



Ref SECK/PSX/16
Dated: 30 October 2016

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building, Stock Exchange Road,
Karachi
Pakistan
Fax No. 021-3241 0825

Securities & Exchange Commission of Pakistan
Securities Market Division
National Insurance Corporation Building,
Jinnah Avenue,
Islamabad-44000
Pakistan
Fax No: +92-51-9204915

Dear Sirs,

Re: Material Information – Execution of a Sale and Purchase Agreement

We write with reference to Sections 96 and 131 of the Securities Act, 2015, Clauses 5.6.1(a) and 5.19.13(c) of the Rule Book of the Pakistan Stock Exchange Limited, Regulation 5(a) of the Listed Companies (Substantial Acquisition of Voting Shares and Take-overs) Regulations, 2008 and our earlier disclosure to the Pakistan Stock Exchange vide letter dated August 30th 2016.

Please find enclosed herewith a Form disclosing material information notifying of the execution of a sale and purchase agreement between KES Power Limited (**Seller**) and Shanghai Electric Power Company Limited (**Purchaser**) setting out the terms and conditions for the sale/transfer by the Seller to the Purchaser of up to 66.4% shares of K-Electric Limited (**SPA**). We have been informed that the completion of the transaction contemplated in the SPA is subject to the receipt of applicable regulatory approvals and satisfaction of other conditions precedent specified therein.

For and on behalf of
K-ELECTRIC LIMITED

A handwritten signature in blue ink, appearing to read 'M. Rizwan', is written over a horizontal line.

Muhammad Rizwan Dalia
Director Finance & Company Secretary



DISCLOSURE FORM
INTERMS OF SECTIONS 96 AND 131 OF THE SECURITIES ACT, 2015

Name of Company: K-Electric Limited (**K-Electric**)

Date of Report: 30 October 2016

Name of Company as specified in its Memorandum: K-Electric Limited

Company's registered office: KE House, Plot # 39/B, Sunset Boulevard, Phase II, Defence Housing Authority

Contact information: Muhammad Rizwan Dalia, Director Finance & Company Secretary,
K- Electric
rizwan.dalia@ke.com.pk

Disclosure of inside information by listed company:

K-Electric has received today the following notification from its majority shareholder, KES Power Limited:

“We wish to further notify that KES Power Limited (Seller) and Shanghai Electric Power Company Limited (Purchaser) have entered into a Sale and Purchase Agreement as of 28th October 2016 setting out the terms and conditions for the sale/transfer by the Seller to the Purchaser of up to 66.4% shares in K-Electric Limited (SPA). The completion of the transaction contemplated by the SPA is subject to receipt of applicable regulatory approvals and satisfaction of other conditions precedent specified therein. We will keep you informed of material developments.”

A copy of the aforesaid letter from KES Power Limited and press release issued by The Abraaj Group are attached.

Pursuant to the requirements of the Securities Act, 2015, the Company has duly caused this form/statement to be signed on its behalf by the undersigned hereunto duly authorized.

For and on behalf of
K-ELECTRIC LIMITED

A handwritten signature in blue ink, appearing to read 'Rizwan', is written over a horizontal line.

Muhammad Rizwan Dalia
Director Finance & Company Secretary

KES POWER LTD.

Registered Address: PO Box 309, Uglan House,
Grand Cayman, KY1 – 1104
Cayman Islands

30th October, 2016

Chief Executive
K-Electric Limited
2nd Floor, KE House
Plot # 39/B, Sunset Boulevard
Phase IV, Defence Housing Authority
Karachi

Re: Material Information – Execution of Sale and Purchase Agreement

Dear Sirs:

We write further to our earlier notification wherein we informed that the Abraaj Group (**Abraaj**) is evaluating the possibility of divesting its shareholding in K-Electric.

We wish to further notify that KES Power Ltd. (**Seller**) and Shanghai Electric Power Company Limited (**Purchaser**) have entered into a Sale and Purchase Agreement as of 28th October 2016 setting out the terms and conditions for the sale/transfer by the Seller to the Purchaser of up to 66.4% shares in K-Electric Limited (**SPA**). The completion of the transaction contemplated by the SPA is subject to receipt of applicable regulatory approvals and satisfaction of other conditions precedent specified therein.

We will keep you informed of material developments.

This is for your information.

Yours Sincerely,

KES POWER LTD.



Murtaza Hussain
Company Secretary, KES Power Ltd.



The Abraaj Group Enters into a Definitive Agreement to divest its Stake in K-Electric to Shanghai Electric Power Company for US\$ 1.77 Billion

- *Shanghai Electric Power, a subsidiary of the State Power Investment Corporation of China, is engaged in the generation and transmission of electricity, and the operation and maintenance business in the energy service sector*
- *Abraaj invested in K-Electric in 2009 through its Funds*
- *K-Electric is the only vertically integrated power utility in Pakistan serving 2.5 million consumers*
- *Karachi is Pakistan's largest city and a major contributor to the country's economic growth*

Dubai, United Arab Emirates, 30 October 2016: The Abraaj Group (“Abraaj” or the “Group”) today announced that an Abraaj-controlled company, KES Power, has entered into a definitive agreement to divest its 66.4% shareholding in K-Electric to the Shanghai Electric Power Company Limited (“SEP”) for a consideration of US\$ 1.77 billion. Upon completion, this will be one of the largest private sector transactions in Pakistan and represent one of the global power industry’s most well-recognized operational turnaround stories.

SEP is a state-owned enterprise controlled by State Power Investment Corporation, a Fortune 500 company. Listed on the Shanghai Stock Exchange, it is mainly responsible for the power supply of Shanghai, with generation of 35.23 TWh in 2015.

Incorporated in 1913, K-Electric (the Company formerly known as Karachi Electric Supply Company) is a publicly listed fully integrated power utility involved in generation, transmission and distribution. The Company was privatized in 2005 and Abraaj took a majority stake in 2009 through its Funds. K-Electric has exclusive distribution rights for Karachi and its adjoining areas, serving 2.5 million consumers. Abraaj’s investment into K-Electric was predicated on the burgeoning growth of the power sector in Pakistan, an enabling policy and investor-friendly

environment that encouraged private sector participation, and critically, the ability of Abraaj to transform an under-utilized strategic asset into a leading Asian energy player.

Over the course of Abraaj's investment and through an active ownership model, the Company has successfully achieved a landmark turnaround. Operationally, K-Electric has upgraded installed generation capacity by adding over 1,000 MW with overall efficiency levels improving from 30.4% in 2009 to 37.4% in 2016, thereby significantly contributing to the financial performance of the business. The Company was successful in reducing transmission and distribution losses by over 12 percentage points. K-Electric additionally focused on enhancing the reliability of the transmission network through the addition of 12 new grid stations and by augmenting old and building new power lines which resulted in increased transmission capacity of 768 MVA. In 2012, K-Electric recorded a net positive income for the first time in 17 years and since then has continued to generate positive financial metrics on a year on year basis and demonstrated sustained growth.

With Abraaj's support, a performance based culture was established in the Company by both attracting multinational and local management talent and in-house talent development, including establishing the largest management trainee program in the country. Additionally, the business has become well-recognized for its customer service focus.

Abraaj further introduced environmental, social and corporate governance enhancements in the business which resulted in the Company being awarded an 'A+' rating from the Global Reporting Initiative, a first for a Pakistan utility company at the time. The Company has focused on health and safety initiatives in the workplace which resulted in a 67% reduction in employee accidents and a 73% reduction in damaged assets. As part of a 360 degree stakeholder engagement program, K-Electric provides free, uninterrupted and subsidized electricity to 13 healthcare and educational institutions. Additionally, its social and community partnerships embrace stakeholders across many segments of Karachi's civil society.

Commenting on the exit, Arif Naqvi, Founder and Group Chief Executive, The Abraaj Group, said: "Abraaj fully recognized the outstanding growth opportunity that K-Electric represented for the power sector in Pakistan when we made our investment in 2009. Over the past seven years, we have worked very closely with the management and staff at K-Electric to catalyze that potential and achieve real and tangible value for the business, its consumers, and the city of Karachi at large. This is symbolic of a successful public private partnership model where the Government of Pakistan is a core stakeholder".

“Today marks a milestone in that partnership as we enter into a definitive agreement to divest our stake in a high performance business and market leader to a strategic buyer who is fully committed to continuing this success story into the future. At Abraaj, we remain focused on the standout opportunity that Pakistan and wider Asia presents to us and we look forward to identifying, growing and building regional champions as a core part of our investment philosophy”.

Commenting on the transaction, Wang Yundan, Chairman of SEP, said: “The signing of the definitive agreement is a result of collaborative efforts of both the Abraaj and SEP teams. SEP appreciates what Abraaj has achieved at K-Electric over the past seven years and recognizes the performance and capability of K-Electric’s management team. SEP will leverage its own strengths as a strategic investor and further realize K-Electric’s potential to provide better services to the people of Pakistan and the Government of Pakistan. SEP is confident about working together with Abraaj in the future to transform K-Electric into one of the best companies in Pakistan. The K-Electric transaction only marks the beginning of SEP’s cooperation with Abraaj and we look forward to further collaboration between the two parties in many other areas in the future.”

The Abraaj Group has been present in Asia for over a decade and deployed c.US\$ 1.5 billion to date in a range of sectors including healthcare, education, utilities, e-commerce, logistics, consumer goods, and food and beverage.

The transaction will close once customary closing conditions and requisite regulatory approvals are obtained.

Ends

For more information on Abraaj please contact:

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About The Abraaj Group

The Abraaj Group (“Abraaj”) is a leading investor, purpose-built for operating in the growth markets of Africa, Asia, Latin America, the Middle East, and Turkey. Employing over 300 people, Abraaj has over 20 offices spread across five regions with hubs in Dubai, Istanbul, Mexico City, Nairobi and Singapore. The Group currently manages c. US\$ 10 billion across targeted investment strategies.

Abraaj has realized US\$ 6.3 billion from over 80 full exits, and Funds managed by the Group have made over 170 investments across a range of sectors including consumer, energy, financials, healthcare and utilities. The Group is committed to the highest environmental, stakeholder engagement and corporate governance standards and is a signatory to the United Nations-backed Principles for Responsible Investment and the United Nations Global Compact. Abraaj’s founder, Arif Naqvi, was appointed to the United Nations Global Compact Board by UN Secretary-General Ban Ki-moon in 2012 and to the Interpol Foundation Board in 2014.

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