

THIS CIRCULAR 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.

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PENTAMASTER CORPORATION BERHAD

(Company No. 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 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 Sixteenth Annual General Meeting (“AGM”) to be held at the Conference Room of Pentamaster Corporation Berhad at Plot 18 & 19, Technoplex, Medan Bayan Lepas, Taman Perindustrian Bayan Lepas, Phase IV, 11900 Penang on Friday, 8 June 2018 at 10.30 a.m. Notice convening the Sixteenth AGM of the Company is set out in the Annual Report 2017 of the Company despatched together with this Circular and Statement.

The Form of Proxy should be lodged at the Registered Office of the Company at 35, 1st Floor, Jalan Kelisa Emas 1, Taman Kelisa Emas, 13700 Seberang Jaya, Penang not later than forty-eight (48) hours before the time appointed for holding the meeting. The lodging of the Form of Proxy will not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

Last day and time for lodging the Form of Proxy : Wednesday, 6 June 2018 at 10.30 a.m.

Date and time of AGM : Friday, 8 June 2018 at 10.30 a.m.

This Circular and Statement is dated 27 April 2018

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
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
LPD	:	19 April 2018, being the latest practicable date prior to the printing of this Circular and Statement
Listing Requirements	:	Main Market Listing Requirements of Bursa Malaysia as modified, varied, supplemented or replaced from time to time and including any Practice Notes issued in relation thereto
Mandated Period	:	<p>The period during which the recurrent related party transactions are to be entered into for which the Proposed Renewal of Shareholders' Mandate is sought. This period shall commence immediately upon passing of the resolution in respect of the Proposed Renewal of Shareholders' Mandate at the forthcoming AGM and shall continue to be in force until:</p> <ul style="list-style-type: none">(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. <p>whichever is the earlier.</p>
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
MDSB	:	Maarj Development Sdn Bhd
NA	:	Net assets
OVSB	:	Origo Ventures (M) Sdn Bhd

DEFINITIONS (con't)

PCB or the Company	:	Pentamaster Corporation Berhad
PCB Group or the Group	:	PCB and its subsidiaries
Recurrent Related Party Transactions	:	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
PEMSB	:	Pentamaster Equipment Manufacturing Sdn Bhd
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
PISB	:	Pentamaster Instrumentation Sdn Bhd
RM and sen	:	Ringgit Malaysia and sen respectively
Proposals	:	Proposed Renewal of Shareholders' Mandate and Proposed Share Buy-Back
Proposed Renewal of Shareholders' Mandate	:	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 shareholders' mandate for PCB to purchase up to 10% of its total number of issued shares
PSSSB	:	Pentamaster Smart Solution Sdn Bhd
PTSB	:	Pentamaster Technology (M) Sdn Bhd

DEFINITIONS (con't)

Purchased Shares	:	Shares which may be purchased by the Company pursuant to the Proposed Share Buy-Back
SC	:	Securities Commission
Share(s)	:	Ordinary share(s) of PCB
U.S.	:	United States of America

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

1. INTRODUCTION	1
2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE	2 - 7
2.1 Background information of provision imposed by the Listing Requirements on Related Party Transactions	
2.2 Classes of Related Party and the nature of transactions	
2.3 Proposal for Renewal of Recurrent Related Party Transactions	
2.4 Rationale and benefits for the Proposed Renewal of Shareholders' Mandate	
2.5 Review Procedures	
2.6 Audit Committee Statement	
3. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS	8
4. APPROVAL REQUIRED	8
5. EFFECTS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE	9
6. DIRECTORS' RECOMMENDATION	9
7. ANNUAL GENERAL MEETING	9
8. FURTHER INFORMATION	9

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

1. INTRODUCTION	11
2. DETAILS OF THE PROPOSED SHARE BUY-BACK	12 - 13
2.1 Quantum	
2.2 Duration of mandate	
2.3 Funding	
2.4 Treatment of the Purchased Shares	
2.5 Pricing	
3. RATIONALE AND POTENTIAL ADVANTAGES AND DISADVANTAGES FOR THE PROPOSED SHARE BUY-BACK	14
3.1 Rationale	
3.2 Potential advantages and disadvantages	

TABLE OF CONTENTS	PAGE
4. FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK	14 - 15
4.1 Share Capital	
4.2 NA and NA per Share	
4.3 Working capital	
4.4 EPS	
5. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS	16
6. IMPLICATIONS RELATING TO THE CODE	17
7. PURCHASES, RESALE OR CANCELLATION OF SHARES DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2017	17
8. HISTORICAL SHARE PRICES	17
9. PUBLIC SHAREHOLDING SPREAD	18
10. APPROVAL REQUIRED	18
11. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS	18
12. DIRECTORS' RECOMMENDATION	18
13. ANNUAL GENERAL MEETING	18
14. FURTHER INFORMATION	18
APPENDICES	
Appendix I - General information	19
Appendix II - Extract of resolution in respect of the Proposed Renewal of Shareholders' Mandate	21
Appendix III - Extract of resolution in respect of the Proposed Share Buy-Back	22

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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. 572307-U)

(Incorporated in Malaysia)

Registered Office:

35, 1st Floor, Jalan Kelisa Emas 1

Taman Kelisa Emas

13700 Seberang Jaya, Penang

27 April 2018

Board of Directors:

Chuah Choon Bin (*Non-Executive Chairman*)

Chuah Chong Ewe (*Chief Executive Officer/Executive Director*)

Loh Nam Hooi (*Independent Non-Executive Director*)

Leng Kean Yong (*Independent Non-Executive Director*)

Lee Kean Cheong (*Independent Non-Executive Director*)

To: The shareholders of Pentamaster Corporation Berhad

Dear Sir/Madam,

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

1. INTRODUCTION

The Company had at its AGM held on 1 June 2017, 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 19 April 2018, the Company had announced its intention to seek the shareholders' approval to renew the existing shareholders' mandate for Recurrent Related Party Transactions 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 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 THE CIRCULAR BEFORE VOTING ON THE RESOLUTION PERTAINING TO THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE AT THE FORTHCOMING AGM.

2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

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

Paragraph 10.09, Chapter 10 of the Listing Requirements states that with regard to related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations the Company may seek a shareholders' mandate subject to the following:-

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the Related Parties than those generally available to the public;
- (b) the shareholders' mandate is subject to annual renewal and shall continue to be in force until:-
 - (i) the conclusion of the next AGM of the Company at which the Proposed Renewal of 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.
- (c) a disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate 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.
- (d) the Circular to shareholders for the shareholders' mandate shall include the information as may be prescribed by the Exchange. The draft circular must be submitted to the Exchange together with a checklist showing compliance with such information;
- (e) in a meeting to obtain shareholders' mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, 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
- (f) 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 Transaction 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.

2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE (cont'd)

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	Effective Equity Interest (%)	Principal Activities
<u>Subsidiaries of PCB</u>		
OVSBS	100	Property project management activities.
PSSSB	100	Designing and manufacturing of smart control solution systems.
PIL	63.10	Investment Holding.
<u>Indirect-held through PIL</u>		
PTSB	100	Design, assembly, installation of computerised automation systems and equipment.
PEMSB	100	Equipment design and manufacturing services and manufacturing of high precision machine parts.
PISB	100	Designing and manufacturing of automated testing equipment and test and measurement system.
<u>Subsidiaries of PEMSBS</u>		
Pentamaster Equipment Manufacturing, Inc	100	Provision of sales and technical support in the U.S.

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2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE (cont'd)

2.2 Classes of Related Party and the nature of transactions (cont'd)

- (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 Transaction	Company in the Group involved	Interested Related Parties	Interested Directors/Major Shareholders and persons connected	Estimated value from forthcoming AGM to the next AGM ⁽³⁾ (RM)	2017 Shareholders' Mandate	
					Estimated Value (RM)	Actual Value ⁽⁴⁾ (RM)
Project management fee from the development project to be billed by OVSB to MDSB	OVSB	MDSB and Chuah Chong Boon ⁽¹⁾	Chuah Chong Ewe ⁽¹⁾	5,000,000 ⁽²⁾	5,000,000.00	2,358,491

Notes

- (1) Chuah Chong Ewe is an Executive Director and Chief Executive Officer of PCB and he has 4.55% direct interest in the ordinary shares of PCB, comprising of 14,390,246 ordinary shares as at 2 April 2018. He has no interest in the shareholding of MDSB. Chuah Chong Boon is Chuah Chong Ewe's brother. Chuah Chong Boon is a Director of MDSB and he has 49% indirect interest in MDSB. He has no interest in the shareholding of PCB. The principal activity of MDSB is property development.
- (2) 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.
- (3) The next AGM will be held tentatively in June 2019.
- (4) Actual value of Recurrent Related Party Transactions from the date of the existing shareholders' mandate obtained at the last AGM held on 1 June 2017 up to 2 April 2018.

2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE (cont'd)

2.2 Classes of Related Party and the nature of transactions (cont'd)

- (c) The breakdown of the principal sum and interest for the total outstanding amount due under the Recurrent Related Party Transaction which exceeded the credit term for the financial year ended 31 December 2017 are as follows:-

Principal Sum (RM)	Late Payment Interest (RM)	Amount due which exceeded the credit term (RM)
		≤ 1 year
2,358,491	- ⁽¹⁾	2,358,491

Notes

- (1) Late payment charges has not been imposed and is subject to agreement with MDSB upon closer to project completion. OVSB's principal activity is property project management activities that complement with the Group's Smart Control Solution System division and it is paramount that OVSB completes its project successfully rather than earnings via late payment interest.
- (2) The Group has been constantly reviewing the account to ensure periodical payment by MDSB and payments were received periodically from MDSB.
- (3) The Board, having considered and being updated in every quarter of the outstanding amount, having considered all aspects including but not limited to the financial effect and risk associated with the project and MDSB, is of the opinion that the amount overdue is manageable and recoverable.

2.3 Proposal for Renewal of Recurrent Related Party Transactions

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.

On 15 April 2015, OVSB was awarded a Project Finance and Management Contract by MDSB for the project management of a mixed development project in the new township of Tunjong held under title no 11792, Lot 13423, Mukim Kota, Jajahan Kota Bharu, Negeri Kelantan Darul Naim, with an approximate size of nine point eight eight (9.88) acres ("**Contract**"). The Gross Development Value for the development is approximately RM164 million and OVSB was awarded the project management based on the following remuneration of:

- (i) RM10 million payable progressively based on stage of work done of the development; and
- (ii) balance thereof upon practical completion of the development.

Total remuneration for the project management agreement shall equate to sixty percentum (60%) of the net profit generated from the development.

Pursuant to the Contract, it is anticipated that OVSB will bill MDSB progressively for services performed based upon completion of stages of work done ("**Progress Billings**"). As the Progress Billings involves the interest of a related party as set out in Section 2.2 above, it is deemed to be a recurrent related party transaction.

The Progress Billings will occur with some degree of frequency and could arise from time to time. As such, the Company proposes to seek a renewal of shareholders' mandate to enter into the abovementioned transactions.

2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE (cont'd)

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

The Recurrent Related Party Transactions 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 Progress Billings will be billed for services performed in the normal course of business in accordance with the terms of the Contract which was entered into prior to the acquisition of OVSB by PCB. The billings from OVSB to MDSB will contribute to the income stream and earnings of PCB Group and was one of the reasons for the acquisition of OVSB by PCB.

The 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 raise the Progress Billings 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 is intended to facilitate the Recurrent Related Party Transactions. The obtaining of the Proposed Renewal of Shareholders' 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 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 Contract which gave rise to the Progress Billings was entered into on an arm's length basis between unrelated parties on normal commercial terms at a time prior to the acquisition of OVSB by PCB. Going forward, senior management will ensure that Progress Billings will be made in accordance with the terms of the Contract.
- b) 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.
- c) 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.

2. DETAILS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE (cont'd)

2.5 Review Procedures (cont'd)

- d) 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 Parties 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 Non-Executive Chairman (or in the case where the Non-Executive Chairman is directly interested, to any other non-interested Director) for his or her approval.
- e) All Reports approved by the Non-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.
- f) A compilation of all approved Reports will be maintained by the Company to record all Recurrent Related Party Transactions.
- g) 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.
- h) 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.
- i) 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.
- j) 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.
- k) 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 Non-Executive Chairman. However, senior management will seek the approval of the Non-Executive Chairman 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 Parties 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 2 April 2018 are as follows:-

	No. of ordinary shares held in PCB			
	Direct	%	Indirect	%
Interested Director of PCB				
Chuah Chong Ewe	14,390,246	4.55	-	-

The direct and/or indirect shareholdings in PCB of other directors, major shareholders and persons connected to them as at 2 April 2018, are as follows:-

	No. of ordinary shares held in PCB			
	Direct	%	Indirect	%
Other Directors of PCB				
Chuah Choon Bin	62,186,720	19.64	61,560 ⁽¹⁾	0.02
Loh Nam Hooi	194,400	0.06	-	-
Leng Kean Yong	-	-	-	-
Lee Kean Cheong	-	-	-	-
Major Shareholder of PCB				
Kumpulan Wang Persaraan (Diperbadankan)	36,779,100	11.62	4,224,200 ⁽²⁾	1.33

MDSB does not have any direct or indirect shareholding in PCB.

Note:

⁽¹⁾Deemed interested through the shareholding of his spouse pursuant to Section 59(11)(c) of the Act.

⁽²⁾Shares held by Kumpulan Wang Persaraan (Diperbadankan)'s Fund Manager.

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

The interested Director, namely, Chuah Chong Ewe 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 to be tabled at the forthcoming AGM.

In addition, the interested Director, namely, Chuah Chong Ewe has undertaken that he will ensure that person 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 at the forthcoming AGM.

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

4. APPROVAL REQUIRED

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

5. EFFECTS OF THE PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE

The Proposed Renewal of Shareholders' Mandate 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 Chong Ewe who is deemed interested in the Proposed Renewal of Shareholders' Mandate as mentioned in Section 3 above and has abstained from forming an opinion) is of the opinion that the Proposed Renewal of Shareholders' Mandate is fair, reasonable and in the best interests of the Company's shareholders and the Group.

With the exception of Chuah Chong Ewe who is deemed interested in the Proposed Renewal of Shareholders' Mandate 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 to be tabled at the forthcoming AGM.

7. ANNUAL GENERAL MEETING

The notice dated 27 April 2018 convening the Sixteenth AGM of the Company to, inter alia, consider and if thought fit, pass the ordinary resolution on the Proposed Renewal of Shareholders' Mandate together with the Form of Proxy is enclosed in the Company's 2017 Annual Report. The AGM will be held at the Conference Room of Pentamaster Corporation Berhad at Plot 18 & 19, Technoplex, Medan Bayan Lepas, Taman Perindustrian Bayan Lepas, Phase IV, 11900 Penang on Friday, 8 June 2018 at 10.30 a.m.

If you are unable to attend and vote in person at the AGM, you may complete, sign and return the Form of Proxy in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company at 35, 1st Floor, Jalan Kelisa Emas 1, Taman Kelisa Emas, 13700 Seberang Jaya, Penang not less than 48 hours before the time fixed for the meeting. The lodging of the proxy form will not preclude you from attending and voting in person at the AGM should you subsequently decide to do so.

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
Non-Executive Chairman

PART B

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



PENTAMASTER CORPORATION BERHAD

(Company No. 572307-U)

(Incorporated in Malaysia)

Registered Office:

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

27 April 2018

Board of Directors:

Chuah Choon Bin (*Non-Executive Chairman*)

Chuah Chong Ewe (*Chief Executive Officer/Executive Director*)

Loh Nam Hooi (*Independent Non-Executive Director*)

Leng Kean Yong (*Independent Non-Executive Director*)

Lee Kean Cheong (*Independent Non-Executive Director*)

To: The shareholders of Pentamaster Corporation Berhad

Dear Sir/Madam,

PROPOSED SHARE BUY-BACK

1. INTRODUCTION

On 19 April 2018, 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 Sixteenth 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 Sixteenth 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.

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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 2 April 2018, the issued capital of the Company was RM79,303,370 comprised of 316,585,424 Shares. As an illustration, based on the total number of issued Shares as at 2 April 2018, the maximum number of Shares that can be purchased by the Company will be 31,658,500 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 16th AGM and will continue to be in force until:-

- (a) the conclusion of the next AGM of the Company at which such Proposed Renewal of Shareholders' Mandate 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 as at 31 December 2017, the retained profits of the Company stood at RM67,083,757 as at that date.

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 and sentiments of the stock market, the available financial resources of the Group and the financial resources available to the Group. Based on the audited consolidated financial statements as at 31 December 2017, the Group has a cash and cash equivalent balance of RM82,202,027 as at that date.

2. DETAILS OF THE PROPOSED SHARE BUY-BACK (cont'd)

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 purposes 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.

4. FINANCIAL EFFECTS OF THE PROPOSED SHARE BUY-BACK (cont'd)

4.1 Share Capital (cont'd)

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 2 April 2018	316,585,424
Cancellation of Purchased Shares ⁽¹⁾	(31,658,500)
Total number of issued Shares after the Proposed Share Buy-Back and cancellation of Purchased Shares	<hr/> 284,926,924 <hr/>

Note:

(1) *Assuming that the total number of Purchased Shares is based on the maximum 10% of the total number of issued Shares of the Company 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 2 April 2018, 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 2 April 2018			After the Proposed Share Buy-Back		
	Direct		Indirect	Direct		Indirect
	No. of Shares	%		No. of Shares	%	
Chuah Choon Bin	62,186,720	19.64	61,560 ⁽¹⁾	21.83	61,560 ⁽¹⁾	0.02
Chuah Chong Ewe	14,390,246	4.55	-	5.05	-	-
Loh Nam Hooi	194,400	0.06	-	0.07	-	-
Leng Kean Yong	-	-	-	-	-	-
Lee Kean Cheong	-	-	-	-	-	-

Substantial shareholders	As at 2 April 2018			After the Proposed Share Buy-Back		
	Direct		Indirect	Direct		Indirect
	No. of Shares	%		No. of Shares	%	
Chuah Choon Bin	62,186,720	19.64	61,560 ⁽¹⁾	21.83	61,560 ⁽¹⁾	0.02
Kumpulan Wang Persaraan (Diperbadankan)	36,779,100	11.62	4,224,200 ⁽²⁾	12.91	4,224,200 ⁽²⁾	1.48

Notes:

- (1) Deemed interested through the shareholding of his spouse pursuant to Section 59(11)(c) of the Act.
(2) Shares held by Kumpulan Wang Persaraan (Diperbadankan)'s Fund Manager.

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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 2 April 2018, the largest shareholder of PCB, namely Chuah Choon Bin holds approximately 19.64% of the voting shares of PCB. In the event that PCB implements the Proposed Share Buy-Back in full, his shareholding will increase to 21.83%

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 FINANCIAL YEAR ENDED 31 DECEMBER 2017

As the Company does not have an existing mandate to purchase its own shares, it has not purchased any of its own Shares during the financial year ended 31 December 2017. Consequently there were no retention, resale or cancellation of treasury shares during the said period.

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 2017 to March 2018 are as follows:

	High RM	Low RM
2017		
April	1.40	1.09
May	1.64	1.34
June	1.84	1.51
July	2.06	1.58
August	2.35	1.87
September	2.32	2.07
October	2.33	2.17
November	2.61	2.19
December	3.14	1.98
2018		
January	3.12	2.55
February	2.75	2.19
March	2.48	2.07

Note: Price adjusted for bonus issue and share split

(Source: Morningstar)

The last transacted price of PCB Shares on the LPD was RM2.08.

9. PUBLIC SHAREHOLDING SPREAD

As at 2 April 2018, the Record of Depositors of PCB showed that 239,738,616 shares representing approximately 75.73% of the issued and paid-up share capital were held by 5,982 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 16th 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 16th AGM of the Company.

13. ANNUAL GENERAL MEETING

The notice dated 27 April 2018 convening the 16th AGM of the Company to, inter alia, consider and if thought fit, to pass the ordinary resolution on the Proposed Share Buy-Back together with the Form of Proxy are set out in the Company's 2017 Annual Report. The AGM will be held at the Conference Room of PCB at Plot 18 & 19, Technoplex, Medan Bayan Lepas, Taman Perindustrian Bayan Lepas, Phase IV, 11900 Penang on Friday, 8 June 2018 at 10.30 a.m.

If you are unable to attend and vote in person at the AGM, you may complete, sign and return the Form of Proxy in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company at 35, 1st Floor, Jalan Kelisa Emas 1, Taman Kelisa Emas, 13700 Seberang Jaya, Penang not less than 48 hours before the time fixed for the meeting. The lodging of the proxy form will not preclude you from attending and voting in person at the AGM should you subsequently decide to do so.

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
Non-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 and Statement:

- (a) a joint venture shareholders' agreement dated 16 January 2017 entered into among Vitrox Corporation Berhad, PTSB, Walta Engineering Sdn Bhd and Penang Automation Cluster Sdn Bhd in relation to the exercise of the rights and performance of the obligations of Vitrox Corporation Berhad, PTSB and Walta Engineering Sdn Bhd in relation to Penang Automation Cluster Sdn Bhd;
- (b) a sale and purchase agreement dated 17 July 2017 entered into between the Company as vendor and PIL as purchaser, pursuant to which PIL agreed to purchase and the Company agreed to sell 13,160,000 ordinary shares of PEMSB, 300,000 ordinary shares of PISB and 2,400,000 ordinary shares of PTSB at a total consideration of MYR86,776,487 to be satisfied by the issue of 999 Shares by PIL to the Company ("**Internal Reorganisation**");
- (c) a sale and purchase agreement dated 17 July 2017 entered into between the Company as vendor and GEMS Opportunities Limited Partnership ("**GEMS**") as purchaser, pursuant to which GEMS agreed to purchase and the Company agreed to sell 74 ordinary shares of HKD0.01 each in PIL ("**PIL Share(s)**") representing 7.40% of equity interest in PIL, after the Internal Reorganisation, for a total cash consideration of RM25,500,000;
- (d) the deed of indemnity dated 20 December 2017 and executed by the Company as indemnifier in favour of PIL (for itself and as trustee for each of PIL's present subsidiaries) to provide indemnities in respect of, among other matters, taxation resulting from income, profits or gains earned, accrued or received as well as any property claim to which any member of our Group may be subject and payable on or before the date when the share offer becomes unconditional;
- (e) the deed of non-competition dated 20 December 2017 and executed by the Company in favour of PIL (for itself and on behalf of its subsidiaries) ("**Deed of Non-Competition**") that it will not, and will procure its close associates (other than members of our Group) not to directly or indirectly be involved in or undertake any business that directly or indirectly competes, or may compete, with the business of PIL and its subsidiaries ("**PIL Group**") or undertaking (the "**Restricted Activity**") or hold shares or interest in any companies or business that compete directly or indirectly with the business engaged by PIL Group from time to time except where the Company holds less than 5.0% of the total issued share capital of any company (whose shares are listed on the The Stock Exchange of Hong Kong Limited or any other stock exchange) which is engaged in any business that is or may be in competition with any business engaged by any member of PIL Group and they do not control 10.0% or more of the board of directors of such company.

APPENDIX I (cont'd)

GENERAL INFORMATION (cont'd)

3. MATERIAL CONTRACTS (cont'd)

- (f) the conditional underwriting agreement relating to the public offer of 36,800,000 PIL Shares by PIL ("**Public Offer**") dated 28 December 2017 entered into, amongst others, by PIL, the Company, Executive Directors of PIL, the sponsor, the joint lead managers and the Public Offer underwriters; and
- (g) the conditional underwriting agreement relating to the conditional placing of 331,200,000 PIL Shares ("**Placing**") dated 12 January 2018 entered into, by amongst others, PIL, the Company, Executive Directors of PIL, the sponsor, the joint lead managers and the Placing underwriters.

4. DOCUMENTS FOR INSPECTION

Copies of the following documents will be made available for inspection during normal office hours (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 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 2016 and 2017; and
- (c) The Material Contract 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

The following is an extract of the resolution to be passed at the forthcoming Sixteenth AGM of PCB which will be held at the Conference Room of PCB at Plot 18 & 19, Technoplex, Medan Bayan Lepas, Taman Perindustrian Bayan Lepas, Phase IV, 11900 Penang on 8 June 2018 at 10.30 a.m. in respect of the Proposed Renewal of Shareholders' Mandate:-

SPECIAL BUSINESS

Ordinary Resolution 10 – 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 all arrangements and/or transactions as detailed in Section 2.2(b) of the Company's Circular to Shareholders dated 27 April 2018 ("**Said Circular**") involving the interests of Directors, major shareholders or persons connected with such Directors or major shareholders of the Company ("**Related Parties**") as detailed in Section 2.2(b) of the Said Circular, provided that such arrangements and/or transactions are:-

- (i) recurrent transactions of a revenue or trading nature;
- (ii) necessary for the day-to-day operations; and
- (iii) 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**").

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

- (a) the conclusion of the next annual general meeting ("**AGM**") of the Company at which such Proposed Renewal of Shareholders' Mandate 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 Companies Act, 2016 ("**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 is the earlier.

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

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 Sixteenth AGM of PCB which will be held at the Conference Room of PCB at Plot 18 & 19, Technoplex, Medan Bayan Lepas, Taman Perindustrian Bayan Lepas, Phase IV, 11900 Penang on Friday, 8 June 2018 at 10.30 a.m. in respect of the Proposed Share Buy-Back :-

SPECIAL BUSINESS

Ordinary Resolution 11 – Proposed purchase by the Company of its own Shares of up to ten percent (10%) of its total number of issued shares (“Proposed Share Buy-Back”)

“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 :-

- (a) 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
- (b) 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.

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 (“**AGM**”) 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 AGM 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 as they may consider necessary or expedient to implement and give effect to the Proposed Share Buy-Back.”

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