether direct or indirect, in the Proposals.

7. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Proposals, including but not limited to the rationale and the effects of the Proposals, is of the opinion that the Proposals are in the best interest of the Company.

8. ADVISER

Apex Securities has been appointed as the Principal Adviser for the Proposals.

9. ESTIMATED TIMEFRAME FOR COMPLETION

The applications to Bursa Securities in respect of the Proposed Share Consolidation is expected to be submitted within 2 months from the date of this announcement.

Barring any unforeseen circumstances and subject to all requisite approvals being obtained, the Proposals are expected to be completed by the third quarter of 2026.

This announcement is dated 6 April 2026.