

THIS CIRCULAR AND STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad (“Bursa Securities”) has not perused the contents of this Circular and Statement as they are Exempt Circulars pursuant to Practice Note 18 of the Main Market Listing Requirements of Bursa Securities.

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PENTAMASTER CORPORATION BERHAD

Company No. 200201004644 (572307-U)
(Incorporated in Malaysia)

PART A CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

PART B STATEMENT TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR PENTAMASTER CORPORATION BERHAD TO PURCHASE UP TO 10% OF ITS TOTAL NUMBER OF ISSUED SHARES

The above proposals will be tabled as Special Businesses at Pentamaster Corporation Berhad’s Twenty First Annual General Meeting (“AGM”) to be held at Level 4, Jadeite Function Room, Amari SPICE Penang, 2, Persiaran Mahsuri, Bayan Baru, 11900 Bayan Lepas, Pulau Pinang on Wednesday, 31 May 2023 at 10.30 a.m.. Notice convening the Twenty First AGM of the Company is set out in the Annual Report 2022 of the Company despatched together with this Circular and Statement.

The Form of Proxy may be completed in hardcopy form or electronic means in the following manner not less than 48 hours before the time for holding the meeting or any adjournment thereof:

(i) In hardcopy form:

The proxy form shall be deposited at the office of the Company’s Share Registrar at Securities Services (Holdings) Sdn Bhd, Suite 18.05, MWE Plaza, No. 8, Lebuhr Farquhar, 10200 Penang.

(ii) By electronic means:

The proxy form shall also be electronically lodged by email to eservices@sshsb.com.my.

Last day and time for lodging the Form of Proxy : Monday, 29 May 2022 at 10.30 a.m.

Date and time of AGM : Wednesday, 31 May 2022 at 10.30 a.m.

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular and Statement:-

Act	:	The Companies Act 2016, or any statutory modification, amendment or re-enactment thereof for the time being in force
AGM	:	Annual General Meeting
Board	:	The board of directors of PCB and/or its subsidiaries
Bursa Securities or the Exchange	:	Bursa Malaysia Securities Berhad (Company No. 200301033577 (635998-W))
Code	:	Malaysian Code on Take-overs and Mergers, 2016 including the Rules on Take-overs, Mergers and Compulsory Acquisitions and any amendments thereof that may be made from time to time
Director	:	Shall have the meaning given in Section 2 of the Act and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a director of PCB or any other company which is its subsidiary or holding company, or a chief executive officer of the company, its subsidiary or holding company; and "Directors" shall be construed accordingly
EPS	:	Earnings per Share
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities as modified, varied, supplemented or replaced from time to time and including any Practice Notes issued in relation thereto
LPD	:	31 March 2023, being the latest practicable date prior to the printing of this Circular and Statement
Mandated Period	:	The period during which the recurrent related party transactions are to be entered into for which the Proposed Renewal of Shareholders' Mandate for RRPT is sought. This period shall commence immediately upon passing of the resolution in respect of the Proposed Renewal Mandate for RRPT at the forthcoming AGM and shall continue to be in force until: (i) the conclusion of the next AGM; or (ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or (iii) revoked or varied by resolution passed by the shareholders in general meeting whichever is the earlier.
Market Day(s)	:	Any day(s) between Monday to Friday (inclusive), excluding public holidays, and a day on which Bursa Securities is open for trading of securities
NA	:	Net assets
OVSB	:	Origo Ventures (M) Sdn Bhd (Company No. 201401027996 (1104082-X))

DEFINITIONS (con't)

PCB or the Company	:	Pentamaster Corporation Berhad (Company No. 200201004644 (572307-U))
PCB Group or the Group	:	PCB and its subsidiaries
PEMSB	:	Pentamaster Equipment Manufacturing Sdn Bhd (Company No. 200601029409 (749166-A))
Person Connected	:	in relation to any person (referred to as "said Person") means such person who falls under any one of the following categories: (a) a family member of the said Person; (b) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the said Person, or a family member of the said Person, is the sole beneficiary; (c) a partner of the said Person; (d) a person, or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the said Person; (e) a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions or wishes the said Person is accustomed or is under an obligation, whether formal or informal, to act; (f) a body corporate in which the said Person, or persons connected with the said Person are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or (g) a body corporate which is a related corporation of the said Person.
PIL	:	Pentamaster International Limited (MC-323853)
PIQSB	:	Pentamaster InnoTeq Sdn. Bhd. (Company No. 202101030723 (1431023-V))
PISB	:	Pentamaster Instrumentation Sdn Bhd (Company No. 200301034952 (637373-M))
PMSB	:	Pentamaster MediQ Sdn Bhd (Company No. 202001017008 (1373328-W))
Proposed Renewal of Shareholders' Mandate for RRPT	:	Proposed renewal of shareholders' mandate in respect of the Recurrent Related Party Transactions to be entered into during the Mandated Period
Proposed Share Buy-Back	:	Proposed renewal of shareholders' mandate for PCB to purchase up to 10% of its total number of issued shares
PSB	:	Pingspace Sdn. Bhd. (Company No. 201701030527 (1244697-W))
PSSSB	:	Pentamaster Smart Solution Sdn Bhd (Company No. 200301023077 (625497-H))
PTSB	:	Pentamaster Technology (M) Sdn. Bhd. (Company No. 199501007290 (336488-H))

DEFINITIONS (con't)

Purchased Shares	:	Shares which may be purchased by the Company pursuant to the Proposed Share Buy-Back
Recurrent Related Party Transactions or RRPT	:	Related Party Transactions involving recurrent transactions of a revenue or trading nature which are necessary for PCB Group's day to day operations and are in the ordinary course of business of the Group
Related Party	:	A Director, major shareholder or Person Connected with such Director or major shareholder of PCB
Related Party Transactions	:	A transaction entered into by PCB Group which involves the interest, direct or indirect, of a Related Party
RM and sen	:	Ringgit Malaysia and sen respectively
SC	:	Securities Commission Malaysia
Share(s)	:	Ordinary share(s) of PCB

For the purpose of this Circular and Statement, all references to a time of day shall be a reference to Malaysian time unless otherwise stated.

In this Circular and Statement, words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall, where applicable, include corporations.

References to "we", "us", "our" and "ourselves" are to our Company, and where the context otherwise requires, our subsidiaries. All reference to "you" are to our shareholders.

For ease of reading, certain figures in this Circular and Statement have been rounded. Any discrepancy in the figures included in this Circular and Statement between the amounts stated and the totals thereof are due to rounding.

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PART B**STATEMENT TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR PENTAMASTER CORPORATION BERHAD TO PURCHASE UP TO 10% OF ITS TOTAL NUMBER OF ISSUED SHARES**

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PART A

**CIRCULAR TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF
SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A
REVENUE OR TRADING NATURE**



PENTAMASTER CORPORATION BERHAD

Company No. 200201004644 (572307-U)
(Incorporated in Malaysia)

Registered Office:

35, 1st Floor, Jalan Kelisa Emas 1,
Taman Kelisa Emas,
13700 Seberang Jaya, Penang.

28 April 2023

Board of Directors:

Chuah Choon Bin (*Executive Chairman*)
Gan Pei Joo (*Executive Director*)
Leng Kean Yong (*Non-Independent Non-Executive Director*)
Dato' Loh Nam Hooi (*Non-Independent Non-Executive Director*)
Lee Kean Cheong (*Independent Non-Executive Director*)
Roslinda Binti Ahmad (*Independent Non-Executive Director*)

To: The shareholders of Pentamaster Corporation Berhad

Dear Sir/Madam,

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RRPT

1. INTRODUCTION

The Company had at its AGM held on 31 May 2022, obtained a shareholders' mandate for the Company and/or its subsidiaries to enter into Recurrent Related Party Transactions of a revenue or trading nature which are necessary for day-to-day operations and are carried out in the ordinary course of business and on normal commercial terms that are not more favourable to the Related Parties than those generally available to the public.

The existing shareholders' mandate shall in accordance with the Listing Requirements expire at the conclusion of the forthcoming AGM unless, by a resolution passed at the meeting, the authority is renewed.

On 11 April 2023, the Company had announced its intention to seek shareholders' approval for the Proposed Renewal of Shareholders' Mandate for RRPT pursuant to Paragraph 10.09 of the Listing Requirements at the forthcoming AGM.

THE PURPOSE OF THIS CIRCULAR IS TO PROVIDE YOU WITH THE DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RRPT AND TO SEEK YOUR APPROVAL FOR THE RESOLUTION TO BE TABLED AT THE FORTHCOMING AGM OF THE COMPANY.

SHAREHOLDERS ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS TOGETHER WITH THE APPENDICES OF THIS CIRCULAR BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RRPT AT THE FORTHCOMING AGM OF THE COMPANY.

2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RRPT

2.1 Background information of provision imposed by the Listing Requirements on Related Party Transactions

Paragraph 10.09(2), Chapter 10 of the Listing Requirements provides that the Company may seek a mandate from its shareholders for related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations subject to the following:-

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Party than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1) of the Listing Requirements;
- (c) the circular to shareholders for the shareholders' mandate shall include the information as may be prescribed by the Exchange;
- (d) in a meeting to obtain shareholders' mandate, the interested Related Party must not vote on the resolution approving the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions; and
- (e) the Company must immediately announce to the Exchange when the actual value of a Recurrent Related Party Transaction entered into by the Company, exceeds the estimated value of the Recurrent Related Party Transactions disclosed in the circular to shareholders by 10% or more and must include the information as may be prescribed by the Exchange in its announcement.

Paragraph 3.1.4 of Practice Note 12 states that the shareholders' mandate is subject to annual renewal and any authority conferred by a shareholders' mandate will only continue to be in force until:-

- (i) the conclusion of the next AGM of the Company at which shareholders' mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (ii) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

Where disclosure of the aggregate value of transactions conducted pursuant to the shareholders' mandate is required to be made in the annual report, Paragraph 3.1.5 of Practice Note 12 states that the Company must provide breakdown of the aggregate value of the Recurrent Related Party Transactions made during the financial year, amongst others, based on the following information:-

- (i) the type of the Recurrent Related Party Transactions made; and
- (ii) the names of the related parties involved in each type of the Recurrent Related Party Transactions made and their relationship with the Company.

2.2 Classes of Related Party and the nature of transactions

- (a) The principal activities of PCB are those of investment holding and the provision of management services.

The particulars of its subsidiary companies and their principal activities as at the LPD are as follows:-

Name of Company	Equity Interest (%)	Principal Activities
<u>Direct subsidiaries of PCB</u>		
OVSB	100.00	Property project management activities
PSSSB	100.00	Designing and manufacturing of smart control solution systems
PIQSB	100.00	Investment holding and provision of testing solution services
PIL	63.90	Investment holding
<u>Indirect subsidiaries -held through PIL</u>		
PEMSB	100.00	Equipment design and manufacturing services and manufacturing of high precision machine parts
PISB	100.00	Designing and manufacturing of automated testing equipment and test and measurement system
PTSB	100.00	Design, manufacturing and installation of computerised automation systems and equipment
PMSB	100.00	Designing and manufacturing of single-use medical devices, medical equipment and related instruments
<u>Subsidiaries of PEMS B</u>		
Pentamaster Equipment Manufacturing, Inc	100.00	Providing sales and support services.
TP Concept Sdn. Bhd.	100.00	Manufacturing and assembling of medical machines and manufacturing of die casting parts

Subsidiary of PTSB

Pentamaster Technology (Jiangsu) Limited	100.00	Research and development, manufacturing and sales of automated testing equipment and automation solutions as well as providing technical services, development, consulting and other businesses
Pentamaster Automation (Japan) Co., Ltd.	100.00	Design and development, production and sales of automated test equipment, factory automation system and other handling solutions as well as providing technical consulting services and other related support services
Pentamaster Automation (Germany) GmbH	100.00	Design and development, production and sales of automated test equipment, factory automation system and other handling solutions as well as providing technical consulting services and other related support services

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- (b) The nature of the transactions by the company within the PCB Group with the related parties with whom the Recurrent Related Party Transactions will be carried out are tabulated as follows:

Nature of RRPTs	Transacting parties		Related Parties	Interested Directors/Major Shareholders and persons connected	Estimated value from forthcoming AGM to the next AGM ⁽⁴⁾ (RM)	2022 Shareholders' Mandate	
	Provider	Recipient				Estimated Value (RM)	Actual Value ⁽⁵⁾ (RM)
Licensing of software and provision of integration services in relation to automated logistic and warehousing solutions by PSSSB to PSB	PSSSB	PSB	Chuah Di Ken ⁽¹⁾	Chuah Choon Bin and Neoh Boon Loon ⁽²⁾	2,000,000 ⁽³⁾	2,000,000	Nil
Provision of hardware and system integration solution in relation to automated logistic and warehousing solutions by PEMSB to PSB	PEMSB	PSB	Chuah Di Ken ⁽¹⁾	Chuah Choon Bin and Neoh Boon Loon ⁽²⁾	8,000,000 ⁽³⁾	8,000,000	Nil

Notes

- (1) Chuah Di Ken is the son of Chuah Choon Bin and Neoh Boon Loon. Chuah Di Ken is a Director of PSB and he has 93.20% direct interest in PSB. He has no interest in the shareholding of PCB, PSSSB and PEMSB. The principal activity of PSB is development and marketing of electronic appliances, systems hardware and software applications, robotic technology, product design and other related businesses, operation of all types of storage and warehouse facilities for all kind of food, goods and merchandise and operation of e-commerce portal and other websites that act as portal to the internet.
- (2) Chuah Choon Bin is the Executive Chairman of PCB and he has 19.74% (excluding a total of 1,000,000 Shares retained as treasury shares) direct interest in the ordinary shares of PCB comprising of 140,420,120 ordinary shares and 0.02% indirect interest in the ordinary shares of PCB comprising of 138,510 ordinary shares (deemed interested through the shareholding of his spouse, Neoh Boon Loon, pursuant to Section 59(11)(c) of the Act) as at the LPD. Chuah Choon Bin and Neoh Boon Loon have no interest in the shareholding of PSB.
- (3) The estimated value was arrived at based on expected milestones of the project timeline. The value of these transactions may vary from the estimate value disclosed above depending on progress of the project.
- (4) The next AGM will be held tentatively in May 2023.
- (5) Actual value of Recurrent Related Party Transactions from the date of the existing shareholders' mandate obtained at the last AGM held on 31 May 2022 up to the LPD.

There is no amount due and owing by the related party to PCB Group pursuant to the recurrent related party transactions which exceeded the credit terms as at 31 December 2022.

2.3 Proposed Renewal of Shareholders' Mandate for RRPT

Under Chapter 10 of the Listing Requirements, a listed company may seek a shareholders' mandate for recurrent transactions of a revenue or trading nature which are necessary for a listed company or its subsidiaries' day-to-day operations such as provision of services and supply of materials which may be carried out with the listed company's interested persons.

The Group has initiated a proprietary solution known as "i-Hub", a fully automated, modularity concept solution that cater for the logistic and warehousing industry. i-Hub involves intelligence interconnected machine with minimal human intervention that allows for space saving, better traceability, speed enhancement and cost efficiency that is beneficial and relevant in the current manufacturing supply chain. i-Hub is the Group's new offering in the current prevalence of Industry 4.0, as technology and automation is fast becoming the new norm in doing business.

PSB, having established itself as a development and marketing company in systems hardware and software applications, specifically in the commerce, logistic and warehouse sectors, shall be the partner in selling and marketing the i-Hub solution for the Group, given the coverage of potential customers are outside the Group's customers network.

The i-Hub solution will involve PSSSB and PEMSB, where PEMSB will provide the hardware and system integration solution whilst PSSSB shall provide the relevant software licensed to integrate and operate with the hardware system.

2.4 Rationale and benefits for the Proposed Renewal of Shareholders' Mandate for RRPT

The Recurrent Related Party Transactions as set out in Sections 2.2(b) of this Circular to be entered into by the PCB Group are recurring transactions of a revenue or trading nature which are necessary for its day-to-day operations and are in the ordinary course of business of the PCB Group.

The collaboration with PSB involves the licensing of proprietary software and supply of the solutions hardware as well as technical services for project implementation to its potential customers. The licensed software is a specific, in-house development that can integrate and operate within the group's factory automation solution platform, in ensuring an efficient and cost-effective product for the marketplace. While PSSSB could monetize the software development value by licensing it to PSB, it is also envisage that PSB will engage PEMSB in equipment design and manufacturing of high precision machine system for PSB in its offerings to its potential customers. This synergistic business proposition would allow the billings from both PEMSB and PSSSB to PSB, which shall contribute positively to PCB Group, at a minimal operational cost outlay.

The abovementioned transactions are likely to occur with some degree of frequency, and may arise from time to time, on an arm's length basis and on normal commercial terms and are on terms not more favourable to the Related Parties than those generally available to the public or unrelated third parties (and which are not to the detriment of the minority shareholders of the Company). As it would be prudent to carry out the transactions on a timely basis, it may be impractical to seek shareholders' approval on a case-by-case basis before entering into such Related Party Transactions.

The Proposed Renewal of Shareholders' Mandate for RRPT is intended to facilitate the Recurrent Related Party Transactions. The obtaining of your mandate on an annual basis would eliminate the need to convene separate general meetings from time to time to seek shareholders' approval as and when potential Recurrent Related Party Transactions with the Related Party arise, thereby substantially reducing administrative time and expenses in convening such meetings, without compromising the corporate objectives or the interests of minority shareholders or adversely affecting the business opportunities available to the PCB Group.

2.5 Review Procedures

The PCB Group will adopt and implement the following procedures, to supplement existing management procedures for general transactions, to ensure that Recurrent Related Party Transactions are undertaken on transaction prices and on an arm's length basis and on normal commercial terms and are on terms not more favourable to the Related Parties than those generally available to the public or unrelated third parties (and which are not to the detriment of the minority shareholders of the Company).

- a) The terms of any new Recurrent Related Party Transaction proposed to be entered into by PCB, or any of its subsidiaries, involving the interest of a related party will be submitted to the senior management in charge for their evaluation.
- b) The senior management in charge will compare the terms of the transaction with at least two other contemporaneous transactions with unrelated third parties for similar products/services and/or quantities, wherever possible, to determine whether the price and terms offered to/by the related parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities. In the event that quotations or comparative pricing from unrelated third parties cannot be obtained for the proposed transactions, senior management will rely on the usual business practices of the Group. The methods and procedures on which transactions prices will be determined will take into consideration the terms and conditions, level of service or expertise required, quality, reliability and consistency of the products and services.
- c) If it is concluded by the senior management in charge that the Related Party Transaction is recurrent and is undertaken on an arm's length basis and on normal commercial terms and are on terms not more favourable to the Related Party than those generally available to the public or unrelated third parties, the senior management in charge will prepare and forward a report of their findings ("**Report**") to the Executive Chairman (or in the case where the Executive Chairman is directly interested, to any other non-interested Director for his or her approval).
- d) All Reports approved by the Executive Chairman (or any other non-interested Director, as the case may be), will be submitted to the Audit Committee on a quarterly basis. The Audit Committee will review all submitted Reports and in turn report their findings to the Board of Directors.
- e) A compilation of all approved Reports will be maintained by the Company to record all Recurrent Related Party Transactions.
- f) The annual internal audit plan shall incorporate a review of Recurrent Related Party Transactions carried out to ensure that the relevant approvals have been obtained and the review procedures in respect of such transactions are adhered to.
- g) The Audit Committee shall review the internal audit reports to ascertain that the guidelines and procedures established to monitor Recurrent Related Party Transactions have been complied with and the review shall be done together with the review of the quarterly results.
- h) The Audit Committee shall review the procedures, and shall continue to review the procedures, as and when required, with the authority to sub-delegate to individuals or committees within the Company as they deem appropriate.
- i) If a member of the Board or the Audit Committee has an interest in the transaction to be reviewed by the Board or the Audit Committee as the case may be, he will abstain from any decision making by the Board or the Audit Committee in respect of the transaction.
- j) There is no specific threshold for approval of Recurrent Related Party Transactions within PCB Group. Transactions, where the value fall within the value approved per the shareholders' mandate, are approved by the Executive Director or any other non-interested Director as the case may be. However, senior management will seek the approval of the Executive Director and the Audit Committee before entering into any transaction that would cause the Group to exceed the estimated value approved per the shareholders' mandate.

2.6 Audit Committee Statement

The Audit Committee of the Company having reviewed the procedures mentioned in Section 2.5 above, is of the view that the Group has in place adequate procedures and processes to monitor, track and identify Recurrent Related Party Transactions in a timely and orderly manner. It is the view of the Audit Committee that the review procedures are sufficient to ensure that Recurrent Related Party Transactions are not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders and are in the best interest of the Group. These procedures and processes are reviewed on an annual basis.

Members of the Audit Committee who have interest in the recurrent related party transactions will abstain from participating in reviewing the relevant transactions.

3. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

The direct and/or indirect shareholdings in PCB of the interested directors, major shareholders and persons connected to them as at LPD are as follows:-

	No. of ordinary shares held in PCB			
	Direct	% ⁽¹⁾	Indirect	% ⁽¹⁾
Interested Director and major shareholder of PCB Chuah Choon Bin	140,420,120	19.74	138,510 ⁽²⁾	0.02
Person connected with Interested Director and major shareholder of PCB Neoh Boon Loon (Spouse of Chuah Choon Bin)	138,510	0.02	-	-

Notes:

⁽¹⁾ Excluding a total of 1,000,000 Shares retained as treasury shares.

⁽²⁾ Deemed interested through the shareholding of his spouse pursuant to Section 59(11)(c) of the Act.

The direct and/or indirect shareholdings in PCB of other directors and persons connected to them as at LPD are as follows:-

	No. of ordinary shares held in PCB			
	Direct	% ⁽¹⁾	Indirect	% ⁽¹⁾
Other Directors of PCB				
Gan Pei Joo	50,486	0.01	-	-
Dato' Loh Nam Hooi	437,400	0.06	-	-
Leng Kean Yong	40,000	0.01	-	-
Lee Kean Cheong	10,000	n.m. ⁽²⁾	-	-

Notes:

⁽¹⁾ Excluding a total of 1,000,000 Shares retained as treasury shares.

⁽²⁾ Not material.

Save as disclosed above, there is no other major shareholder in PCB.

The interested Director, namely, Chuah Choon Bin has abstained and shall continue to abstain from all Board deliberations in relation to his direct or indirect interests in the Board meetings on the Proposed Renewal of Shareholders' Mandate for RRPT.

The interested Director and major shareholder, namely, Chuah Choon Bin will also abstain from voting in respect of his direct and indirect shareholdings on the relevant resolution in which he is interested in, pertaining to the Proposed Renewal of Shareholders' Mandate for RRPT to be tabled at the forthcoming AGM.

In addition, the interested Director and major shareholder, namely, Chuah Choon Bin has undertaken that he will ensure that persons connected to him as defined in the Listing Requirements will abstain from voting in respect of their direct and indirect shareholdings on the relevant resolution in which he is interested in, pertaining to the Proposed Renewal of Shareholders' Mandate for RRPT at the forthcoming AGM.

Save as disclosed herein, none of the other Directors, major shareholder and/or persons connected with the Directors or major shareholder as defined in the Listing Requirements have any interest, direct or indirect, in the Proposed Renewal of Shareholders' Mandate for RRPT.

4. APPROVAL REQUIRED

The Proposed Renewal of Shareholders' Mandate for RRPT is subject to approval being obtained from the shareholders of PCB at the forthcoming Twenty First AGM of the Company.

5. EFFECTS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RRPT

The Proposed Renewal of Shareholders' Mandate for RRPT will not have any impact on the share capital and substantial shareholders' shareholdings of the Company and net tangible assets and earnings of PCB Group.

6. DIRECTORS' RECOMMENDATION

The Board (save for Chuah Choon Bin who is deemed interested in the Proposed Renewal of Shareholders' Mandate for RRPT as mentioned in Section 3 above and has abstained from forming an opinion) is of the opinion that the Proposed Renewal of Shareholders' Mandate for RRPT is fair, reasonable and in the best interests of the Company's shareholders and the Group.

With the exception of Chuah Choon Bin who is deemed interested in the Proposed Renewal of Shareholders' Mandate for RRPT as mentioned in Section 3 above and has therefore refrained from making any recommendation in respect of the resolution, your Directors recommend that you vote in favour of the ordinary resolution on the Proposed Renewal of Shareholders' Mandate for RRPT to be tabled at the forthcoming AGM.

7. ANNUAL GENERAL MEETING

The notice dated 28 April 2023 convening the Twenty First AGM of the Company to, inter alia, consider and if thought fit, pass with or without modifications, the ordinary resolution on the Proposed Renewal of Shareholders' Mandate for RRPT together with the Form of Proxy are available at the Company's website at <https://www.pentamaster.com.my>. The AGM will be held at Level 4, Jadeite Function Room, Amari SPICE Penang, 2, Persiaran Mahsuri, Bayan Baru, 11900 Bayan Lepas, Pulau Pinang on Wednesday, 31 May 2023 at 10.30 a.m.

If you are unable to attend and vote in person at the AGM, you may complete the Form of Proxy in hardcopy form or electronic means in the following manner not less than 48 hours before the time for holding the meeting or any adjournment thereof:

(i) In hardcopy form:

The proxy form shall be deposited at the office of the Company's Share Registrar at Securities Services (Holdings) Sdn Bhd, Suite 18.05, MWE Plaza, No. 8, Lebuhr Farquhar, 10200 Penang.

(ii) By electronic means:

The proxy form shall also be electronically lodged by email to eservices@sshsb.com.my.

8. FURTHER INFORMATION

Shareholders are advised to refer to Appendix I and II of this Circular and Statement for further information.

Yours faithfully
For and on behalf of the Board
PENTAMASTER CORPORATION BERHAD

Chuah Choon Bin
Executive Chairman

PART B

**STATEMENT TO SHAREHOLDERS IN RELATION TO THE PROPOSED RENEWAL OF
SHAREHOLDERS' MANDATE FOR PENTAMASTER CORPORATION BERHAD TO PURCHASE UP TO
10% OF ITS TOTAL NUMBER OF ISSUED SHARES**



PENTAMASTER CORPORATION BERHAD
Company No. 200201004644 (572307-U)
(Incorporated in Malaysia)

Registered Office:

35, 1st Floor, Jalan Kelisa Emas 1
Taman Kelisa Emas
13700 Seberang Jaya, Penang

28 April 2023

Board of Directors:

Chuah Choon Bin (*Executive Chairman*)
Gan Pei Joo (*Executive Director*)
Leng Kean Yong (*Non-Independent Non-Executive Director*)
Dato' Loh Nam Hooi (*Non-Independent Non-Executive Director*)
Lee Kean Cheong (*Independent Non-Executive Director*)
Roslinda Binti Ahmad (*Independent Non-Executive Director*)

To: The shareholders of Pentamaster Corporation Berhad

Dear Sir/Madam,

PROPOSED SHARE BUY-BACK

1. INTRODUCTION

On 11 April 2023, PCB announced that the Company proposed to seek shareholders' approval for the proposed purchase by the Company of its own Shares of up to ten percent (10%) of the total number of issued Shares of the Company at the forthcoming Twenty First AGM of the Company.

THE PURPOSE OF THIS STATEMENT IS TO PROVIDE YOU WITH THE RELEVANT INFORMATION IN RELATION TO THE PROPOSED SHARE BUY-BACK, TO SET OUT YOUR BOARD'S RECOMMENDATION THEREON AND TO SEEK YOUR APPROVAL FOR THE ORDINARY RESOLUTION PERTAINING TO THE PROPOSED SHARE BUY-BACK TO BE TABLED AT THE FORTHCOMING TWENTY FIRST AGM OF THE COMPANY.

SHAREHOLDERS ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS TOGETHER WITH THE APPENDICES OF THIS STATEMENT BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED SHARE BUY-BACK AT THE FORTHCOMING AGM OF THE COMPANY.

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2. DETAILS OF THE PROPOSED SHARE BUY-BACK

2.1 Quantum

The Company proposes to seek the approval from its shareholders to purchase its own Shares of up to a maximum of ten percent (10%) of the total number of issued shares of the Company at any point in time subject to compliance with Section 127 of the Act, the Listing Requirements and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities.

As at the LPD, the issued capital of the Company was RM79,303,370 comprising of 711,317,121 Shares (excluding a total of 1,000,000 Shares retained as treasury shares). As an illustration, based on the total number of issued Shares as at the LPD, the maximum number of Shares that can be purchased by the Company will be 71,131,700 Shares (rounded to the nearest board lot).

In the event the Company resell, distribute or cancel all or part of the treasury shares, the Company may further purchase such additional number of Shares provided that the total number of Purchased Shares, including Shares held as treasury shares then, does not exceed 10% of the total number of issued shares of the Company at the time of such purchase.

2.2 Duration of mandate

The approval from the shareholders for the Proposed Share Buy-Back will be effective immediately upon the passing of the ordinary resolution for the Proposed Share Buy-Back at the forthcoming Twenty First AGM and will continue to be in force until -

- (a) the conclusion of the next AGM of the Company at which such Proposed Share Buy-Back was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever occurs first.

2.3 Funding

Paragraph 12.10 of the Listing Requirements stipulates that a listed issuer must ensure that the proposed purchase of its own shares is made wholly out of retained profits of the listed issuer. Accordingly, the maximum amount of funds to be utilised by the Company for the Proposed Share Buy-Back will not exceed the Company's retained profits. Based on the Company's latest audited financial statements for the financial year ended 31 December 2022, the retained profits of the Company stood at RM188,332,846.

The funding of the Proposed Share Buy-back will be from internally generated funds and/or external borrowings, the proportion of which to be utilised will depend on the actual number of Shares to be purchased, the price of the Shares and the availability of funds of the Group at the time of purchase. In the event that borrowings are used for the Proposed Share Buy-Back, the amount of borrowings will depend on the amount of Shares to be purchased by the Company and the appropriate borrowing capacity of the Group. The Board will ensure that the Group will have sufficient funds to repay the external borrowings and interest expense and that the repayment of such borrowings would not have any material effect on the cash flow of the Group.

The actual number of Shares to be purchased, the total amount of funds involved for each purchase and the timing of the purchase(s) will depend on the market conditions, sentiments of the stock market and the financial resources available to the Group. Based on the audited consolidated financial statements as at 31 December 2022, the Group has a cash and cash equivalent balance of RM421,225,162 as at that date.

2.4 Treatment of the Purchased Shares

The Shares purchased by the Company may be dealt with by the Board in accordance with Section 127 of the Act, in the following manner:-

- (a) to cancel the Shares so purchased; or
- (b) to retain the Shares so purchased as treasury shares; or
- (c) to retain part of the Shares so purchased as treasury shares and cancel the remainder.

Where any of the Purchased Shares are held as treasury shares, the Board may –

- (a) distribute the Shares as dividends to shareholders;
- (b) resell the Shares or any of the Shares in accordance with the relevant rules of Bursa Securities;
- (c) transfer the Shares or any of the Shares for the purpose of or under an employees' share scheme;
- (d) transfer the Shares or any of the Shares as purchase consideration;
- (e) cancel the Shares or any of the Shares; or
- (f) sell, transfer or otherwise use the Shares for such other purposes as the minister charged with the responsibility for companies may by order prescribe.

The Company may have the opportunity to realise gains if Purchased Shares which are held as treasury shares are resold on Bursa Securities at a price higher than the purchase price. The decision whether to retain the Purchased Shares as treasury shares, to cancel the Shares purchased, to utilise the Purchased Shares for other permitted purposes or any combination thereof, will be made by the Board at the appropriate time.

While the Purchased Shares are held as treasury shares, the rights attached to them in relation to voting, dividends and participation in any other distribution or otherwise will be suspended. The treasury shares shall not be taken into account in calculating the number or percentage of Shares or of a class of Shares in the Company for any purpose including substantial shareholding, take-overs, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on the resolution at a meeting.

2.5 Pricing

The purchase by the Company of its own Shares will be carried out through Bursa Securities through one or more appointed stockbrokers.

Pursuant to the Listing Requirements, the Company may only purchase its own shares at a price which is not more than fifteen percent (15%) above the weighted average market price of the Shares for the past five (5) Market Days immediately preceding the date of the purchase(s).

In the case of resale of the treasury shares, the Company may only resell the Purchased Shares held as treasury shares on Bursa Securities at a price which is:-

- (a) not less than the weighted average market price of the Shares for the past five (5) Market Days immediately preceding the date of resale; or
- (b) not less than 5% below the weighted average market price of the Shares for the past five (5) Market Days immediately preceding the date of resale provided that :-
 - (i) the resale take place no earlier than 30 days from the date of purchase; and
 - (ii) the resale price is not less than the cost of purchase of the Shares being resold.

3. RATIONALE AND POTENTIAL ADVANTAGES AND DISADVANTAGES FOR THE PROPOSED SHARE BUY-BACK

3.1 Rationale

The Proposed Share Buy-Back would enable the Company to purchase its own Shares from the open market to capitalise on market inefficiencies and to act in the best interest of the Company. The Proposed Share Buy-Back, if implemented, may stabilise the supply and demand of the Shares, which may subsequently have a favourable effect on the market price for the Shares.

3.2 Potential advantages and disadvantages

The potential advantages of the Proposed Share Buy-Back to the Company and its shareholders are:

- (a) It may allow the Company to take preventive measures against speculation particularly when its Shares are undervalued which would in turn stabilise the market price of the Shares and hence, enhance investors' confidence;
- (b) If the Purchased Shares are cancelled, the EPS will be enhanced and shareholders may enjoy an increase in the value of their investment in PCB; and
- (c) If the Purchased Shares are held as treasury shares, it will provide the Board with an option to sell the Purchased Shares at a higher price than their purchase price and realise an exceptional gain for the Company. Alternatively, the Purchased Shares may be distributed to shareholders as share dividends and serve as a reward to the shareholders of the Company.

The potential disadvantages of the Proposed Share Buy-Back to the Company and its shareholders are:-

- (a) It will reduce the financial resources of the Group and may result in the Group forgoing better investment opportunities that may emerge in the future;
- (b) As the Proposed Share Buy-Back will be made out of retained earnings of the Company, it may result in the reduction of financial resources available for distribution to shareholders in the immediate future; and
- (c) The Proposed Share Buy-Back may deprive the Group of interest income that can be derived from the funds utilised for the Proposed Share Buy-Back. If the Proposed Share Buy-Back is financed through bank borrowings, the Group will have to service interest obligations.

4. FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK

The financial effects of the Proposed Share Buy-Back are as follows:-

4.1 Share Capital

The effects of the Proposed Share Buy-Back on the issued and paid-up share capital of the Company will depend on whether the Purchased Shares are cancelled or retained as treasury shares.

If the Purchased Shares are retained as treasury shares, resold or distributed to the shareholders, the Proposed Share Buy-Back will not have any effect on the issued and paid up share capital of the Company.

In the event that the Proposed Share Buy-Back is carried out and the Purchased Shares are cancelled, the issued and paid-up share capital of the Company will be reduced by the number of Purchased Shares so cancelled.

Strictly for illustrative purposes only, based on the assumption that the Proposed Share Buy-Back is carried out in full and all the Purchased Shares are cancelled, the effect of the Proposed Share Buy-Back are as follows:

	No. of Shares
Total number of issued Shares as at LPD	711,317,121 ⁽¹⁾
Cancellation of Purchased Shares ⁽²⁾	(71,131,700)
Total number of issued Shares after the Proposed Share Buy-Back and cancellation of Purchased Shares	640,185,421

Note:

(1) *Excluding a total of 1,000,000 Shares retained as treasury shares*

(2) *Assuming that the total number of Purchased Shares is based on the maximum 10% of the total number of issued Shares of the Company (rounded to the nearest board lot) and all Purchased Shares are cancelled.*

4.2 NA and NA per Share

The effect of the Proposed Share Buy-Back on the NA and NA per Share of the Group will depend on treatment of the Purchased Shares, the purchase prices of the Shares, the number of Shares purchased and the effective cost of funding to the Group to finance the purchase of Shares or any loss in interest income to the Group.

If all the Purchased Shares are cancelled, the Proposed Share Buy-Back will reduce the NA per Share of the Group if the purchase price per Share exceeds the NA per Share at the time of the purchase, and vice versa.

The NA of the Group will decrease if the Purchased Shares are retained as treasury shares due to the requirement for treasury shares to be carried at cost and to be offset against equity, resulting in a decrease in the NA of the Group by the cost of the treasury shares.

In the event the treasury shares are resold on Bursa Securities, the NA per Share of the Group will increase if the Company realises a gain from the resale, and vice versa. If the treasury shares are distributed as share dividends, the NA per Share of the Group will decrease by the cost of the treasury shares.

4.3 Working capital

The Proposed Share Buy-Back will reduce the working capital of the Group, the quantum of which will depend on the prices at which the Purchased Shares are purchased and the number of Shares purchased.

If Purchased Shares which are kept as treasury shares are resold, the working capital of the Group will increase upon the receipt of the proceeds of the resale. The quantum of such increase will depend on the actual selling price(s) of the treasury shares and the number of treasury shares resold.

4.4 EPS

The effects of the Proposed Share Buy-Back on the EPS of the Group will depend on the purchase price(s) of the Shares, the number of Shares purchased and the effective funding cost to the Group. The effective reduction in the total number of issued Shares of the Company pursuant to the Proposed Share Buy-Back will, generally, all else being equal, have a positive impact on the EPS of the Group.

5. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The effects of the Proposed Share Buy-Back on the Directors' and substantial shareholders' shareholding based on the Company's Register of Directors and Register of Substantial Shareholders as at LPD, assuming the Proposed Share Buy-back is implemented in full and the Shares are purchased from shareholders other than the Directors and substantial shareholders, are as follows:

Directors	As at LPD				After the Proposed Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Chuah Choon Bin	140,420,120	19.74	138,510 ⁽²⁾	0.02	140,420,120	21.93	138,510 ⁽²⁾	0.02
Gan Pei Joo	50,486	0.01	-	-	50,486	0.01	-	-
Loh Nam Hooi	437,400	0.06	-	-	437,400	0.07	-	-
Leng Kean Yong	40,000	0.01	-	-	40,000	0.01	-	-
Lee Kean Cheong	10,000	n.m. ⁽³⁾	-	-	10,000	n.m. ⁽³⁾	-	-

Substantial shareholders	As at LPD				After the Proposed Share Buy-Back			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
Chuah Choon Bin	140,420,120	19.74	138,510 ⁽²⁾	0.02	140,420,120	21.93	138,510 ⁽²⁾	0.02
Employees Provident Fund Board	-	-	47,937,850 ⁽⁴⁾	6.74	-	-	47,937,850 ⁽⁴⁾	7.49
Lembaga Tabung Haji	32,254,000	4.53	3,429,800 ⁽⁵⁾	0.48	32,254,000	5.04	3,429,800 ⁽⁵⁾	0.54

Notes:

- (1) Excluding a total of 1,000,000 Shares retained as treasury shares.
- (2) Deemed interested through the shareholding of his spouse pursuant to Section 59(11)(c) of the Act.
- (3) Not material.
- (4) Shares held by Citigroup Nominees (Tempatan) Sdn. Bhd.
- (5) Shares held by Lembaga Tabung Haji.

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6. IMPLICATIONS RELATING TO THE CODE

The Code applies in the situation where a shareholder acquires more than 33% of the voting shares of a company or where a shareholder holding more than 33% but less than 50% of the voting shares of a company, increases his votings shares in the company by more than 2% within a period of six (6) months. In such an event, there is an obligation on the person to extend a mandatory take-over offer to acquire the remaining shares not already held by the said person and persons acting in concert with him ("**Mandatory Offer**").

As at LPD, the largest shareholder of PCB, namely Chuah Choon Bin holds approximately 19.74% of the voting shares of PCB. In the event that PCB implements the Proposed Share Buy-Back in full, his shareholding will increase to 21.93%.

Based on the above, the Proposed Share Buy-Back has no implication on the shareholders of PCB under the Code as no shareholder's shareholding will exceed 33% of the total voting shares of PCB in the event PCB implements the Proposed Share Buy-Back in full.

The Board does not intend to undertake the Proposed Share Buy-Back such that it will trigger any obligation to undertake a Mandatory Offer. However, in the event an obligation to undertake a Mandatory Offer is to arise with respect to any party resulting from the Proposed Share Buy-Back, the relevant party may make the necessary application to the SC for an exemption from undertaking a Mandatory Offer.

7. PURCHASES, RESALE OR CANCELLATION OF SHARES DURING THE PRECEDING TWELVE (12) MONTHS

The Company has not purchased any of its own Shares during the preceding twelve (12) month. Consequently, there were no retention, resale or cancellation of treasury shares during the said period.

As at the LPD, a total of 1,000,000 Shares were held as treasury shares.

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8. HISTORICAL SHARE PRICES

The monthly highest and lowest prices of PCB Shares as traded on the Main Market of Bursa Securities for the last 12 months from April 2022 to March 2023 are as follows:

	High RM	Low RM
2022		
April	3.89	3.09
May	3.86	3.00
June	4.00	3.47
July	4.03	3.33
August	4.20	3.71
September	4.25	3.76
October	4.14	3.63
November	4.42	3.71
December	4.79	4.36
2023		
January	5.17	4.41
February	5.20	4.71
March	5.03	4.57

(Source: Morningstar)

The last transacted price of PCB Shares on the LPD was RM4.90.

9. PUBLIC SHAREHOLDING SPREAD

As at LPD, the Record of Depositors of PCB showed that 711,317,121 (excluding a total of 1,000,000 Shares retained as treasury shares) shares representing approximately 68.40% of the issued and paid-up share capital were held by 9,707 public shareholders holding not less than 100 Shares. The Board undertakes that the Proposed Share Buy-Back will be conducted in accordance with the laws and regulations prevailing at the time of the purchase including compliance with the 25% public shareholding spread as required by the Listing Requirements.

10. APPROVAL REQUIRED

The Proposed Share Buy-Back is conditional upon the approval of the shareholders of PCB being obtained at the forthcoming Twenty First AGM of the Company.

11. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Save for the consequential increase in the percentage shareholdings and/or voting rights of the shareholders of PCB as a result of the Proposed Share Buy-Back, none of the Directors and/or major shareholders and/or persons connected with the Directors or major shareholders of PCB have any interest, direct or indirect, in the Proposed Share Buy-Back or the resale of treasury shares (if any).

12. DIRECTORS' RECOMMENDATION

The Board, having considered all aspects of the Proposed Share Buy-Back, is of the opinion that the Proposed Share Buy-Back is in the best interest of the Company and its shareholders.

Accordingly, your Board recommends that you vote in favour of the resolution pertaining to the Proposed Share Buy-Back to be tabled at the forthcoming Twenty First AGM of the Company.

13. ANNUAL GENERAL MEETING

The notice dated 28 April 2023 convening the Twenty First AGM of the Company to, inter alia, consider and if thought fit, pass with or without modifications, the ordinary resolution on the Proposed Share Buy-Back together with the Form of Proxy are available at the Company's website at <https://www.pentamaster.com.my>. The AGM will be held at Level 4, Jadeite Function Room, Amari SPICE Penang, 2, Persiaran Mahsuri, Bayan Baru, 11900 Bayan Lepas, Pulau Pinang on Wednesday, 31 May 2023 at 10.30 a.m.

If you are unable to attend and vote in person at the AGM, you may complete the Form of Proxy in hardcopy form or electronic means in the following manner not less than 48 hours before the time for holding the meeting or any adjournment thereof:

(i) In hardcopy form:

The proxy form shall be deposited at the office of the Company's Share Registrar at Securities Services (Holdings) Sdn Bhd, Suite 18.05, MWE Plaza, No. 8, Lebuhraya Farquhar, 10200 Penang.

(ii) By electronic means:

The proxy form shall also be electronically lodged by email to eservices@sshbs.com.my.

14. FURTHER INFORMATION

Shareholders are advised to refer to Appendix I and III of this Circular and Statement for further information.

Yours faithfully
For and on behalf of the Board
PENTAMASTER CORPORATION BERHAD

Chuah Choon Bin
Executive Chairman

APPENDIX I

GENERAL INFORMATION

1. DIRECTORS' RESPONSIBILITY

This Circular and Statement has been seen and approved by the Directors of PCB and they collectively and individually accept full responsibility for the accuracy of the information given in this Circular and Statement and confirm that after making all reasonable enquiries, to the best of their knowledge and belief, there are no material facts, the omission of which would make any statement herein misleading.

2. MATERIAL LITIGATION

As at the date of this Circular and Statement, PCB Group is not engaged in any material litigation, claim or arbitration either as plaintiff or defendant and the Directors of PCB are not aware of any proceedings pending or threatened against the Company and its subsidiary companies or of any facts likely to give rise to any proceedings which might materially or adversely affect the position or business of the PCB Group.

3. MATERIAL CONTRACTS

Save as disclosed below, as at the LPD, PCB Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) for the past two (2) years preceding the date of this Circular:

- (a) a supplemental sale and purchase agreement dated 25 February 2021 entered into between PEMSB and all the shareholders of TP Concept Sdn. Bhd. to extend the period of profit guarantee to 31 December 2022. The performance guarantee has been fulfilled on 5 March 2023.
- (b) a sale and purchase agreement dated 3 November 2021 entered into between PEMSB, a wholly owned subsidiary of PIL which in turn is a subsidiary company of PCB, as purchaser with the Penang Development Corporation as the Vendor for the proposed acquisition of a piece of leasehold land for a total cash consideration of Ringgit Malaysia Twenty Eight Million Two Hundred Seventy Nine Thousand Three Hundred and Four and Sen Thirty Five (RM28,279,304.35) only.
- (c) PISB, a wholly owned subsidiary of PCB, has on 4 July 2022, subscribed for 16,614,507 new fully paid up ordinary shares in Everready Precision Industrial Corp, Taiwan, Republic of China ("EPIC") ("EPIC Shares") representing 29.9% of the enlarged equity interest in EPIC ("Proposed Subscription") for a total consideration of United States Dollar Six Million Seven Hundred Seventy Six Thousand Seven Hundred and Thirty Three (USD6,776,733) only (approximately equivalent to Ringgit Malaysia Twenty Nine Million Eight Hundred Eighty Five Thousand Three Hundred Ninety Three (RM29,885,393) at an exchange rate of USD1 : RM4.4100) ("Subscription Price"). PISB has on 15 March 2023 elected to withdraw from the Proposed Subscription.

4. DOCUMENTS FOR INSPECTION

Copies of the following documents will be made available for inspection during normal office hours from Monday to Friday (except public holidays) at the registered office of PCB at 35, 1st Floor, Jalan Kelisa Emas 1, Taman Kelisa Emas, 13700 Seberang Jaya, Penang from the date of this Circular and Statement up to and including the date of the forthcoming AGM:-

- (a) Constitution of PCB;
- (b) The audited financial statements of PCB and its subsidiary companies for the past 2 financial years ended 31 December 2021 and 2022; and
- (c) The Material Contracts referred to in Section 3 of the Appendix I of this Circular and Statement.

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APPENDIX II

EXTRACT OF RESOLUTION IN RESPECT OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RRPT

The following is an extract of the resolution to be passed at the forthcoming Twenty First AGM of PCB which will be held at Level 4, Jadeite Function Room, Amari SPICE Penang, 2, Persiaran Mahsuri, Bayan Baru, 11900 Bayan Lepas, Pulau Pinang on Wednesday, 31 May 2022 at 10.30 a.m. in respect of the Proposed Renewal of Shareholders' Mandate for RRPT:-

SPECIAL BUSINESS

Ordinary Resolution 11 – Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

“THAT subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company's subsidiaries to enter into any of the category of recurrent transactions of a revenue or trading nature falling within the types of transactions as detailed in Section 2.2(b) of the Company's Circular to Shareholders dated 28 April 2023 involving the interests of Directors, major shareholders or persons connected with such Directors or major shareholders of the Company (“**Related Parties**”) as detailed therein provided that such transactions are necessary for the day-to-day operations and they are carried out in the ordinary course of business and are made on an arm's length basis on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

(the “**Proposed Renewal of Shareholders' Mandate for RRPT**”).

THAT the Proposed Renewal of Shareholders' Mandate for RRPT is subject to annual renewal and shall continue to be in force until:-

- (i) the conclusion of the next annual general meeting of the Company, at which time it will lapse, unless by ordinary resolution passed at the meeting, the authority is renewed either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next annual general meeting after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 (“**Act**”) (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to do all such acts and things as they may consider necessary or expedient to give effect to the Proposed Renewal of Shareholders' Mandate for RRPT.”

APPENDIX III

EXTRACT OF RESOLUTION IN RESPECT OF THE PROPOSED SHARE BUY-BACK

The following is an extract of the resolution to be passed at the forthcoming Twenty First AGM of PCB which will be held at Level 4, Jadeite Function Room, Amari SPICE Penang, 2, Persiaran Mahsuri, Bayan Baru, 11900 Bayan Lepas, Pulau Pinang on Wednesday, 31 May 2022 at 10.30 a.m. in respect of the Proposed Share Buy-Back :-

SPECIAL BUSINESS

Ordinary Resolution 12 – Proposed renewal of shareholders’ mandate for the Company to purchase up to ten percent (10%) of its total number of issued shares

“THAT, subject to the Companies Act 2016 (“**Act**”), rules, regulations and orders made pursuant to the Act, provisions of the Company’s Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and any other relevant authorities, the Company be and is hereby authorised to purchase such number of ordinary shares (“**Shares**”) in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors of the Company may deem fit and expedient in the best interest of the Company provided that :-

- (i) The aggregate number of Shares in the Company which may be purchased and/or held by the Company as treasury Shares shall not exceed ten percent (10%) of the total number of its issued Shares at any point in time; and
- (ii) The maximum funds to be allocated by the Company for the purpose of purchasing its own Shares shall not exceed the total available retained profits of the Company based on its latest audited financial statements available up to the date of the transaction.

THAT, upon the purchase by the Company of its own Shares, the Directors are authorised to retain the Shares so purchased as treasury Shares or cancel the Shares so purchased or retain part of the Shares so purchased as treasury Shares and cancel the remainder. The Directors are further authorised to distribute the treasury Shares as dividends to the shareholders of the Company and/or resell the Shares on the Bursa Securities in accordance with the relevant rules of the Bursa Securities or subsequently cancel the treasury Shares or any combination thereof

(the “**Proposed Share Buy-Back**”).

THAT the authority conferred by this resolution will commence immediately upon passing of this ordinary resolution and will continue to be in force until:-

- (i) the conclusion of the next annual general meeting of the Company, at which time it will lapse, unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next annual general meeting after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 (“**Act**”) (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps and do all such acts and things as they may consider necessary or expedient to implement and give effect to the Proposed Share Buy-Back.”