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

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

ANNUAL RESULTS

The board (the "Board") of directors ("Directors") of Pentamaster International Limited (the "Company") is pleased to announce the consolidated financial results of the Company and its subsidiaries (collectively, "we", "us", "our" or the "Group") for the year ended 31 December 2020 ("FY2020"), together with the comparative figures for the year ended 31 December 2019 ("FY2019") *(expressed in Ringgit Malaysia "MYR")*. Such information should be read in conjunction with the prospectus of the Company dated 29 December 2017 (the "Prospectus") and the 2019 annual report of the Company ("Annual Report").

FINANCIAL HIGHLIGHTS

For the year ended 31 December	**2020** **MYR'000**	2019 MYR'000
Revenue	**418,581**	487,088
Gross profit	**140,393**	179,054
Profit for the year	**113,921**	131,381
Earnings per share (sen)		
Basic and diluted	**7.12**	8.21

- Revenue of the Group was MYR418.6 million, representing a decrease of 14.1% over the preceding year.

- Profit for the year stood at MYR113.9 million, representing a decrease of 13.3% over the preceding year.

- Cash and cash equivalents of MYR300.3 million as at 31 December 2020 against MYR304.0 million in the preceding year.

- The Board recommends the payment of a final dividend of HK$0.02 per share in respect of the year ended 31 December 2020 subject to approval of the shareholders of the Company at the forthcoming annual general meeting of the Company.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2020

	Notes	2020 MYR'000	2019 MYR'000
Revenue	*4*	**418,581**	487,088
Cost of goods sold		**(278,188)**	(308,034)
Gross profit		**140,393**	179,054
Other income	*5*	**10,455**	14,332
Distribution costs		**(7,808)**	(7,201)
Administrative expenses		**(26,871)**	(45,874)
Other operating expenses		**(45)**	(211)
Operating profit		**116,124**	140,100
Finance costs		**(117)**	(186)
Share of results of an associate		**(1,203)**	(734)
Profit before taxation	*6*	**114,804**	139,180
Taxation	*7*	**(883)**	(7,799)
Profit and total comprehensive income for the year attributable to owners of the Company		**113,921**	131,381
Earnings per share attributable to owners of the Company (sen)			
Basic and diluted	*9*	**7.12**	8.21

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2020

	Notes	**2020** **MYR'000**	2019 MYR'000
ASSETS			
Non-current assets			
Property, plant and equipment		**114,414**	78,088
Leasehold land		**7,331**	7,476
Goodwill		**4,495**	4,495
Intangible assets		**32,058**	30,985
Interest in an associate		**7,583**	4,062
Other receivables, deposits and prepayments	*11*	**10,609**	21,461
		176,490	146,567
Current assets			
Inventories		**33,836**	59,458
Trade receivables	*10*	**139,896**	61,692
Other receivables, deposits and prepayments	*11*	**3,560**	4,253
Amount due from ultimate holding company		**–**	2
Amount due from a fellow subsidiary		**–**	6
Derivative financial assets		**3,336**	2,395
Other investments		**676**	–
Tax recoverable		**1,202**	29
Cash and cash equivalents		**300,280**	303,955
		482,786	431,790
Total assets		**659,276**	578,357

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

as at 31 December 2020

	Notes	2020 MYR'000	2019 MYR'000
EQUITY AND LIABILITIES			
EQUITY			
Share capital	*15*	**8,054**	8,054
Reserves		**525,491**	430,869
Total equity		**533,545**	438,923
LIABILITIES			
Current liabilities			
Trade payables	*12*	**62,671**	31,478
Other payables, accruals and provisions	*13*	**37,280**	40,023
Contract liabilities	*14*	**15,471**	49,559
Amount due to a fellow subsidiary		**6**	–
Bank borrowing		**2,976**	3,362
Provision for taxation		**744**	1,968
		119,148	126,390
Non-current liabilities			
Deferred income		**1,746**	2,072
Other payables, accruals and provisions	*13*	**–**	5,598
Deferred tax liabilities		**4,837**	5,374
		6,583	13,044
Total liabilities		**125,731**	139,434
Total equity and liabilities		**659,276**	578,357

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

	Equity attributable to owners of the Company						
	Share capital MYR'000	**Share premium** MYR'000	**Shares held for share award scheme** MYR'000 *(Note 16)*	**Capital reserve** MYR'000	**Retained profits** MYR'000	**Proposed final dividend** MYR'000	**Total** MYR'000
As at 1 January 2019	8,054	84,936	–	44,477	170,479	12,433	320,379
Profit and total comprehensive income for the year	–	–	–	–	131,381	–	131,381
2018 final dividend declared	–	–	–	–	(404)	(12,433)	(12,837)
2019 final dividend proposed *(Note 8)*	–	–	–	–	(13,032)	13,032	–
As at 31 December 2019 and 1 January 2020	8,054	84,936	–	44,477	288,424	13,032	438,923
Transactions with owners:							
Purchase of shares for share award scheme	–	–	(5,849)	–	–	–	(5,849)
	–	–	(5,849)	–	–	–	(5,849)
Profit and total comprehensive income for the year	–	–	–	–	113,921	–	113,921
2019 final dividend declared *(Note 8)*	–	–	–	–	(418)	(13,032)	(13,450)
2020 final dividend proposed *(Note 8)*	–	–	–	–	(16,672)	16,672	–
As at 31 December 2020	**8,054**	**84,936**	**(5,849)**	**44,477**	**385,255**	**16,672**	**533,545**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2020

	Note	**2020 MYR'000**	2019 MYR'000
Cash flows from operating activities			
Profit before taxation		**114,804**	139,180
Adjustments for:			
Amortisation of intangible assets		**3,148**	755
Amortisation of leasehold land		**145**	145
Deferred income released		**(326)**	(252)
Depreciation of property, plant and equipment		**4,295**	3,536
Gain on disposal of property, plant and equipment		**–**	(14)
Gain from changes in fair value of foreign currency forward contracts		**(941)**	(7,205)
Gain on disposal of other investments		**(569)**	–
Loss from changes in fair value of other investments		**116**	–
Interest expenses		**117**	186
Bank interest income		**(5,912)**	(6,743)
Inventory written downs – addition		**262**	2,497
Inventory written downs – reversal		**(1,661)**	(435)
Expected credit loss ("ECL") allowance on trade receivables – current year		**7,012**	3,019
ECL allowance on trade receivables – reversal		**(870)**	–
Property, plant and equipment written off		**225**	3
Intangible assets written off		**16**	–
Provision for warranty – current year		**647**	866
Provision for warranty – reversal		**(866)**	(736)
Share of results of an associate		**1,203**	734
Unrealised loss on foreign exchange		**856**	2,803
Operating profit before working capital changes		**121,701**	138,339
Decrease in inventories		**27,021**	95,398
Increase in receivables		**(74,335)**	(15,106)
Increase/(Decrease) in payables		**23,323**	(21,331)
Decrease in contract liabilities		**(34,088)**	(49,533)
Net change in a fellow subsidiary's balance		**12**	(12)
Cash generated from operations		**63,634**	147,755
Interest paid		**(117)**	(186)
Tax paid		**(3,826)**	(7,141)
Tax refunded		**9**	954
Net cash from operating activities		**59,700**	141,382

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

for the year ended 31 December 2020

	Note	**2020** **MYR'000**	2019 MYR'000
Cash flows from investing activities			
Bank interest received		**5,912**	6,743
Acquisition of a subsidiary, net of cash acquired		**–**	(15,379)
Proceeds from disposal of property, plant and equipment		**–**	25
Purchase of intangible assets		**(4,237)**	(7,650)
Purchase of property, plant and equipment		**(40,846)**	(13,966)
Proceeds from disposal of other investments		**13,579**	–
Acquisition of other investments		**(13,802)**	–
Acquisition of redeemable convertible preference shares of an associate		**(3,000)**	–
Investment in an associate		**(1,724)**	(1,750)
Net cash used in investing activities		**(44,118)**	(31,977)
Cash flows from financing activities			
Advance from/(Repayment to) ultimate holding company		**2**	(8,209)
Repayment of term loan		**(386)**	(318)
Repayment of finance lease liabilities		**–**	(36)
Dividends paid to owners of the Company		**(13,450)**	(12,837)
Purchase of share for share award scheme	*16*	**(5,849)**	–
Net cash used in financing activities		**(19,683)**	(21,400)
Net (decrease)/increase in cash and cash equivalents		**(4,101)**	88,005
Cash and cash equivalents at the beginning of the year		**303,955**	217,705
Effect of foreign exchange rate changes		**426**	(1,755)
Cash and cash equivalents at the end of the year		**300,280**	303,955

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 12 June 2017 as an exempted company with limited liability under the Companies Law. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 19 January 2018.

The Company is an investment holding company and has not carried out any business since its incorporation. The Company and its subsidiaries (collectively, the "Group") are principally engaged in (i) designing, development and manufacturing of standard and non-standard automated equipment; (ii) designing, development and installation of integrated factory automation solutions; and (iii) manufacturing and assembling of medical machines and manufacturing of die casting parts.

The Company's immediate holding company is Pentamaster Corporation Berhad ("PCB"), a company incorporated in Malaysia with its shares listed on the Main Market of Bursa Malaysia Securities Berhad. As at 31 December 2020, the Directors regard PCB as the ultimate holding company.

2. PRINCIPAL ACCOUNTING POLICIES

(a) Basis of preparation

These annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), the collective term of which includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board (the "IASB"). The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules").

In the current year, the Group has applied for the first time the following amended IFRSs issued by the IASB, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2020:

Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform
Amendments to IAS 1 and IAS 8	Definition of Material

The adoption of the new and amended IFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

2. PRINCIPAL ACCOUNTING POLICIES (Continued)

(b) Basis of measurement

The measurement basis used in the preparation of the consolidated financial statements is historical cost except derivative financial assets/liabilities which are stated at fair values.

The consolidated financial statements are presented in Ringgit Malaysia ("MYR"), which is the functional currency of the Company and its subsidiaries, and all values are rounded to the nearest thousands ("MYR'000"), except when otherwise indicated.

(c) Future changes in IFRSs

At the date of this announcement, the following new and amended IFRSs have been published but are not yet effective, and have not been adopted early by the Group.

IFRS 17	Insurance Contracts and related amendments[3]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase2[1]
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to IFRSs	Annual Improvements to IFRS standards 2018-2020[2]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination[5]
Amendments to IFRS 3	Reference to the Conceptual Framework[5]
Amendments to IFRS 16	Covid-19-Related Rent Concessions[6]

1 Effective for annual periods beginning on or after 1 January 2021

2 Effective for annual periods beginning on or after 1 January 2022

3 Effective for annual periods beginning on or after 1 January 2023

4 Effective date not yet determined

5 Effective for business combination/common control combination for which the acquisition/combination date is on or after the beginning of the first annual period beginning on or after 1 January 2022

6 Effective for annual periods beginning on or after 1 June 2020

The directors of the Company anticipate that the application of other new and amended IFRSs will have no material impact on the results and financial position of the Group.

3. SEGMENT INFORMATION

The Group has two reportable segments which comprised its major business segments. These business segments are involved in different activities and are managed by segment managers who report directly to the Group's executive Directors. The reportable segments are as follows:

(i)	Automated test equipment ("ATE"):	Designing, development and manufacturing of standard and non-standard automated equipment.
(ii)	Factory automation solutions ("FAS"):	Designing, development and installation of integrated automated manufacturing solutions.

Inter-segment transactions have been accounted for on a basis that is consistent with the Group's accounting policies.

No other operating segments have been aggregated to form the above reportable segments. Investment holding and other activities are not considered as reporting segment and the related financial information has been included under "Adjustment".

The Group's executive Directors monitor the performance of the business segments through regular discussions held with the segment managers and review of internal management reports. The performance of each business segment is evaluated based on the segment's profit or loss which is measured on a basis not significantly different from the profit or loss included in the consolidated financial statements.

3. SEGMENT INFORMATION (Continued)

Results for the year ended 31 December 2020

	Automated test equipment MYR'000	Factory automation solutions MYR'000	Adjustment MYR'000	*Note*	Total MYR'000
Year ended 31 December 2020					
Revenue					
External customers	282,958	135,623			418,581
Inter-segment revenue	9,428	2,688	(12,116)	*(i)*	–
Total revenue	292,386	138,311			418,581
Results					
Segment results	95,187	17,914	(2,889)		110,212
Interest income	5,722	183	7		5,912
Interest expense	(117)	–			(117)
Share of results of an associate	–	–	(1,203)		(1,203)
Profit before taxation	100,792	18,097			114,804
Taxation	(1,394)	(26)	537		(883)
Profit for the year	99,398	18,071			113,921

3. SEGMENT INFORMATION (Continued)

Results for the year ended 31 December 2019

	Automated test equipment MYR'000	Factory automation solutions MYR'000	Adjustment MYR'000	*Note*	Total MYR'000
Revenue					
External customers	422,488	64,600			487,088
Inter-segment revenue	8,734	19,711	(28,445)	*(i)*	–
Total revenue	431,222	84,311			487,088
Results					
Segment results	128,758	8,334	(3,735)		133,357
Interest income	6,313	430			6,743
Interest expense	(186)	–			(186)
Share of results of an associate	–	–	(734)		(734)
Profit before taxation	134,885	8,764			139,180
Taxation	(7,755)	(44)			(7,799)
Profit for the year	127,130	8,720			131,381

Note to segment information:

(i) Inter-segment revenues are eliminated on consolidation.

3. SEGMENT INFORMATION (Continued)

Geographical information

Revenue breakdown based on the locations which purchase orders were derived from:

	2020	2019
	MYR'000	MYR'000
China	**112,673**	39,123
Singapore	**79,766**	257,512
United States	**52,492**	9,320
Malaysia	**49,711**	26,421
Taiwan	**49,256**	68,670
Japan	**39,794**	31,026
Republic of Ireland	**8,772**	18,653
Korea	**5,768**	399
Germany	**5,459**	8,126
Philippines	**4,796**	18,205
Others	**10,094**	9,633
	418,581	487,088

4. REVENUE

4.1 Revenue

The Group's revenue from external customers recognised during the year is as follows:

	2020	2019
	MYR'000	MYR'000
Invoiced value of goods sold less returns and discounts	**403,839**	479,068
Service rendered	**14,742**	8,020
	418,581	487,088

4. REVENUE (Continued)

4.2 Disaggregation of revenue from contracts with customer

The Group derives revenue from the transfer of goods and services at a point in time in the following customers' segment for both the ATE segment and FAS segment:

	2020	2019
	MYR'000	MYR'000
ATE		
– Electro-Optical (Previously known as telecommunications)	**145,270**	319,674
– Automotive	**70,186**	44,958
– Semiconductor	**56,064**	32,309
– Consumer and industrial products	**11,088**	25,547
– Medical devices	**350**	–
	282,958	422,488
FAS		
– Consumer and industrial products	**50,393**	10,951
– Medical devices	**36,832**	8,283
– Electro-Optical (Previously known as telecommunications)	**32,708**	17,720
– Automotive	**13,960**	25,461
– Semiconductor	**1,730**	2,185
	135,623	64,600
	418,581	487,088
Timing of revenue recognition		
– At a point in time	**418,581**	487,088

5. OTHER INCOME

	2020	2019
	MYR'000	MYR'000
Bank interest income	**5,912**	6,743
Deferred income released	**326**	252
Net gain on foreign exchange	**1,800**	–
Gain on disposal of property, plant and equipment	**–**	14
Gain from changes in fair value of foreign currency forward contracts	**941**	7,205
Gain on disposal of other investments	**569**	–
Government subsidies (note)	**629**	–
Rental income from operating leases	**77**	89
Others	**201**	29
	10,455	14,332

Note:

Funding support were received from the government of Malaysia under Enhanced Wage Subsidy Programme ("WSP") during the year ended 31 December 2020. The purpose of WSP is to support employers in their operations and to retain employees. There were no unfulfilled conditions or contingencies relating to these government grants.

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	2020	2019
	MYR'000	MYR'000
Amortisation of intangible assets	**3,148**	755
Amortisation of leasehold land	**145**	145
Auditor's remuneration	**484**	476
Deferred income released	**(326)**	(252)
Depreciation of property, plant and equipment	**4,295**	3,536
ECL allowance on trade receivables		
– current year	**7,012**	3,019
– reversal	**(870)**	–
Gain from changes in fair value of foreign currency forward contracts	**(941)**	(7,205)
Gain on disposal of other investments	**(569)**	–
Gain on disposal of property, plant and equipment	**–**	(14)
Loss from changes in fair value of other investments	**116**	–
Inventory written downs to net realisable value		
– current year	**262**	2,497
– reversal	**(1,661)**	(435)
Net (gain)/loss on foreign exchange	**(1,800)**	5,370
Lease charges of short term leases and leases with lease term shorter than 12 months as at initial application of IFRS 16		
– Factory	**179**	64
– Hostel	**776**	783
– Office	**90**	89
Property, plant and equipment written off	**225**	3
Intangible assets written off	**16**	–
Provision for warranty		
– current year	**647**	866
– reversal	**(866)**	(736)

7. TAXATION

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands.

Malaysian income tax has been provided at the statutory tax rate of 24% for the year ended 31 December 2020 (2019: 24%) on the estimated chargeable income arising in Malaysia.

	2020	2019
	MYR'000	MYR'000
Malaysian income tax		
Current tax	**(4,089)**	(7,730)
Over/(under) provision in prior years	**2,693**	(58)
	(1,396)	(7,788)
Overseas income tax		
Current tax	**(24)**	(11)
Deferred tax		
Current year	**537**	–
	(883)	(7,799)

8. DIVIDENDS

	For the year ended 31 December	
	2020	2019
	MYR'000	MYR'000
Dividend proposed of HK$0.02 (2019: HK$0.015) per Share	**16,672**	13,032

The aforesaid dividend was proposed by the Directors at a meeting held on 25 February 2021 and is subject to approval by the shareholders of the Company at the forthcoming annual general meeting of the Company.

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2020	2019
	MYR'000	MYR'000
Earnings		
Profit for the year attributable to owners of the Company	**113,921**	131,381
Number of shares		
Weighted average number of ordinary shares	**1,600,000,000**	1,600,000,000

10. TRADE RECEIVABLES

	2020	2019
	MYR'000	MYR'000
Trade receivables	**149,057**	64,711
Less: ECL allowance	**(9,161)**	(3,019)
	139,896	61,692

The normal credit terms granted to trade receivables range from 0 to 90 days. Based on the invoice date, the ageing analysis of the trade receivables, net of ECL allowance, was as follows:

	2020	2019
	MYR'000	MYR'000
0-30 days	**58,075**	18,147
31-60 days	**13,888**	11,668
61-90 days	**4,900**	6,654
91-180 days	**37,711**	10,336
181-270 days	**13,544**	4,720
Over 270 days	**11,778**	10,167
	139,896	61,692

10. TRADE RECEIVABLES (Continued)

The movement in the ECL allowance of trade receivables is as follows:

	2020	2019
	MYR'000	MYR'000
Balance at the beginning of the year	**3,019**	–
ECL allowance	**7,012**	3,019
Reversal of ECL allowance	**(870)**	–
Balance at the end of the year	**9,161**	3,019

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2020	2019
	MYR'000	MYR'000
Other receivables	**22**	20
Refundable deposits	**12,219**	23,106
Non-refundable deposits (note (i))	**1,533**	1,738
Prepayments	**395**	490
Goods and services tax claimable	**–**	360
	14,169	25,714
Less: non-current portion		
Deposits (note (ii))	**(10,609)**	(21,461)
Current portion	**3,560**	4,253

Notes:

(i) Non refundable deposits are mainly for deposits paid to suppliers for purchase of raw materials and machines.

(ii) The balance represented a potential investment in a manufacturing company in Taiwan, which is subject to certain conditions.

12. TRADE PAYABLES

The normal credit terms granted by trade payables range from 30 to 150 days (2019: 30 to 150 days). Based on the invoice date, the ageing analysis of trade payables is as follows:

	2020	2019
	MYR'000	MYR'000
0-30 days	**29,211**	17,422
31-60 days	**22,880**	9,556
61-90 days	**6,681**	3,752
91-120 days	**1,791**	403
Over 120 days	**2,108**	345
	62,671	31,478

Included in trade payables were amounts due to the Group's associate of MYR119,000 (2019: MYR87,000). The outstanding balances were trading in nature and had credit period of 90 days (2019: 90 days).

13. OTHER PAYABLES, ACCRUALS AND PROVISIONS

	2020	2019
	MYR'000	MYR'000
Other payables	**3,143**	1,610
Amounts due to former shareholders of a subsidiary (note (i))	**5,500**	5,500
Consideration payables related to acquisition of a subsidiary (note (ii))	**11,393**	11,393
Accruals	**16,597**	26,252
Provision for warranty	**647**	866
	37,280	45,621
Less: non-current portion		
Consideration payables related to acquisition of a subsidiary (note (ii))	**–**	(5,598)
Current portion	**37,280**	40,023

Notes:

(i) The amounts due are unsecured, interest free and repayable on demand. The carrying amounts of the amounts due are considered reasonable approximation of their fair values.

(ii) The consideration payable referred to the balance sum of the consideration payable to the outgoing vendors of a subsidiary acquired in 2019. The consideration is payable subject to the subsidiary achieving certain performance milestones.

14. CONTRACT LIABILITIES

	2020	2019
	MYR'000	MYR'000
Contract liabilities arising from receiving deposits of manufacturing orders	**15,471**	49,559

Notes:

When the Group receives a deposit before the production activity commences, this will give rise to contract liabilities at the start of a contract. The deposit will be reversed and recognised as revenue upon satisfying the performance obligation within the contract.

All deposits received are expected to be settled within one year.

15. SHARE CAPITAL

	2020		2019	
	Number of shares	**MYR'000**	Number of shares	MYR'000
Authorised:				
Ordinary shares of HK$0.01 each as at 1 January and 31 December	**5,000,000,000**	**26,052**	5,000,000,000	26,052
Issued and fully paid:				
As at 1 January and 31 December	**1,600,000,000**	**8,054**	1,600,000,000	8,054

16. SHARE AWARD SCHEME

On 1 April 2020, the Company adopted a share award scheme (the "Scheme") in which the Group's employees will be entitled to participate.

The purpose of the Scheme is to recognise the contributions by certain employees and to incentivise them to achieve the Group's long-term business goals and objectives. The Scheme also serves as part of the Group's employee retention program in retaining its existing employees and to attract suitable personnel for further development of the Group.

During the year ended 31 December 2020, a sum of approximately HK$10.6 million (equivalent to approximately MYR5.8 million) has been used to acquire 5,880,000 shares of the Company (the "Shares") from the open market by the trustee of the Scheme. No Shares have been granted to eligible employees under the Scheme during the year.

The Scheme shall be subject to the administration of the Board and the trustee in accordance with the scheme rules and the trust deed of the Scheme. Subject to any early termination as may be determined by the Board, the Scheme shall be valid and effective for a term of 10 years commencing on its adoption date (i.e. 1 April 2020).

The maximum number of shares to be subscribed for and/or purchased by the trustee by applying the trust fund of the Scheme for the purpose of the Scheme shall not exceed 5% of the total number of issued shares of the Company from time to time. The directors of the Company shall not instruct the trustee to subscribe and/or purchase any shares for the purpose of the Scheme when such subscription and/or purchase will result in the said limit being exceeded. The maximum number of shares which may be awarded to a selected employee under the Scheme shall not exceed 1% of the total number of issued shares from time to time.

17. SUBSEQUENT EVENT

Extension of profit guarantee period in relation to the acquisition of TP Concept Sdn. Bhd. (" TP Concept")

References are made to (i) the announcement of the Company dated 26 September 2019 in relation to the acquisition of 100% equity interest in TP Concept and (ii) the announcement of the Company dated 25 February 2021 in relation the extension of profit guarantee period. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the said announcements of the Company.

Based on the financial statement of TP Concept for FYE 2020 and FYE 2021, the Vendors do not expect the Aggregate PAT of TP Concept to meet the Aggregate Profit Guarantee.

Given the reasons for the Shortfall were mainly due to the extraordinary and unexpected circumstances caused by the COVID-19 pandemic which were beyond the control of the Vendors, and considering the business prospect of TP Concept, Pentamaster Equipment Manufacturing Sdn. Bhd. and the Vendors (the "Parties") have entered into a supplemental share sale agreement on 25 February 2021 (the "Supplemental Agreement") to extend the Profit Guarantee Period for the Vendors to fulfill the Aggregate Profit Guarantee. The Parties have mutually agreed that the Aggregate PAT to be used for determining the Aggregate Profit Guarantee shall be the Aggregate PAT of TP Concept for FPE 2019, NFYE 2020, NFYE 2021 and NFYE 2022 ("Extended Profit Guarantee Period").

In summary, with the extension of Profit Guarantee Period, the Aggregate PAT in respect of TP Concept for FPE 2019, NFYE 2020, NFYE 2021 and NFYE 2022 shall not be less than MYR12,000,000. In the event the Aggregate PAT cannot be achieved during the Extended Profit Guarantee Period, the Vendors shall be liable to pay the shortfall to the Purchaser up to MYR12,000,000.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Year 2020 has been highly disruptive by the unprecedented COVID-19 pandemic with its pervasive effect causing worldwide spreading and thereby hampering global economic situation with declaration of public health emergencies in many countries and regions. With the imposition of global lockdowns by the respective government across the world coupled with the global travel restrictions and suspension of certain business activities, the Group entered the first half of year 2020 embracing the enormous amount of challenges and pressure brought by the pandemic. While the Group managed to increase its workforce capacity with the gradual relaxation of the lockdown in Malaysia during the second half of the year, the existing situation has not provided the Group with the required optimal production level. Having continuously chalked record-breaking revenue and profit in the past three years, it is unfortunate that the Group is not sparred from the ravages of COVID-19 that has adversely impacted the operating and financial performance of the Group.

Revenue of the Group during the year contracted by 14.1% to MYR418.6 million while its profit after taxation decreased by 13.3% to MYR113.9 million. While the decrease in revenue and profit were largely impacted by the Group's electro-optical segment (previously the telecommunications segment) in lieu of the pandemic, the Group witnessed year-on-year growth in all its other business segments with a healthier mix of revenue and profit contribution. It is worth noting that the Group has been advocating the importance of diversifying its revenue base by increasing its exposure to other business segments and not to be too dependent on one single segment and this has somewhat cushioned the impact of the pandemic crisis in 2020. The outcome from these diversification efforts will not be made possible without the Group's timely insight into market opportunities and requirements, coupled with its commitment towards research and development ("R&D") investment and activities to broaden its product portfolio and expand its addressable markets. As global technology marketplace evolves with the far-reaching drastic effect of COVID-19, the Group will continuously engage such business approach in establishing an optimum mixture so as not to be too dependent on a single business segment.

Moving forward with the next catalyst in the technology world of 5G, optical sensing, autonomous driving, electric vehicle ("EV") and artificial intelligence ("AI"), the Group's current diversification progress is on the right track. Despite the drop in revenue from the electro-optical segment in 2020, it remained as the Group's major revenue source with demand from customers of a wider geographical region for its customised test solutions mainly driven by its exposure in optoelectronics ecosystem and 3D sensing technology. As for the automotive segment, the Group's exposure in this segment stood at 20.1% of total revenue of the Group, representing a 19.5% growth from 2019. Such growth is commendable as the Group made its headways and expanded its foothold in this segment with its technology capabilities covering silicon carbide (SiC) and gallium nitrite (GaN) – based compound power modules.

Revenue from the consumer and industrial products segment grew by 68.4% from MYR36.5 million in 2019. Such growth in revenue was mainly contributed by the Group's proprietary intelligent Automated Robotic Manufacturing System ("i-ARMS") where its demand was underpinned by the trends and growing adoption of Industry 4.0. In the context of the Group's revenue exposure in the semiconductor segment, the Group witnessed a year-on-year growth of 67.5%. The increase in revenue was attributed to the increase in demand for the Group's test handling equipment for the semiconductor industry, where the main factors driving the sentiment was the shift in spending pattern of the consumers around the world caused by the pandemic's "work from home" trend that seemed to have boosted the integrated chips segment. Over the course of the year, the broadening exposure of the Group in the medical device segment saw the highest revenue growth rate of 348.9% as the Group diversified its involvement and strengthened its capabilities in the medical sector with the acquisition of TP Concept in 2019.

Against the backdrop of a highly complex and volatile external market condition, the Group is of the opinion that it has surmounted the challenges with its timely and effective execution of its strategies in diversifying its revenue base and exposure to a wider industry segments, though not fast enough to counter the unprecedented COVID-19 pandemic that came too fast and drastic. Nevertheless, with the current technology capability and capacity, the Group will continue to position itself to remain agile and work on its business fundamentals to further accelerate its technology differentiation.

The following table sets out revenue breakdown by customers' segment for both the ATE and FAS segments:

By industry

For the year ended 31 December

	2020		2019	
	MYR'000	**%**	MYR'000	%
Electro-Optical (Previously known as telecommunications)	**177,978**	**42.5**	337,394	69.3
Automotive	**84,146**	**20.1**	70,419	14.4
Consumer and industrial products	**61,481**	**14.7**	36,498	7.5
Semiconductor	**57,794**	**13.8**	34,494	7.1
Medical devices	**37,182**	**8.9**	8,283	1.7
	418,581	**100.0**	487,088	100.0

Set out below is the revenue breakdown based on shipment destination where China, Singapore, Malaysia, Taiwan and Japan were the top five shipment markets for the Group in 2020. It is worth mentioning that revenue from the top five shipment destinations has dropped to approximately 86.8% of the Group's revenue as opposed to 91.4% a year ago, indicating a more diversified geographical shipment coverage.

By shipment

For the year ended 31 December

	2020		2019	
	MYR'000	**%**	MYR'000	%
China	**132,044**	**31.5**	66,624	13.7
Singapore	**84,372**	**20.2**	239,028	49.1
Malaysia	**68,419**	**16.3**	27,242	5.6
Taiwan	**49,216**	**11.8**	80,132	16.4
Japan	**29,149**	**7.0**	3,431	0.7
United States	**22,668**	**5.4**	6,221	1.3
Philippines	**8,673**	**2.1**	32,105	6.6
Korea	**5,768**	**1.4**	399	0.0
Thailand	**5,471**	**1.3**	19,197	3.9
Germany	**5,459**	**1.3**	8,126	1.7
Others	**7,342**	**1.7**	4,583	1.0
	418,581	**100.0**	487,088	100.0

FINANCIAL REVIEW

Revenue

Revenue of the Group decreased by approximately 14.1% from MYR487.1 million in 2019 to MYR418.6 million in 2020. It is unfortunate to witness the overall drop in revenue in 2020 after reporting year-on-year revenue growth for the last three years consecutively since the listing of the Company. The impact caused by the pandemic in the current economic situation has curtailed the overall business operation of the Group given the Group's business nature and the accounting treatment adopted in its revenue recognition. As a result, the Group witnessed a drop in its yearly revenue due to a lower revenue contribution from the ATE segment during the year. However, the drop in revenue was partially offset by the revenue growth from the FAS segment. The ATE and FAS segments each accounted for approximately 67.6% and 32.4% of the total Group's revenue, as compared to 2019 of 86.7% and 13.3%, respectively.

		Revenue	
	2020	2019	Fluctuation
	MYR'000	MYR'000	%
ATE	**292,386**	431,222	-32.2
FAS	**138,311**	84,311	64.0

ATE segment

With a revenue contribution rate of 67.6%, the ATE segment continued to contribute the larger share of the Group's overall revenue and profit. Revenue from this segment declined by MYR138.9 million to MYR292.4 million during the year as compared to 2019. The drop in revenue by approximately 32.2% from this segment was mainly attributable to the deferment of timely revenue recognition caused primarily by the adverse impact of the pandemic where the Group experienced disruption to its manufacturing activity, supply chain, project shipment, logistical services and inventory replenishment. The imposition of the massive global travelling restrictions particularly in the first half of the year further impeded the site installation of projects which was a major milestone for revenue recognition to take place. Despite the drop in revenue within the ATE segment, the Group witnessed a more diversified revenue base during the year from other segments where the Group was exposed to. One example was the growth in revenue traction from the automotive industry by more than 50.0% within ATE segment as compared to 2019.

The Group's increasing exposure to the automotive segment was a result of the market demand for its test handling equipment mainly for MLCC (multilayer ceramic capacitors), IGBT (insulated-gate bipolar transistor), SiC (silicon carbide) and GaN (gallium nitride)-based power management and power devices. While IGBT has been the mainstream solution for electrification, particularly for its high voltage and high current applications, the Group's penetration into IGBT is timely with its broadened product portfolio that covers end to end solutions ranging from assembly to final inspection and test.

During the year, the electro-optical industry was still dominant within the ATE segment with its revenue contribution rate of approximately 50.0%, derived from a more diverse and complex product portfolio covering, among others, test solutions for VCSEL (Vertical Cavity Surface-Emitting Laser) illumination, 3D magnetometer sensor, 3D structured light sensor, 3D Time of Flight sensor and other relevant applications under optics and photonics sensing solutions. Such diverse product portfolio was a result of the Group's continuous effort in making technology breakthrough through its consistent involvement in the forefront of the technology advancement in the electro-optical segment given the prevalent upgrades in smartphone and its peripherals. In addition, the Group also continued to witness the volume loading for its customised test solution in ambient and proximity sensors given the wide array of end product application of these sensors.

The Group continues to witness vast potential and opportunities in the ATE segment especially with the convergence of sensors, networking and web technologies, coupled with acceleration in the adoption of 5G in smartphones. Such integration with artificial intelligence features embedded will propel the sales of new hardware and devices going forward and spur the momentum of technology advancement across various industries that will provide a growth platform for the Group's ATE segment.

FAS segment

For the year ended 31 December 2020, the FAS segment witnessed a substantial increase in contribution to the Group's revenue, with this division recording MYR138.3 million as compared to MYR84.3 million achieved in 2019, a 64.0% growth year-on-year. The increase in revenue was mainly attributable to the growing adoption of automation for Industry 4.0 and IoT (Internet of Things)– enabled processes that saw growing demand for i-ARMS, a highly customised proprietary solution of the Group in automating the manufacturing processes or production line of various industries through its intelligent material handling system and robotics technology.

Adding to the positive impact of the revenue contribution within the FAS segment was the effects of contribution from TP Concept subsequent to the full integration and consolidation of its operation within the Group, post-acquisition in September 2019. The growth in revenue exposure from the medical devices segment by more than 300.0% in 2020 as compared to 2019 was a testament to the Group's strong commitment in expanding its foothold in the ever-growing medical devices segment.

The growth of factory automation market size is attributed to the emphasis on industrial automation and optimal resource utilisation given the rising labour cost and the industry's rapid shift towards smart manufacturing. Taking into account such industrial revolution trend and its current advancement into artificial intelligence and digitalisation, the Group believes demand from the FAS segment remain robust in the coming year.

Gross margin

The Group achieved a gross margin of 33.5% during the year as opposed to 36.8% in 2019. The overall contraction in the Group's gross profit margin was primarily a result of lower economies of scale achieved during the year from the impact of lower amount of sales recognised for the electro-optical segment. Although the drop in gross profit margin was experienced, it was worth noting that the overall gross profit margin was derived from a more diversified product portfolio of the Group catering to a more diverse industry segments during the year.

Other income

Other income of the Group decreased from MYR14.3 million in 2019 to MYR10.5 million in 2020. During the year, the Group recorded a net gain from changes in fair value of foreign currency forward contracts ("net derivative gain") of approximately MYR0.9 million. Simultaneously, the Group has also recorded a net gain on foreign exchange of approximately MYR1.8 million. Such net derivative gain and net gain on foreign exchange totaling MYR2.7 million were recorded under other income during the year. In 2019, the net derivative gain was MYR7.2 million while the Group recorded a net loss on foreign exchange of MYR5.4 million.

Administrative expenses

Administrative expenses of the Group mainly comprised of the movement arising from foreign exchange, professional fees and administrative staff cost. During the year, administrative expenses decreased by MYR19.0 million from MYR45.9 million in 2019 to MYR26.9 million. This was mainly due to the following factors:

(i) net gain on foreign exchange was achieved during the year as compared to a net loss on foreign exchange of MYR5.4 million in 2019; and

(ii) lower administrative staff cost of MYR11.1 million during the year (2019: MYR28.7 million) due to the decrease in staff incentive from lower profit reported.

The above decrease in costs were partially offset by:

(i) higher amount of net ECL allowance on trade receivables of MYR6.1 million recorded during the year as compared to MYR3.0 million incurred in 2019; and

(ii) higher upkeep and maintenance cost in office equipment by MYR0.3 million with the increase in staff headcount.

Profit for the year

The Group recorded a net profit of MYR113.9 million in 2020, representing a decrease of 13.3% as opposed to a net profit of MYR131.4 million achieved in 2019. Accordingly, the Group's EBITDA (earnings before interest, tax, depreciation and amortisation) for 2020 stood at MYR122.5 million as compared to MYR143.8 million recorded in 2019, representing a decrease of 14.8%. Basic earnings per share fell from MYR8.21 sen in 2019 to MYR7.12 sen in 2020.

Liquidity, financial resources and capital structure

The Group continued to maintain a robust working capital position at MYR363.6 million as at 31 December 2020 (31 December 2019: MYR305.4 million). Amid the ongoing pandemic and the overall economic headwinds, the Group continued to generate positive net cash from operations of MYR59.7 million during the year as compared to MYR141.4 million in the previous year. Cash and cash equivalents stood at MYR300.3 million as at 31 December 2020 as compared to MYR304.0 million in 2019. As at 31 December 2020, the Group had available banking facilities of MYR19.5 million in the form of term loan and trade facilities, out of which the Group had utilised MYR3.0 million to partly finance the purchase of leasehold land for the Group's second production plant in Batu Kawan, Penang. The gearing ratio of the Group (calculated based on the total debts divided by total equity) stood at 0.6% as at 31 December 2020 (31 December 2019: 0.8%).

Foreign exchange exposure

The Group is exposed to foreign currency risk as a result of its normal trading activities whereby sales and to a certain degree, purchases are principally transacted in U.S. dollar. The Group also holds other financial assets and liabilities denominated in foreign currencies. These are not the functional and reporting currencies of the Group to which the transactions relate.

As part of the Group's treasury policy to manage its foreign exchange exposure, the Group entered into foreign exchange forward contracts apart from maintaining U.S. dollar denominated bank accounts to minimise the effects of adverse exchange rate fluctuations on its financials.

Contingent liabilities

As at 31 December 2020, the Group had no material contingent liabilities.

PROSPECTS

Looking ahead into 2021, there are many uncertainties in the global economic situation which may be exacerbated by the ongoing threat of COVID-19 pandemic. It remains an observance year with both challenges and opportunities abound where rapid and fluid development in the technology world have to be closely monitored by the Group with the timeliness in reacting to challenges and capturing the opportunities that emerge. Despite having to continue to confront a raft of external and internal challenges under the influence of the pandemic which are all beyond the control of the Group, the immediate focus of the Group is to advocate the strict adherence to health and safety Standard Operating Procedures ("SOPs") in its new sphere of working environment to minimise further disruption to its business operations.

Generally, the Group anticipates a better performance in 2021 based on the positive growth momentum deriving from several catalysts and trends influencing both the ATE and FAS segment. Against the backdrop of COVID-19 gradually becoming the "new normal", the market trend of technology convergence into our daily lives will continue and become more prevalent. The global smartphone and hardware devices market is expected to rebound with 5G deployment, smart sensors adoption and evolution playing an integral role following the disruption in 2020. What is apparent is that these new developments will continue to present new opportunities for the Group for its position as an integrated and customised solution provider.

The electrification of the transportation and the automotive industries have been one of the major trends and development of the century. Such dynamic e-mobility can be seen moving at an accelerating pace across developed nations in achieving zero carbon emission in accordance to the Paris Accord. Particularly China's 2025 plan in achieving full electrification of public sector vehicles and transportation, the country has an allocation of capital expenditure of approximately RMB52.0 billion specifically for the IGBT market in addition to power modules that are SiC and GaN-based has further supported the Group's deeper penetration into the automotive market through its product diversification which proves timely and encouraging. Not to mention other types of innovations involving ADAS (advanced driver assistance systems), LiDAR (light detention and ranging) application and other emergence of smart vehicle electronic devices, the Group anticipates the proliferation of EV and autonomous driving will continue to provide impetus to the Group's exposure in the automotive industry.

Additionally, the Group has been actively developing new business activity within the medical device segment with the incorporation of Pentamaster MediQ Sdn. Bhd. ("PDSB"). PDSB was established by leveraging on the technical expertise of TP Concept to produce single-use medical devices for the healthcare industry, and the Group aims to grow this segment in the near term. Currently, the Group has earmarked approximately MYR60.0 million to be spent over the next three years to facilitate its new business venture which includes the set up cost for the production facility of PDSB and the related cost involved in carrying out the R&D activity of the single-use medical devices.

The Group operates in an increasingly competitive landscape where new businesses and technological trends are emerging. With that, the Group is prudently optimistic that year 2021 will be a promising year with plentiful business opportunities in this dynamic yet challenging market. While the extent of the future impact of COVID-19 pandemic on the Group's operational and financial performance is dependent on many factors outside the Group's control, the Group will remain focused and steadfast in building an outstanding technology platform which encompass bold technology investment in product innovation to be in line with its vision in providing world class automation solutions.

ACHIEVEMENTS IN 2020

FORBES – Asia's Best Under a Billion

The Group is proud to be listed in Forbes' list of Asia's Best Under a Billion for a fourth consecutive year in 2020 for its track records of exceptional corporate performance.

THE EDGE – Billion Ringgit Club

The Group has once again being awarded The Edge Billion Ringgit Club award in 2020 for the highest growth in profit after tax over three years under the category of Technology Sector. This is the second consecutive year that the award is clinched by the Group.

EMPLOYEES AND REMUNERATION

The Company recognises its employees as one of the Group's most important assets. The Company strongly believes in hiring the right talent, nurturing and retaining these talented employees with competitive remuneration packages. Besides, the Group is committed to organising regular external and internal training programs to upgrade the employees' skill set, knowledge and job experience.

As at 31 December 2020, the total number of full time employees of the Group increased to 612 (31 December 2019: 539).

FINAL DIVIDEND

The Company has adopted a sustainable dividend policy, a copy of which was published on the Company's website on 27 February 2019. The Board, after considering the mid-to-short term working capital needs and cash on hand, recommends the payment of a final dividend of HK$0.02 (2019: HK$0.015) per share for the financial year ended 31 December 2020 subject to the approval of the shareholders of the Company at the forthcoming annual general meeting of the Company (the "AGM"). The proposed final dividend is expected to be paid to the shareholders of the Company on 15 July 2021.

USE OF PROCEEDS FROM THE LISTING

The shares of the Company were successfully listed on the Main Board of the Stock Exchange on 19 January 2018 at the offer price of HK$1.00 per share ("Listing"). The proceeds (net of listing expenses) from the Listing were approximately HK$171.3 million (equivalent to approximately MYR92.6 million). In accordance with the proposed use of net proceeds as set out in the section headed "Future plans and use of proceeds" in the Prospectus, the net proceeds utilised by the Group from the date of the Company's listing on 19 January 2018 (the "Listing Date") up to 31 December 2020 are as follows:

Use of net proceeds	Amount of net proceeds earmarked		Use of proceeds from the Listing Date up to 31 December 2020	Unutilised amount	Unutilised proportion	
	HK$ million	MYR million	MYR million	MYR million	%	
Capital investment and costs in relation to the new production plant and the expansion of the existing production plant	84.8	45.8	45.8	–	–	
Business expansion into the Greater China region	38.1	20.6	20.6	–	–	
Establishment of an office in California, U.S.	28.2	15.3	5.6	9.7	63.4	Note
Marketing, branding and promotional activities	3.1	1.7	1.7	–	–	
Working capital	17.1	9.2	9.2	–	–	
Total	**171.3**	**92.6**	**82.9**	**9.7**	**10.5**	

Note: Such unutilised proceeds will be utilised within the next five years starting from the Listing Date.

The Directors are not aware of any material change to the proposed use of proceeds as at the date of this announcement. The unutilised net proceeds and its following intended timeframe for utilisation will be applied in the manner consistent with that mentioned in the Prospectus. The intended timeframe was based on the best estimation and assumption of future market conditions and industry development made by the Group as at the date of this announcement.

CORPORATE GOVERNANCE

The Company has complied with all the applicable provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules during the year and up to the date of this announcement. Other than disclosed below, the Company reviews its corporate governance practices regularly to ensure compliance with the CG Code.

The CG code provision A.2.1 requires that the roles of chairman and chief executive be separated and not performed by the same individual to ensure there is a clear division of responsibilities between the running of the Board and the executives who manage the business. As mentioned in the interim report of the Company for the six months ended 30 June 2020 published on 11 September 2020 (the "Interim Report"), the Company currently has not appointed any chief executive. The day-to-day management of business has been properly delegated to different individuals by the Board. For further details, please refer to the section headed "Corporate Governance" in the Interim Report.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities except that the trustee of the Scheme, pursuant to the terms of the rules and trust deed of the Scheme, purchased on the Stock Exchange a total of 5,880,000 Shares at a total consideration of approximately HKD10.6 million (equivalent to approximately MYR5.8 million) during the year ended 31 December 2020.

ANNUAL GENERAL MEETING

The forthcoming AGM will be held on Thursday, 10 June 2021. Notice of AGM will be published and despatched in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlements to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 7 June 2021 to Thursday, 10 June 2021, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfers of shares accompanied by the relevant share certificates and properly completed transfer forms must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Friday, 4 June 2021.

For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Friday, 18 June 2021 to Tuesday, 22 June 2021, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all transfer of shares accompanied by the relevant share certificates and properly completed transfer forms must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 17 June 2021.

IMPORTANT DETAILS AFTER END OF 2020

Save as disclosed elsewhere in this announcement, there is no material subsequent event undertaken by the Company or by the Group after 31 December 2020 and up to the date of this announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct for securities transactions of the Directors (the "Securities Dealing Code"). Specific enquiries have been made with all the Directors and all of them confirmed that they have complied with the Model Code and the Securities Dealing Code during the year and up to the date of this announcement.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established on 19 December 2017 in compliance with the CG Code. As at the date of this announcement, the Audit Committee consists of two independent non-executive Directors namely Mr. Sim Seng Loong @ Tai Seng (being the chairman of the Audit Committee who has a professional qualification in accountancy) and Ms. Chan May May and one non-executive Director namely Mr. Leng Kean Yong. The Audit Committee is accountable to the Board and the primary duties of the Audit Committee include the review and supervision of the Group's financial reporting process and internal controls.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has reviewed the financial statements with the management of the Company and the Group's auditor, Grant Thornton Hong Kong Limited (the "Auditor"), including the accounting principles and policies, the financial information and the annual results announcement of the Company for the year ended 31 December 2020.

SCOPE OF WORK OF THE AUDITOR

The figures as set out in the preliminary announcement in respect of the Group's results for the year ended 31 December 2020 have been agreed by the Auditor, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Auditor on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement will be published on the website of the Stock Exchange *(www.hkexnews.hk)* and the website of the Company *(www.pentamaster.com.my)* respectively. The annual report for the year ended 31 December 2020 containing all the information required by the Listing Rules will be published on the websites of the Company and the Stock Exchange and despatched to the shareholders of the Company in due course.

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

Malaysia, 25 February 2021

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.