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 2021

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 2021 ("FY2021"), together with the comparative figures for the year ended 31 December 2020 ("FY2020") *(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 2020 annual report of the Company ("Annual Report").

FINANCIAL HIGHLIGHTS

For the year ended 31 December	**2021**	2020
	MYR'000	MYR'000
Revenue	**508,086**	418,581
Gross profit	**154,914**	140,393
Profit for the year	**116,744**	113,921
Earnings per share (sen)		
Basic and diluted	**4.87**	4.75*

* *Restated for the bonus issue effected in 2021*

- Revenue of the Group was MYR508.1 million, representing an increase of 21.4% over the preceding year.

- Profit for the year stood at MYR116.7 million, representing an increase of 2.5% over the preceding year.

- Cash and cash equivalents of MYR350.0 million as at 31 December 2021 against MYR300.3 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 2021 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 2021

	Notes	**2021** **MYR'000**	2020 MYR'000
Revenue	*4*	**508,086**	418,581
Cost of goods sold		**(353,172)**	(278,188)
Gross profit		**154,914**	140,393
Other income	*5*	**15,187**	10,455
Distribution costs		**(10,623)**	(7,808)
Administrative expenses		**(37,226)**	(26,871)
Other operating expenses		**(101)**	(45)
Operating profit		**122,151**	116,124
Finance costs		**(92)**	(117)
Share of results of associates		**(1,485)**	(1,203)
Profit before taxation	*6*	**120,574**	114,804
Taxation	*7*	**(3,830)**	(883)
Profit for the year		**116,744**	113,921
Other comprehensive income, including reclassification adjustments			
Item that will be reclassified subsequently to profit or loss:			
Exchange gain on translation of financial statements of foreign operations		**56**	–
Profit and total comprehensive income for the year attributable to owners of the Company		**116,800**	113,921
Earnings per share attributable to owners of the Company (sen):			
– Basic and diluted	*9*	**4.87**	4.75*

* *Restated for the bonus issue effected in 2021*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2021

	Notes	2021 MYR'000	2020 MYR'000
ASSETS			
Non-current assets			
Property, plant and equipment		**99,745**	114,414
Leasehold land		**35,465**	7,331
Goodwill		**4,495**	4,495
Intangible assets		**34,629**	32,058
Interest in associates		**21,706**	7,583
Deposit paid	*11*	**28,225**	10,609
Deferred tax assets		**221**	–
		224,486	176,490
Current assets			
Inventories		**72,006**	33,836
Trade receivables	*10*	**164,043**	139,896
Other receivables, deposits and prepayments	*11*	**12,517**	3,560
Amount due from ultimate holding company		**20**	–
Amount due from a fellow subsidiary		**17**	–
Derivative financial assets		**1,246**	3,336
Other investments		**374**	676
Tax recoverable		**412**	1,202
Cash and cash equivalents		**349,959**	300,280
		600,594	482,786
Total assets		**825,080**	659,276

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

as at 31 December 2021

	Notes	2021 MYR'000	2020 MYR'000
EQUITY AND LIABILITIES			
EQUITY			
Share capital	*15*	**12,340**	8,054
Reserves		**624,403**	525,491
Total equity		**636,743**	533,545
LIABILITIES			
Current liabilities			
Trade payables	*12*	**77,553**	62,671
Other payables, accruals and provisions	*13*	**38,824**	37,280
Contract liabilities	*14*	**64,152**	15,471
Amount due to a fellow subsidiary		**–**	6
Bank borrowing		**2,565**	2,976
Provision for taxation		**944**	744
		184,038	119,148
Non-current liabilities			
Deferred income		**–**	1,746
Deferred tax liabilities		**4,299**	4,837
		4,299	6,583
Total liabilities		**188,337**	125,731
Total equity and liabilities		**825,080**	659,276

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

	Share capital MYR'000	Share premium* MYR'000	Shares held for share award scheme* MYR'000	Share award reserve* MYR'000	Capital reserve* MYR'000	Translation reserve* MYR'000	Retained profits* MYR'000	Proposed final dividend* MYR'000	Total MYR'000
As at 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)
Profit and total comprehensive income for the year	–	–	–	–	–	–	113,921	–	113,921
2019 final dividend approved	–	–	–	–	–	–	(418)	(13,032)	(13,450)
2020 final dividend proposed	–	–	–	–	–	–	(16,672)	16,672	–
As at 31 December 2020 and 1 January 2021	**8,054**	**84,936**	**(5,849)**	**–**	**44,477**	**–**	**385,255**	**16,672**	**533,545**
Transactions with owners:									
Purchase of shares for share award scheme	–	–	(2,201)	–	–	–	–	–	(2,201)
Equity-settled share award scheme expenses	–	–	–	5,597	–	–	–	–	5,597
Vesting of shares of share award scheme	–	–	3,781	(3,331)	–	–	(450)	–	–
Bonus issue	4,286	(4,286)	–	–	–	–	–	–	–
	4,286	(4,286)	1,580	2,266	–	–	(450)	–	3,396
Profit for the year	–	–	–	–	–	–	116,744	–	116,744
Other comprehensive income	–	–	–	–	–	56	–	–	56
Total comprehensive income for the year	–	–	–	–	–	56	116,744	–	116,800
2020 final dividend approved	–	–	–	–	–	–	(326)	(16,672)	(16,998)
2021 final dividend proposed	–	–	–	–	–	–	(25,766)	25,766	–
As at 31 December 2021	**12,340**	**80,650**	**(4,269)**	**2,266**	**44,477**	**56**	**475,457**	**25,766**	**636,743**

* The total of these balances of MYR624,403,000 (2020: MYR525,491,000) represents "Reserves" in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2021

	Note	2021 MYR'000	2020 MYR'000
Cash flows from operating activities			
Profit before taxation		**120,574**	114,804
Adjustments for:			
Amortisation of intangible assets		**3,260**	3,148
Amortisation of leasehold land		**146**	145
Deferred income released		**(1,746)**	(326)
Depreciation of property, plant and equipment		**3,822**	4,295
Loss on disposal of property, plant and equipment		**1,667**	–
Loss/(gain) from changes in fair value of foreign currency forward contracts		**2,090**	(941)
Gain on disposal of interest in an associate		**(641)**	–
Gain on disposal of other investments		**(101)**	(569)
(Gain)/loss from changes in fair value of other investments		**(22)**	116
Interest expenses		**92**	117
Bank interest income		**(4,479)**	(5,912)
Inventory written downs – addition		**362**	262
Inventory written downs – reversal		**(344)**	(1,661)
Expected credit loss ("ECL") allowance on trade receivables		**2,025**	7,012
Reversal of ECL allowance on trade receivables		**(1,775)**	(870)
Property, plant and equipment written off		**–**	225
Intangible assets written off		**–**	16
Provision for warranty		**1,256**	647
Reversal of provision for warranty		**(647)**	(866)
Share of results of associates		**1,485**	1,203
Equity-settled share award scheme expense		**5,597**	–
Unrealised (gain)/loss on foreign exchange		**(4,350)**	856
Operating profit before working capital changes		**128,271**	121,701
(Increase)/decrease in inventories		**(38,188)**	27,021
Increase in receivables		**(29,482)**	(74,335)
Increase in payables		**16,028**	23,323
Increase/(decrease) in contract liabilities		**48,681**	(34,088)
Net change in a fellow subsidiary's balance		**(23)**	12
Cash generated from operations		**125,287**	63,634
Interest paid		**(92)**	(117)
Tax paid		**(4,480)**	(3,826)
Tax refunded		**881**	9
Net cash from operating activities		**121,596**	59,700

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

for the year ended 31 December 2021

	Note	2021 MYR'000	2020 MYR'000
Cash flows from investing activities			
Bank interest received		**4,479**	5,912
Purchase of intangible assets		**(5,831)**	(4,237)
Purchase of property, plant and equipment		**(9,290)**	(40,846)
Purchase of leasehold land		**(28,280)**	–
Proceeds from disposal of other investments		**1,166**	13,579
Acquisition of other investments		**(741)**	(13,802)
Acquisition of redeemable convertible preference shares of an associate		**(15,000)**	(3,000)
Investment in an associate		**(33)**	(1,724)
Proceeds from disposal of interest in an associate		**66**	–
Net cash used in investing activities		**(53,464)**	(44,118)
Cash flows from financing activities			
(Repayment to)/advance from ultimate holding company		**(20)**	2
Repayment of bank borrowing		**(411)**	(386)
Dividends paid to owners of the Company		**(16,998)**	(13,450)
Purchase of share for share award scheme	*16*	**(2,201)**	(5,849)
Net cash used in financing activities		**(19,630)**	(19,683)
Net increase/(decrease) in cash and cash equivalents		**48,502**	(4,101)
Cash and cash equivalents at the beginning of the year		**300,280**	303,955
Effect of foreign exchange rate changes		**1,177**	426
Cash and cash equivalents at the end of the year		**349,959**	300,280

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. 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 2021:

Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to IFRS 9, IAS 39 and IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2

The adoption of the new and amended IFRSs had no material impact on how the results and financial position of the Group 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[2]
Amendments to IFRS 3	Reference to the Conceptual Framework[4]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use[1]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[2]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[2]
Amendments to IAS 8	Definition of Accounting Estimates[2]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
Amendments to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 (2021 amendment)[4]
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract[1]
Amendments to IFRSs	Annual Improvements to IFRS Standards 2018-2020[1]

1 Effective for annual periods beginning on or after 1 January 2022
2 Effective for annual periods beginning on or after 1 January 2023
3 Effective date not yet determined
4 Effective for annual periods beginning on or after 1 April 2021

The directors of the Company anticipate that the application of these 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.

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 operating 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.

3. SEGMENT INFORMATION (Continued)

Results for the year ended 31 December 2021

	Automated test equipment MYR'000	Factory automation solutions MYR'000	Adjustment MYR'000	Total MYR'000
Year ended 31 December 2021				
Revenue				
External customers	356,327	151,759		508,086
Inter-segment revenue	2,060	3,542	(5,602)	–
Total revenue	358,387	155,301		508,086
Results				
Segment results	95,459	25,826	(3,613)	117,672
Interest income	4,266	197	16	4,479
Interest expense	(92)	–		(92)
Share of results of associates	–	–	(1,485)	(1,485)
Profit before taxation	99,633	26,023		120,574
Taxation	(4,331)	(37)	538	(3,830)
Profit for the year	95,302	25,986		116,744

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	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)	–
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)	511	–	(883)
Profit for the year	99,398	18,071		113,921

3. SEGMENT INFORMATION (Continued)

Geographical information

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

	2021	2020
	MYR'000	MYR'000
China	**148,180**	112,673
Taiwan	**83,275**	49,256
Japan	**80,349**	39,794
Malaysia (domicile)	**62,948**	49,711
United States	**45,610**	52,492
Singapore	**36,963**	79,766
Republic of Ireland	**18,371**	8,772
Philippines	**11,503**	4,796
Vietnam	**8,375**	–
Thailand	**4,191**	2,223
Others	**8,321**	19,098
	508,086	418,581

4. REVENUE

4.1 Revenue

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

	2021	2020
	MYR'000	MYR'000
Invoiced value of goods sold less returns and discounts	**494,332**	403,839
Service rendered	**13,754**	14,742
	508,086	418,581

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:

	2021	2020
	MYR'000	MYR'000
ATE		
– Electro-Optical	**176,983**	145,270
– Automotive	**98,218**	70,186
– Semiconductor	**71,081**	56,064
– Consumer and industrial products	**10,045**	11,088
– Medical devices	**–**	350
	356,327	282,958
FAS		
– Consumer and industrial products	**68,910**	50,393
– Electro-Optical	**46,084**	32,708
– Medical devices	**29,293**	36,832
– Automotive	**6,104**	13,960
– Semiconductor	**1,368**	1,730
	151,759	135,623
	508,086	418,581
Timing of revenue recognition		
– At a point in time	**508,086**	418,581

5. OTHER INCOME

	2021	2020
	MYR'000	MYR'000
Bank interest income	**4,479**	5,912
Deferred income released	**1,746**	326
Net gain on foreign exchange	**7,441**	1,800
Gain on disposal of interest in an associate	**641**	–
Gain from changes in fair value of foreign currency forward contracts	**–**	941
Gain on disposal of other investments	**101**	569
Gain from changes in fair value of other investments	**22**	–
Government subsidies	**564**	629
Rental income from operating leases	**54**	77
Others	**139**	201
	15,187	10,455

6. PROFIT BEFORE TAXATION

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

	2021	2020
	MYR'000	MYR'000
Amortisation of intangible assets	**3,260**	3,148
Amortisation of leasehold land	**146**	145
Auditor's remuneration	**509**	484
Deferred income released	**(1,746)**	(326)
Depreciation of property, plant and equipment	**3,822**	4,295
ECL allowance on trade receivables		
– addition	**2,025**	7,012
– reversal	**(1,775)**	(870)
Loss/(gain) from changes in fair value of foreign currency forward contracts	**2,090**	(941)
Gain on disposal of other investments	**(101)**	(569)
Loss on disposal of property, plant and equipment	**1,667**	–
(Gain)/loss from changes in fair value of other investments	**(22)**	116
Inventory written downs to net realisable value		
– addition	**362**	262
– reversal	**(344)**	(1,661)
Net gain on foreign exchange	**(7,441)**	(1,800)
Lease charges of short term leases		
– Factory	**101**	179
– Hostel	**762**	776
– Office	**133**	90
Property, plant and equipment written off	**–**	225
Intangible assets written off	**–**	16
Provision for warranty		
– addition	**1,256**	647
– reversal	**(647)**	(866)

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 2021 (2020: 24%) on the estimated chargeable income arising in Malaysia.

	2021	2020
	MYR'000	MYR'000
Malaysian income tax		
Current tax	**(4,779)**	(4,089)
Over provision in prior years	**215**	2,693
	(4,564)	(1,396)
Overseas income tax		
Current tax	**(25)**	(24)
Deferred tax		
Current year	**759**	537
	(3,830)	(883)

8. DIVIDENDS

(a) Dividends attributable to the year:

	2021	2020
	MYR'000	MYR'000
Proposed final dividend of HK$0.02 per ordinary share (2020: HK$0.02 per ordinary share)	**25,766**	16,672

The final dividend proposed after the reporting date has not been recognised as a liability at the end of reporting period, but reflected as an appropriation of retained profits for the year ended 31 December 2021.

8. DIVIDENDS (Continued)

(b) Dividends attributable to the previous financial year, approved and paid during the year:

	2021	2020
	MYR'000	MYR'000
Final dividend in respect of the previous financial year, of HK$0.02 per ordinary share (2020: HK$0.015)	**16,998**	13,450

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:

(a) Basic earnings per share attributable to owners of the Company

	2021	2020
		(Restated)
Earnings		
Profit for the year attributable to owners of the Company (MYR'000)	**116,744**	113,921
Number of shares		
Adjusted weighted average number of shares in issue	**2,395,611,739**	2,398,337,940
Basic earnings per share (Sen)	**4.87**	4.75

The adjusted weighted average number of shares in issue used in the above calculation of basic earnings per share for has been adjusted to reflect the bonus issue of shares during the year ended 31 December 2021 less shares held for Share Award Scheme.

9. EARNINGS PER SHARE (Continued)

(b) Diluted earnings per share attributable to owners of the Company

	2021	2020 (Restated)
Earnings		
Profit for the year attributable to owners of the Company (MYR'000)	**116,744**	113,921
Number of shares		
Adjusted weighted average number of shares in issue	**2,395,611,739**	2,398,337,940
Effect of shares awarded under Share Award Scheme	**3,563,303**	–
Adjusted weighted average number of shares in issue for the purpose of calculating diluted earnings per share	**2,399,175,042**	2,398,337,940
Diluted earnings per share (Sen)	**4.87**	4.75

For the year ended 31 December 2020, diluted earnings per share equals to basic earnings per share since there were no dilutive potential ordinary shares.

10. TRADE RECEIVABLES

	2021 MYR'000	2020 MYR'000
Trade receivables	**172,138**	149,057
Less: ECL allowance	**(8,095)**	(9,161)
	164,043	139,896

10. TRADE RECEIVABLES (Continued)

The normal credit terms granted to trade receivables range from 0 to 120 days. Based on the invoice date, the ageing analysis of the trade receivables, net of ECL allowance, was as follows:

	2021	2020
	MYR'000	MYR'000
0-30 days	**52,815**	58,075
31-60 days	**23,410**	13,888
61-90 days	**2,155**	4,900
91-180 days	**45,309**	37,711
181-270 days	**23,384**	13,544
Over 270 days	**16,970**	11,778
	164,043	139,896

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

	2021	2020
	MYR'000	MYR'000
Balance at the beginning of the year	**9,161**	3,019
Amount written off during the year	**(1,316)**	–
ECL allowance recognised during the year	**2,025**	7,012
ECL allowance reversed during the year	**(1,775)**	(870)
Balance at the end of the year	**8,095**	9,161

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2021	2020
	MYR'000	MYR'000
Other receivables	**–**	22
Refundable deposits	**34,146**	12,219
Non-refundable deposits (note (i))	**5,678**	1,533
Prepayments	**489**	395
VAT receivable	**429**	–
	40,742	14,169
Less: non-current portion		
Deposits (note (ii))	**(28,225)**	(10,609)
Current portion	**12,517**	3,560

Notes:

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

(ii) During the year, construction in progress in property, plant and equipment of MYR17,751,000 was transferred to investment deposit. The investment deposits were for a potential investment in a manufacturing company in Taiwan in 2022.

12. TRADE PAYABLES

The normal credit terms granted by trade payables range from 30 to 150 days (2020: 30 to 150 days). Based on the invoice date, the ageing analysis of trade payables is as follows:

	2021	2020
	MYR'000	MYR'000
0-30 days	**49,222**	29,211
31-60 days	**19,332**	22,880
61-90 days	**1,979**	6,681
91-120 days	**2,618**	1,791
Over 120 days	**4,402**	2,108
	77,553	62,671

Included in trade payables were amounts due to the Group's associate of MYR162,000 (2020: MYR119,000). The outstanding balances were trading in nature and had credit period of 90 days (2020: 90 days).

13. OTHER PAYABLES, ACCRUALS AND PROVISIONS

	2021	2020
	MYR'000	MYR'000
Other payables	**3,964**	3,143
Amounts due to former shareholders of a subsidiary (note (i))	**4,780**	5,500
Consideration payables related to acquisition of a subsidiary (note (ii))	**11,393**	11,393
Accruals	**17,431**	16,597
Provision for warranty	**1,256**	647
	38,824	37,280

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 amount of the consideration payable to the outgoing vendors of a subsidiary, TP Concept Sdn. Bhd. acquired in 2019. The consideration payable is subject to achieving certain performance milestones of the subsidiary.

14. CONTRACT LIABILITIES

	2021	2020
	MYR'000	MYR'000
Contract liabilities arising from receiving deposits of manufacturing orders	**64,152**	15,471

Notes:

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

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

15. SHARE CAPITAL

	2021		2020	
	Number of shares	**MYR'000**	Number of shares	MYR'000
Authorised:				
Ordinary shares of HK$0.01 each	**5,000,000,000**	**26,052**	5,000,000,000	26,052
Issued and fully paid:				
As at 1 January	**1,600,000,000**	**8,054**	1,600,000,000	8,054
Bonus issue (note)	**800,000,000**	**4,286**	–	–
As at 31 December	**2,400,000,000**	**12,340**	1,600,000,000	8,054

Note:

Pursuant to an ordinary resolution passed on 16 March 2021, the issued share capital of the Company was increased by the capitalisation of share premium of MYR4,286,000 as bonus shares, in the proportion of one for every two shares held by the shareholders on the record date of 22 June 2021. Such shares rank pari passu in all respects with the existing shares of the Company and are entitled to all dividends declared in respect of the year ended 31 December 2021.

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.

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 each calendar year for the purpose of the Scheme shall not exceed 5% of the total number of issued shares as at the beginning of such calendar year. 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.

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.

During the year ended 31 December 2021, a sum of approximately HK$4.1 million (equivalent to approximately MYR2.2 million) has been used to acquire 3,110,000 shares of the Company (the "Shares") from the open market by the trustee of the Scheme.

During the year, a total of 3,775,101 awarded shares were vested. The cost and the fair value of the related vested shares were HK$6.4 million (equivalent to approximately MYR3.3 million) and HK$7.3 million (equivalent to approximately MYR3.8 million) respectively. The difference of HK$450,000 was charged to retained profits. As at 31 December 2021, the carrying amount of Shares held for Share Award Scheme was HK$8.3 million (equivalent to approximately MYR4.3 million).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The prolonged effect and ongoing threat of COVID-19 in 2021 have been challenging especially in the first half of the year. The supply and demand shocks brought on by the COVID-19 crisis exposed vulnerabilities and massive disruptions to the production and supply chain of manufacturers globally. Adding to the complexity of situation, the transport and logistic sectors' susceptibility has led to a "super cycle" in the semiconductor industry. With these striking impact brought by the pandemic, the Group entered 2021 with a great amount of caution having to grapple with these disruptive and volatile forces. The second half of 2021 improved to a more encouraging situation with global economies adopting and re-adjusting the impact and as more cross border travelling being permissible, the Group was able to embrace a smoother progress in its project delivery and site installation, which generally is an important milestone for revenue recognition to take place. Given such development, the Group is proud to achieve a revenue record in 2021 amid the challenging headwinds brought on by the pandemic. Such positive achievement is exceptionally meaningful as 2021 marked the 30th anniversary of the Group.

The Group recorded a revenue of MYR508.1 million during the year, an increase of 21.4% as compared to 2020 while its profit after taxation increased by 2.5% to record at MYR116.7 million. The Group's relatively strong revenue performance was achieved on the back of strong year-on-year bookings growth especially in its second half of 2021, notably from the automotive segment. Since the beginning of 2021, the automotive segment has showed very encouraging momentum and it continued to prevail in the second half of 2021 with new order wins particularly from Europe, America and North Asia. In the year under review, the Group witnessed year-on-year double-digit revenue growth in all its business segments with a healthy mix of revenue contribution with the exception of medical device segment where revenue from this segment contracted by 21.2% in 2021 as compared to 2020.

The electro-optical industry has been the top contributor to the Group's revenue for some years. In 2021, it continued to remain as the Group's major revenue source with its contribution rate at 43.9%. With optoelectronics' fast merging technology and its wide adoption in a wide range of applications across the telecommunications and other industry verticals, the electro-optical segment is expected to continue its steady growth in the coming years. In has been forecasted that the optoelectronics market is expected to record a CAGR (Compound Annual Growth Rate) of 9.6% from 2020 to 2027 to reach USD77.93 billion by 2027.

Meanwhile, the Group's exposure in the automotive segment stood at 20.5% of total revenue, representing a 24.0% growth from 2020. Such growth in revenue was underpinned by the transformation of the e-mobility industry where electrification presents major opportunities in all vehicle segments. Since the Group's timely penetration into the automotive segment and as global economies' structural shift towards decarbonisation and environmental sustainability discipline, the Group benefited a steady revenue growth source over the years with its comprehensive product portfolio that covers end-to-end solutions. This includes its front-end tester covering new compound substrate such as silicon carbide ("SiC") and gallium nitride ("GaN"), to back-end solutions that involve testing, assembling and packaging integrated power management circuits such as Insulated Gate Bipolar Transistors ("IGBT"), AC/DC converters and Direct Bonded copper/active metal brazed substrate placement. According to a news report published by Allied Market Research, titled "Power Management Integrated Circuits Market by Product Type and End Use: Opportunity Analysis and Industry Forecast, 2020 – 2027", the global power management integrated circuits market was valued at USD33.96 billion in 2019, and is projected to reach USD51.04 billion by 2027, growing at a CAGR of 5.3% from 2019 to 2027. The growth is primarily due to rise in production of automobile and battery supported devices with emphasis in performance efficiency.

Revenue from the consumer and industrial products segment grew by 28.4% from MYR61.5 million in 2020 to MYR79.0 million in 2021. This product segment growth was continuously supported by the strong demand for the Group's proprietary intelligent Automated Robotic Manufacturing System ("i-ARMS"). Within this segment, not only the Group achieved commendable revenue growth over the course of the year, the Group is also heartened to witness the deployment of its i-ARMS catering for a broader customer base, spanning across Malaysia, Japan, Korea and America. With the pandemic accelerating digitalisation in an extensive range of industries, this has set the scene for the growing adoption of Industry 4.0. According to research study, the demand of global Industry 4.0 Market size and share was valued at approximately USD84.59 billion in 2020 and is projected to reach around USD334.18 billion by 2028, at a CAGR of about 19.4% during the forecast period 2021 to 2028.

As for the Group's revenue exposure in the semiconductor segment, after witnessing a strong growth in 2020, the Group continued to record a year-on-year growth of 25.4% in 2021. Such growth was derived mainly from the Group's wide range test handling equipment catering for the semiconductor industry. The industry has been expanding at an unprecedented rate for both leading-edge and legacy integrated circuits. With the COVID-19 since last year changing the way we live and work, the semiconductor industry continues to move through the spending upcycle with the explosive demand for integrated circuits and advanced packaging amid the contactless consumer trend.

As for the Group's medical device segment, having to face an upheaval brought by the pandemic, this segment experienced a contraction with its revenue contribution contracting to 5.8% of total Group's revenue during the year, versus 8.9% in 2020. However, the situation did not deter the Group's spirit in stepping up its effort in broadening its exposure in this segment. As it is, the Group is witnessing an encouraging order book momentum given the growing trends of automation changing the landscape of the healthcare sector. Additionally, the Group is firming its single medical devices' prototype for its qualification process. The strategy adopted by the Group in the medical devices segment is more towards long term sustainability in staying ahead of the curve in addressing new users and markets where it has a competitive edge.

As we move into 2022, the effect of the pandemic has continued to expose the multifaceted cracks in the global economy. Starting from health issues, to traveling restriction, the Group now face the supply-chain crunch for components and parts that has directly and indirectly impacted its operation. The industry experts and economists believe the supply chain crisis prompted by the pandemic would stretch and last until 2023, given the multiplying ripple effect from the shipping backlogs, to labour shortages and geopolitical tensions and the Group was not spared in such global phenomenon. With these pockets of material shortage remain across the industry, it is imperative for the Group to evaluate and reassess its supply chain strategies from various dimensions to identify potential bottlenecks and other disruptive weakness to achieve greater resilience. During the year, the Group engaged closely with its customers and suppliers for better capacity planning and made immediate adjustment to its inventory management strategies by building inventory for certain key components while observing the industry trends in the semiconductor space on a longer term basis. Overall, the Group is in a reactive mode where internally, the supply chain team proactively monitor the external inputs such as customer order volume, component prices, shipping cost and global policies to establish the fundamental basics of having considerable transparency and control over the entire supply chain.

Overall, the Group believes the market sentiment has somewhat stabilise on the pandemic front with the vaccination rate hitting acceptable percentage across the world and with experts slowly advocating the transition from pandemic to endemic. With that, the Group believes this is an opportune time to expand and grow in a cost-effective manner. During the year, the Group continued to expand its presence outside of Malaysia which included the establishment of a wholly foreign-owned enterprise in China, namely Pentamaster Technology (Jiangsu) Limited ("PT Jiangsu") and a wholly foreign-owned limited liability company in Japan known as Pentamaster Automation (Japan) Co., Ltd. ("PAJ"). The establishment of PT Jiangsu was part of the Group's Greater China expansion plans to reinforce its position in China and paves its way for more strategic opportunities. On the other hand, PAJ was incorporated to broaden the Group's presence in the North Asia region, in particular, Japan for its main market in electro-optical and automotive industry. The setup of these foreign enterprises in both China and Japan will provide the Group with the opportunity to interact closely with its customers and expand its addressable markets by extending its technology leadership. Another significant expansion footprint was the Group's recent investment in a piece of industrial land in Batu Kawan, Penang measuring approximately 12-acres for approximately MYR28.3 million. Such land acquisition is to facilitate the construction of a new manufacturing plant, which will be the third plant within the Group, to increase the Group's engineering and manufacturing capacity, specifically for the factory automation solutions (FAS) and medical device segment (MDI). The construction of the third plant is expected to commence in the first quarter of 2022 with a construction timeline of approximately 12 months. With the increase in production capacity, the Group aims to push its continuous earning growth streak to the next level.

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

	2021		2020	
	MYR'000	**%**	MYR'000	%
Electro-Optical	**223,067**	**43.9**	177,978	42.5
Automotive	**104,322**	**20.5**	84,146	20.1
Consumer and industrial products	**78,955**	**15.5**	61,481	14.7
Semiconductor	**72,449**	**14.3**	57,794	13.8
Medical devices	**29,293**	**5.8**	37,182	8.9
	508,086	**100.0**	418,581	100.0

By geographical revenue distribution, China (inclusive of Hong Kong), Taiwan, Malaysia, Japan and Singapore were the top five shipment markets for the Group in 2021 with its total contribution of 88.3%.

By shipment

For the year ended 31 December

	2021		2020	
	MYR'000	**%**	MYR'000	%
China	**171,829**	**33.8**	132,044	31.5
Taiwan	**92,911**	**18.3**	49,216	11.8
Malaysia	**76,759**	**15.1**	68,419	16.3
Japan	**76,376**	**15.0**	29,149	7.0
Singapore	**30,893**	**6.1**	84,372	20.2
United States	**18,771**	**3.7**	22,668	5.4
Philippines	**12,666**	**2.5**	8,673	2.1
Thailand	**9,699**	**1.9**	5,471	1.3
Vietnam	**8,375**	**1.6**	–	–
Hungary	**3,866**	**0.8**	597	0.1
Others	**5,941**	**1.2**	17,972	4.3
	508,086	**100.0**	418,581	100.0

FINANCIAL REVIEW

Revenue

The overall performance of the Group recovered commendably in 2021, with revenue of the Group grew by approximately 21.4% from MYR418.6 million in 2020 to MYR508.1 million in 2021, marking another revenue record milestone for the Group. The double-digit growth was driven by improved contributions from both the ATE and FAS business segments with each segment accounted for approximately 70.1% and 29.9% of the total Group's revenue, as compared to 2020 of 67.6% and 32.4%, respectively.

The below outlined the revenue of the respective operating segments, which includes elements of the inter-segment transactions during the year.

	Revenue		
	2021	2020	Fluctuation
	MYR'000	MYR'000	%
ATE			
External customers	**356,327**	282,958	
Inter-segment revenue	**2,060**	9,428	
Total revenue	**358,387**	292,386	22.6%
FAS			
External customers	**151,759**	135,623	
Inter-segment revenue	**3,542**	2,688	
Total revenue	**155,301**	138,311	12.3%

ATE segment

With a revenue contribution rate of 70.1%, the ATE segment continued to contribute the larger portion of the Group's overall revenue and profit during the year. After witnessing a decline in revenue last year, total revenue from this segment marked a turnaround and grew at a double-digit rate of 22.6% to MYR358.4 million in 2021. During the year, backed by the recovery of the smartphone market and its peripheral items. the electro-optical industry continued to dominate the ATE segment with its revenue contribution rate of approximately 49.7%, derived from a broad product portfolio of the Group in its test solutions for proximity sensor, 3D magnetometer sensor, ambient light sensor, wafer level VCSEL (Vertical Cavity Surface-Emitting Laser) and other relevant applications under optics and photonics sensing solutions.

Owing to the Group's persistent effort in increasing its exposure to the automotive industry, revenue from this sector came in as the second highest within the ATE segment with its contribution rate of 27.6%. In addition, the automotive sector chalked the highest growth rate at 39.9% among other industry sectors within the ATE segment. This strong demand was largely attributed to the Group's automotive test solutions covering a full range of assembly and test technologies for various aspect of the manufacturing process ranging from component test, final test to packaging. During the year, the ATE segment was also benefitted from the semiconductor industry with its revenue contribution rate of 20.0%, where this sector captured a 26.8% growth as compared to 2020 from the continuous demand for the Group's test handling equipment which was underpinned by the growth of integrated chips and other related semiconductor contents from the acceleration of digital transformation by the pandemic over the past two years.

The ATE segment will continue to dominate the performance of the Group in the foreseeable future. With the global pandemic unleashing the unprecedented wave of technology developments coupled with the power and momentum of technology convergence, the Group is in a promising position to leverage on these significant opportunities in the ATE segment.

FAS segment

After recording a strong revenue growth in year 2020, the FAS segment continued to witness double-digit growth rate in its contribution to the Group's revenue, chalking 12.3% growth to achieve MYR155.3 million during the year. This was mainly driven by the robust demand for the Group's proprietary i-ARMS solutions, where a wider customer base adopted this application across different industry segments in different countries and region. Notably, this segment gained its revenue momentum in the third and fourth quarter of the year, with revenue in second half of the year exceeding its first half by approximately 19.5%. The main industry segment that led to FAS growth was the consumer and industrial product segment, contributing approximately 45.4% to overall FAS segment revenue. This was followed by the electro-optical segment and medical device segment with their respective revenue contribution rate of 30.4% and 19.3% where application of the Group's i-ARMS was equally prevalent in these segments.

The Group continues to witness huge potential and opportunities in its FAS segment given the fundamental shift towards factory automation and smart manufacturing across various industries especially in a post-pandemic environment. With the current automation trend, the Group will continue to broaden and enrich the capability of its automated solutions to capture the growth from these developments in the years ahead.

Gross margin

With fourth quarter achieving the highest margin among all other quarters in 2021 at 32.1%, the Group concluded the year with an overall gross margin of 30.5% as opposed to 33.5% in 2020. During the first half of the year, the gross margin was primarily impacted by the higher component price of certain material, an effect arose from the supply chain constraint. The Group's margin improved slightly in the second half of the year from better economies of scale achieved through higher amount of sales recognised from higher margin product mix. Also, the gross margin in the second half improved due to the upward pricing adjustment made particularly in the fourth quarter from the supply chain and inflationary pressure encountered. These positive margin developments were partially offset by the prototype projects that usually incur lower gross margin. However, it was worth noting that the gross profit margin during the year was derived from a more diversified product portfolio of the Group catering to a more diverse industry segments which is a result of the Group's continuous efforts in new product development.

Other income

Other income of the Group increased from MYR10.5 million in 2020 to MYR15.2 million in 2021. During the year, the Group recorded a gain on foreign exchange of approximately MYR7.4 million, arising mainly from the appreciation of the U.S. Dollar against MYR towards the end of 2021. Such gain on foreign exchange was offset by a loss from changes in fair value of foreign currency forward contracts ("derivative loss") of approximately MYR2.1 million as recorded under the Group's administrative expenses. Effectively, this has resulted in a net gain on foreign exchange of approximately MYR5.3 million during the year.

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 increased by MYR10.3 million from MYR26.9 million in 2020 to MYR37.2 million. This was mainly due to the following factors:

(i) derivative loss of MYR2.1 million during the year. Such derivative loss was to be interpreted in tandem with a gain on foreign exchange of approximately MYR7.4 million recorded under other income. However, there was no derivative loss incurred in the previous year;

(ii) higher administrative staff cost of MYR23.7 million during the year (2020: MYR11.1 million) due to the increase in staff incentive and employee benefit expense of MYR5.5 million; and

(iii) loss on disposal of a machinery of MYR1.7 million during the year where such loss on disposal was offset by deferred income of MYR1.7 million captured under other income.

The above increase in costs were partially offset by:

(i) lower amount of ECL allowance on trade receivables of MYR0.3 million recorded during the year as compared to MYR6.1 million incurred in 2020.

Profit for the year

The Group recorded a net profit of MYR116.7 million in 2021, representing an increase of 2.5% as opposed to a net profit of MYR113.9 million achieved in 2020. Accordingly, the Group's EBITDA (earnings before interest, tax, depreciation and amortisation) for 2021 stood at MYR127.9 million as compared to MYR122.5 million recorded in 2020, representing an increase of 4.4%. Basic earnings per share rose from 4.75 sen in 2020 to 4.87 sen in 2021.

PROSPECTS

"It is not the strongest of the species that survive, nor the most intelligent, but the one most responsive to change."

The COVID-19 pandemic has dramatically and fundamentally altered the way we live and work. From social distancing, quarantine, closed borders, travel bans to the buzzword "home office" have never been mandated on such a large scale. The Group, however, navigated the "unsettling" effects of the pandemic and ended the financial year relatively "healed". Such accomplishment has demonstrated the Group's resilience in taking on the undeniable challenges that demand new ways of operating in a post pandemic business environment and its versatility and speed in emerging strongly owing to the hard work and concerted efforts of the employees of the Group.

As the saying goes, every cloud has a silver lining. The pandemic has pushed many companies over the technology tipping point and with the surge in automation, digital adoption has taken a quantum leap across many companies and industries. As a result of these developments, the Group embraces 2022 with increased optimism on the back of a strong order book momentum largely driven by another high growth potential year surrounded by several catalysts brought about by AI, big data analytics, IoT, self-driving cars, Industry 4.0 and the deepening application of 5G. With the electro-optical segment currently dominating the Group's financial performance, this segment will continue its growth momentum in 2022, albeit modestly, given the Group's growing exposure to other industry segments. In respect of the automotive segment, the Group expects to witness the continuous affluence of this segment with e-mobility emerging at an accelerated pace. With electrification playing an important role in the transformation of the transportation industry and thereby presenting major opportunities in all vehicle segments, the global transition specifically towards electric vehicles ("EV") continues to get momentum and creates major disruption in the automotive industry and the related nexus. Significant efforts are witnessed through regulator worldwide defining more stringent emissions target which include, among others, the European Union CO2 emissions regulations for cars and vans, China's New Energy Vehicles (NEV) mandate and Biden's administration in introducing a 50% EV target by 2030. Given this context, the Group anticipates a favourable prospect for its automotive test solutions from front-end to back-end which will continue to provide an impetus to the Group's overall performance.

In the belief that there is so much room and business opportunity for further expansion and that now is the best time to be planning for the future, the upcoming new manufacturing plant will pave the way for the Group to deepen its foothold in the medical device segment and bring the growth of its FAS segment to the next level. Key technologies that have been used widely in industrial manufacturing are seen to be filtering into the healthcare sector and with AI conquering the next frontier of the medical segment, the automation opportunity within this horizon is now abundant. With these technology developments presented, the Group is heartened to witness the growing demand for its automated assembly solutions from a broader customer base within the medical device segment on the back of an encouraging booking momentum. Together with the setup of Pentamaster MediQ Sdn. Bhd. for its involvement in the manufacturing of single-use medical devices, the Group is fully prepared for the huge market opportunities in the medical industry.

Having continuously witnessed revenue growth from the FAS segment in the past two years, the Group continues to benefit from the increased focus of various industries on industrial automation which is now rapidly necessitated by the effects of the pandemic. As the surge in automation continues in the coming years with the use of AI and IoT in the manufacturing processes, the huge potential and opportunities in the FAS segment will be prevalent.

Girded by a year of relatively stable financial performance in 2021, the Group will continue to focus fundamentally on its operational capabilities and remain proactive in the development of new cutting edge technologies and solutions. With a wide variety of challenges and opportunities confronting 2022, the Group, having the pulse on the global trends and requirements, is forward-looking in building another year of solid business growth. As it is, the virus is here to stay for a period of time and will be a reality in our daily lives. The Group's priority is to ensure the safety of its employees with its strict adherence to the necessary safety measures and operating procedures.

ACHIEVEMENTS IN 2021

High-Growth Companies Asia-Pacific 2021

It is indeed gratifying that Pentamaster is awarded a position in the exclusive ranking of the top 500 High-Growth Companies Asia-Pacific in 2021 for its revenue growth from 2016 to 2019.

Malaysia’s Growth Champion 2021

Pentamaster is ranked in Malaysia’s Growth Champion 2021 for its revenue growth from 2016 to 2019.

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 2021, the total number of full time employees of the Group increased to 689 (31 December 2020: 612).

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 (2020: HK$0.02) per share for the financial year ended 31 December 2021 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 7 July 2022.

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 2021 are as follows:

Use of net proceeds	Amount of net proceeds earmarked		Use of proceeds from the Listing Date up to 31 December 2021	Unutilised amount as at 1 January 2021	Unutilised amount as at 31 December 2021	Unutilised proportion as at 31 December 2021	
	HK$ million	MYR 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	8.8	9.7	6.5	42.5	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**	**86.1**	**9.7**	**6.5**	**7.0**	

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 2021 published on 31 August 2021 (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 3,720,000 Shares at a total consideration of approximately HKD4.1 million (equivalent to approximately MYR2.2 million) during the year ended 31 December 2021.

ANNUAL GENERAL MEETING

The forthcoming AGM will be held on Monday, 30 May 2022. 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 Wednesday, 25 May 2022 to Monday, 30 May 2022, 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 Tuesday, 24 May 2022.

For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Tuesday, 7 June 2022 to Wednesday, 8 June 2022, 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 Monday, 6 June 2022.

IMPORTANT DETAILS AFTER END OF 2021

Save as disclosed elsewhere in this announcement, there is no material subsequent event undertaken by the Company or by the Group after 31 December 2021 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 2021.

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 2021 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 2021 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, 24 February 2022

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