
LETTER FROM THE BOARD

PENTAMASTER INTERNATIONAL LIMITED

檳傑科達國際有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1665)

Executive Directors:

Mr. Chuah Choon Bin (*Chairman*)

Ms. Gan Pei Joo

Non-executive Director:

Mr. Leng Kean Yong

Independent non-executive Directors:

Mr. Sim Seng Loong @ Tai Seng

Dr. Chuah Jin Chong

Ms. Chan May May

Registered Office:

PO Box 309, Uglan House

Grand Cayman, KY1-1104

Cayman Islands

Head office and principal place

of business in Malaysia:

Plot 18 & 19, Technoplex

Medan Bayan Lepas

Taman Perindustrian Bayan Lepas

Phase IV, 11900 Penang

Malaysia

Principal place of business in Hong Kong:

Room 1901, 19/F, Lee Garden One

33 Hysan Avenue

Causeway Bay

Hong Kong

February 5, 2025

To the Shareholders

Dear Sir/Madam,

**(1) PROPOSAL TO PRIVATISE PENTAMASTER INTERNATIONAL LIMITED;
(2) PROPOSED WITHDRAWAL OF LISTING; AND
(3) PROPOSED SPECIAL DIVIDEND**

1. INTRODUCTION

Reference is made to the Announcement dated December 19, 2024 jointly issued by the Company and the Joint Offerors pursuant to Rule 3.5 of the Takeovers Code in relation to the Proposal. On December 19, 2024, the Joint Offerors have requested the Board to put forward the Proposal to the Scheme Shareholders for the proposed privatisation of the Company by way of a scheme of arrangement under section 86 of the Companies Act, which involves the cancellation of the Scheme Shares and, in consideration thereof, the payment to the Scheme Shareholders of the Cancellation Price of HK\$0.93 in cash for each Scheme Share, and the withdrawal of the listing of the Shares on the Stock Exchange.

LETTER FROM THE BOARD

Under the Proposal, the Company will also declare and pay a Special Dividend of HK\$0.07 for each Share, further details of which are set out below.

If the Proposal is approved and implemented, under the Scheme, the Scheme Shares will, on the Effective Date, be cancelled and extinguished. Simultaneously with such cancellation and extinguishment, the share capital of the Company will be maintained by the issuance at par to the Joint Offerors, credited as fully paid, of the aggregate number of Shares as is equal to the number of Scheme Shares cancelled pursuant to the Scheme. The reserve created in the Company's books of account as a result of the cancellation of the Scheme Shares will be applied in paying up in full at par the new Shares so issued, credited as fully paid, to the Joint Offerors.

Upon the Scheme becoming effective, the Company will be owned as to approximately 29.00% and 71.00% by Puga and PCB, respectively, and the listing of the Shares will be withdrawn from the Stock Exchange.

If the Scheme does not become effective or the Proposal otherwise lapses, the listing of the Shares on the Stock Exchange will not be withdrawn and the Special Dividend will not be paid.

The purpose of this Scheme Document is to provide you with further information regarding the Proposal and the Scheme, and to give you notices of the Court Meeting and the EGM, together with the forms of proxy in relation thereto. Your attention is also drawn to (i) the letter from the Independent Board Committee set out in Part V of this Scheme Document; (ii) the letter from the Independent Financial Adviser set out in Part VI of this Scheme Document; (iii) the Explanatory Memorandum set out in Part VII of this Scheme Document; (iv) the property valuation report of the Company set out in Appendix II to this Scheme Document; (v) the report from Grant Thornton Hong Kong Limited on the unaudited consolidated financial results of the Group for the nine months ended September 30, 2024 set out in Appendix III to this Scheme Document; (vi) the report from the Independent Financial Adviser on the unaudited consolidated financial results of the Group for the nine months ended September 30, 2024 set out in Appendix IV to this Scheme Document; and (vii) the terms of the Scheme set out in Appendix VI to this Scheme Document.

2. TERMS OF THE PROPOSAL

The Cancellation Price and the Special Dividend

The Proposal will provide that each of the Scheme Shares be cancelled in exchange for the payment of the Cancellation Price of HK\$0.93 per Scheme Share, which shall be paid by the Joint Offerors to the Scheme Shareholders (including the Disinterested Shareholders) whose names appear on the register of members of the Company on the Record Date.

Under the Proposal, the Company will also declare a Special Dividend of HK\$0.07 for each Share which, subject to (i) the passing of an ordinary resolution by a simple majority of the votes cast by the Shareholders present and voting in person or by proxy at the EGM

LETTER FROM THE BOARD

to approve the Special Dividend; and (ii) the Scheme having become binding and effective in accordance with its terms and conditions, shall be payable to the Shareholders whose names appear on the register of members of the Company on the Record Date, including PCB. None of the foregoing conditions to the payment of the Special Dividend can be waived. The Board recommended the amount of the Special Dividend of HK\$0.07, subject to the conditions of the Special Dividend being satisfied on or before the Long Stop Date.

PCB has undertaken (to the extent permitted under Takeovers Code, the Listing Rules and applicable laws and regulations) to exercise or procure the exercise of the voting rights in respect of the Shares held by PCB immediately prior to the Scheme becoming effective to vote in favour of the ordinary resolution at the EGM to approve the Special Dividend. **Accordingly, if the Scheme becomes binding and effective in accordance with its terms and conditions, the Scheme Shareholders whose names appear on the register of members of the Company on the Record Date will receive a total of HK\$1.00 in cash per Scheme Share under the Proposal comprising:**

| | |
|-------------------------------------|----------------------------------|
| Cancellation Price | HK\$0.93 per Scheme Share |
| Special Dividend | HK\$0.07 per Scheme Share |
| Total | HK\$1.00 per Scheme Share |

If, after the date of this Scheme Document, any dividend and/or other distribution and/or other return of capital other than the Special Dividend is announced, declared or paid in respect of the Shares, the Joint Offerors reserve the right to reduce the Cancellation Price by all or any part of the amount or value of such dividend, distribution and/or, as the case may be, return of capital after consultation with the Executive, in which case any reference in the Announcement, this Scheme Document or any other announcement or document to the Cancellation Price will be deemed to be a reference to the Cancellation Price as so reduced. The Company has confirmed that, other than the Special Dividend, it does not intend to announce, declare or pay any dividend, distribution or other return of capital before the Long Stop Date or the lapse, withdrawal or termination of the Scheme (whichever is earlier). As at the Latest Practicable Date, the Company had no declared but unpaid dividends and/or other distribution and/or other return of capital.

No price increase statement

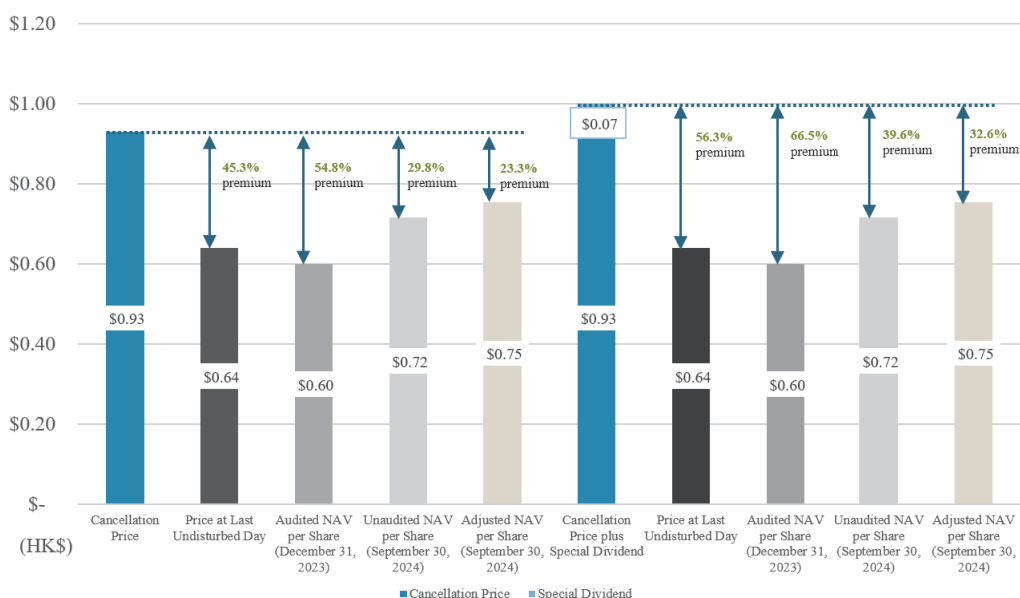
The Cancellation Price will not be increased, and the Joint Offerors do not reserve the right to do so. Shareholders, Share Award Holders and potential investors should be aware that, following the making of this statement, the Joint Offerors will not be allowed to increase the Cancellation Price, except in wholly exceptional circumstances in accordance with Rule 18.3 of the Takeovers Code.

LETTER FROM THE BOARD

Comparisons of value

The share price of the Company started experiencing an increase, with trading at relatively high volume on December 2, 2024 and then a sharp increase of 19.4% on December 3, 2024 (being the Last Trading Day). To exclude the distortions of such unusual price and volume movements, comparisons of value are therefore also made against the Last Undisturbed Day.

The premium of (i) the Cancellation Price, and (ii) the Cancellation Price *plus* Special Dividend, relative to the respective closing price of the Shares at the Last Undisturbed Day, the audited consolidated net asset value attributable to Shareholders per Share (“NAV per Share”) as at December 31, 2023, the unaudited consolidated net asset value attributable to Shareholders per Share as at September 30, 2024 and the Adjusted NAV, was as follows:



Note: The NAV per Share was derived based on an exchange rate of MYR to HKD of 1:1.70 as at December 31, 2023 and 1:1.89 as at September 30, 2024.

LETTER FROM THE BOARD

The table below sets out the premiums or discount of (i) the Cancellation Price of HK\$0.93 per Scheme Share; and (ii) the Cancellation Price *plus* Special Dividend of HK\$1.00 per Scheme Share respectively compared to various benchmarks, including historical trading prices of the Shares, the audited and unaudited consolidated net asset values attributable to Shareholders and the Adjusted NAV:

| Comparison Metric | Price/net asset value per Share <i>HK\$</i> | Premium/ (Discount) represented by Cancellation Price <i>%</i> | Premium/ (Discount) represented by Cancellation Price <i>plus</i> Special Dividend <i>%</i> |
|--|--|--|---|
| Closing price on the Latest Practicable Date | 0.950 | (2.1) | 5.3 |
| Closing price on the Last Trading Day | 0.800 | 16.3 | 25.0 |
| Average of: | | | |
| Closing price for the 10 consecutive trading days up to and including the Last Trading Day | 0.651 | 42.9 | 53.6 |
| Closing price for the 30 consecutive trading days up to and including the Last Trading Day | 0.655 | 42.0 | 52.7 |
| Closing price for the 60 consecutive trading days up to and including the Last Trading Day | 0.666 | 39.7 | 50.2 |
| Closing price for the 90 consecutive trading days up to and including the Last Trading Day | 0.662 | 40.4 | 51.0 |
| Closing price for the 120 consecutive trading days up to and including the Last Trading Day | 0.666 | 39.7 | 50.2 |
| Closing price on the Last Undisturbed Day | 0.640 | 45.3 | 56.3 |
| Average of: | | | |
| Closing price for the 10 consecutive trading days up to and including the Last Undisturbed Day | 0.631 | 47.4 | 58.5 |
| Closing price for the 30 consecutive trading days up to and including the Last Undisturbed Day | 0.652 | 42.6 | 53.4 |
| Closing price for the 60 consecutive trading days up to and including the Last Undisturbed Day | 0.663 | 40.3 | 50.8 |
| Closing price for the 90 consecutive trading days up to and including the Last Undisturbed Day | 0.660 | 40.9 | 51.5 |
| Closing price for the 120 consecutive trading days up to and including the Last Undisturbed Day | 0.666 | 39.7 | 50.2 |
| Audited consolidated net asset value attributable to Shareholders per Share as at December 31, 2023 (Note 1) | 0.601 | 54.8 | 66.5 |
| Unaudited consolidated net asset value attributable to Shareholders per Share as at September 30, 2024 (Note 2) | 0.716 | 29.8 | 39.6 |
| Adjusted NAV per Share as at September 30, 2024 | 0.754 | 23.3 | 32.6 |

Note 1: Based on an exchange rate of MYR1.0 = HK\$1.70 as at December 31, 2023

Note 2: Based on an exchange rate of MYR1.0 = HK\$1.89 as at September 30, 2024

LETTER FROM THE BOARD

The Cancellation Price has been determined on an arm's length commercial basis after taking into account the financial information of the Group, the prices of the Shares traded on the Stock Exchange, and with reference to other privatisation transactions in Hong Kong in the two years leading up to the Last Undisturbed Day.

Highest and lowest prices

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.960 on January 23 and 28, 2025 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.610 on November 14, 2024.

During the six-month period immediately up to and including the Last Undisturbed Date, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.800 on the Last Trading Day and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.610 on November 14, 2024.

Total Cancellation Price and Total Special Dividend Payable to Scheme Shareholders

As at the Latest Practicable Date, the Company had 2,400,000,000 Shares in issue. The 866,450,011 Scheme Shares represented approximately 36.10% of the total number of Shares in issue of the Company as at the Latest Practicable Date.

On the assumption that there is no other change in the shareholding structure of the Company before the completion of the Proposal, the total amount of cash consideration required to effect the Scheme will be HK\$805,798,510 (representing the aggregate Cancellation Price payable under the Scheme), which will be funded by the Joint Offerors in proportion to the percentage of the Scheme Shares to be acquired by each of the Joint Offerors under the Proposal.

On the assumption that there is no other change in the shareholding structure of the Company before the completion of the Proposal, subject to (i) the passing of an ordinary resolution by a simple majority of the votes cast by the Shareholders present and voting in person or by proxy at the EGM to approve the Special Dividend; and (ii) the Scheme having become binding and effective in accordance with its terms and conditions, the total amount of Special Dividend payable to the Scheme Shareholders will be HK\$60,651,501, which will be funded by the Company.

The sum of total Cancellation Price and total Special Dividend payable to Scheme Shareholders amounts to HK\$866,450,011, the payment of which will be subject to satisfaction of their respective conditions.

In accordance with Rule 20.1(a) of the Takeovers Code, upon the Scheme becoming effective, (i) the Cancellation Price of HK\$0.93 per Share will be paid by the Joint Offerors to the Scheme Shareholders whose names appear on the register of members of the

LETTER FROM THE BOARD

Company on the Record Date, and (ii) the Special Dividend of HK\$0.07 per Share will be paid by the Company to Shareholders whose names appear on the register of members of the Company on the Record Date, in each case, as soon as possible but in any event no later than seven (7) business days (as defined in the Takeovers Code) after the Effective Date.

Shareholders, Share Award Holders and potential investors should be aware that the implementation of the Proposal and the Scheme is subject to the Conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented and the Scheme may or may not become effective.

Shareholders, Share Award Holders and potential investors of the Company should be aware that the payment of the Special Dividend is in turn subject to, amongst other things, the Scheme having become binding and effective in accordance with its terms and conditions. Accordingly, the Special Dividend may or may not materialise. Shareholders, Share Award Holders and potential investors of the Company should therefore exercise caution when dealing in securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

3. CONFIRMATION OF FINANCIAL RESOURCES

Payment of the Cancellation Price under the Scheme by the Joint Offerors will be funded entirely by the internal resources of the Joint Offerors in proportion to the percentage of the Scheme Shares to be acquired by each of the Joint Offerors under the Proposal.

Payment of the Special Dividend by the Company will be funded by the internal cash resources of the Company.

Altus, as financial adviser to the Joint Offerors, is satisfied that sufficient financial resources are available to (i) the Joint Offerors to satisfy the Cancellation Price under the Proposal; and (ii) the Company to satisfy the Special Dividend for the Scheme Shareholders.

4. CONDITIONS OF THE PROPOSAL AND THE SCHEME

Your attention is drawn to the section headed “3. Conditions of the Proposal and the Scheme” in Part VII – Explanatory Memorandum of this Scheme Document.

Warning: Shareholders, Share Award Holders and potential investors should be aware that the implementation of the Proposal and the Scheme is subject to the Conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders, Share Award Holders and potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

LETTER FROM THE BOARD

5. SHAREHOLDING STRUCTURE OF THE COMPANY

Your attention is drawn to the sections headed “4. Shareholding Structure of the Company” and “5. Share Award Scheme” in Part VII – Explanatory Memorandum of this Scheme Document.

6. THE IMPLEMENTATION AGREEMENT

On December 19, 2024, the Joint Offerors and the Company entered into the Implementation Agreement, pursuant to which the Joint Offerors requested the Board to put forward the Proposal to the holders of Scheme Shares.

Pursuant to the Implementation Agreement, each of the Joint Offerors and the Company has agreed, among other things, to use all commercially reasonable endeavours to implement the Proposal. The Company has undertaken to do all things as are reasonably necessary to implement the Scheme, and the Joint Offerors have undertaken to provide necessary assistance that the Company may reasonably request in connection with the implementation of the Scheme.

Pursuant to the Implementation Agreement, the Company has undertaken, among other things, that subject to certain exclusions in the Implementation Agreement, it will not (and will procure that each member of the Group will not), without the prior consent of the Joint Offerors (such consent not to be unreasonably withheld or delayed), conduct its business other than in the ordinary and usual course as set forth in the Implementation Agreement during the period between the date of the Implementation Agreement and the earlier of the Effective Date and the date of termination of the Implementation Agreement.

Subject to the Takeovers Code, the Joint Offerors and the Company have agreed to bear certain costs and expenses incurred by them in connection with the implementation of the Proposal in the manner as set forth in the Implementation Agreement. For details, please refer to the section headed “9. Costs of the Scheme” in Part VII – Explanatory Memorandum of this Scheme Document.

Under the terms of the Implementation Agreement, the Implementation Agreement will terminate if the Proposal and the Scheme are not implemented by the Long Stop Date. The Joint Offerors will be entitled to terminate the Implementation Agreement following the non-satisfaction of any Condition (which cannot be waived or is not waived by the Joint Offerors in accordance with the terms of the Proposal), or if the recommendation of the Directors as to whether the Scheme Shareholders should vote to approve the Proposal at the Court Meeting and at the EGM contained in the Scheme Document is withdrawn at any time prior to the Grand Court’s sanction of the Scheme and, to the extent necessary, confirmation of any reduction of the share capital of the Company, or upon a material breach of any warranty by the Company. The Company will be entitled to terminate the Implementation Agreement upon a material breach of any warranty by the Joint Offerors.

LETTER FROM THE BOARD

7. THE JOINT OFFERORS AGREEMENT AND THE SHAREHOLDER ARRANGEMENTS

The Joint Offerors Agreement

As at the Latest Practicable Date, PCB held 1,533,549,989 Shares, representing approximately 63.90% of the issued Shares. The Joint Offerors have entered into the Joint Offerors Agreement on December 19, 2024, pursuant to which the Joint Offerors agreed to make the Proposal to the Board and request the Board to put forward the Proposal to the Scheme Shareholders and that, upon the Scheme having become binding and effective in accordance with its terms and conditions, (i) in addition to its existing shareholding in the Company, PCB will acquire a further 170,400,000 Shares (representing approximately 7.10% of the issued Shares) under the Proposal, thereby increasing its shareholding in the Company to 1,703,949,989 Shares (representing approximately 71.00% of the issued Shares); and (ii) Puga will acquire 696,050,011 Shares (representing approximately 29.00% of the issued Shares) under the Proposal.

Pursuant to the Joint Offerors Agreement, the Joint Offerors have agreed, among other things, that (a) each Joint Offeror undertakes to contribute sufficient financial resources to fulfill its obligation to pay the Cancellation Price in proportion to the percentage of the Scheme Shares to be acquired by such party under the Proposal, to discharge its obligation of contribution on a several but not joint basis and be solely responsible for all obligations and liabilities in relation to the arrangement in connection with its financial resources, and to arrange such financing as necessary to satisfy its commitment to the reasonable satisfaction of the financial adviser to the Joint Offerors, notwithstanding that PCB has agreed to bear 70% of the out-of-pocket costs and expenses incurred in connection with the Proposal by the Joint Offerors and the Investors; (b) all decisions relating to the Proposal will be jointly made by Puga and PCB; (c) each Joint Offeror shall use its reasonable endeavors to do (or procure to be done), and to assist and co-operate with each other in doing, all things reasonably necessary, proper or advisable to consummate and make effective, as promptly as practicable, the Proposal; (d) each Joint Offeror shall cooperate with each other and their professional advisers and proceed in good faith to consummate the Proposal and to consult with each other and to keep each other fully informed of any relevant material developments and the status of implementation in respect of the Proposal; and (e) each Joint Offeror acknowledges and agrees that it shall be fully responsible for ensuring the accuracy of all statements of fact furnished or confirmed by it in each of the transaction documents relating to it and its associates.

Pursuant to the Joint Offerors Agreement, (a) PCB has undertaken, to the extent permitted under the Takeovers Code, the Listing Rules and applicable laws and regulations, to exercise, or, as the case may be, to procure the exercise of the voting rights in respect of the Shares held by PCB immediately prior to the Scheme becoming effective on resolutions in relation to the implementation of the Proposal to vote in favour of all resolutions which

LETTER FROM THE BOARD

are necessary to implement the Scheme proposed at the EGM (including the ordinary resolution at the EGM to approve the Special Dividend), and that it shall take all actions necessary to implement the Proposal; and (b) PCB has further undertaken that, during the period between the date of the Joint Offerors Agreement and the earlier of the Scheme becomes effective, lapses or is withdrawn, it shall comply with certain dealing restrictions and refrain from doing any prejudicial actions, including not, directly or indirectly, sell, transfer, charge, encumber, grant any option over or otherwise dispose of any interest in any of the Shares held by PCB immediately prior to the Scheme becoming effective, nor to accept any other offer in respect of all or any of such Shares.

The Joint Offerors Agreement will be terminated if the Scheme lapses or is withdrawn, terminated, rescinded by the Joint Offerors or is finally dismissed, refused or rejected by the Grand Court.

The Shareholder Arrangements

Pursuant to the Joint Offerors Agreement, the Joint Offerors have also agreed to enter into the Shareholders' Agreement, which sets out the Joint Offerors' mutual agreement on the arrangements pertaining to the management and governance of the Company upon the Scheme becoming effective within 5 Business Days after the withdrawal of listing of the Shares on the Stock Exchange subject to the Scheme becoming effective.

The Shareholder Arrangements contemplate that the Board will establish an IPO steering committee to oversee and approve any matters in connection with the implementation of an IPO of the Company within four years from the effective date of the Scheme (or such other dates to be agreed between the Joint Offerors). As at the Latest Practicable Date, the Joint Offerors had not agreed on any proposal or material terms with respect to the implementation of any separate listing of the Company (including whether the IPO will be conducted in Hong Kong or elsewhere or whether it is an IPO of the same Company).

8. THE CONSORTIUM AGREEMENT

On October 31, 2024, the Investors entered into the Consortium Agreement in connection with the implementation of the Proposal.

Pursuant to the Consortium Agreement, each of the Investors would make cash contribution to Puga in proportion to their respective percentage ownerships in Puga for the purpose of satisfying in full Puga's obligations in respect of the Cancellation Price payable for 29.00% of the issued Shares under the Proposal.

The Consortium Agreement shall terminate in accordance with its terms (a) upon the completion of the Proposal or (b) upon a written agreement by the parties to terminate the Consortium Agreement or (c) on the Long Stop Date, whichever is earlier.

LETTER FROM THE BOARD

9. INFORMATION ON THE JOINT OFFERORS, THE INVESTORS, THE JOINT OFFERORS CONCERT PARTIES AND THE COMPANY

Your attention is drawn to the section headed “13. Information on the Joint Offerors, the Investors, the Joint Offerors Concert Parties and the Company” in Part VII – Explanatory Memorandum of this Scheme Document.

10. THE JOINT OFFERORS’ INTENTION REGARDING THE COMPANY

Your attention is drawn to the section headed “11. The Joint Offerors’ Intention Regarding the Company” in Part VII – Explanatory Memorandum of this Scheme Document.

11. REASONS FOR AND BENEFITS OF THE PROPOSAL

The Joint Offerors are of the view that the terms of the Proposal are attractive and beneficial to the Scheme Shareholders and the Company. The reasons for and benefits of the Proposal from the perspective of the Scheme Shareholders and the Company are set forth in the section headed “10. Reasons for and Benefits of the Proposal” in Part VII – Explanatory Memorandum of this Scheme Document.

12. INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, which comprises independent non-executive Directors who are not Joint Offerors Concert Parties, namely Dr. Chuah Jin Chong, Ms. Chan May May and Mr. Sim Seng Loong @ Tai Seng, has been established by the Board to make a recommendation to the Disinterested Shareholders as to whether the terms of the Proposal and the Scheme are fair and reasonable and as to voting at the Court Meeting and the EGM.

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee is required to comprise all non-executive Directors who have no direct or indirect interest in the matters to be considered by the Independent Board Committee, other than as a Shareholder. Mr. Leng is the non-executive Director and is also a non-independent non-executive director and a shareholder of PCB. He is therefore considered to be acting in concert with the Joint Offerors and is therefore not a member of the Independent Board Committee.

The full text of the letter from the Independent Board Committee in relation to recommendation with respect to the Proposal and the Scheme is set out in Part V of this Scheme Document.

13. INDEPENDENT FINANCIAL ADVISER

Quam Capital has been appointed as the Independent Financial Adviser by the Company with the approval of the Independent Board Committee in accordance with the Listing Rules and the Takeovers Code, to advise the Independent Board Committee and the Disinterested Shareholders (as applicable) in respect of the Proposal and the Scheme and to report on the

LETTER FROM THE BOARD

unaudited consolidated financial results of the Group for the nine months ended September 30, 2024 published by the Company on November 7, 2024 pursuant to Rule 10.3(d) of the Takeovers Code.

The full text of the letter from Quam Capital in relation to recommendations with respect to the Proposal and the Scheme is set out in Part VI of this Scheme Document. The full text of the report from Quam Capital on the unaudited consolidated financial results of the Group for the nine months ended September 30, 2024 is set out in Appendix IV to this Scheme Document.

14. SCHEME SHARES, COURT MEETING AND EGM

In accordance with the directions of the Grand Court, the Court Meeting will be held at 2:00 p.m. (Hong Kong time) on Friday, February 28, 2025 at 17/F, One Island East, Taikoo Place, 18 Westlands Road, Quarry Bay, Hong Kong. The EGM will be held at the same place and on the same date at 2:30 p.m. (or as soon as practicable after the Court Meeting shall have concluded or been adjourned, whichever is later).

For the purpose of exercising your right to vote at the Court Meeting and/or the EGM, you are requested to read carefully the section headed “17. Scheme Shares, Court Meeting and EGM” in Part VII – Explanatory Memorandum of this Scheme Document, Part II – Actions to be Taken of this Scheme Document, the notice of the Court Meeting in Appendix VII to this Scheme Document and the notice of EGM in Appendix VIII to this Scheme Document.

As at the Latest Practicable Date,

- (a) Puga did not hold any Shares, and PCB held an aggregate of 1,533,549,989 Shares representing approximately 63.90% of the issued Shares. The Shares held by PCB immediately prior to the Scheme becoming effective will not constitute Scheme Shares and will not be voted on in respect of the resolution to approve the Scheme at the Court Meeting;
- (b) Mr. Chuah, Ms. Gan, Mr. Leng and Dato’ Loh Nam Hooi were interested in an aggregate of 26,611,200, 8,457,544 (which includes Ms. Gan’s (i) 695,000 vested Awarded Shares and (ii) 140,000 granted but unvested Awarded Shares, the Shares relating to which are held by the Trustee), 250,000 and 1,012,000 Shares (representing approximately 1.11%, 0.35%, 0.01% and 0.04% of the issued Shares) respectively. The Shares held by Mr. Chuah, Ms. Gan, Mr. Leng and Dato’ Loh Nam Hooi will form part of the Scheme Shares and will be cancelled and extinguished upon the Scheme becoming effective. The votes of each of Mr. Chuah, Ms. Gan, Mr. Leng and Dato’ Loh Nam Hooi will not be counted as a vote of a Disinterested Shareholder in determining whether the requirements under Condition (b) under the section headed “3. Conditions of the Proposal and the Scheme” in Part VII – Explanatory Memorandum of this Scheme Document (as required under Rule 2.10 of the Takeovers Code) are satisfied; and

LETTER FROM THE BOARD

- (c) the Trustee held 63,191,341 Trustee Held Shares pursuant to the Share Award Scheme which comprised (i) 42,104,250 Trustee Held Awarded Shares; and (ii) 21,087,091 Trustee Held Pool Shares. The Trustee has undertaken to the Company that it will only exercise voting rights in respect of the Trustee Held Shares held for Share Award Holders who are not Joint Offerors Concert Parties and whose awards have vested according to the express instructions of the relevant Share Award Holders and that it will not have any discretionary voting powers in respect of such Shares. In respect of the remaining 28,251,024 Shares, notwithstanding the Trustee is the legal registered holder of such Shares, as the Trustee is considered to be acting in concert with the Joint Offerors, such Shares are not considered to be Shares held by Disinterested Shareholders and will not be voted on in respect of the resolution to approve the Scheme at the Court Meeting. For further details, please refer to the section headed “5. Share Award Scheme” in Part VII – Explanatory Memorandum of this Scheme Document.

The Joint Offerors have undertaken to the Grand Court that they will be bound by the Scheme, so as to ensure that they will comply with and be subject to the terms and conditions of the Scheme.

All Shareholders as at the Meeting Record Date will be entitled to attend the EGM and vote on the resolutions with respect to the Special Dividend and the implementation of the Scheme (including: (i) the special resolution to approve and give effect to any reduction of the share capital of the Company as a result of the cancellation and extinguishment of the Scheme Shares; and (ii) the ordinary resolution to approve the simultaneous maintenance of the share capital of the Company at the amount prior to the cancellation of the Scheme Shares by the issuance at par to the Joint Offerors, credited as fully paid, of such number of new Shares as is equal to the number of Scheme Shares cancelled and applying the reserve created as a result of the aforesaid cancellation of the Scheme Shares to pay up in full at par the new Shares so issued).

The Joint Offerors and the Joint Offerors Concert Parties (excluding the Trustee, the voting arrangements in respect of the Trustee Held Shares are as disclosed above) have indicated that if the Scheme is approved at the Court Meeting, those Shares held by them (if any) will be voted in favour of the resolutions to be proposed at the EGM to implement the Scheme, including any reduction of capital and the simultaneous maintenance of the share capital of the Company by the issue of new Shares to the Joint Offerors as described above. Pursuant to the Joint Offerors Agreement, PCB has undertaken (to the extent permitted under Takeovers Code, the Listing Rules and applicable laws and regulations) to exercise or procure the exercise of the voting rights in respect of the Shares held by PCB immediately prior to the Scheme becoming effective to vote in favour of the ordinary resolution at the EGM to approve the Special Dividend. The Trustee has given an undertaking to the Company in respect of the manner in which it can exercise the voting rights attaching to the Trustee Held Shares, further details of which are set out in the section above headed “5. Share Award Scheme” in Part VII – Explanatory Memorandum of this Scheme Document.

LETTER FROM THE BOARD

15. WITHDRAWAL OF LISTING OF SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title.

Subject to the Scheme becoming effective, the Company does not intend to maintain its listing status, and will make an application to the Stock Exchange for the withdrawal of the listing of the Shares on the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules, with effect from 4:00 p.m. on Wednesday, March 19, 2025.

The Scheme Shareholders will be notified by way of an announcement of the exact date of the last day for dealing in the Shares and on which the Scheme and the withdrawal of listing of the Shares will become effective. A detailed timetable of the Scheme is included in Part III of this Scheme Document.

16. IF THE SCHEME IS NOT APPROVED OR THE PROPOSAL LAPSES

The listing of the Shares on the Stock Exchange will not be withdrawn and the Special Dividend will not be paid if the Scheme does not become effective or the Proposal otherwise lapses.

If the Scheme is not approved or the Proposal otherwise lapses, there are restrictions under Rule 31.1 of the Takeovers Code on making subsequent offers, to the effect that, neither the Joint Offerors nor any person who acted in concert with them in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses, (i) announce an offer or possible offer for the Company, or (ii) acquire any voting rights of the Company if the Joint Offerors or the Joint Offerors Concert Parties would thereby become obliged under Rule 26 of the Takeovers Code to make an offer, in each case except with the consent of the Executive.

17. ACTIONS TO BE TAKEN

Your attention is drawn to Part II -“Actions to be Taken” of this Scheme Document.

18. REGISTRATION AND PAYMENT

Your attention is drawn to the section headed “14. Registration and Payment” in Part VII – Explanatory Memorandum of this Scheme Document.

19. OVERSEAS SHAREHOLDERS

Your attention is drawn to the section headed “15. Overseas Shareholders” in Part VII – Explanatory Memorandum of this Scheme Document.

LETTER FROM THE BOARD

20. TAXATION ADVICE

Your attention is drawn to the section headed “16. Taxation Advice” in Part VII – Explanatory Memorandum of this Scheme Document.

21. COSTS OF THE SCHEME

Your attention is drawn to the sections headed “9. Costs of the Scheme” and “12. Implementation of the Proposal and Voluntary Withdrawal of Listing of Shares” in Part VII – Explanatory Memorandum of this Scheme Document.

22. RECOMMENDATIONS

The Independent Financial Adviser has advised the Independent Board Committee that it considers the terms of the Proposal and the Scheme to be fair and reasonable so far as the Disinterested Shareholders are concerned, and advises the Independent Board Committee to recommend the Disinterested Shareholders to vote in favour of the resolutions to (i) approve the Scheme at the Court Meeting; and (ii) (a) approve the implementation of the Proposal at the EGM and (b) approve the Special Dividend at the EGM.

The Independent Board Committee, having considered the terms of the Proposal and the Scheme, and having taken into account the advice of the Independent Financial Adviser, and in particular the factors, reasons and recommendations set out in its letter, considers that the terms of the Proposal and the Scheme are fair and reasonable so far as the Disinterested Shareholders are concerned. Accordingly, the Independent Board Committee recommends (i) the Disinterested Shareholders to vote in favour of the resolution to approve the Scheme at the Court Meeting; and (ii) the Shareholders to vote in favour of the relevant resolutions at the EGM to approve (a) the implementation of the Proposal and (b) the Special Dividend.

Your attention is drawn to the letter of advice from the Independent Financial Adviser set out in Part VI of this Scheme Document which contains its advice to the Independent Board Committee and Disinterested Shareholders in respect of the Proposal. Your attention is also drawn to the letter from the Independent Board Committee set out in Part V of this Scheme Document which contains its recommendation to the Disinterested Shareholders in respect of the Proposal.

23. FURTHER INFORMATION

You are urged to read carefully the letters from the Independent Board Committee and from the Independent Financial Adviser, as set out in Parts V and VI of this Scheme Document, respectively, the Explanatory Memorandum set out in Part VII of this Scheme Document, the Appendices to this Scheme Document, the Scheme as set out in Appendix VI to this Scheme Document, the notice of Court Meeting as set out in Appendix VII to this Scheme Document, and

LETTER FROM THE BOARD

notice of the EGM as set out in Appendix VIII to this Scheme Document. In addition, a **pink** form of proxy for the Court Meeting and a **white** form of proxy for the EGM are enclosed with this Scheme Document.

LETTER FROM THE BOARD



Yours faithfully,
For and on behalf of the Board
Pentamaster International Limited
檳傑科達國際有限公司
Chuah Choon Bin
Chairman and Executive Director