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PENTAMASTER INTERNATIONAL LIMITED
檳傑科達國際有限公司
(Incorporated in the Cayman Island with limited liability)
(Stock code: 1665)

VOLUNTARY ANNOUNCEMENT

ASSIGNMENT OF OUTSTANDING DEBT OWING BY EVERREADY PRECISION INDUSTRIAL CORP. (“EPIC”) TO THE COMPANY TO PENTAMASTER INNOTEQ SDN. BHD. (“PISB”), A WHOLLY OWNED SUBSIDIARY OF PENTAMASTER CORPORATION BERHAD, THE HOLDING COMPANY OF THE COMPANY
AND
PROPOSED SUBSCRIPTION OF NEW SHARES IN EPIC BY PISB TO BE SETTLED BY WAY OF SET OFF AGAINST THE OUTSTANDING DEBT

This announcement is made by Pentamaster International Limited (the “**Company**”, together with its subsidiaries and its holding company, Pentamaster Corporation Berhad (“**PCB**”) and PCB’s subsidiaries, collectively the “**Pentamaster Group**”) on a voluntary basis. The purpose of this announcement is to keep the shareholders and potential investors of the Company informed of the latest business development of the Pentamaster Group.

1. INTRODUCTION

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that the Company has on 20 April 2022, entered into a Share Conversion Letter of Undertaking (“**SCL**”) with Everready Precision Industrial Corp. (“**EPIC**”) and Ahead Optoelectronics, Inc., a 88.89% subsidiary of EPIC (“**AHEAD**”), to subscribe for 16,614,507 new fully paid up ordinary shares in EPIC (the “**EPIC Shares**”) representing 29.9% of the enlarged equity interest in EPIC (the “**Proposed Subscription**”) for a total consideration of United States Dollar Six Million Seven Hundred Seventy Six Thousand Seven Hundred and Thirty Three (USD6,776,733) only (approximately equivalent to Ringgit Malaysia (“**MYR**”) Twenty Nine Million Eight Hundred Eighty Five Thousand Three Hundred Ninety Three (MYR29,885,393) at an exchange rate of USD1 : MYR4.4100) (the “**Subscription Price**”).

Prior to the execution of the SCL, the Company has sent EPIC a letter of loan conversion and share subscription to convert the Company’s receivable from EPIC into new issued ordinary shares in EPIC as at 31 December 2021.

After the execution of the SCL, the following events have taken place among EPIC, AHEAD, PISB, and the Company:

- a) AHEAD transferred to EPIC and EPIC has purchased from AHEAD certain equipment by assuming a debt of USD4,268,720.30 owing by AHEAD to the Company for equipment supplied to AHEAD; and
- b) EPIC has a debt of USD2,508,013 owing to the Company for equipment supplied to EPIC. The aggregate amount of debt owing by EPIC to the Company, including the debt of AHEAD that EPIC agreed as at 6 May 2022 to be assumed by EPIC upon acceptance of such equipment, amounted to USD6,776,733 (the “**Outstanding Debt**”).

EPIC, PISB and the Company have executed an assignment agreement (the “**Assignment Agreement**”) whereby the Company assigned the rights to the Outstanding Debt including the right to convert the Outstanding Debt into an aggregate of 16,614,507 EPIC Shares to PISB (the “**Assignment**”) and PISB has accepted and assumed all rights to the Assignment by settling the full amount of the Outstanding Debt to the Company. EPIC has irrevocably agreed to the Assignment.

2. DETAILS OF THE PROPOSED SUBSCRIPTION

2.1 Information on EPIC

EPIC was incorporated in Taiwan on 7 October 1980 and the principal activity of EPIC and its subsidiaries are designing and manufacturing end-to end opto-electronics solutions from optical molds, to lenses and 3D sensing modules.

The current paid-up capital of EPIC is NT\$389,524,080 comprising of 38,952,408 ordinary shares. After the Proposed Subscription by PISB, the enlarged paid-up capital of EPIC will be NT\$555,669,150 comprising of 55,566,915 ordinary shares with PISB holding 29.9% equity interest in EPIC.

2.2 Information on PISB

PISB was incorporated in Malaysia on 22 September 2021 and the principal activities of PISB are technology and solution investment and to provide testing solution services.

The current paid-up capital of PISB is MYR5,000,000 comprising of 5,000,000 ordinary shares. The Directors of PISB are Chuah Choon Bin and Gan Pei Joo. PISB is a wholly owned subsidiary of PCB.

2.3 Basis of arriving at and justification for the Subscription Price and mode of settlement

The Subscription Price of USD6,776,733 (equivalent to approximately USD0.4079 or NT\$12.5553 per share) was arrived at after arm’s length negotiations between EPIC and PISB and was determined with reference to its Intellectual Properties and technology know-how, besides its Greater China plans that are meeting the Pentamaster Group’s business strategy’s objectives. EPIC has also proposed establishing a manufacturing joint venture in China with the investment arm of a major enterprise in China for its business expansion where the Subscription Price has been factored into for such plan by EPIC.

Pursuant to the terms of the SCL and the Assignment Agreement, the settlement of the Subscription Price shall be by way of set off against the Outstanding Debt owing by EPIC to PISB arising from the Assignment.

3. APPROVALS REQUIRED

The Proposed Subscription and the Assignment are not subject to the approval of any governmental authorities or the shareholders of the Company and PCB, save and except for:

- (i) The approval of the board of directors and shareholders of EPIC which was obtained on 30 June 2022, before the Proposed Subscription could be formalized; and
- (ii) Investment approval by Kaohsiung Nanzih Technology Industrial Park.

4. ESTIMATED TIMEFRAME FOR COMPLETION OF THE PROPOSED SUBSCRIPTION AND THE ASSIGNMENT

Barring any unforeseen circumstances, the Proposed Subscription is expected to be completed within a period of 12 months from the date of execution of SCL.

5. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

None of the Directors, major shareholders and/or persons connected to them has any interest, whether direct or indirect, in the Proposed Subscription and the Assignment.

6. HONG KONG LISTING RULES IMPLICATIONS

As all the applicable percentage ratios in relation to the Assignment contemplated under the SCL are less than 5%, the Assignment does not constitute notifiable transaction under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. This announcement is made by the Company on a voluntary basis.

7. DIRECTORS' STATEMENT

The Board, having considered all aspects of the Assignment, is of the opinion that the Assignment is in the best interest of the Company.

By order of the Board
Pentamaster International Limited
Chuah Choon Bin
Chairman and Executive Director

Malaysia, 4 July 2022

As at the date of this announcement, the Board comprises Mr. Chuah Choon Bin and Ms. Gan Pei Joo as executive Directors; Mr. Leng Kean Yong as non-executive Director; and Ms. Chan May May, Dr. Chuah Jin Chong and Mr. Sim Seng Loong @ Tai Seng as independent non-executive Directors.