

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

PROPOSED INVESTMENT IN WISDOM CAPITAL LIMITED PARTNERSHIP, A TAIWAN-BASED GLOBAL DEEPTECH-SEMICONDUCTOR FUND BY PENTAMASTER INNOTEQ SDN. BHD., A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY

1. INTRODUCTION

The board (the “Board”) of directors (the “Directors”) of PCB is pleased to announce that its wholly-owned subsidiary, Pentamaster InnoTeq Sdn. Bhd. (“PISB”) had on 7 July 2022 formalized the investment of up to United States Dollar One Million (USD1,000,000) only (equivalent to approximately Ringgit Malaysia Four Million Four Hundred Twenty Eight Thousand (RM4,428,000.00) at an exchange rate of USD1 : RM4.4280) over the period of four years in Wisdom Capital Limited Partnership (the “Partnership”), a Taiwan-based Global DeepTech-Semiconductor Fund (the “Fund”) in Taiwan and across the world (“**Proposed Investment**”).

The Company was notified of the Proposed Investment clearance from the relevant authorities in Taiwan and the Partnership for the remittance of the 1st tranche of investment of United States Dollar Two Hundred Fifty Four Thousand (USD254,000) only on 7 July 2022.

2. DETAILS OF THE PROPOSED INVESTMENT

2.1 Information on PISB

PISB was incorporated in Malaysia on 22 September 2021 and the principal activities of PISB are technology and solution investment and to provide testing solution services.

The current paid-up capital of PISB is RM5,000,000 comprising of 5,000,000 ordinary shares. The Directors of PISB are Chuah Choon Bin and Gan Pei Joo. PISB is a wholly-owned subsidiary of PCB.

PISB is not a major subsidiary of PCB.

2.2 Information on Wisdom Capital Limited Partnership

Wisdom Capital Limited Partnership is a limited partnership registered in Taiwan and is managed by JC Capital Taiwan Co., Ltd. (“JC Capital”) and Taiwan Cooperative Venture Capital.

2.3 Details of the Fund

The Fund is a target United States Dollar Two Hundred Million (USD200,000,000) fund sponsored by the Taiwanese government targeting DeepTech-Semiconductor supply chain to bolster semiconductor, artificial intelligence and internet of things, electric vehicles and green technology industries.

The Investment will give the Company a stake in the Fund in proportion to the total size of asset under management (“AUM”) of the Fund. The term of the Partnership is an investment period of four years and two to four (but not exceeding four) years exit period.

The Fund will target to invest in the equity of companies at early, expansion (late stage venture), restructuring stage and small cap public or IPO stage with focus on new material, sensor technology, integrated circuit design, Software as a Service (SAAS), Artificial Intelligence, Machine Learning, High Performance Computing and Cloud essential to semiconductor process innovation and disruptive technologies.

2.4 Source of funding

The Proposed Investment will be financed through internally generated funds and proceeds raised from the offer for sale of Pentamaster International Limited (“PIL”) shares by PCB in connection with the listing exercise of PIL, a subsidiary of PCB, on The Stock Exchange of Hong Kong Limited on 19 January 2018 (“PIL Listing Proceeds”).

Kindly refer to the circular to shareholders of the Company dated 24 October 2017 and announcements dated 29 December 2017, 18 January 2018, 19 January 2018 and 17 January 2020 for details relating to the PIL Listing Proceeds and its proposed utilisation.

2.5 Assumption of Liabilities

There are no liabilities, including contingent liabilities and guarantees to be assumed by PISB or PCB Group arising from the Proposed Investment.

3. RATIONALE FOR THE PROPOSED INVESTMENT

As part of the purpose from the PIL Listing Proceeds, the Proposed Investment is intended to expand PCB Group’s business through investment into technology solutions and applications that are synergistic to the Group. Particularly on the Group’s Business Strategies in its Product and Solution Diversification in horizontally integrating for its business segments.

4. RISK FACTORS

4.1 Investment risk

There can be no assurance that the anticipated benefits from the Proposed Investment will be realised or that PCB will be able to generate sufficient returns to offset its cost of investment as returns on the Investment will depend on the performance of the companies in which the Fund invest into. Nevertheless, the Board has exercised due care in considering the potential risks and benefits associated with the Proposed Investment.

5. EFFECTS OF THE PROPOSED INVESTMENT

5.1 Share capital and substantial shareholders’ shareholdings

The Proposed Investment will not have any effect on the issued share capital of PCB and the substantial shareholders’ shareholdings in PCB as the Proposed Investment does not involve any issuance of new ordinary shares in PCB.

5.2 Earnings and earnings per share

The Proposed Investment is not expected to have any material effect on the earnings of PCB Group and EPS of the Company.

5.3 Net Assets (“NA”) and gearing

The Proposed Investment is not expected to have any material effect on the NA and gearing of PCB Group for the financial year ending 31 December 2022.

6. APPROVALS REQUIRED

The Proposed Investment is not subject to the approval of any governmental authorities or the shareholders of the Company.

7. CONDITIONALITY

The Proposed Investment is not conditional upon any other corporate proposals undertaken or to be undertaken by PCB.

8. DIRECTORS' AND/OR MAJOR SHAREHOLDERS' INTERESTS

None of the Directors and/or major shareholders of PCB and/or persons connected with them have any interest, direct or indirect, in the Proposed Investment.

9. DIRECTORS' STATEMENT

The Board of Directors, having considered all aspects of the Proposed Investment, including but not limited to the rationale, financial effects and risks associated with the Proposed Investment, is of the opinion that the Proposed Investment is in the best interest of PCB Group.

10. PERCENTAGE RATIOS

The highest percentage ratio applicable to the Proposed Investment pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad based on the maximum investment of United States Dollar One Million (USD1,000,000) and the latest audited consolidated financial statements of PCB for the financial year ended 31 December 2021 is 0.56%.

This announcement is dated 8 July 2022.