



NOTICE OF NINTH EXTRAORDINARY GENERAL MEETING

Notice is hereby given that the Ninth Extraordinary General Meeting of Kot Addu Power Company Limited will be held at the Islamabad Marriott Hotel, Agha Khan Road, Shalimar-5, Islamabad on Saturday, December 2, 2017 at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To confirm the Minutes of the 21st Annual General Meeting of the Company held on October 19, 2017.

SPECIAL BUSINESS

2. To consider and if deemed fit, to pass the following resolutions as special resolutions with or without modification(s), addition(s) or deletions(s) as recommended by the Board of Directors of the Company:

RESOLVED that the Company be and is hereby authorized to acquire 172,582,000 (14.91%) shares in the Hub Power Company Limited (“**HUBCO**”) that are being offered for sale by Dawood Hercules Corporation Limited; and 28,502,105 (2.46%) shares that are being offered for sale by other shareholders of HUBCO (collectively, the “**Acquisition**”).

RESOLVED FURTHER that the Company be and is hereby authorized to incur a debt of approximately Rs. 22,091,099,775.00 for the purpose of financing the Acquisition from its lending bank(s) and to create security interest over its assets (movable and/or immovable) to secure the obligations of the Company towards its lending bank(s) on such terms and conditions as may be agreed between the Company and the lending banks (the Acquisition and financing collectively referred to as the “**Transaction**”).

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to do all acts, deeds and things required to be done for the completion/consummation of the Transaction, including but not limited to the creation and perfection of security interest in favour of the lending bank(s).

RESOLVED FURTHER that all acts, deeds and things done in furtherance of the Transaction shall stand duly ratified.

3. To transact any other business with the permission of the Chairman.

By Order of the Board

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Islamabad
Dated: October 27, 2017

A. Anthony Rath
(Company Secretary)

Notes:

1. The share transfer books of the Company will remain closed from November 25, 2017 to December 2, 2017 (both days inclusive). Transfers received in order at the office of the Company's Shares Registrar, THK Associates (Private) Limited at the close of business on November 24, 2017 will be treated in time for purposes of attending and voting at the Meeting.
2. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on his/her behalf, provided such proxy is also a Member.
3. An instrument of proxy and the Power of Attorney or other authority (if any) under which it is signed, or a Notary Public certified copy of such Power of Attorney, in order to be valid, must be deposited with the Company's Registrars, THK Associates (Private) Limited not later than (48) forty-eight hours before the time of holding the Meeting.
4. CDC account holders will in addition have to follow the under mentioned guidelines as laid down in Circular No.1 dated January 26, 2000 of the Securities & Exchange Commission of Pakistan (SECP) for attending the Meeting:
 - (i) In case of individuals: The account holder or sub account holder and / or the person whose securities are registered on CDS; and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original National Identity Card (NIC) or original passport at the time of attending the Meeting. The Members are also required to bring their Participants' I.D. number and account numbers in CDS.
 - (ii) In case of corporate entity: The Board of Directors Resolution / Power of Attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of Meeting.
5. **Dividend Mandate (Mandatory)**

In order to make the process of payment of cash dividend more efficient, SECP vide its Circular No. 18/2017 dated August 1, 2017 has issued instructions so that the shareholders can get their dividend credited in their respective bank accounts electronically without any delay. The shareholders, therefore, must authorize the Company to credit the dividend directly to their bank account for all future dividends to be declared by the Company. All physical shareholders are requested to send their bank account / IBAN details to the Company's Share Registrar at the address given below. Shareholders who hold shares with Participant/Central Depository Company of Pakistan Limited (CDC) are advised to provide the mandate to the concerned Stock Broker / Central Depository Company of Pakistan Limited.

6. **Submission of copy of CNIC (Mandatory)**

SECP vide SRO 779(i) 2011 dated August 18, 2011 has directed the Company to print your CNIC number on your dividend warrants. If your CNIC number is not available in our records, your dividend warrant will not be issued / dispatched to you. In order to comply with the regulatory requirement, you are requested to kindly send photocopy of your CNIC to your Participant / Investor Account Services or in case of physical shareholding immediately to the Company's Shares Registrar at the address given below.

7. **Transmission of Annual Financial Statements through E-Mail:**

SECP vide SRO 787(1)/2014 dated September 8, 2014 has provided an option to receive audited financial statements electronically through email. Members who hold shares in physical form and are interested in receiving the annual reports electronically in future are required to submit their e-mail addresses and consent for electronic transmission to the Company's Shares Registrar. CDC shareholders are requested to submit their email address and consent directly with their broker (Participant)/CDC Investor Account Services.

8. The correspondence address of the Company's Registrars, THK Associates (Private) Limited is as follows:

THK Associates (Private) Limited
First Floor, 40-C, Block-6
P.E.C.H.S
Karachi 75400, Pakistan



Statement under Section 134(3) of the Companies Act, 2017 in respect of the Special Business

This Statement is annexed to the Notice of Ninth Extraordinary General Meeting of Kot Addu Power Company Limited to be held on Saturday, December 2, 2017, at which certain special business is to be transacted. The purpose of this Statement is to set forth the material facts concerning such special business.

- 1) The Transaction is being undertaken to achieve the following objectives:
 - (a) To increase and diversify the stake of the Company in the power sector of Pakistan.
 - (b) To increase profitability of the Company and better return to its shareholders.
- 2) Material to the Transaction are the following:
 - (a) The Company proposes to purchase the shareholding of Dawood Hercules Corporation Limited (172,582,000 (14.91%) shares); and the other shareholders (the “**Other Shareholders**”) (28,502,105 (2.46%) shares) (together, the “**Sale Shares**”) in HUBCO at a price of PKR 109.86 per share resulting in a total amount of PKR 22,091,099,775.00.
 - (b) HUBCO was incorporated in 1991 as a public limited company; and is listed on the Pakistan Stock Exchange. HUBCO has evolved into a diversified power sector platform with multiple brown-field and green-field assets under its management. Currently, HUBCO owns:
 - a. HUB Base Plant: A 1,292MW RFO fired thermal power plant located in district Lasbela, Balochistan. This plant commenced its operations in 1997 and has a valid PPA till 2027.
 - b. Narowal Plant: A 225 MW RFO fired thermal power plant located in District Narowal, Punjab. This plant commenced its operations in 2006 and has a valid PPA till 2036.
 - c. Laraib Energy: An 84 MW hydroelectric power generating complex located on the Jhelum River in Azad Jammu & Kashmir. HUBCO owns 75% shareholding in this project.
 - d. China Power Hub Generation Company: HUBCO owns 47.5% shareholding (through a wholly owned subsidiary, the HUB Power Holdings Limited). A 1,320 MW coal fired power plant is upcoming and will be located in Balochistan.
 - e. Thar Energy Limited: Incorporated in May 2016, HUBCO holds 60% shareholding in this upcoming 330 MW coal fired power project being developed in Thar Block II.

- f. Sindh Engro Coal Mining Company (SECMC): HUBCO is also investing in SECMC with an 8% shareholding in the Company for the development of coal mines in Thar.
 - g. Hub Power Services Limited: A 100% owned subsidiary of HUBCO, which manages operations and maintenance of power plants.
- (c) For the purposes of financing the Transaction, the Company proposes to secure debt from or arranged by Habib Bank Limited (“HBL”) amounting upto approximately Rs. 22 Billion. This debt will be secured by creating a security interest over Company assets (movable and/or immovable) including a pledge of the Sale Shares.
- 3) The proposed manner of acquiring the Sale Shares and entering into the proposed financing is as follow:
- (a) The Company has entered into Share Purchase Agreements respectively with DHCL and the Other Shareholders for purchase of the Sale Shares. The Share Purchase Agreement is conditional, inter alia, upon shareholder approval of both the Company and DHCL, and approval from regulatory bodies, such as the Competition Commission of Pakistan and National Electric and Power Regulatory Authority.
 - (b) The Company, DHCL and the Other Shareholders have agreed on an escrow arrangement for the transfer of the Sale Shares to the Company and the payment of the purchase price to the DHCL and the Other Shareholders. A commercial bank has been appointed as escrow agent under the Escrow Agreement.
 - (c) HBL has provided a term sheet to the Company for funding the transaction and creating a security interest over the Company’s assets (movable and immovable). Further, terms and conditions of the financing and security documents are being negotiated between the Parties.
 - (d) The above documents are available for inspection at the Company’s Corporate Office, 5 B/3, Gulberg III, Lahore 54660 between 9:00 am and 5:00 pm; Monday through Friday (excluding public holidays).
- 4) The Company has obtained the consent from the Government of Pakistan pursuant to the provisions of the Facilitation Agreement dated June 27, 1996; and from the Pakistan Water and Power Development Authority under the Note Agreement dated June 26, 1996 (as amended). The Company has applied/is in the process of filing applications for approval from regulatory bodies, such as National Electric and Power Regulatory Authority and the Competition Commission of Pakistan.

- 5) Subject to shareholder approval and the regulatory approvals the last date for the completion of the Transaction is December 31, 2017 or such later date as the parties may agree in writing.
- 6) Reason for the acquisition of the Sale Shares:
 - (a) To diversify its portfolio in the power sector of Pakistan.
 - (b) To increase its stake in the private power sector of Pakistan within optimal timeframe.
 - (c) To make the Company one of the leading market players in the power sector.
- 7) Benefits expected to accrue to the shareholders:
 - (a) To be part of the largest and most diversified power sector platform of the Country.
 - (b) To ensure earnings post expiry of commercial agreement (PPA) post 2021.
 - (c) To increase the value of the shares held by the shareholders of the Company through higher dividend stream going forward.
- 8) The Directors of the Company are not interested in the Transaction, **except** that one Director of the Company is also a Director on the Board of Directors of HUBCO; and the father of another Director of the Company is on the Board of Directors of HUBCO.