

PENTAMASTER CORPORATION BERHAD (“PCB” OR “THE COMPANY”)

EXTENSION OF TIME FOR THE UTILISATION OF PROCEEDS RAISED IN CONNECTION WITH THE LISTING EXERCISE OF PENTAMASTER INTERNATIONAL LIMITED ON THE STOCK EXCHANGE OF HONG KONG LIMITED

INTRODUCTION

We refer to the circular to the shareholders of the Company dated 24 October 2017 (“Circular”) and announcements dated 29 December 2017, 18 January 2018 and 19 January 2018 (“Announcements”) in relation to the proceeds arising from the Share Award Scheme and the offer for sale of Pentamaster International Limited (“PIL”) shares by PCB (“Proceeds”) in connection with the listing exercise of PIL on the Stock Exchange of Hong Kong Limited.

(Unless otherwise defined herein, the abbreviations used in this announcement are the same as those previously defined in the Circular and Announcements.)

The Board of Directors of PCB (“Board”) wishes to announce that it has deliberated and resolved to extend the timeframe for the utilisation of the remaining unutilised balance of the Proceeds for an additional 36 months up to 18 January 2023 (“Extension of Time”).

DETAILS OF THE EXTENSION OF TIME

As at the date of this announcement, the Company has yet to fully utilise the Proceeds allocated for the purchase of raw materials and business expansion through investment and acquisition which were initially intended to be utilised within two (2) years from the date of listing of PIL, i.e. 19 January 2018.

The details of the extension of time are set out below:

1. Share Award Scheme

Purpose	Gross proceeds received (RM'000)	Actual utilisation (RM'000)	Balance unutilised (RM'000)	Intended timeframe for utilisation (from the date of listing of PIL)	Revised estimated timeframe for utilisation (from date of listing of PIL)
Purchase of raw materials such as sensors, control panels, input/output control and computer field bus system and other services such as subcontracting work	20,000	952	19,048	Within two (2) years	Within five (5) years
Payment of staff salaries and benefits	4,500	4,500	-	Within one (1) year	-
General administrative and operating expenses	5,000	5,000	-	Within one (1) year	-
Total	29,500	10,452	19,048		

2. Offer for sale of PIL shares by PCB

Purpose	Gross proceeds received (RM'000)	Actual utilisation (RM'000)	Balance unutilised (RM'000)	Intended timeframe for utilisation (from the date of listing of PIL)	Revised estimated timeframe for utilisation (from date of listing of PIL)
Business expansion through investment and acquisition	32,741	-	32,741	Within two (2) years	Within five (5) years
Investment into technology related solutions and business applications	28,648	9,089	19,559	Within five (5) years	No change
Working capital	20,405	20,405	-	Within five (5) years	
Defray estimated expenses in relation to Listing Exercise, bonus issue and share split, collectively	5,306	5,306	-	Within six (6) months	
Total	87,100	34,800	52,300		

RATIONALE FOR THE EXTENSION OF TIME

The Group remains committed to its strategy for business expansion and exercise prudence in assessing and undertaking viable business expansion opportunities. The Extension of Time provides an avenue for the Group to carefully approach and evaluate new projects which are in line with the direction of the Group, such as initiatives for technology in the Industrial Revolution 4.0, particularly its i-Hub solution, as well as other emerging technology and applications that could propel the Group to the forefront in the sector. Coupled with the earlier trade tension between the United States and China, resulting in trade diversion effect and adjustment in the global supply chain, it is crucial for the Group to exercise caution in identifying and penetrating new markets as part of its business expansion and investment plan.

The Board is of the opinion that the Extension of Time is in the best interest of the Group and will not have any material adverse effect on the financial performance of the Group.

APPROVAL REQUIRED

The Extension of Time is not subject to approval of any regulatory authorities or the shareholders. Nevertheless, the Board shall continue to be vigilant and prudent in managing the utilisation of the remaining Proceeds and will continue to disclose the status of the utilisation in the Company's quarterly reports and annual report until it is fully utilised.

This announcement is dated 17 January 2020.