

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

I) CORPORATE PROPOSAL UNDERTAKEN BY THE COMPANY IN RELATION TO PENTAMASTER INTERNATIONAL LIMITED, A SUBSIDIARY OF THE COMPANY

II) PROPOSED ACQUISITION OF AN ADDITIONAL 7.1% EQUITY INTEREST IN PENTAMASTER INTERNATIONAL LIMITED BY THE COMPANY

1. INTRODUCTION

The board (the “**Board**”) of directors (the “**Directors**”) of PCB is pleased to announce that PCB intends to undertake the following proposed corporate exercises in relation to Pentamaster International Limited (“**PIL**”), a subsidiary of the Company, which is listed on the Main Board of The Stock Exchange of Hong Kong Limited (“**HKSE**”):

(1) On 19 December 2024, Puga Holdings Limited (“**Puga**”) and the Company as joint offerors (the “**Joint Offerors**”) and PIL entered into an implementation agreement (the “**Implementation Agreement**”), pursuant to which the Joint Offerors requested the board of directors of PIL to put forward a proposal (the “**Proposal**”) for the privatisation of PIL by the Joint Offerors by way of a scheme of arrangement pursuant to the Cayman Islands Companies Act (the “**Scheme**”) involving:

(i) cancellation of all ordinary shares of PIL (“**PIL Shares**”) other than those held by the Company (the “**Scheme Shares**”) in exchange for the payment of cancellation price (the “**Cancellation Price**”) by the Joint Offerors in proportion to the percentage of the Scheme Shares to be acquired by each of the Joint Offerors to the holder of the Scheme Shares; and

(ii) simultaneous maintenance of the issued share capital of PIL at the amount immediately prior to the cancellation of the Scheme Shares by the issuance at par to the Joint Offerors, credited as fully paid, of the aggregate number of PIL Shares as is equal to the number of Scheme Shares cancelled pursuant to the Scheme. The reserve created in the PIL’s books of account as a result of the cancellation of the Scheme Shares will be applied in paying up in full at par the new PIL Shares so issued, credited as fully paid, to the Joint Offerors.

(2) Under the Proposal, PIL will also declare a special dividend (the “**Special Dividend**”) which, subject to (i) the passing of an ordinary resolution by a simple majority of the votes cast by the shareholders of PIL present and voting in person or by proxy at the extraordinary general meeting of PIL (the “**EGM**”) to approve the Special Dividend; and (ii) the Scheme having become binding and effective in accordance with its terms and conditions, shall be payable to the shareholders of PIL whose names appear on the register of members of PIL on an appropriate record date to be announced, including PCB.

(3) Upon the Scheme becoming effective, PIL will apply to the HKSE for the withdrawal of the listing of the PIL Shares on the Main Board of the HKSE.

(Please refer to the attached file with regards to the announcement of PIL dated 19 December 2024 in relation to the Proposal published on the website of HKSE (the “PIL Announcement”) for details).

As of the date of this announcement, the Company holds approximately 63.90% of the PIL Shares. Pursuant to the joint offerors agreement entered into between Puga and the Company (the “**Joint Offerors Agreement**”, together with the Implementation Agreement, the “**Agreements**”), upon the Scheme having become binding and effective in accordance with its terms and conditions, other than the PIL Shares held by PCB immediately prior to the Scheme becoming effective (the “**PCB Held Shares**”), PCB will acquire a further 170,400,000 PIL Shares (representing approximately 7.10% of the PIL Shares) under the Proposal, thereby increasing its shareholding in PIL from 1,533,549,989 to 1,703,949,989 PIL Shares (representing approximately 71.00% of PIL Shares) (“**Proposed Acquisition**”). The cash consideration payable by the Company for the Scheme Shares to be acquired by it under the Proposed Acquisition will be a total of HK\$158,472,000 (equivalent to approximately RM91,798,709*), representing HK\$0.93 (equivalent to approximately RM0.54*) per Scheme Share (the “**Purchase Consideration**”), to be financed by the internal resources of the Company.

** Notes:*

Translated based on an exchange rate of HK\$100=RM57.9274, being the middle exchange rate of Bank Negara Malaysia as at 12.00pm on 19 December 2024 (date of this announcement).

2. DETAILS OF THE PROPOSED ACQUISITION

2.1 Information on PIL

PIL was incorporated in the Cayman Islands on 12 June 2017 and subsequently listed on the Main Board of HKSE on 19 January 2018. The principal activity of PIL is investment holding and its subsidiaries’ principal activities are as follows:

<u>Name of companies</u>	Equity Interest (%)	Principal Activities
<u>Direct subsidiaries of PIL</u>		
Pentamaster Equipment Manufacturing Sdn. Bhd. (“PEMSB”)	100.00	Equipment design and manufacturing services and manufacturing of high precision machine parts
Pentamaster Instrumentation Sdn Bhd	100.00	Designing and manufacturing of automated testing equipment and test and measurement system

Pentamaster Technology (M) Sdn. Bhd. (“PTSB”)	100.00	Design, manufacturing and installation of computerised automation systems and equipment
Pentamaster MediQ Sdn. Bhd.	100.00	Designing and manufacturing of single-use medical devices, medical equipment and related instruments
<u>Indirect subsidiaries of PIL - held through 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
Pentamaster Eva Sdn. Bhd.	85.00	Equipment design, project management, manufacturing and production of automation solutions specifically for automotive and aerospace industry
<u>Indirect subsidiaries of PIL - held through PTSB</u>		
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

The authorised capital of PIL is HK\$50,000,000 divided into 5,000,000,000 ordinary shares of HK\$0.01 each. The current paid-up capital of PIL is HK\$24,000,000 comprising of 2,400,000,000 ordinary shares.

The Directors of PIL are Mr. Chuah Choon Bin, Ms. Gan Pei Joo, Mr. Leng Kean Yong, Dr. Chuah Jin Chong, Ms. Chan May May and Mr. Sim Seng Loong @ Tai Seng.

2.2 Information on Puga

Puga is a company incorporated under the laws of the British Virgin Islands. Puga is a special purpose vehicle established for the purpose of acquiring the Scheme Shares under the Proposal. As of the date of this announcement, Puga does not hold any investments or assets other than cash to fund the Proposal.

The sole director of Puga is Mr. Wang Li-Wei, who currently serves as a partner of AchiCapital (as defined below), a private equity investment firm which is principally engaged in managing equity investments in the semiconductor and technology industry, ranging from early-stage venture investments to late-stage buyout investments in semiconductor companies, and has over 15 years' experience in corporate finance and accounting.

The authorised capital of Puga is US\$50,000.00 divided into 50,000 ordinary shares of US\$1.00 each. The current paid-up capital of Puga is US\$41,671.00 comprising of 41,671 ordinary shares. As of the date of this announcement, Puga is held as to 17.38% by Beacon Path Limited ("**Beacon Path**"), 67.02% by Supari Holdings Limited ("**Supari**"), 6.00% by Digimoc Holdings Limited, 3.60% by Fortune Venture Capital Corporation, 3.00% by Mr. Chen Hsin-Yu, and 3.00% by Mr. Chen Hsin-Tso, respectively.

- (i) Beacon Path is a company incorporated under the laws of the British Virgin Islands. Supari is a company incorporated under the laws of the British Virgin Islands. As at the date of this announcement, each of Beacon Path and Supari is indirectly wholly owned by Achi Capital Partners Fund LP, a limited partnership registered under the laws of Cayman Islands. Achi Capital Partners Fund LP's general partner is AchiCapital GP Limited (together with its affiliates, "**AchiCapital**"), which is owned as to 75% by its director, Mr. Chen Chu-Wan. Mr. Chen Chu-Wan currently serves as the managing partner of AchiCapital and has over 25 years' experience in marketing, operations and investment management within the global semiconductor industry.
- (ii) Digimoc Holdings Limited is a company incorporated under the laws of the British Virgin Islands which is principally engaged in investment holding. As at the date of this announcement, Digimoc Holdings Limited is wholly owned by MediaTek Inc., a fabless semiconductor company which is listed on the Taiwan Stock Exchange (stock code: 2454).

- (iii) Fortune Venture Capital Corporation is a company incorporated under the laws of Taiwan. As at the date of this announcement, Fortune Venture Capital Corporation is wholly-owned by United Microelectronics Corporation, a semiconductor foundry company which is listed on the Taiwan Stock Exchange (stock code: 2303) and New York Stock Exchange (stock code: UMC). Fortune Venture Capital Corporation is principally engaged in venture capital investment.
- (iv) Mr. Chen Hsin-Yu is a Taiwanese private investor with years of experience in property investments.
- (v) Mr. Chen Hsin-Tso is a Taiwanese individual and the brother of Mr. Chen Hsin-Yu. He is a private investor with a background in the electronics and biomedical industries.

2.3 Source of funding

Payment of the Cancellation Price under the Scheme by the Company and Puga will be funded by the internal resources of the Company and Puga in proportion to the percentage of the Scheme Shares to be acquired by each of the Company and Puga under the Proposal.

2.4 Basis of arriving at and justification for the Purchase Consideration

The Cancellation Price has been determined on an arm's length commercial basis after taking into account the financial information of PIL and its subsidiaries, the prices of the PIL Shares traded on the HKSE, and with reference to other privatisation transactions in the HKSE.

2.5 Assumption of Liabilities

Save for the obligation and liabilities in and arising from the Implementation Agreement and the Joint Offerors Agreement, there are no liabilities, including contingent liabilities and guarantees to be assumed the Company arising from the Proposed Acquisition.

3. SALIENT TERMS OF THE AGREEMENTS

Salient terms of the Agreements are as follows:

3.1 Implementation Agreement

On 19 December 2024, PCB, Puga and PIL entered into the Implementation Agreement, pursuant to which the Joint Offerors requested the board of directors of PIL to put forward the Proposal to the holders of Scheme Shares.

Pursuant to the Implementation Agreement, conditional upon the release of the PIL Announcement, each of the Joint Offerors and PIL has agreed, among other things, to use all commercially reasonable endeavours to implement the Proposal. PIL has undertaken to do all things as are reasonably necessary to implement the Scheme, and the Joint Offerors have undertaken to provide necessary assistance that PIL may reasonably request in connection with the implementation of the Scheme.

Pursuant to the Implementation Agreement, PIL has undertaken, among other things, that subject to certain exclusions in the Implementation Agreement, it will not (and will procure that its subsidiaries will not), without the prior consent of the Joint Offerors (such consent not to be unreasonably withheld or delayed), conduct its business other than in the ordinary and usual course as set forth in the Implementation Agreement during the period between the date of the Implementation Agreement and the earlier of the effective date of the Scheme and the date of termination of the Implementation Agreement.

Subject to the certain Hong Kong regulatory requirements, the Joint Offerors and PIL have agreed to bear certain costs and expenses incurred by them in connection with the implementation of the Proposal in the manner as set forth in the Implementation Agreement.

Under the terms of the Implementation Agreement, the Implementation Agreement will terminate if the Proposal and the Scheme are not implemented by the Long Stop Date. The Joint Offerors will be entitled to terminate the Implementation Agreement following the non-satisfaction of any Conditions (as defined below) (which cannot be waived or is not waived by the Joint Offerors in accordance with the terms of the Proposal), or if the recommendation of the board of directors of PIL (the “**PIL Board**”) as to whether the holders of the Scheme Shares (“**Scheme Shareholders**”) should vote to approve the Proposal at the relevant shareholder meetings is withdrawn at any time prior to the sanction of the Scheme by the Grand Court of Cayman Islands (the “**Grand Court**”) and confirmation of the reduction of the share capital of PIL, or upon a material breach of any warranty by PIL. PIL will be entitled to terminate the Implementation Agreement upon a material breach of any warranty by the Joint Offerors.

3.2 Joint Offerors Agreement

The Joint Offerors have entered into the Joint Offerors Agreement on 19 December 2024, pursuant to which the Joint Offerors agreed to make the Proposal to the PIL Board and request the PIL Board to put forward the Proposal to the Scheme Shareholders and that, upon the Scheme having become binding and effective in accordance with its terms and conditions, (i) in addition to its existing shareholding in the Company, PCB will acquire a further 170,400,000 Shares (representing approximately 7.10% of the issued Shares) under the Proposal, thereby increasing its shareholding in the Company to 1,703,949,989 Shares (representing approximately 71.00% of the issued Shares); and (ii) Puga will acquire 696,050,011 Shares (representing approximately 29.00% of the issued Shares) under the Proposal.

Pursuant to the Joint Offerors Agreement, the Joint Offerors have agreed, among other things, that (a) each Joint Offeror undertakes to contribute sufficient financial resources to fulfill its obligation to pay the Cancellation Price in proportion to the percentage of the Scheme Shares to be acquired by such party under the Proposal, to discharge its obligation of contribution on a several but not joint basis and be solely responsible for all obligations and liabilities in relation to the arrangement in connection with its financial resources, and to arrange such financing as necessary to satisfy its commitment to the reasonable satisfaction of the financial adviser to the Joint Offerors, notwithstanding that PCB has agreed to bear 70% of the out-of-pocket costs and expenses incurred in connection with the Proposal by the Joint Offerors and Puga's shareholders; (b) all decisions relating to the Proposal will be jointly made by Puga and PCB; (c) each Joint Offeror shall use its reasonable endeavors to do (or procure to be done), and to assist and co-operate with each other in doing, all things reasonably necessary, proper or advisable to consummate and make effective, as promptly as practicable, the Proposal; (d) each Joint Offeror shall cooperate with each other and their professional advisers and proceed in good faith to consummate the Proposal and to consult with each other and to keep each other fully informed of any relevant material developments and the status of implementation in respect of the Proposal; and (e) each Joint Offeror acknowledges and agrees that it shall be fully responsible for ensuring the accuracy of all statements of fact furnished or confirmed by it in each of the transaction documents relating to it and its associates.

Pursuant to the Joint Offerors Agreement, the Joint Offerors have also agreed to enter into a shareholders' agreement, which sets out the Joint Offerors' mutual agreement on the arrangements pertaining to the management and governance of PIL upon the Scheme becoming effective within 5 Business Days after the withdrawal of listing of PIL Shares on the HKSE subject to the Scheme becoming effective.

Pursuant to the Joint Offerors Agreement, (a) PCB has undertaken, to the extent permitted under the applicable laws and regulations, to exercise, or, as the case may be, to procure the exercise of the voting rights in respect of the PCB Held Shares on resolutions in relation to the implementation of the Proposal to vote in favour of all resolutions which are necessary to implement the Scheme proposed at the EGM (including the ordinary resolution at the EGM to approve the Special Dividend), and that it shall take all actions necessary to implement the Proposal; and (b) PCB has further undertaken that, during the period between the date of the Joint Offerors Agreement and the earlier of the Scheme becomes effective, lapses or is withdrawn, it shall comply with certain dealing restrictions and refrain from doing any prejudicial actions, including not, directly or indirectly, sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest in any of the PCB Held Shares, nor will it to accept any other offer in respect of all or any of such PCB Held Shares.

The Joint Offerors Agreement will be terminated if the Scheme lapses or is withdrawn, terminated, rescinded by the Joint Offerors or is finally dismissed, refused or rejected by the Grand Court.

4. RATIONALE AND BENEFITS FOR THE PROPOSED ACQUISITION

The Joint Offerors are of the view that the terms of the Proposal are attractive and beneficial to the holders of the Scheme Shares and PIL. The Proposal will provide Scheme Shareholders with an opportunity to monetise their investments at a significant premium to the market price and an immediate opportunity to fully realise their investments during a period when the PIL Shares have experienced consistently low trading volumes over a prolonged period.

The PIL shares have traded at significantly lower price-to-earnings (“P/E”) multiple compared to PCB, which is listed on the Main Market of Bursa Malaysia Securities Berhad. As PIL constitutes a significant portion of PCB, the disparity in their prevailing P/E multiples reflects the significant market undervaluation of PIL on the HKSE. Given this and the limited benefits derived from the listing of PIL, the costs and regulatory requirements of maintaining a listing on the Main Board of the HKSE are no longer justified.

AchiCapital engages in private equity investment with a strong focus on the semiconductor and technology industry and are positioned to bring substantial strategic advantages and synergies to PIL, potentially driving growth through its network and industry expertise. Given its listed status, the presence of PCB strengthens the Company’s access to both equity and debt capital markets, thereby enhancing PIL’s ability to secure future financing, if required. While PIL, as subsidiary to PCB, will remain part of a publicly listed group, the Proposal will nevertheless allow PIL to streamline operations and reduce compliance costs, and provide Scheme Shareholders with a premium to market exit, creating a win-win outcome for all parties involved.

5. RISK FACTORS

As the Company is already a majority shareholder of PIL and is simply increasing its stake by the acquisition of further PIL Shares under the Proposed Acquisition, the Company does not foresee any exceptional risks in connection with the Proposed Acquisition other than normal operational risks associated with PCB Group business.

The Proposed Acquisition is subject to the Scheme becoming binding and effective, and the Scheme is subject to its conditions being fulfilled or waived, as applicable. Therefore, the Scheme may or may not become effective, and the Proposed Acquisition may or may not materialize.

In addition, having considered the benefits and risks arising from the Proposed Acquisition, the Board is of the opinion that the Proposed Acquisition is value accretive to the Company.

6. EFFECTS OF THE PROPOSED ACQUISITION

6.1 Share capital and substantial shareholders' shareholdings

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

6.2 Earnings per share ("EPS")

The Proposed Acquisition, if consummated, would increase the Company's stake in PIL from 63.90% to 71.00%. On this basis, assuming PIL is able to maintain or improve its current financial performance, the Proposed Acquisition is expected to contribute positively to the EPS of PCB Group for the financial year ending 31 December 2025 and beyond.

6.3 Net Assets ("NA") and gearing

Barring any unforeseen circumstances, the Proposed Acquisition is not expected to have any material effect on the NA and gearing of PCB Group for the financial year ending 31 December 2025.

7. APPROVALS REQUIRED

The Proposed Acquisition and the Agreements are not subject to the approval of any governmental authorities or the shareholders of the Company.

8. CONDITIONALITY

Save for the terms and conditions of the Proposal as detailed in the PIL Announcement, the Proposed Acquisition is not conditional upon any other corporate proposals undertaken or to be undertaken by PCB.

The Proposed Acquisition is subject to the Scheme becoming binding and effective, and the Scheme is subject to its conditions being fulfilled or waived, as applicable. Therefore, the Scheme may or may not become effective, and the Proposed Acquisition may or may not materialize.

9. DIRECTORS' AND/OR MAJOR SHAREHOLDERS' INTERESTS

Save for the interests of Mr. Chuah Choon Bin, Ms. Gan Pei Joo, Mr Leng Kean Yong and Dato' Loh Nam Hooi in PIL Shares which will form part of the Scheme Shares ("**Interested Directors**") as set below, none of the Directors and/ or (as far as the Directors are aware) major shareholders of the Company and/ or persons connected to them has any interests, whether direct or indirect, in the Proposed Acquisition.

<u>Name</u>	<u>No. of share held in PIL</u>	<u>Percentage (%)</u>
Chuah Choon Bin	26,611,200	1.11
Gan Pei Joo <i>Note1</i>	8,457,544	0.35
Leng Kean Yong	250,000	0.01
Loh Nam Hooi	1,012,000	0.04

Note:

The interests of Ms. Gan Pei Joo in PIL Shares includes underlying PIL Shares in the form of 835,000 share awards (of which 695,000 share awards were vested and 140,000 share awards were granted but not yet vested to Ms. Gan Pei Joo under the share award scheme of PIL). Such underlying Shares are held by a trustee engaged in the administration of the share award scheme, and will form part of the Scheme Shares. Proceeds from the cancellation of Scheme Shares held by the trustee shall be held on trust by the trustee and shall be payable by the trustee holders of share awards or, in respect of PIL Shares which have not been allocated to any share awards, to PIL.

The Interested Directors have abstained and will continue to abstain from all deliberations and voting at the relevant meetings of the Board in relation to the Proposed Acquisition.

10. DIRECTORS' STATEMENT

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

11. ESTIMATED TIMEFRAME FOR COMPLETION

The completion of the Proposed Acquisition will be conditional upon the fulfilment or waiver, as applicable, of all the conditions to the implementation of the Proposal and the Scheme as detailed in the PIL Announcement (“**Conditions**”). All of the Conditions must be fulfilled or waived, as applicable, on or before 19 June 2025 (or such other date as PIL and the Joint Offerors may agree or, to the extent applicable, as the Grand Court may direct and in all cases, as permitted by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong), failing which the Proposed Acquisition will terminate.

12. PERCENTAGE RATIOS

The highest percentage ratio applicable to the Proposed Acquisition pursuant to Paragraph 10.02(g) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is 13.12% based on the latest audited consolidated financial statements of PCB for the financial year ended 31 December 2023.

13. DOCUMENTS FOR INSPECTION

The Implementation Agreement and the Joint Offerors Agreement are available for inspection at the registered office of PCB at 35, Jalan Kelisa Emas 1, Taman Kelisa Emas, 13700 Seberang Jaya, Penang, during normal business hours from Mondays to Fridays (except public holidays) for a period of 3 months from the date of this announcement.

This announcement is dated 19 December 2024.