

CS/PSX/SOA/PECPL/2025
December 17, 2025

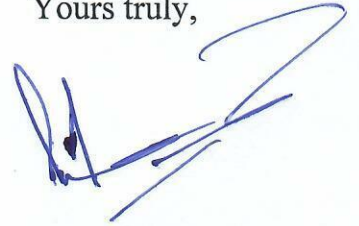
The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi.

**SUBMISSION OF THE ORDER OF THE SECURITIES AND EXCHANGE
COMMISSION OF PAKISTAN (THE "COMMISSION") IN THE MATTER OF
SCHEME OF ARRANGEMENT BETWEEN PIA HOLDING COMPANY
LIMITED (THE "COMPANY") AND PRECISION ENGG COMP (PRIVATE)
LIMITED ("PECPL")**

Dear Sir

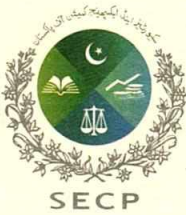
1. We refer to the order of the Commission (the "**Order**") in the matter of Scheme of Arrangement, pursuant to Sections 279-283 and 285(8) of the Companies Act 2017, between the Company and PECPL in accordance to which the Commission has allowed the Company and PECPL to proceed with the arrangements agreed in the Scheme of Arrangement submitted with the Commission on November 04, 2025.
2. A copy of the order approved by SECP, is being enclosed herewith.
3. You may please inform the TRE Certificate Holders of the Exchange accordingly.

Yours truly,



Muhammad Imran
Company Secretary

Encl: Order of the Commission in the matter of Scheme of Arrangement between PIA Holding Company Limited and Precision Engg Comp (Private) Limited.



Bilal Rasul

Secretary to the Commission

Before

the Securities and Exchange Commission of Pakistan

In the matter of

*Scheme of Arrangement Pursuant to Sections 279-283 and 285(8) of The Companies Act, 2017 –
PIA Holding Company Limited and Precision Engg Comp (Private) Limited*

ORDER

Under Section 282(3) of the Companies Act, 2017 (“the Act”)

This Order shall decide the application for sanctioning the Scheme of Arrangement filed by PIA Holding Company Limited (“PIAHCL”) and Precision Engg Comp (Private) Limited (“PECPL”), collectively referred to as (the “Companies”), in terms of Sections 279-283 and 285(8) of the Companies Act, 2017 (the “Act”) read with S.R.O. 1351 (I)/2023 dated 22-09-2023, issued by the Federal Government. In pursuance thereof, the Commission has considered the Scheme of Arrangement filed by the Companies, being public sector companies owned by the Federal Government, and passed the order in following terms:

2. The principal objects and benefits of the Scheme is laid down in Article 4 of the Scheme of Arrangement, which are briefly stated below:

- (i) The carve-out, separation and demerger of the Precision Engineering Complex (“PEC”) Undertaking, along with all PEC assets, PEC liabilities, rights, obligations, contracts and employees relating thereto, from PIAHCL;
- (ii) The transfer to and vesting of the PEC undertaking in PECPL as of the effective date of 1st May, 2025, and at the valuation determined by the Ministerial Committee, together with all rights and obligations attached thereto;
- (iii) The proposed scheme offers several benefits, including improved operational efficiency, streamlined business processes, and strengthened management oversight. By separating the PEC undertaking, the PEC business can be managed more effectively, allowing for focused development, enhancement of products and services, and the establishment of a distinct identity. This separation will also enable each company to concentrate on its core operations and pursue business expansion, leading to improved overall performance. Additionally, the scheme will facilitate more effective asset management and equitable asset distribution, thereby minimizing risks and reducing inefficiencies.

**SECURITIES AND EXCHANGE
COMMISSION OF PAKISTAN**

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3. By way of background, the Government of Pakistan through its decision, dated May 01, 2025, approved the transfer of PEC, a business unit of PIAHCL, along with all related assets and liabilities, to PECPL. The Government of Pakistan also directed the Ministry of Defence, Government of Pakistan to issue directions to PIAHCL and Pakistan Air Force for the aforesaid transfer of PEC undertaking. Pursuant to the Government's direction, Ministry of Defence through its letter dated May 07, 2025, issued directions to PIAHCL and the Chief of the Air Staff to comply with the decision of the Federal Government. The Scheme of Arrangement was approved by the Boards of Directors of PIAHCL on September 23, 2025 and of PECPL on October 02, 2025, and was filed with the Commission on October 06, 2025 along with the application for order for the meetings of the members and creditors.

4. In view of the relevant statutory provisions and the law laid down by the superior courts with respect to the scheme of arrangement, the Commission has to take into account all material facts relating to the companies, such as the financial position of the company, the auditor's report on the latest accounts of the company, the pendency of any investigation proceedings in relation to the company and the like. Pursuant to the application, the Companies have provided the following documents:

- a) Board Resolutions of the Companies approving the Scheme
- b) Minutes of 2nd Ministerial Committee meeting dated October 09, 2024
- c) Ministry of Finance Office Memorandum dated February 07, 2025 specifying payment schedule
- d) Cabinet Secretariat Memorandum dated May 02, 2025 communicating cabinet decision towards transfer of ownership of PEC from PIAHCL to PAF under Ministry of Defence
- e) Special Purpose audited financial statements of PIAHCL for the period ended April 30, 2025
- f) Audited financial statements of PECPL for the period ended June 30, 2025
- g) Split balance sheet showing the undertaking being carved out and the retained undertaking of PIAHCL
- h) Confirmation of no creditors of PECPL
- i) NOCs of secured creditors of PIAHCL

5. After perusal of all information, in terms of section 282(1) of the Act, the Commission through its order dated October 21, 2025 directed PIAHCL to hold an Extra-ordinary General Meeting ("EOGM") for approval of the Scheme, to be chaired by Mr. Naeem Iqbal, Director PIAHCL. As per the Chairman's Report dated October 25, 2025, EOGM was held on October 25, 2025, the extracts of which are reproduced hereunder:

6. The representative of the Ministry of Defence of the GOP, which is the majority shareholder of PIAHCL, proposed to amend Article 20.1 of the Proposed Scheme as follows:

"20.1 It is further understood that Holdco shall, subject to obtaining the prior approval of the Issue Agent (on behalf of the Sukuk Investors) and the Investment Agent (on behalf of the Participants) at the time of release, procure the release and replacement (if required) of PEC Land from the pool of Musharaka assets and remove all Encumbrances thereon in connection with the Syndicated Islamic Facility and the Sukuk Issue within 12 months from the Sanction Date. Any delay in such release shall not entitle PECPL to withhold or delay any payment due under Article 5.2 of this Scheme. In case of any dispute, parties may escalate the matter by referring it to the Secretary, Ministry of Defense of the Government of Pakistan for appropriate resolution."

"RESOLVED THAT, pursuant to Sections 279 to 283 and Section 285(8) of the Companies Act, 2017, and in line with the decision of the Federal Government approved by the Cabinet vide Case No. 282/Rule-19/2025/404 dated May 01, 2025, the shareholders of PIA Holding Company Limited ("PIAHCL") do hereby approve the Scheme of Arrangement, as amended in accordance with the proposal of the representative of the Government of Pakistan acting

through the Ministry of Defence of the Government of Pakistan, for the carving out and transfer of Precision Engineering Complex (PEC) from PIAHCL to Precision Engg Comp (Private) Limited (PECPL), a designated entity of Pakistan Air Force, with effect from May 01, 2025, along with all ancillary matters thereto, subject to sanction by the Securities and Exchange Commission of Pakistan (SECP) and compliance with applicable legal and regulatory requirements.

FURTHER RESOLVED THAT the Chief Executive Officer and the Company Secretary be and are hereby authorized, jointly and severally, to complete any or all necessary corporate, legal and regulatory compliances and formalities to give effect to the above, including to sign, execute, deliver and issue, on behalf of the Company, all such notices, documents, forms, instruments and any other papers of any nature whatsoever that may be required in connection with the above resolution(s), to obtain no objection certificates from third parties and to complete regulatory requirements including filing the required documents with the Securities and Exchange Commission of Pakistan and other regulatory authorities, as required."

Concluding Remarks

*The members of PIAHCL voted in favor of the resolution approving and adopting the Proposed Scheme, as amended in accordance with the proposal of the representative of the Ministry of Defence of the Government of Pakistan and such members constituted a majority in number representing **Class 'A' Shares (96.02%)** and **Class 'B' Shares (97.50%)** of the total issued and paid up share capital of PIAHCL present, in person or by proxy, and voting at the EOGM.*

7. Furthermore, in terms of section 282(1) of the Act, the Commission through order dated October 21, 2025 also directed PIAHCL to hold a meeting of its creditors for approval of the Scheme, to be chaired by Mr. Naeem Iqbal, Director PIAHCL. It was also disclosed in the Chairman's Report dated October 27, 2025 that both the secured creditors of PIAHCL, i.e. the Bank of Punjab ("BOP") and the National Bank of Pakistan ("NBP"), had not issued the required approvals and were awaiting consent from their respective syndicate members. Accordingly, vide the Chairperson's Report, the Commission's sanction of the proposed Scheme was sought only upon receipt of the required approvals/NOCs from both the BOP and NBP syndicates. PIAHCL has now submitted the NOCs from both NBP and BOP to the Commission vide email dated November 24, 2025.

8. Similarly, in terms of section 282(1) of the Act, the Commission through its order dated October 21, 2025 directed PECPL to hold an EOGM for approval of the Scheme, to be chaired by Mr. Shahzada Haroon Israr, Director PECPL. Meeting for creditors of PECPL was not required in the absence of any secured creditors. As per the Chairman's Report dated October 31, 2025, the members present, in person or by proxy, and voting at the EOGM, constituted 100% of the total issued and paid up share capital of PECPL. The EOGM was held on October 25, 2025, the extracts of which are reproduced hereunder:

RESOLVED THAT, the amendment to Clause 20.1 of the Scheme of Arrangement has been proposed in the EOGM held by PIAHCL today communicated via email, which has been discussed and is hereby approved and adopted in the following terms:

"It is further understood that Holdco shall, subject to obtaining the prior approval of the Issue Agent (on behalf of the Sukuk Investors) and the Investment Agent (on behalf of the

Participants) at the time of release, procure the release and replacement (if required) of PEC Land from the pool of Musharaka assets and remove all Encumbrances thereon in connection with the Syndicated Islamic Facility and the Sukuk Issue within 12 months from the Sanction date. Any delay in such release shall not entitle PECPL to withhold or delay any payment due under Article 5.2 of this Scheme. In case of any dispute, parties may escalate the matter by referring it to the Secretary, Ministry of Defense of the Government of Pakistan for appropriate resolution."

"RESOLVED THAT the Scheme of Arrangement between HOLDCO and PECPL, filed with the Securities and Exchange Commission of Pakistan prepared under the provision of Section 279 to 283 and 285(8) of the Companies Act, 2017 read with S.R.O. 500(I)/2023 dated 20 April 2023, as approved by the Board of Directors and circulated to the members of the Company, for inter alia, the transfer of PEC undertaking comprising all PEC Assets, PEC Liabilities and obligations relating thereto, and vesting the whole PEC Undertaking in PECPL, along with all ancillary and incidental matters thereto, placed before the meeting for consideration and approval, be and is hereby approved and adopted with change in clause 20.1, along with any modifications/amendments required or conditions imposed by Securities and Exchange Commission of Pakistan."

9. As noted from the chairperson reports of the members' meetings of both the companies, the original scheme presented to the Commission initially, was found to be amended slightly at Article 20.1 at the proposal of the representative of the Ministry of Defence, and this change has been approved by members of both companies. The original and amended Article 20.1 are given hereunder:

Original Article

"20.1 It is further understood that Holdco shall procure the release of PEC Land from the pool of Musharaka assets and remove all Encumbrances thereon in connection with the Syndicated Islamic Facility and the Sukuk Issue within 12 months from the Sanction Date. Any delay in such release shall not entitle PECPL to withhold or delay any payment due under Article 5.2 of this Scheme. In case of any dispute, parties may escalate the matter by referring it to the Secretary, Ministry of Defense of the Government of Pakistan for appropriate resolution."

Amended Article

"20.1 It is further understood that Holdco shall, subject to obtaining the prior approval of the Issue Agent (on behalf of the Sukuk Investors) and the Investment Agent (on behalf of the Participants) at the time of release, procure the release and replacement (if required) of PEC Land from the pool of Musharaka assets and remove all Encumbrances thereon in connection with the Syndicated Islamic Facility and the Sukuk Issue within 12 months from the Sanction Date. Any delay in such release shall not entitle PECPL to withhold or delay any payment due under Article 5.2 of this Scheme. In case of any dispute, parties may escalate the matter by referring it to the Secretary, Ministry of Defense of the Government of Pakistan for appropriate resolution." (emphasis added)

10. The Scheme entails the transfer of all assets, liabilities, and obligations, including employee-related commitments such as the pension liabilities of retired PEC employees and the future pension and provident fund liabilities of current PEC employees. According to the Ministry of Defence's letter dated May 7, 2025, PECPL will, as consideration, assume responsibility for pension liabilities of Rs. 2.9 billion for 259 retired PIAHCL employees associated with the PEC business unit, along with future pension and provident fund liabilities of Rs. 1.1 billion for 251 current PIAHCL employees working in the PEC business unit, effective

May 1, 2025. The terms and conditions of employment for both current and retired PEC employees shall remain the same as those applicable under PIAHCL.

11. However, the employee list submitted with the Scheme reflected a substantially higher number of employees associated with the PEC undertaking. Accordingly, clarification was sought from the companies to address this discrepancy. The petitioner company clarified that the Government of Pakistan/Cabinet had approved the framework for transferring PEC Active Employees and PIAHCL's obligations relating to PEC Retired Employees, as presented at the time of Cabinet approval. As reaffirmed during the Extraordinary General Meeting held on 25 October 2025, the intention remains to transfer all PEC Active Employees and all obligations relating to PEC Retired Employees to PECPL. Annexure C – Active Employees and Annexure D – Retired Employees of the Proposed Scheme capture the updated head counts (including notes on resignations/deaths around the Effective Date), which has caused variance from the 7 May 2025 approval of the Government of Pakistan/Cabinet.


12. Necessary compliance of the relevant provisions of the Act, such as convening of the requisite meetings as detailed hereinabove, submission of the respective reports by Chairmen of the meetings, circulation of supplementary financial statements which meets the requirements of section 282 (2) (e) of the Act and other requisite statutory and legal requirement have been made by the Companies. Based on a review of the documents and clarification provided by the Companies, it is apparent that all legal and procedural requirements have been duly complied with. It is not for the Commission to opine on the commercial rationale and second guess the collective wisdom of the respective boards, members and creditors, who considered the relevant facts and circumstances at the time of their respective meetings.

13. In light of the aforementioned, the Commission hereby accords sanction of the amended Scheme attached as **Annexure A** in terms of sub-section (3) of section 282 of the Act with effect from May 01, 2025 as requested by the applicants vide letter dated November 04, 2025.

14. Furthermore, the Companies are also directed to ensure compliance with all the applicable statutory and regulatory requirements including any directions of the Federal Government issued in this regard from time to time, as well as obtain NOCs from Competition Commission of Pakistan and other authorities, if required.

15. The sanction of the Scheme granted by the Commission is based on the facts and information as provided by the Companies, and this sanction is without prejudice to any action that the Commission may initiate against the Companies for any contravention, default or non-compliance with the provisions of law with respect to any matter subsequently brought into the knowledge of the Commission. Furthermore, this Order shall not prejudice any legal proceedings, suits or order of the courts and shall be dealt in accordance with law.

16. This Order is being conveyed with the approval of the Commission.


(Bilal Rasul)
Secretary to the Commission

Dated: **December 5, 2025**