

**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.

Bursa Malaysia Securities Berhad ("Bursa Securities") has only conducted limited review on the contents of this circular relating to the Proposed Renewal of Shareholders' Mandate prior to the issuance of this Circular.

Bursa Securities takes no responsibility for the contents of this Circular and makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



**PENTAMASTER CORPORATION BERHAD**

(Company No. 572307-U)

(Incorporated in Malaysia under the Companies Act, 1965)

**CIRCULAR TO SHAREHOLDERS  
in relation to :-**

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

The above proposal will be tabled as Special Business at Pentamaster Corporation Berhad's Fifteenth 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 1 June 2017 at 10.30 a.m. Notice convening the Fifteenth AGM of the Company together with the Form of Proxy is set out in the Annual Report 2016 of the Company despatch together with this Circular.

A Form of Proxy is also attached to this Circular. 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 meeting should you subsequently wish to do so.

Last day and time for lodging the Form of Proxy : 30 May 2017 at 10.30 a.m.

This Circular is dated 27 April 2017

## DEFINITIONS

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

Act	:	The Companies Act 2016, as may be amended from time to time and any re-enactment thereof
AGM	:	Annual General Meeting
Board or Directors	:	The board of directors of PMCB and/or its subsidiaries
Bursa Securities or the Exchange	:	Bursa Malaysia Securities Berhad
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 PMCB 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
LPD	:	10 April 2017, being the Latest Practicable Date which shall not be more than 30 days prior to the date of the Circular
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"><li>(i) the conclusion of the next AGM; or</li><li>(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</li><li>(iii) revoked or varied by resolution passed by the shareholders in general meeting.</li></ul> <p>whichever is earlier.</p>
MDSB	:	Maarij Development Sdn Bhd
OVSB	:	Origo Ventures (M) Sdn Bhd
PEMSB	:	Pentamaster Equipment Manufacturing Sdn Bhd
PISB	:	Pentamaster Instrumentation Sdn Bhd
PCMB or the Company	:	Pentamaster Corporation Berhad
PCMB Group or the Group	:	PCMB and its subsidiaries

## **DEFINITIONS (con't)**

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
PSSSB	: Pentamaster Smart Solution Sdn Bhd
PTSB	: Pentamaster Technology (M) Sdn Bhd
Recurrent Related Party Transactions	: Related Party Transactions involving recurrent transactions of a revenue or trading nature which are necessary for PMCB 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 PMCB
Related Party Transactions	: A transaction entered into by PMCB Group which involves the interest, direct or indirect, of a Related Party
RM	: Ringgit Malaysia

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

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

References to "we", "us", "our" and "ourselves" are to our Company save where the context otherwise requires, our subsidiaries and to "you" or "your" are to the shareholders of PMCB.

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**PENTAMASTER CORPORATION BERHAD**  
(Company No. 572307-U)  
(Incorporated in Malaysia under the Companies Act, 1965)

**Registered Office:**

35, 1<sup>st</sup> Floor, Jalan Kelisa Emas 1,  
Taman Kelisa Emas,  
13700 Seberang Jaya, Penang.

27 April 2017

**Board of Directors:**

Chuah Choon Bin (*Executive Chairman*)  
Chuah Chong Ewe (*Chief Executive Officer/Executive Director*)  
Gan Pei Joo (*Executive Director*)  
Loh Nam Hooi (*Independent Non-Executive Director*)  
Sim Seng Loong @ Tai Seng (*Independent Non-Executive Director*)  
Leng Kean Yong (*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**

**1.0 INTRODUCTION**

The Company had at its AGM held on 2 June 2016, 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 6 April 2017, the Company had announced its intention to seek the shareholders' approval to renew the existing shareholders' mandate for Recurrent Related Party Transactions ("Proposed Renewal of Shareholders' Mandate") 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.

## 2.0 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 party 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 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.

## 2.2 Classes of Related Party and the nature of transactions

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

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

<b>Name of Company</b>	<b>Effective Equity Interest (%)</b>	<b>Principal Activities</b>
OVS	100	Property project management activities
PEMS	100	Equipment design and manufacturing services and manufacturing of high precision machine parts
PIS	60	Designing and manufacturing of automated testing equipment and test and measurement system
PSS	100	Designing and manufacturing of smart control solution systems
PTS	100	Design, assembly, installation of computerized automation systems and equipment.

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(b) The nature of the transactions by the company within the PMCB 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 <sup>(3)</sup> (RM)	2016 Shareholders' Mandate	
					Estimated Value (RM)	Actual Value <sup>(4)</sup> (RM)
Project management fee from the development project to be billed by OVSB to MDSB	OVSB	MDSB and Chuah Chong Boon <sup>(1)</sup>	Chuah Chong Ewe <sup>(1)</sup>	5,000,000.00 <sup>(2)</sup>	15,000,000.00	2,830,189.00

Notes

- (1) Chuah Chong Ewe is a Director and Chief Executive Officer of PMCB and he has 4.55% direct interest in the ordinary shares of PMCB, comprising of 6,662,151 ordinary shares. 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 PMCB. 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 estimated value disclosed above depending on progress of the project.
- (3) The next AGM will be held tentatively in June 2018.
- (4) Actual value of Recurrent Related Party Transactions from the date of the existing shareholders' mandate obtained at the last AGM held on 2 June 2016 up to the LPD.

There is no amount due and owing by the related party to PMCB Group pursuant to the recurrent related party transactions which exceeded the credit terms as at 31 December 2016.



### 2.3 Proposal for 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 at from time to time. As such, the Company proposes to seek a renewal of shareholders' mandate to enter into the abovementioned transactions.

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

The Recurrent Related Party Transactions to be entered into by the PMCB 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 PMCB 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 PMCB. The billings from OVSB to MDSB will contribute to the income stream and earnings of PMCB Group and was one of the reasons for the acquisition of OVSB by PMCB.

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 with the Related Party arise, thereby substantially reducing administrative time and expenses in convening such meetings, without compromising the corporate objectives or the interests of minority shareholders or adversely affecting the business opportunities available to the PMCB Group.

## 2.5 Review Procedures

The PMCB 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 PMCB. 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 PMCB, 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.
- 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 Executive Chairman (or in the case where the Executive Chairman is directly interested, to any other Director not so interested) for his or her approval.
- e) All Reports approved by the Executive Chairman (or any other Director which is not interested, 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.
- f) The annual internal audit plan shall incorporate a review of Recurrent Related Party Transactions carried out to ensure that the relevant approvals have been obtained and the review procedures in respect of such transactions are adhered to.
- g) The Audit Committee shall review the internal audit reports to ascertain that the guidelines and procedures established to monitor Recurrent Related Party Transactions have been complied with and the review shall be done together with the review of the quarterly results.
- h) The Audit Committee shall review the procedures, and shall continue to review the procedures, as and when required, with the authority to sub-delegate to individuals or committees within the Company as they deem appropriate.
- i) If a member of the Board or the Audit Committee has an interest in the transaction to be reviewed by the Board or the Audit Committee as the case may be, he will abstain from any decision making by the Board or the Audit Committee in respect of the transaction.

- j) There is no specific threshold for approval of Recurrent Related Party Transactions within PMCB Group. Transactions, where the value fall within the value approved per the shareholders' mandate, are approved by the Finance Director. However, Senior Management will seek the approval of the 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 party than those generally available to the public and are not to the detriment of the minority shareholders and are in the best interest of the Group. These procedures and processes are reviewed on an annual basis.

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

## 3.0 DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

The direct and/or indirect shareholdings in PMCB of the interested directors, major shareholders and persons connected to them as at 10 April 2017 are as follows:-

	No. of ordinary shares held in PMCB			
	Direct	%	Indirect	%
<b>Interested Directors of PMCB</b>				
Chuah Chong Ewe	6,662,151	4.55	-	-

The direct and/or indirect shareholdings in PMCB of other directors, major shareholders and persons connected to them as at 10 April 2017, are as follows:-

	No. of ordinary shares of held in PMCB			
	Direct	%	Indirect	%
<b>Other Directors of PMCB</b>				
Chuah Choon Bin	30,642,000	20.91	28,500 <sup>(1)</sup>	0.02
Gan Pei Joo	100	-	-	-
Loh Nam Hooi	90,000	0.06	-	-
Sim Seng Loong @ Tai Seng	-	-	-	-
Leng Kean Yong	-	-	-	-

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

Note:

<sup>(1)</sup>Interest held by spouse in accordance with Section 59(11) of the Act.

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.

#### **4.0 APPROVAL REQUIRED**

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

#### **5.0 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 PMCB Group.

#### **6.0 DIRECTORS' RECOMMENDATION**

The Board (save for Chuah Chong Ewe who is deemed interested in the Proposed Renewal of Shareholders' Mandate as mentioned in Section 3.0 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 3.0 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.

#### **7.0 ANNUAL GENERAL MEETING**

The notice dated 27 April 2017 convening the Fifteenth 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 2016 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 1 June 2017 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 does not preclude you from attending and voting in person at the AGM should you subsequently decide to do so.

#### **8.0 FURTHER INFORMATION**

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

Yours faithfully

For and on behalf of the Board of Directors of  
**PENTAMASTER CORPORATION BERHAD**

**Chuah Choon Bin**  
Executive Chairman

## **APPENDIX I**

### **GENERAL INFORMATION**

#### **1.0 DIRECTORS' RESPONSIBILITY**

This Circular has been seen and approved by the Directors of PMCB and they collectively and individually accept full responsibility for the accuracy of the information given in this Circular 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.

#### **2.0 MATERIAL LITIGATION**

As at the date of this Circular, neither PMCB nor any of its subsidiary companies are engaged in any material litigation, claim or arbitration either as plaintiff or defendant and the Directors of PMCB 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 PMCB Group.

#### **3.0 MATERIAL CONTRACTS**

The Company and its subsidiary companies have not entered into any contracts which are or may be material (not being contracts entered into in the ordinary course of business of the Group) during the two (2) years immediately preceding the date of this Circular.

#### **4.0 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 PMCB at 35, 1<sup>st</sup> 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 PMCB; and
- (b) The audited financial statements of PMCB and its subsidiary companies for the past 2 financial years ended 31 December 2015 and 2016.

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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 Fifteenth AGM of Pentamaster Corporation Berhad which 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 1 June 2017 at 10.30 a.m. in respect of the Proposed Renewal of Shareholders' Mandate:-

#### SPECIAL BUSINESS

##### Ordinary Resolution 9 – 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 2017 ("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."

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