

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

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

INTRODUCTION

We refer to the circular to the shareholders of the Company dated 24 October 2017 (“Circular”) and announcements dated 29 December 2017, 18 January 2018, 19 January 2018 and 17 January 2020 (“Announcements”) in pertaining to the utilisation of proceeds arising from the Share Award Scheme and the offer for sale of Pentamaster International Limited (“PIL”) shares by PCB (“Proceeds”) in connection with the listing exercise of PIL on the Stock Exchange of Hong Kong Limited.

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

The Board of Directors of PCB (“Board”) had on 17 January 2020 announced that it had resolved to extend the timeframe for utilisation of the remaining unutilised balance of the Proceeds for an additional 36 months up to 18 January 2023 (“Extension of Time”).

The Board wishes to announce that it has deliberated and resolved to further extend the timeframe for the utilisation of the remaining unutilised balance of the Proceeds for an additional 36 months up to 18 January 2026 (“Further Extension of Time”).

DETAILS OF THE FURTHER EXTENSION OF TIME

As at the date of this announcement, the Company has yet to fully utilise certain portion of the Proceeds allocated for the purchase of raw materials, business expansion through investment and acquisition and investment into technology related solutions and business applications which were intended to be utilised within five (5) years (including the period pursuant to the Extension of Time) from the date of listing of PIL, i.e. 19 January 2018.

The details of the utilisation of the Proceeds and Further Extension of Time for the utilisation of the remaining unutilised balance of the Proceeds are set out below:

1. Share Award Scheme

Purpose	Gross proceeds received (RM'000)	Actual utilisation ⁽¹⁾ (RM'000)	Balance unutilised (RM'000)	Intended timeframe for utilisation (from the date of listing of PIL)	Revised estimated timeframe for utilisation (from the date of listing of PIL)
Purchase of raw materials such as sensors, control panels, input/output control and computer field bus system and other services such as subcontracting work	20,000	2,048	17,952	Within five (5) years ⁽²⁾	Within eight (8) years
Payment of staff salaries and benefits	4,500	4,500	-	Within one (1) year	-
General administrative and operating expenses	5,000	5,000	-	Within one (1) year	-
Total	29,500	11,548	17,952		

2. Offer for sale of PIL shares by PCB

Purpose	Gross proceeds received (RM'000)	Actual utilisation ⁽¹⁾ (RM'000)	Balance unutilised (RM'000)	Intended timeframe for utilisation (from the date of listing of PIL)	Revised estimated timeframe for utilisation (from the date of listing of PIL)
Business expansion through investment and acquisition	32,741	5,000	27,741	Within five (5) years ⁽³⁾	Within eight (8) years
Investment into technology related solutions and business applications	28,648	26,129	2,519	Within five (5) years ⁽⁴⁾	Within eight (8) years
Working capital	20,405	20,405	-	Within five (5) years	-
Defray estimated expenses in relation to Listing Exercise, bonus issue and share split, collectively	5,306	5,306	-	Within six (6) months	-
Total	87,100	56,840	30,260		

Note:

- Actual utilisation up to the latest practicable date on 31 December 2022.
- The original intended timeframe for utilisation of two (2) years was extended to five (5) years on 17 January 2020.
- The original intended timeframe for utilisation of two (2) years was extended to five (5) years on 17 January 2020.
- The original intended timeframe for utilisation five (5) years.

RATIONALE FOR THE FURTHER EXTENSION OF TIME

The Group remains committed to its strategy for business expansion and exercises prudence in assessing and undertaking viable business expansion opportunities.

The impact of COVID-19 pandemic that lasted from early 2020 up until recently, coupled with supply chain disruption has impacted some of the Group's proposed plans for business expansion to be re-evaluated and requires further careful assessment. Nonetheless, the Company via its wholly-owned subsidiary, Pentamaster InnoTeq Sdn. Bhd. which was established in the third quarter of 2022 shall facilitate the expansion of the Group's businesses through investment and acquisition into technology solutions and business applications that are synergistic to the Group. The Further Extension of Time provides an avenue for the Group to carefully approach and evaluate new projects which are in line with the direction of the Group, including expanding more geographical footprint outside Malaysia.

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

APPROVAL REQUIRED

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

This announcement is dated 18 January 2023.