

P.I.E. INDUSTRIAL BERHAD

Announcement

Subject : OTHERS

Description : P.I.E. INDUSTRIAL BERHAD (“PIB” OR “THE COMPANY”)

PROPOSED ISSUANCE AND ALLOTMENT OF NEW ORDINARY SHARES BY PAN INTERNATIONAL ELECTRONICS (THAILAND) COMPANY LIMITED., A 99.99% OWNED SUBSIDIARY OF THE COMPANY, TO PAN-INTERNATIONAL INDUSTRIAL CORPORATION, THE HOLDING COMPANY OF THE COMPANY FOR A SUBSCRIPTION SUM OF THB204,545,000.00 (EQUIVALENT TO RM27,143,121.50) (“PROPOSED SHARES ALLOTMENT”)

1. INTRODUCTION

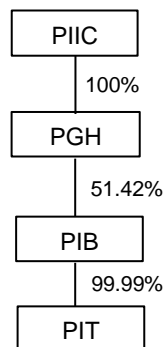
The Board of Directors of PIB (“Board”) wishes to announce that Pan International Electronics (Thailand) Company Limited (“PIT”), a 99.99% owned subsidiary of the Company and Pan-International Industrial Corporation (“PIIC” or the “Subscriber”), the ultimate holding company of the Company had on 28 November 2023, entered into a subscription agreement (“Subscription Agreement”), for the issuance and allotment of 4,090,900 new ordinary shares (“Subscription Shares”) by PIT at an issuance price of THB50 (equivalent to RM6.635) per share to PIIC, resulting in PIT becoming a 55% subsidiary of the Company after the Proposed Shares Allotment. The total subscription sum for the Proposed Shares Allotment is THB204,545,000.00 (equivalent to RM27,143,121.50) (the “Subscription Sum”).

(PIT and PIIC individually referred to as the “Party” and collectively referred to as the “Parties”)

This announcement is made pursuant to Chapter 6.06 and Chapter 10.08 of the Main Market Listing Requirement (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

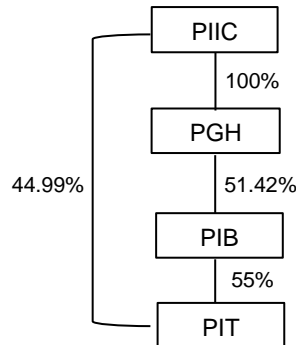
Prior to Proposed Shares Allotment

The corporate structure of PIT, before the Proposed Shares Allotment are as below:-



Post Proposed Shares Allotment

The corporate structure of PIT, after the Proposed Shares Allotment are as below:-



As at to-date, PIT does not have any subsidiary or associated company.

2. DETAILS OF THE PROPOSED SHARES ALLOTMENT

2.1 Salient terms of the Subscription Agreement

The salient terms of the Subscription Agreement are as set out below:

(a) Subscription Shares, Payment terms and Completion

Subscription Shares

Subject to the terms and conditions of the Subscription Agreement, PIT agrees to issue and allot to PIIC and PIIC agrees to subscribe for a total of 4,090,900 new ordinary shares in PIT at the subscription price of THB50 per ordinary share ("Subscription Shares"), at the total subscription sum of THB204,545,000.00, in cash ("Subscription Sum").

Payment terms and Completion

Upon the Subscription Agreement becomes unconditional, PIIC shall subscribe for Subscription Shares at the Subscription Sum, in cash, within fourteen (14) business days from the date the Subscription Agreement becomes unconditional, or such other extended period as the Parties may mutually agree in writing.

Within fourteen (14) business days from the date the Subscription Sum has been received, PIT shall issue and deliver to PIIC the share certificate in respect of the Subscription Shares.

The completion of Proposed Shares Allotment shall be date when the Subscription Sum is paid by PIIC to PIT in full and the Subscription Shares is issued and allotted to PIIC.

Upon completion of the Proposed Shares Allotment, the shareholding in PIT is as follows:

Shareholders	No. of Shares	%
PIB	4,999,998	55.00003
PIIC	4,090,901	44.99996
Liu, Yu-Chen	1	0.00001
Total	9,090,900	100.00000

(b) **Conditions precedent**

The Subscription Agreement is conditional upon on the following conditions being fulfilled within 3 months from the date of the Subscription Agreement or such extended period as the parties may mutually agree in writing (“Conditions Period”):-

- (a) if applicable, PIT to obtain the relevant approvals and/or consents from PIT’s financier, relevant authorities or regulators in respect of any change of shareholding resultant from the Proposed Shares Allotment to PIIC;
- (b) if required, to obtain shareholders’ approval of the holding company of PIT, namely PIB at the general meeting in respect of the Proposed Shares Allotment to PIIC;
- (c) if required, to obtain shareholders’ approval of PIIC at its general meeting in respect of the Proposed Shares Allotment to PIIC;
- (d) if required, the approvals, consents, authorisations, permits or waivers of any relevant authorities and/or any other third parties necessary or appropriate to carry out the increase in the issued shares and/or allotment and issue of the Subscription Shares pursuant to the terms of the Subscription Agreement having been obtained; and
- (e) if applicable, to amend the Article of Association of PIT pursuant to the allotment and issuance of the Subscription Shares in relation to the Proposed Shares Allotment to PIIC.

(c) **Default and Termination**

The following events shall be an event of default, if:

- (i) any of the conditions precedent is not satisfied by the Conditions Period; or
- (ii) a Party fails to perform its completion obligations as required under the Subscription Agreement; or
- (iii) PIIC shall for any reason fail or refuse to complete the subscription of the Subscription Shares on or after the Subscription Agreement becomes unconditional; or
- (iv) any Party commits a material breach of any of its obligations including the warranties under the Subscription Agreement; or
- (v) any of the appeal applications for the approvals referred to in conditions precedent is rejected; or

- (vi) any of the Parties is or becomes insolvent including any winding up petition is made against any of the Parties;

and on such notice being given, the Subscription Agreement shall be terminated and upon such termination, the Subscription shall cease to have any further force or effect, except in respect of any antecedent breach of the Subscription Agreement (including to recover all cost and expenses paid and expanded pursuant to or arising from the Subscription Agreement).

In respect of items (ii), (iii) and (iv), the non-defaulting party may serve a notice of default ("Default Notice") to the defaulting party, which is if capable of remedy, fail to remedy within thirty (30) business days after being given such Default Notice, on the expiry of the Default Notice and without prejudice to any of its other rights, then the non-defaulting party may either claim for:

- (i) specific performance of the terms of the Subscription Agreement; or
(ii) terminate the Subscription Agreement and claim for actual/specific damages.

2.2 Basis of determining and the justification of the Issue Price

The subscription price of THB50 each (equivalent to RM6.635 per share) was arrived based on the mutual agreement of the Parties with the premium of THB163,636,000 (equivalent to RM21,714,497.20). PIIC is of the view that the prospects of PIT will be promising following the expansion of the factory and injection of know how expertise, technical skills and production facilities that fit with the PIIC's new electric vehicle project.

2.3 Ranking of the Subscription Shares

The Subscription Shares shall, upon issuance and allotment, carry the same rights with the existing ordinary shares of PIT, save and except that the Subscription Shares shall not be entitled to any dividends, rights, allotments and/or distributions that may be declared, made or paid for which the entitlement date falls before the date of allotment of the Subscription Shares.

2.4 Listing of and quotation for the Subscription Shares

The Subscription Shares will not be listed on Bursa Securities.

2.5 Utilisation of proceeds

The total gross proceeds raised from the Proposed Shares Allotment amounting to THB204,545,000.00 (equivalent to RM27,143,121.50) will be utilised as per the following breakdown and it's expected to be fully utilised within 6 months from the completion date, the completion date being the date within fourteen (14) business days from the date the Subscription Agreement becomes unconditional or such other extended period as the Parties may mutually agree in writing, on which the Subscription Sum is paid by the Subscriber to PIT in full and the Subscription Shares issued and allotted to the Subscriber;
:-

<u>Description</u>	<u>Amount</u>	
	<u>THB</u>	<u>RM equivalent</u>
Expansion of its existing warehouse, production, canteen, parking lot and water supply system	95,045,000.00	12,612,471.50
Renovation the office area	42,000,000.00	5,573,400.00
Renovation front of office area	5,000,000.00	663,500.00
To rewire the mobile transformer box	6,000,000.00	796,200.00

Installation of solar panels	14,700,000.00	1,950,690.00
Purchase of land for its operation	27,800,000.00	3,689,060.00
Building a hostel for its workers	14,000,000.00	1,857,800.00
Total	204,545,000.00	27,143,121.50

The Subscription Sum to be paid by PIIC will be funded by internally generated funds of PIIC.

3. INFORMATION OF PIT

PIT was incorporated in Thailand as a private limited company on 21 August 1990. The principal activity of PIT is manufacturing and distributing of cable assembly and wire harness, plastic parts for electrical appliances and electronics parts and printed circuit board (PCB) assembly to computer, communication and consumer electronics industries.

As at the to-date, the authorised share capital of PIT is THB50,000,000.00, divided into 5,000,000 ordinary shares of THB10 each of which 5,000,000 ordinary shares have been issued and credited as fully paid-up. As at to-date, the total paid-up capital of PIT is THB50,000,000-00. PIT is a 99.99% owned subsidiary of PIB. PIT does not have any subsidiary or associated company.

The directors of PIT and their shareholding in PIIC, PIB and PIT are as below:

Directors	Shareholdings in		
	PIIC	PIB	PIT
Huang, Feng-An	35,000	-	-
Tsai, Ming-Feng	280,227	-	-
Lee, Yu-Hsien	-	-	-

Before completion of the Subscription Agreement, the shareholdings of PIT will be as follows:

Shareholders	No. of shares	%
PIB	4,999,998	99.99996
PIIC	1	0.00002
Liu, Yu-Chen ("LYC")	1	0.00002
Total	5,000,000	100.00000

Upon completion of the Subscription Agreement, the shareholdings of PIT will be as follows:

Shareholders	No. of shares	%
PIB	4,999,998	55.00003
PIIC	4,090,901	44.99996
LYC	1	0.00001
Total	9,090,900	100.00000

The summary historical financial information of the PIT for the past three (3) financial years is as follows:

	Audited		
	FYE 31 December 2022 THB	FYE 31 December 2021 THB	FYE 31 December 2020 THB
Revenue	283,814,766.21	202,916,012.66	176,807,316.44
PAT/(LAT)	7,695,353.56	9,530,511.03	(166,850.93)
NA	6,273,540.19	8,880,807.09	1,839,492.61
Share capital	50,000,000.00	50,000,000.00	50,000,000.00
Total borrowings	-	-	-

	Audited		
	FYE 31 December 2022 *RM	FYE 31 December 2021 *RM	FYE 31 December 2020 *RM
Revenue	36,271,527.12	25,364,501.58	23,692,180.40
PAT/(LAT)	983,466.18	1,191,313.88	(22,358.02)
NA	801,758.44	1,110,100.89	246,492.01
Share capital	6,390,000.00	6,250,000.00	6,700,000.00
Total borrowings	-	-	-

**Based on the exchange rate of respective FYE*

The original cost of investment in PIT by PIB is RM7,010,586 and date of investment is 8 November 2005.

4. INFORMATION ON THE SUBSCRIBER

PIIC was incorporated in Taiwan as a public company listed on Taiwan Stock Exchange Corporation on 9 November 1993. The principal activity of PIIC and its subsidiaries are the development, manufacturing and sales of computer peripheral products and components such as electronic signal cables, connectors, electronic signal cables with connectors, precision molds, and printed circuit boards. PIIC is also the shareholder of PIT holding 1 ordinary share in the capital of PIT.

As at to-date, the total issued share capital of PIIC is TWD5,183,462,820, comprising of 518,346,282 ordinary shares at TWD 10 per share.

As at to-date, PIIC is the holding company of Pan Global Holding Co. Ltd ("PGH"), where PGH is the direct major shareholder or substantial shareholder with 51.42% shareholding in PIB. Thus making PIIC an indirect substantial shareholder of PIB, holding indirect shareholdings of 51.42% by virtue of its 100% shareholding in PGH.

The directors of PIIC and their shareholding in PIIC, PIB and PIT are as below:

Directors	Position	Shareholdings in		
		PIIC	PIB	PIT
Lee, Kuang-Yao	Chairman	-	-	-
Huang, Feng-An	Director	35,000 (0.007%)	-	-
Huang, Ying-Shih	Director	-	-	-
Cheng, Wen-Rong	Independent Director	-	-	-
Lin, Jing-Wei	Independent Director	-	-	-
Kuo, Ming-Yi	Independent Director	-	-	-
Chen, Chih-Keng	Independent Director	-	-	-

5. RATIONALE FOR THE PROPOSED SHARES ALLOTMENT

The Proposed Shares Allotment is in line with our Group's strategy to increase PIT's manufacturing facilities and production capacities in preparation for large orders and new projects for the sale of cable assembly and wire harness for the electric vehicle (EV) segment which is targeted to commence production by Q1'2024. The overall renovation and installation of the production lines will improve the corporate identity and image of PIT to reflect the Group's reputation in the EV industry. This will allow PIT to unlock their potential in their area of expertise to attract potential customers which could contribute to the existing and other segments of the Group. Furthermore, the building of an employee hostel and the installation of solar panels is part of the Group's sustainability effort to promote the welfare of employees and tap into a sustainable source of energy as well as long term cost savings.

The equity participation ratio enables PIB to continue to have a controlling interest in PIT which allows them a greater number of board representation in PIT to dictate the business direction and financial management of PIT. Additionally, the controlling stake allows PIB to consolidate the financial result of PIT into PIB Group's financial statement, the consolidation of which is expected to benefit the shareholders' value of PIB in the future.

Barring any unforeseen circumstance, the Proposed Shares Allotment are expected to contribute positively to the future earnings of our Group.

After the completion of the Proposed Shares Allotment, PIB will still be the holding company of PIT with a shareholding of 55%.

6. RISK FACTORS

The potential risk factors that may arise from the Proposed Shares Allotment, which may not be exhaustive, are set out as below:-

6.1 Completion risk of the Proposed Shares Allotment

The Proposed Shares Allotment are subject to the fulfilment of the Subscription Agreement's conditions precedent, and the Proposed Shares Allotment is subject to the approval by the shareholders of PIB to be obtained at the forthcoming Extraordinary General Meeting ("EGM"). In the event the approval by the shareholders of PIB is not successfully obtained for the Proposed Shares Allotment, the Proposed Shares Allotment will not be completed.

Notwithstanding the foregoing, PIB shall take all reasonable steps to ensure that the approval by the shareholders of PIB is obtained at the forthcoming EGM to facilitate the completion of the Proposed Shares Allotment.

7. EFFECTS OF THE PROPOSED SHARES ALLOTMENT

7.1 Issued share capital and substantial shareholders' shareholdings

The Proposed Shares Allotment is not expected to have any effect on the issued share capital and the shareholdings of the substantial shareholders of PIB as it does not involve the issuance of ordinary shares in PIB.

7.2 Net asset ("NA") and gearing

The Proposed Shares Allotment is not expected to have a material effect on the NA and gearing of the PIB Group.

7.3 Earnings and earnings per share ("EPS")

The Proposed Shares Allotment is not expected to have a material effect on the earnings and EPS of the PIB for the FYE 31 December 2023.

7.4 Convertible securities

As at to-date, the Proposed Shares Allotment is not expected to have any effect on the convertible securities of PIB.

8. ASSUMPTION OF LIABILITIES

There are no liabilities, including contingent liability and/or guarantee to be assumed by the Company arising from the Proposed Shares Allotment.

9. APPROVALS REQUIRED

The Proposed Shares Allotment is subject to and conditional upon approvals being obtained from the non-interested shareholders of PIB at an EGM to be convened pursuant to Paragraph 6.06 of the MMLR. Upon the completion to the allotment of shares, the transaction entered into between PIB Group and PIT will be recurrent related party transaction ("RRPT").

The Company also proposes to seek the approval from its shareholders at the EGM for a shareholders' mandate in relation to RRPT ("Proposed Shareholders' Mandate") to be obtained pursuant to Rule 10.09 (2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

A circular setting out the details of the Proposed Shares Allotment and Proposed Shareholders' Mandate will be despatched to the shareholders of the Company in due course.

The Proposed Shares Allotment is not conditional upon any other corporate exercise/scheme undertaken or to be undertaken by PIB.

10. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED WITH THEM

The direct and indirect interests of those Directors, Major Shareholders of the Company and persons connected to them who are interested in the Proposed Shares Allotment as at to-date are as follows:

Directors	No. of ordinary shares held in the Company			
	Direct	%	Indirect	%
Mui Chung Meng	10,000	0.00	2,460,000 ^(a)	0.64
Lan, Kuo-Yi	-	-	-	-
Lee Cheow Kooi	-	-	-	-

Major Shareholders	No. of ordinary shares held in the Company			
	Direct	%	Indirect	%
PGH	197,459,985	51.42	-	-

Persons Connected to Directors or Major Shareholders	No. of ordinary shares held in the Company			
	Direct	%	Indirect	%
PIIC	-	-	197,459,985 ^(b)	51.42
Chung Lean Hwa ^(c)	2,460,000	0.64	-	-

Notes

^(a) Deemed interested by virtue of the shares held by the spouse of Mui Chung Meng.

^(b) Deemed interested by virtue of its shareholding in PGH. PGH is a wholly-owned subsidiary of PIIC.

^(c) Spouse of Mui Chung Meng.

Mui Chung Meng, Lan, Kuo-Yi and Lee Cheow Kooi ("Interested Directors") are the Directors of the Company and also the management representatives of PGH. As such, they are deemed related to PGH and PIIC by virtue of the fact that they are accustomed to or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of PGH and PIIC.

Consequently, the Interested Directors have abstained and will continue to abstain from all deliberations and voting on the Proposed Shares Allotment at all board meetings. In addition, they will abstain from voting and undertake to ensure that persons connected with them, if any, to abstain from voting in respect of their direct and indirect shareholdings in the Company, if any, on the resolution pertaining to the Proposed Shares Allotment to be tabled at the forthcoming EGM.

In compliance with paragraph 10.09(2)(d) of MMLR, PGH and PIIC (by virtue of PIIC being the holding company of PGH), the interested major shareholders of the Company shall abstain from voting in respect of their direct and indirect shareholdings (if any) on the resolution pertaining to the Proposed Shares Allotment to be tabled at the forthcoming EGM.

The abovementioned Directors and Major Shareholders who are interested in the Proposed Shares Allotment have undertaken to ensure that persons connected with them shall abstain from voting on the resolution, deliberating or approving the Proposed Shares Allotment in respect of their direct and indirect shareholding (if any) to be tabled at the forthcoming EGM.

Save as disclosed above, there are no other Directors, Major Shareholders or persons connected to them (as defined in the MMLR) who have any direct or indirect interest in the Proposed Shares Allotment.

11. AUDIT COMMITTEE'S STATEMENT

The Audit Committee of PIB, after having considered all aspects of the Proposed Shares Allotment (including but not limited to the rationale and financial effects), is of the opinion that the Proposed Shares Allotment is:

- i. In the best interest of PIB
- ii. fair, reasonable and on normal commercial terms; and
- iii. not detrimental to the interests of the minority shareholders of PIB.

12. DIRECTORS' STATEMENT

The Board (save for Interested Directors who has abstained from deliberating and voting in respect of the Proposed Shares Allotment at the relevant Board meetings), after having considered all aspects of the Proposed Shares Allotment, including but not limited to the rationale, the utilization of proceeds and the effects of the Proposed Shares Allotment, is of the opinion that the Proposed Shares Allotment is fair and reasonable and in the best interest of PIB Group and that will not detrimental to the interest of its minority shareholders.

13. HIGHEST PERCENTAGE RATIO

The highest percentage ratio applicable to the Proposed Shares Allotment pursuant to paragraph 10.02 (g) of the MMLR computed based on PIB last audited consolidated financial statements for the financial year ended 31 December 2022 is 4.843%.

14. ESTIMATED TIME FRAME FOR COMPLETION

The Board expects the Proposed Shares Allotment to be completed by 31 March 2024.

15. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Subscription Agreement is available for inspection during normal office hours from Monday to Friday (except public holidays) at the registered office of PIB at 51-8-A Menara BHL, Jalan Sultan Ahmad Shah, 10050 George Town, Pulau Pinang for a period of 3 months from the date of this announcement.

This announcement is dated 29 November 2023.