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Karrie International Holdings Limited

嘉利國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1050)

DISCLOSEABLE TRANSACTION EXERCISE OF WARRANTS AND LAUNCH OF TENDER OFFER IN THAILAND

THE WARRANTS

On 30 September 2022, Karrie Automotive, a wholly-owned subsidiary of the Company, exercised the Warrants to purchase 113,000,000 Warrants Target Shares at an exercise price of THB1.7 per Target Share.

THE TENDER OFFER

Prior to the exercise of the Warrants, Karrie Automotive is the owner 23,780,000 Target Shares, representing approximately 10% of the issued share capital of the Target Company. Immediately following the exercise of the Warrants and the completion thereof, Karrie Automotive's shareholding in the Target Company will become 136,780,000 Target Shares, representing approximately 38.99% of the issued share capital of the Target Company as enlarged by the issue of the Warrants Target Shares.

Pursuant to Thailand's Notification of the Capital Market Supervisory Board No. ThorJor. 12/2554 Re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers, as Karrie Automotive will become interested in more than 25% of the total voting rights of the Target Company, Karrie Automotive will be required to make the Tender Offer to acquire all the issued and outstanding Target Shares not already owned by Karrie Automotive. Assuming there is no other change in the share capital of the Target Company, the total number of Target Shares in issue upon the exercise of the Warrants is 350,780,000 Target Shares.

Certain shareholders of the Target Company have given letters to express their intention to Karrie Automotive that they will not sell the Target Shares to Karrie Automotive pursuant to the Tender Offer. The total number of Non-selling Target Shares held by such shareholders as at the date of this announcement is 141,873,966 Target Shares, representing approximately 40.45% of the issued share capital of the Target Company as enlarged by the issue of the Warrants Target Shares. Accordingly, as at the date of this announcement, the total number of the Offer Target Shares is 72,126,034 Target Shares, representing approximately 20.56% of the issued share capital of the Target Company as enlarged by the issue of the Warrants Target Shares.

The Offer Price under the Tender Offer is THB1.99 in cash per Target Share.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in relation to the Transactions as aggregated exceed 5% but all such percentage ratios are less than 25%, the Transactions as aggregated constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements but are exempt from shareholders' approval requirement under the Listing Rules.

THE WARRANTS

On 29 October 2020, pursuant to the terms of the Subscription Agreement, the Target Company issued to Karrie Automotive the Warrants which are exercisable at the discretion of Karrie Automotive to purchase up to an aggregate of 113,000,000 Warrants Target Shares.

On 30 September 2022, Karrie Automotive, a wholly-owned subsidiary of the Company, exercised the Warrants pursuant to which Karrie Automotive shall purchase 113,000,000 Warrants Target Shares, representing approximately 32.21% of the issued share capital of the Target Company as enlarged by the issue of the Warrants Target Shares, at an exercise price of THB1.7 per Target Share.

The principal terms of the Warrants are as follows:

	Warrants A	Warrants B
Issuer	The Target Company	The Target Company
Warrant holder	Karrie Automotive	Karrie Automotive
Date of issue	29 October 2020	29 October 2020
Expiration date	28 October 2022	28 October 2022
Exercise price	THB1.6 to THB2.0 per Target Share	THB1.7 per Target Share

The exercise price shall be determined with reference to the net profit of the Target Company according to the most recent year of audited consolidated financial statements on the exercise date, and if the net profit is between THB10,000,001 to THB20,000,000 the exercise price shall be THB1.7 per Target Share

Based on the audited financial statements for the year ended 31 December 2021 of the Target Company, the net profit after tax of the Target Company was approximately THB13,592,000, and accordingly the exercise price is THB1.7 per Target Share

Exercise price

Based on the exercise price of THB1.7 per Target Share and 113,000,000 Warrants Target Shares, the total exercise price for the exercise of the Warrants is THB192,100,000 (equivalent to approximately HK\$40,168,110), which shall be settled by Karrie Automotive in cash on the exercise date.

The exercise price of the Warrants of THB1.7 per Target Share represents:

- (i) a premium of approximately 157.58% to the closing price of THB0.66 per Target Share as quoted on the Thailand Stock Exchange on the date of the Subscription Agreement;
- (ii) a premium of approximately 88.89% to the closing price of THB0.9 per Target Share as quoted on the Thailand Stock Exchange on the date of issue of the Warrants;
- (iii) a discount of approximately 21.30% over the closing price of THB2.16 per Target Share as quoted on the Thailand Stock Exchange on the date of this announcement; and
- (iv) a discount of approximately 14.57% over the weighted average market price of THB1.99 per Target Share as quoted on the Thailand Stock Exchange for the last five consecutive trading days immediately prior to the date of this announcement.

The exercise price of the Warrants was arrived at after arm's length negotiations between Karrie Automotive and the Target Company based on the subscription price under the Subscription Agreement and taking into account the financial situation and the prospects of the Target Company's business. The Company is of the view that the exercise price of the Warrants is fair and reasonable.

Completion

Completion of the purchase of the Warrants Target Shares pursuant to the exercise of the Warrants shall take place on 4 October 2022.

THE TENDER OFFER

Prior to the exercise of the Warrants, Karrie Automotive is the owner of 23,780,000 Target Shares, representing approximately 10% of the issued share capital of the Target Company. Immediately following the exercise of the Warrants and the completion thereof, Karrie Automotive's shareholding in the Target Company will become 136,780,000 Target Shares, representing approximately 38.99% of the issued share capital of the Target Company as enlarged by the issue of the Warrants Target Shares.

Pursuant to Thailand's Notification of the Capital Market Supervisory Board No. ThorJor. 12/2554 Re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers, as Karrie Automotive will become interested in more than 25% of the total voting rights of the Target Company, Karrie Automotive will be required to make the Tender Offer to acquire all the issued and outstanding Target Shares not already owned by Karrie Automotive. Assuming there is no other change in the share capital of the Target Company, the total number of Target Shares in issue upon the exercise of the Warrants is 350,780,000 Target Shares.

Certain shareholders of the Target Company have given letters to express their intention to Karrie Automotive that they will not sell the Target Shares to Karrie Automotive pursuant to the Tender Offer. The total number of Non-selling Target Shares held by such shareholders as at the date of this announcement is 141,873,966 Target Shares, representing approximately 40.45% of the issued share capital of the Target Company as enlarged by the issue of the Warrants Target Shares.

Accordingly, as at the date of this announcement, the total number of the Offer Target Shares is 72,126,034 Target Shares, representing approximately 20.56% of the issued share capital of the Target Company as enlarged by the issue of the Warrants Target Shares. Assuming acceptances are made in respect of all the Offer Target Shares and there is no other change in the share capital of the Target Company, upon completion of the Tender Offer, Karrie Automotive will become the owner of 208,906,034 Target Shares, representing approximately 59.55% of the issued share capital of the Target Company as enlarged by the issue of the Warrants Target Shares.

Offer Price

The Offer Price under the Tender Offer is THB1.99 in cash per Target Share.

According to Thailand's Notification of the Capital Market Supervisory Board No. ThorJor. 12/2554 Re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers, the Offer Price represents the highest price of the followings:

- (i) the acquisition price of the securities from which the exercise of the Warrants is derived, together with the exercise price under such Warrants;
- (ii) either one of the following prices:
 - i. the weighted average market price of the Target Shares during the five business days immediately prior to the exercise date of the Warrants, or
 - ii. in case other than i, the fair value of such shares as appraised by a financial advisor.

In this regard, the highest price among the above is the weighted average market price of the Target Shares during the five business days immediately prior to the exercise date of the Warrants equaling to THB1.99 per Target Share.

The terms of the Tender Offer value the entire issued share capital of the Target Company as enlarged by the issue of the Warrant Shares at THB698,052,200 (equivalent to approximately HK\$145,962,715), and the 72,126,034 Offer Target Shares at THB143,530,808 (equivalent to approximately HK\$30,012,292), being the maximum cash consideration payable by Karrie Automotive under the Tender Offer.

Offer Period

The offer period under the Tender Offer is expected to commence on or about 21 October 2022 and to last for a period of twenty five Business Days.

Completion

The Offer Closing Date is expected to be on or about 25 November 2022 which is twenty five Business Days after the date on which the offer period for the Tender Offer commences.

Karrie Automotive shall make payment in cash in respect of acceptances of the Tender Offer on the Offer Completion Date.

Completion of the acquisition of the Target Shares under the Tender Offer is expected to take place on the Offer Completion Date.

Restriction on shareholding

Under Thailand's Foreign Business Act B.E. 2542 (1999), Karrie Automotive is considered as a foreigner and prohibited to hold more than 50% of the issued share capital of the Target Company. In the event that Tender Offer results in Karrie Automotive holding more than 50% of the issued share capital of the Target Company, Karrie Automotive will take necessary steps to reduce its shareholding in the Target Company to not more than 50%, and further announcements will be made by the Company in this regard as and when approximate.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Group is principally engaged in metal and plastic business, electronic manufacturing services business, and real estate business.

The Company is of the view that the Transactions are consistent with the business development of the Group. Given that the Target Company has many years of experience in in the fields of injection molding and mold manufacturing, and has extensive business network in the local market, the Transactions, which will further increase the stake of the Group in the Target Company, will help strengthen the Group's management in the Thailand production base and enhance strategic planning in production supply chain so as to provide better service to the Group's existing and potential customers. Further, through closer cooperations in automotive parts sector, the Group and the Target Company will be able to jointly seek development opportunities, so as to strengthen the Group's market competitiveness and facilitate a long term stable development, and achieve better returns for the Shareholders.

The Directors are of the view that the terms of the Transactions, including the exercise of the Warrants and the Tender Offer, are fair and reasonable and in the interest of the Shareholders as a whole.

INFORMATION OF KARRIE AUTOMOTIVE

Karrie Automotive is a wholly owned subsidiary of the Company incorporated in Hong Kong with limited liability, and is an investment holding company.

INFORMATION OF THE TARGET COMPANY

The Target Company is a Thailand-based company listed on the Thailand Stock Exchange (stock ticker: TKT.BK), and is principally engaged in manufacturing plastic part products and plastic part molds, as well as molds repairing. The Target Company's products are categorized into injection molding, which is the production of plastic parts for automotive, electrical appliance and other industries, and mold design, production and repair.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, other than Karrie Automotive and its existing shareholding of 10% in issued share capital of the Target Company, the Target Company and its ultimate beneficial owners are Independent Third Parties.

Set out below are the audited consolidated financial information of the Target Company for the two years ended 31 December 2020 and 2021:

	For the year ended 31 December	
	2021	2020
	<i>THB'000</i>	<i>THB'000</i>
	(approximately)	(approximately)
Revenue	1,211,500	1,011,628
Net profit/(loss) before tax	17,603	(31,515)
Net profit/(loss) after tax	13,592	(36,557)

The unaudited net assets value of the Target Company as at 30 June 2022 is approximately THB452.82 million.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in relation to the Transactions as aggregated exceed 5% but all such percentage ratios are less than 25%, the Transactions as aggregated constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements but are exempt from shareholders' approval requirement under the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	the board of Directors
“Business Day”	any day other than a Saturday, Sunday and public holiday on which banks are open for general banking business in Thailand
“Company”	Karrie International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1050)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a third party(ies) which is independent of and not connected with the Company and its connected persons and not a connected person of the Company
“Karrie Automotive”	Karrie Automotive Investment Limited, a wholly owned subsidiary of the Company

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Non-selling Target Shares”	means the 141,873,966 Target Shares which are not intended to be sold to Karrie Automotive under the Tender Offer pursuant to the letters of intention given by the relevant shareholders of the Target Company to Karrie Automotive
“Offer Closing Date”	the last day of the offer period for the Tender Offer, i.e., on or about 25 November 2022
“Offer Completion Date”	the second Business Day following the Closing Date, i.e., on or about 29 November 2022
“Offer Price”	the offer price per Target Share under the Tender Offer
“Offer Target Shares”	all the issued and outstanding Target Shares while the Tender Offer remains open for acceptance, other than those already owned by Karrie Automotive and the Non-selling Target Shares
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.1 each in the issued share capital of the Company as at the date of this announcement
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement dated 12 March 2020 between Karrie Automotive as subscriber and the Target Company for the subscription of 10% of the issued share capital of the Target Company
“Target Company”	T.Krungthai Industries Public Company Limited, a company established in Thailand, the shares of which are listed on the Thailand Stock Exchange (stock ticker: TKT.BK)
“Target Shares”	shares of the Target Company

“Tender Offer”	the mandatory public cash tender offer to be made by Karrie Automotive to acquire all the issued and outstanding Target Shares
“Thailand”	the Kingdom of Thailand
“Thailand Stock Exchange”	the Stock Exchange of Thailand
“THB”	Thai Baht, the lawful currency of Thailand
“Transactions”	the exercise of the Warrants and the Tender Offer
“Warrants”	Warrants A and Warrants B
“Warrants A”	the warrants granted to Karrie Automotive by the Target Company on 29 October 2020 for the purchase of 65,000,000 Target Shares
“Warrants B”	the warrants granted to Karrie Automotive by the Target Company on 29 October 2020 for the purchase of 48,000,000 Target Shares
“Warrants Target Shares”	the 113,000,000 Target Shares in aggregate to be purchased by Karrie Automotive upon the exercise of the Warrants
“%”	per cent

For the purpose of illustration only and unless otherwise stated, conversion of THB into HK\$ in this announcement is based on the exchange rate of THB1.00 to HK\$0.2091. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this rate or any other rate.

By Order of the Board
Karrie International Holdings Limited
Ho Cheuk Fai
Chairman

Hong Kong, 30 September 2022

As at the date of this announcement, the executive Directors are Mr. Ho Cheuk Fai, Ms. Chan Ming Mui, Silvia, Mr. Zhao Kai and Mr. Chan Raymond; the non-executive Directors are Mr. Ho Cheuk Ming and Mr. Ho Kai Man; the independent non-executive Directors are Mr. Fong Hoi Shing, Mr. Yam Chung Shing and Dr. Lau Kin Wah.

* *For identification purpose only*