

PENTAMASTER CORPORATION BERHAD ("PCB" OR THE "COMPANY")

PROPOSED SUBSCRIPTION OF NEW SHARES IN EVERREADY PRECISION INDUSTRIAL CORP, TAIWAN, REPUBLIC OF CHINA BY PENTAMASTER INNOTEQ SDN. BHD., A WHOLLY OWNED SUBSIDIARY OF THE COMPANY ("PROPOSED SUBSCRIPTION")

(For consistency purposes, the abbreviations and definitions used throughout this announcement shall have the same meanings as those previously defined in the announcements dated 4 July 2022 and 15 March 2023 in relation to the Proposed Subscription, where applicable, unless stated otherwise or defined herein.)

Further to the Company's announcement on the Proposed Investment dated 15 March 2023, the Board of Directors of the Company (the "Board") wishes to provide the following additional information:-

1. To elaborate reason/ an explanation for PISB's decision to withdraw from the Proposed Subscription.

The withdrawal of PISB from the Proposed Subscription was mainly due to the following reasons:

- a. The approval from the authorities in Taiwan took longer than expected and it will not come any time sooner; and
- b. There has been a change in the investment plan for the Taiwan market. Previously, the Company intends to work with EPIC in evaluating any potential investment and business opportunity in Taiwan. EPIC, having been incorporated in 1980, has the know-how in the business environment in Taiwan. However, after further deliberation and internal assessment, the Company plans to pursue strategic relevant investment into the Taiwan market on its own or with another strategic relevant partner, taking into consideration the economic and industry trend that is more in line with the Group's immediate business plan.

2. The financial and operational impact to the Company on the decision to withdraw as well as the view (together with basis and justifications) of the board of director of the Company on whether the withdrawal is in the best interest of the Company.

The Proposed Subscription is currently classified under other receivables and the withdrawal from the Proposed Subscription will be subject to an impairment assessment (if any). The Group's accounting policy for impairment of financial assets is set out in the section headed "Significant Accounting Policies" of the annual report.

The Board having considered all aspects is of the opinion that the withdrawal from the Proposed Subscription is in the best interest of the Company and its shareholders.

3. Further elaboration on how and what are the proposed steps (including the timeframe) to be taken by PISB to pursue for the return of the investment sum of USD6,776,733 from EPIC.

PISB will formalise a timeline for EPIC to repay the sum of USD6,776,733, of which the sum of USD6,776,733 is collateralised against equipment of the same value. In the event that EPIC does not repay the sum of USD6,776,733, PISB intends to claim against the collateralised equipment.

This announcement is dated 17 March 2023.